



PR 2006/67W - Income tax: ITC Red Mahogany Project 2006 - Post 30 June 2006 Growers

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Product Ruling

Income tax: ITC Red Mahogany Project 2006 – Post 30 June 2006 Growers

[Note: This is a consolidated version of this document. Refer to the Legal Database (<http://law.ato.gov.au>) to check its currency and to view the details of all changes.]

Withdrawal

1. This Product Ruling has been withdrawn in accordance with subsection 358-20(1) of Schedule 1 to the *Taxation Administration Act 1953*, which states the Commissioner may withdraw a public ruling either wholly or to an extent.
2. Product Ruling PR 2006/67 set out the Commissioner's opinion on tax consequence for persons participating in the ITC Red Mahogany Project 2006 ('the Project'), a forestry managed investment scheme, entered into for the purpose of establishing and harvesting Red Mahogany trees for commercial sale.
3. The Responsible Entity advised that the Project was terminated early as cyclones had destroyed the entire Red Mahogany estate.
4. The termination of Growers' interests in the Project does not disturb the tax treatment of Growers' previous outgoings as set out in PR 2006/67 provided that the Project was carried out in the manner described in the Ruling up until the date of the destruction of Red Mahogany plantations.
5. Paragraph 61 of PR 2006/67 ruled that Growers can claim deductions for interest incurred under a loan agreement with ITC Finance Pty Ltd or the Nominated Financier as described at paragraphs 46 to 52 of PR 2006/67. Growers taking up a 10 year loan option may continue to incur interest on the loan after termination of the Project. Interest expenses will continue to be deductible provided Growers meet certain requirements outlined in TR 2004/4 *Income tax: deductions for interest incurred prior to the commencement of, or following the cessation of, relevant income earning activities*.

Commissioner of Taxation

3 May 2006

References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

TR 97/11; TR 98/22; TR 2000/8;
TR 2001/14; TD 2003/12;
PR 2006/66

Subject references:

- advance deductions and expenses for certain forestry expenditure
- carrying on a business
- commencement of business
- fee expenses
- forestry agreement
- interest expenses
- management fees
- non-commercial losses
- producing assessable income
- product rulings
- public rulings
- seasonally dependent agronomic activity
- tax avoidance
- tax benefits under tax avoidance schemes
- tax shelters
- tax shelters project
- taxation administration

Legislative references:

- TAA 1953
- TAA 1953 Sch 1 357-75(1)
- ITAA 1936 82KL
- ITAA 1936 Pt III Div 3 Subdiv H
- ITAA 1936 82KZL
- ITAA 1936 82KZL(1)
- ITAA 1936 82KZM
- ITAA 1936 82KZMA
- ITAA 1936 82KZMB
- ITAA 1936 82KZMC
- ITAA 1936 82KZMD
- ITAA 1936 82KZME

- ITAA 1936 82KZME(1)
- ITAA 1936 82KZME(2)
- ITAA 1936 82KZME(3)
- ITAA 1936 82KZME(4)
- ITAA 1936 82KZME(7)
- ITAA 1936 82KZMF
- ITAA 1936 82KZMF(1)
- ITAA 1936 82KZMG
- ITAA 1936 82KZMG(1)
- ITAA 1936 82KZMG(2)
- ITAA 1936 82KZMG(3)
- ITAA 1936 82KZMG(4)
- ITAA 1936 82KZMG(5)
- ITAA 1936 Pt IVA
- ITAA 1936 177A
- ITAA 1936 177C
- ITAA 1936 177D
- ITAA 1936 177D(b)
- ITAA 1997 6-5
- ITAA 1997 8-1
- ITAA 1997 17-5
- ITAA 1997 25-25
- ITAA 1997 Div 27
- ITAA 1997 Div 35
- ITAA 1997 35-10
- ITAA 1997 35-10(2)
- ITAA 1997 35-55
- ITAA 1997 35-55(1)(b)
- ITAA 1997 Subdiv 61-J
- ITAA 1997 Div 328
- ITAA 1997 Subdiv 328-F
- ITAA 1997 Subdiv 328-G
- IT(TP)A 1997 Div 328
- IT(TP)A 1997 328-120
- IT(TP)A 1997 328-125
- Copyright Act 1968
- Corporations Act 2001

Case references:

- Commission of Taxation v. Lau (1984) 6 FCR 202 84 ATC 4929 (1984) 16 ATR 55

ATO references

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