

# Non-Commercial Loss Provisions and Product Ruling Update

On 30 June 2000, Division 35 of the Income Tax Assessment Act 1997 regarding non-commercial business losses was enacted. This legislation prevents losses of individuals from non-commercial business activities being offset against other assessable income in the year the loss is incurred, unless certain provisions within Division 35 were met or the Commissioner exercised his discretion in relation to the losses incurred.

In 2001, FEA Plantations, on behalf of our Growers, obtained product rulings solely regarding the non-commercial loss provisions for active projects at this time, to prevent any adverse impacts on our Growers resulting from this new legislation. As the Commissioner's discretion was capped to a period of no greater than 8 years, in September 2006 FEA Plantations again obtained new product rulings to ensure the deductibility of payments made by Growers until the end of the project. The new product rulings obtained were generous in respect of their expiry date, as they were extended for a period of eight years or until the income year immediately prior to clearfell harvest.

The table below identifies the current product ruling number which is required to be included in your income tax return

when claiming a deduction. If an incorrect or expired product ruling is used, the Commissioner will disallow the deduction claimed. These new product ruling numbers can be used for deductions claimed up until the expiry date or the year prior to clearfell harvest, whichever is later.

Please note the new product rulings shall only apply to those investors who were covered by the original product rulings, applicable to the projects listed.

This information does not affect any of our projects issued after Australian Forest Project 2001, as the Commissioner's discretion for those projects regarding the non-commercial loss provisions has been extended for the life of the project.

Project Name	Old Product Ruling	Expiry Date	New Product Ruling	Expiry Date*
Tasmanian Forest Trust No 1	PR 2001/150	30/06/2001	PR 2006/130	30/06/2009
Tasmanian Forest Trust No 2	PR 2001/151	30/06/2002	PR 2006/131	30/06/2010
Tasmanian Forest Trust No 3	PR 2001/152	30/06/2003	PR 2006/132	30/06/2011
Tasmanian Forest Trust No 4	PR 2001/153	30/06/2004	PR 2006/133	30/06/2012
Tasmanian Forest Trust No 5	PR 2001/154	30/06/2005	PR 2006/134	30/06/2013
Tasmanian Forest Trust No 6	PR 2001/155	30/06/2006	PR 2006/135	30/06/2014
Tasmanian Forest Trust No 7	PR 1999/25A	30/06/2007	PR 2006/138	30/06/2015
Tasmanian Forest Project 2000	PR 2001/156	30/06/2008	PR 2006/136	30/06/2016
Australian Forest Project 2001	PR 2001/13	30/06/2009	PR 2006/139	30/06/2017

\*The expiry date noted may be extended until the year immediately prior to harvest, if later than the expiry date noted in the product ruling.

The product rulings referred to above are only rulings on the application of taxation laws and are in no way, expressly or impliedly, a guarantee or endorsement of the commercial viability of the Projects, of the soundness or endorsement of the Projects as investments or of the reasonableness or commerciality of any fees charged in relation to the Projects. In providing the Product Rulings, the Australian Tax Office is in no way endorsing or recommending the Projects.