


PR 2005/17A - Addendum - Income tax: Environinvest Beef Cattle Project 2005 - 2005 Graziers (to 15 June 2005)

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Addendum

Product Ruling

Income tax: Environinvest Beef Cattle Project 2005 – 2005 Graziers (to 15 June 2005)

This Addendum amends Product Ruling PR 2005/17 to reflect changes to simplified tax system legislation from 2005-06 onwards.

PR 2005/17 is amended as follows:

1. Paragraph 75

Replace the paragraph with:

75. To be an 'STS taxpayer' a Grazier 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 Grazier participating in the Project, the recognition of income and the timing of tax deductions where the Grazier uses the cash accounting method under the STS is different.

2. Paragraph 78

Replace the paragraph with:

78. Other than Graziers referred to in paragraph 79, a Grazier is assessable on ordinary income from carrying on their business of leasing, breeding, grazing and sale of beef cattle for profit in the year in which that income is derived.

3. Paragraph 79

Replace the paragraph with:

79. A Grazier who is an 'STS taxpayer' (for the 2004-05 income year) or an 'STS taxpayer' using the cash accounting method (for the 2005-06 and later years) is assessable on ordinary income from carrying on their business of leasing, breeding, grazing and sale of beef cattle for profit in the year in which that income is received.

4. Paragraph 84

Insert after the sentence:

Also in the year ending 30 June 2005, Graziers who are 'STS taxpayers' can claim a deduction for this fee in the year that it is paid.

5. Paragraph 85

Insert after '(who are not 'STS taxpayers)':

or 'STS taxpayers' using the accruals accounting method

6. Paragraph 86

Replace the paragraph with:

86. Graziers who are 'STS taxpayers' using the cash accounting method can also claim the deductions set out in paragraph 85. However, if, for any reason, any of these fees and expenses are not fully paid in the year in which they are incurred then these are only deductible to the extent to which these have been paid.

7. Paragraph 91

Insert after the sentence:

Graziers who are 'STS taxpayers' who use the accruals accounting method (for the 2005-06 and 2006-07 income years) can also claim deductions for interest incurred **monthly in arrears** in the year that it is incurred.

8. Paragraph 92

Replace the paragraph with:

92. Graziers who are 'STS taxpayers' (for the 2004-05 income year) or are 'STS taxpayers' using the cash accounting method (for the 2005-06 and 2006-07 income years) can claim deductions for interest incurred **monthly in arrears** in the year that it is paid.

9. Paragraph 93

Replace the paragraph with

93. Where the interest is incurred **annually in advance**, and the amount of interest is not 'excluded expenditure' (see paragraph 131):

- such interest is **NOT** deductible in full in the year that it is incurred where a Grazier is not an 'STS taxpayer';
- for the 2004-05 income year, such interest is **NOT** deductible in full in the year that it is paid where the Grazier is an 'STS taxpayer'; or
- for the 2005-06 and 2006-07 income years, such interest is **NOT** deductible in full in the year that it is incurred where the Grazier is an 'STS taxpayer' using the accruals accounting method or in the year it is paid where the Grazier is an 'STS taxpayer' using the cash accounting method.

10. Paragraph 93

Insert after the paragraph:

93A. Where the amount of interest is not 'excluded expenditure' the deduction for the interest paid in advance each year must be determined using the formula in subsection 82KZMF(1) (see paragraph 128).

This Addendum applies on and from 1 July 2005.

Commissioner of Taxation

16 November 2005

ATO references

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