

PR 2004/55A - Addendum - Income tax: Gunns Plantations Winegrape Project 2004

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Addendum

Product Ruling

Income tax: Gunns Plantations Winegrape Project 2004

This Addendum amends Product Ruling PR 2004/55 to reflect changes to simplified tax system legislation from 2005-06 onwards.

PR 2004/55 is amended as follows:

1. Paragraph 68

Replace the paragraph with:

68. 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 71

Replace the paragraph with:

71. Other than Growers referred to in paragraph 72, a Grower is assessable on ordinary income from carrying on their business of viticulture in the income year in which that income is derived.

3. Paragraph 72

Replace the paragraph with:

72. A Grower who is an 'STS taxpayer' (for the 2003-04 and 2004-05 income years) or an 'STS taxpayer' using the cash accounting method (for the 2005-06 income year and later years) is assessable on ordinary income from carrying on their business of viticulture at the time the income is received.

4. Paragraph 74

- (a) Omit the sentences before the table.
- (b) In the table, replace the item at the end of the row titled 'Interest' with:

As incurred (**Non-STS taxpayers & STS taxpayers using accruals accounting**) Or as paid (**STS taxpayers using cash accounting**) See Notes iv) and v).

- (c) Replace Note iii) with:

Where a Grower pays the 'Vine Right Fee' and the 'Maintenance and Harvest Fee' in the relevant income years shown in the Vine Right Agreement and the Management Agreement, those fees are deductible in full as follows:

- in the year that they are incurred (where the Grower is not an 'STS taxpayer');
- for the 2003-04 and 2004-05 income years, in the year in which they are paid (where the Grower is an 'STS taxpayer'); or
- for the 2005-06 income year, in the year that 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).

5. Paragraph 102

Replace the paragraph with:

102. Under the Arrangement to which this Product Ruling applies 'Maintenance and Harvest Fees' and 'Vine Right Fees' are incurred annually and interest payable to Gunns Finance is incurred monthly (for finance related to the 'Application Fee') and annually (for finance related to the 'Fee Facility'). Accordingly, the prepayment provisions in sections 82KZME and 82KZMF have no application to this Arrangement. A Grower who is an 'STS taxpayer' or an 'STS taxpayer' using cash accounting method can, therefore, claim a deduction for each of the relevant amounts in the income year in which the amount is paid, or paid on their behalf. A Grower who is not an 'STS taxpayer' or an 'STS taxpayer' using accruals accounting method can claim a deduction for each of the relevant amounts in the income year in which the fee is incurred.

This Addendum applies on and from 1 July 2005.

Commissioner of Taxation

16 November 2005

ATO references

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