


PR 2007/102A - Addendum - Income tax: Great Southern 2008 Almond Income Project

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Addendum

Product Ruling

Income tax: Great Southern 2008 Almond Income Project

This Addendum amends Product Ruling PR 2007/102 to reflect alterations to the finance arrangements offered by Great Southern Finance Pty Ltd and the Preferred Financier.

PR 2007/102 is amended as follows:

1. Paragraph 24

- (a) Omit from table ' , Application Fee and Legal Costs'.
- (b) Omit Note (v); substitute:
 - (v) A Loan establishment fee is generally paid for all principal and interest loans obtained from Great Southern Finance Pty Ltd or the Preferred Financier. This fee includes the application fee and a fee to cover the Lender's legal costs and expenses. The loan establishment fee is a borrowing expense and is deductible under section 25-25. It is incurred for borrowing money that is used or is to be used during that income year solely for income producing purposes. Where the loan term is less than five years the deduction for the borrowing expense is spread over the period of the loan on a straight line basis from the date the loan begins. Where the term of the loan is 5 years or more the deduction for the borrowing expense is spread over 5 years on a straight line basis from the date the loan begins. The deductibility or otherwise of borrowing costs arising from loan agreements entered into with financiers other than Great Southern Finance Pty Ltd or the Preferred Financier is outside the scope of this Ruling.

2. Paragraph 33

Omit the last two dot points; substitute:

- Draft Almond Crop Supply Agreement and Variation of Almond Crop Supply Agreement between Great Southern Managers Australia Ltd and Almondco, received on 5 December 2007;

- **Application for Term Finance** and the Terms of Loan Deed to be entered into by each Grower and Great Southern Finance Pty Ltd or ABL Nominees Pty Ltd the Preferred Financier, received on 31 August 2007;
- further correspondence received on 13 February 2008, 4 March 2008, 29 April 2008, 20 May 2008, and 21 May 2008; and
- Draft Application for Term Finance and the Terms of Loan Deed received 20 May 2008.

3. Paragraph 91

(a) Omit third dot point; substitute:

- the maximum interest free loan amount is \$5,000 per Almondlot with the \$500 balance of Initial Management Fees payable on execution of the LMA;

(b) Omit fifth dot point; substitute:

- whilst under the Product Disclosure Statement and attached Application Form, the lender has the right to charge an application fee of up to 2.5% of the amount borrowed, with any such application fee added to the principal of the loan and repaid over the same equal monthly instalments, no application fee will apply; and

4. Paragraph 93

(a) Insert the following dot point after the second dot point:

- interest rates will be based on a commercial margin over the swap rate for that term, or a rate reasonably determined by the Lender to be an approximate substitute for that rate;

(b) Omit the fifth and sixth dot points; substitute:

- the total Loan Establishment Fee to be charged by the Lender will be calculated as 0.5% of the loan amount; and

This Addendum applies on and from 4 June 2008.

Commissioner of Taxation

4 June 2008

ATO references

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