

***PR 2005/34A - Addendum - Income tax: 2005
Timbercorp Table Grape Project - 2006 Growers
(from 1 July 2005)***

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Addendum

Product Ruling

Income tax: 2005 Timbercorp Table Grape Project – 2006 Growers (from 1 July 2005)

This Addendum amends Product Ruling PR 2005/34 to reflect changes to simplified tax system legislation from 2005-06 onwards.

PR 2005/34 is amended as follows:

1. Paragraph 62

Replace the paragraph with:

62. 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 or can continue to use the cash accounting method (called the 'STS accounting method' – see section 328-125).

2. Paragraph 65

Replace the paragraph with:

65. Other than Growers referred to in paragraph 66, a Grower recognises ordinary income from carrying on their business of viticulture in the year in which the income is derived.

3. Paragraph 66

Replace the paragraph with:

66. A Grower who is an 'STS taxpayer' continuing to use the cash accounting method recognises ordinary income from carrying on their business of viticulture in the year in which the income is received.

PR 2005/34**4. Paragraph 67**

(a) Replace the table with:

Fee Type	Year ended 30 June 2006	Year ended 30 June 2007	Year ended 30 June 2008
Management Fees	\$8,500 See Notes (i), (ii) & (iii)	\$1,500 plus 4.95% of any 'Gross Proceeds' See Notes (i), (ii), (iii) & (iv)	Estimated operating costs See Notes (i), (ii), (iii) & (v)
Licence Fees	\$500 See Notes (i), (ii), (iii) & (vi)	\$500 See Notes (i), (ii) & (iii)	\$1,314 See Notes (i), (ii) & (iii)
Royalty Fees	n/a	3.3% of any 'Shed Door Proceeds' See Notes (i), (ii), (iii) & (iv)	3.3% of any 'Shed Door Proceeds' See Notes (i), (ii), (iii) & (iv)
Interest on loans with Timbercorp Finance Pty Ltd	As incurred (Non-STs taxpayers & STS taxpayers using accruals accounting method) or as paid (STS taxpayers using cash accounting method) See Notes (iii) & (vii)	As incurred (Non-STs taxpayers & STS taxpayers using accruals accounting method) or as paid (STS taxpayers using cash accounting method) See Notes (iii) & (vii)	As incurred (Non-STs taxpayers & STS taxpayers using accruals accounting method) or as paid (STS taxpayers using cash accounting method) See Notes (iii) & (vii)
'Loan Application Fee' for loans with Timbercorp Finance Pty Ltd	Must be calculated – See Note (viii)	Must be calculated – See Note (viii)	Must be calculated – See Note (viii)

- (b) Replace Note (ii) with:
- (ii) The Management Fees and Licence Fees shown in the Grapelot Management Agreement and the Licence Agreement, respectively, are deductible under section 8-1 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) or, in the year in which they are paid (where the Grower is an 'STS taxpayer' continuing to use the cash accounting method).

5. Paragraph 69

Replace the paragraph with:

69. For Joint Venture Growers who **are** 'STS taxpayers' continuing to use the cash accounting method, the deductions referred to in paragraph 68 are deductible in the income year in which they are paid. For Joint Venture Growers who **are** 'STS taxpayers' using the accruals accounting method the deductions referred to in paragraph 68 are deductible in the income year in which they are incurred.

6. Paragraph 101

Replace the paragraph with:

101. A Grower who is an 'STS taxpayer' continuing to use the cash accounting method can, therefore, claim a deduction for each of the relevant amounts in the income year in which the amount is paid. A Grower who is not an 'STS taxpayer' or who is an 'STS taxpayer' using the 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

7 December 2005

ATO references

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