



TD 92/D201 (Withdrawn) - Income tax: sugar cane growers may receive a grant/subsidy from the Queensland Industries Development Corporation (QIDC) under the Commonwealth-State Scheme of Adjustment Assistance. When is this subsidy to be included in the assessable income of the recipient?

 This cover sheet is provided for information only. It does not form part of *TD 92/D201 (Withdrawn) - Income tax: sugar cane growers may receive a grant/subsidy from the Queensland Industries Development Corporation (QIDC) under the Commonwealth-State Scheme of Adjustment Assistance. When is this subsidy to be included in the assessable income of the recipient?*

 This document has been Withdrawn.

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Income tax: sugar cane growers may receive a grant/subsidy from the Queensland Industries Development Corporation (QIDC) under the Commonwealth-State Scheme of Adjustment Assistance. When is this subsidy to be included in the assessable income of the recipient?

1. In the income year in which it is received . It is considered that in these circumstances the subsidy is income. This is supported by the decision in *Lincolnshire Sugar Co, Ltd.v Smart*, (1937) 20 TC 643. In this case it was held that the subsidies paid to the taxpayer were trade receipts assessable in the year of receipt.
2. Although the subsidy is paid directly to the lender to reduce the principal of the growers loan or to provide an interest subsidy over the term of the loan, section 19 of the *Income Tax Assessment Act 1936*, deems it to be derived by the taxpayer when credited to the lender.
3. The subsidy is made to growers for the purpose of debt reconstruction, farm build-up or farm improvement. The subsidy is paid by QIDC either as:
 - (i) a lump sum, equivalent in present value terms to the amount of the approved interest subsidy payable over a maximum period of seven years - assessable in full in the year it is credited to the taxpayer, or
 - (ii) an approved interest subsidy over the term of the loan - assessable in each year as credited to the taxpayer.

Commissioner of Taxation
12/11/92

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