

# ***PR 2003/2A - Addendum - Income tax: 2003 Timbercorp Almond Project (revised arrangement)***

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## Addendum

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### Product Ruling

#### Income tax: 2003 Timbercorp Almond Project (revised arrangement)

This Addendum amends Product Ruling PR 2003/2 to reflect changes to simplified tax system legislation from 2005-06 onwards.

**PR 2003/2 is amended as follows:**

**1. Paragraph 36**

Replace the paragraph with:

36. To be an 'STS taxpayer' a Grower must be eligible to be an 'STS taxpayer' and must have elected to be an 'STS taxpayer'. Changes to the STS rules apply from 1 July 2005. From that date, STS taxpayers may use the accruals accounting method. For a Grower participating in the Project, the recognition of income and the timing of tax deductions under the STS where the Grower uses the cash accounting method is different.

**2. Paragraph 46**

After the paragraph insert:

46A. For the 2005-06 income year and later years, a Grower's ordinary income from carrying on a business of growing almonds for processing and sale will be assessable in the income year in which that income is derived where that Grower uses the accruals accounting method, or in the income year in which that income is received where that Grower uses the cash accounting method.

**3. Paragraph 51**

(a) In the table, in the row titled 'Management fee' and in the last column titled '30/6/2006', replace the content with:

As incurred (STS taxpayers using the accruals accounting method) or as paid (STS taxpayers using the cash accounting method) – See Notes (iv), (v) & (vi) below

(b) In the table, in the row titled 'Interest on borrowed funds' and in the last column titled '30/6/2006', replace the content with:

As incurred (STS taxpayers using the accruals accounting method) or as paid (STS taxpayers using the cash accounting method) – See Note (vii) below

(c) Replace Note (v) with:

For the 2003-04 and 2004-05 income years, an amount shown in the table above is deductible in full in the year in which it is paid.

For the 2005-06 income year, an amount shown in the table above is deductible in full in the year in which it is incurred where the Grower is an 'STS taxpayer' using the accruals accounting method, or in the year it is paid where the Grower is an 'STS taxpayer' using the cash accounting method.

(d) In Note (vi), omit the first sentence and the word 'However' at the beginning of the second sentence.

#### **4. Paragraph 81**

Insert after 'the Grower is not an 'STS taxpayer'':

or an 'STS taxpayer' using the accruals accounting method

#### **5. Paragraph 82**

Replace the paragraph with:

82. If the Grower is an 'STS taxpayer' who uses the cash accounting method, the management fees and the licence fees are deductible in the income year in which they are paid. If any amount that is properly incurred in an income year remains unpaid at the end of that income year, the unpaid amount is deductible in the income year in which it is actually paid.

#### **6. Paragraph 86**

Insert after 'the Grower is not an 'STS taxpayer'':

or an 'STS taxpayer' using the accruals accounting method

**7. Paragraph 87**

Replace the paragraph with:

87. If the Grower is an 'STS taxpayer' who uses the cash accounting method, interest is not deductible until it has been both incurred and paid. If interest that is properly incurred in an income year remains unpaid at the end of that income year, the unpaid amount is deductible in the income year in which it is actually paid.

This Addendum applies on and from 1 July 2005.

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**Commissioner of Taxation**23 November 2005

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ATO references

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