

PR 2003/55A - Addendum - Income tax: Tasmanian Truffle Project No. 2 (Supplementary Product Disclosure Statement)

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Addendum

Product Ruling

Income tax: Tasmanian Truffle Project No. 2 (Supplementary Product Disclosure Statement)

This Addendum amends Product Ruling PR 2003/55 to reflect changes to simplified tax system legislation from 1 July 2005.

PR 2003/55 is amended as follows:

1. Paragraph 63

Replace the paragraph with:

63. 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 is different under the STS where the Grower uses the cash accounting method.

2. Paragraph 66

Replace the paragraph with:

66. Other than Growers referred to in paragraph 67, a Grower recognises ordinary income from carrying on the business of growing Truffles at the time that income is derived.

3. Paragraph 67

Replace the paragraph with:

67. A Grower who is an 'STS taxpayer' (for the 2003-04 and 2004-05 income years) or an 'STS taxpayer' continuing to use the cash accounting method (for the 2005-06 and later income years) will be assessable on ordinary income from the carrying on the business of growing Truffles at the time that income is received.

4. Paragraph 73

Replace Note (ii) with:

- (ii) For the 2003-04 and 2004-05 income years, only the 'Licence Fee', 'On-Going Management Fee' and that part of the 'Initial Management Fee' shown in the Table above is deductible in full in the year that it is incurred (where the Grower is not an 'STS taxpayer') or the year in which it is paid (where the Grower is an 'STS taxpayer').

For the 2005-06 income year and later years, where a Grower pays the 'Ongoing Management Fee' and the 'Licence Fee' in the relevant income year show in the 'Management Agreement' and the 'Licence Agreement' those fees are deductible in full in the year that they are incurred where the Grower is not an 'STS taxpayer' or, is an 'STS taxpayer' using the accruals accounting method.

For the 2005-06 income year and later years, where a Grower pays the 'Ongoing Management Fee' and the 'Licence Fee' in the relevant income years show in the 'Management Agreement' and the 'Licence Agreement' those fees are deductible in full in the year that they are paid where the Grower is an 'STS taxpayer' using the cash accounting method.

5. Paragraph 102

Replace the paragraph with:

- 102. If the Grower is not an 'STS taxpayer' or an 'STS taxpayer' using accruals method (for the 2005-06 income year), the management services and licence fees are deductible in the year in which they are incurred.

6. Paragraph 103

Replace the paragraph with:

- 103. If the Grower is an 'STS taxpayer' (for 2003-04 and 2004-05 income years) or an 'STS taxpayer' using the cash accounting method (for the 2005-06 income year), the ongoing management fee and licence fee are deductible in the 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.

This Addendum applies on and from 1 July 2005.

Commissioner of Taxation

31 May 2006

ATO references

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