


# ***PR 2000/114WA1 - Addendum to Withdrawal - Income tax: Palandri Wine Project***

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## Addendum

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### Product Ruling

### Income tax: Palandri Wine Project

This Addendum amends the Notice of Withdrawal for Product Ruling PR 2000/114 which issued on 1 July 2003.

#### The withdrawal notice for PR 2000/114 is amended as follows:

##### 1. Paragraph 1

Omit the paragraph, substitute:

1. Product Ruling PR 2000/114 set out the Commissioner's view on the tax consequences for entities participating in the Palandri Wine Project (the Project) by entering into a Lease and Management Agreement for the purpose of carrying on a commercial viticulture and wine production business. The Ruling was withdrawn on 1 July 2003 as interests in the Project were no longer being sold.
2. Although withdrawn, the Ruling continues to apply to Members who were accepted to participate in the Project between 29 November 2000 and 31 December 2000. It may therefore be relied upon subject to there being no material difference in the arrangement, or in the Members' involvement in the arrangement.
3. PR 2000/114 ruled that Members could claim deductions for lease and management fees although the deductibility of losses 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 2004/104, the Commissioner exercised his discretion to allow losses to be offset against other assessable income for each income year from 2000-01 to 2003-04. Losses incurred in later years were required to be deferred unless certain conditions were met (see paragraphs 46 to 48 of PR 2000/114 and paragraph 17 of PR 2004/104).
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 2000/114W

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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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