

# ***PR 1999/29WA1 - Addendum to Withdrawal - Income tax: Margaret River Wine Business***

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# Addendum

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## Product Ruling

### Income tax: Margaret River Wine Business

This Addendum amends the Notice of Withdrawal for Product Ruling PR 1999/29 which issued on 27 June 2001.

#### The withdrawal notice for PR 1999/29 is amended as follows:

##### 1. Paragraph 1

Omit 'Addendum on Non Commercial Loss provisions has issued and the Project is no longer being sold.', substitute:

1. Product Ruling PR 1999/29 set out the Commissioner's view on the tax consequences for entities participating in the Margaret River Wine Business (the Project) by entering into a Lease Agreement and a Management Agreement for the purpose of carrying on a commercial viticulture and wine production business. The Ruling was withdrawn on 27 June 2001 as interests in the Project were no longer being sold.
2. Although withdrawn, the Ruling continues to apply to Growers who were accepted to participate in the Project between 19 May 1999 and 30 June 1999. It may therefore be relied upon subject to there being no material difference in the arrangement, or in the Growers' involvement in the arrangement.
3. PR 1999/29 ruled that Growers could claim deductions for rent, administration and management fees although the deductibility of losses from the 2000-01 income year was subject to the non-commercial loss rules in Division 35 of the *Income Tax Assessment Act 1997* (Division 35). Under that Ruling and PR 2004/41, the Commissioner exercised his discretion to allow losses from this Project to be offset against other assessable income for each income year from 2000-01 to 2002-03. Losses incurred in later years were required to be deferred unless certain conditions were met (see paragraphs 27.1 to 27.4 of PR 1999/29 and 17 to 19 of PR 2004/41).
4. On 24 September 2008 the Supreme Court of Western Australia ordered that the scheme be wound up. The termination of the Project's Agreements on 19 March 2009 meant that Growers were no longer carrying on their own business and, although no further Project fees were incurred, losses after that date are not subject to Division 35.

# PR 1999/29W

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This Addendum applies on and from 19 March 2009.

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**Commissioner of Taxation**

12 January 2011

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ATO references

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