

PR 2000/114W - Income tax: Palandri Wine Project

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⚠ This document has changed over time. This is a consolidated version of the ruling which was published on *12 January 2011*



Product Ruling

Income tax: Palandri Wine Project

Preamble

*The number, subject heading, and the **What this Product Ruling is about** (including **Tax law(s)**, **Class of persons and Qualifications** sections), **Date of effect**, **Withdrawal**, **Arrangement and Ruling** parts of this document are a 'public ruling' in terms of Part IVAAA of the **Taxation Administration Act 1953**. Product Ruling PR 1999/95 explains Product Rulings and Taxation Rulings TR 92/1 and TR 97/16 together explain when a Ruling is a public ruling and how it is binding on the Commissioner.*

[Note: This is a consolidated version of this document. Refer to the ATO Legal Database (<http://law.ato.gov.au>) to check its currency and to view the details of all changes.]

Withdrawal

1. Product Ruling PR 2000/114 set out the Commissioner's view on the tax consequences for entities participating in the Palandri Wine Project (the Project) by entering into a Lease and Management Agreement for the purpose of carrying on a commercial viticulture and wine production business. The Ruling was withdrawn on 1 July 2003 as interests in the Project were no longer being sold.
2. Although withdrawn, the Ruling continues to apply to Members who were accepted to participate in the Project between 29 November 2000 and 31 December 2000. It may therefore be relied upon subject to there being no material difference in the arrangement, or in the Members' involvement in the arrangement.
3. PR 2000/114 ruled that Members could claim deductions for lease and management fees although the deductibility of losses was subject to the non-commercial loss rules in Division 35 of the *Income Tax Assessment Act 1997* (Division 35). Under that Ruling and PR 2004/104, the Commissioner exercised his discretion to allow losses to be offset against other assessable income for each income year from 2000-01 to 2003-04. Losses incurred in later years were required to be deferred unless certain conditions were met (see paragraphs 46 to 48 of PR 2000/114 and paragraph 17 of PR 2004/104).
4. On 24 September 2008 the Supreme Court of Western Australia ordered that the scheme be wound up. The termination of the Project's Agreements on 19 March 2009 meant that Growers were no longer carrying on their own business and, although no further Project fees were incurred, losses after that date are not subject to Division 35.

PR 2000/114

Commissioner of Taxation

29 November 2000

Previous draft:

- Not previously issued in draft form - ITAA 1997 35-10(3)
- ITAA 1997 35-10(4)
- ITAA 1997 35-30

Related Rulings/Determinations:

- PR 1999/95; TR 92/1; TR 97/11; - ITAA 1997 35-35
- TR 97/16; TR 98/22; TD 93/34; - ITAA 1997 35-40
- IT 175; IT 2001 - ITAA 1997 35-45
- ITAA 1997 35-55
- ITAA 1997 35-55(1)

Subject references:

- carrying on a business - ITAA 1997 35-55(1)(a)
- commencement of business - ITAA 1997 35-55(1)(b)
- primary production - ITAA 1997 960-335
- primary production expenses - ITAA 1997 960-340
- management fee expenses - ITAA 1997 960-345
- producing assessable income - ITAA 1997 960-350
- Product rulings - ITAA 1936 82KL
- public rulings - ITAA 1936 82KZL(1)
- schemes and shams - ITAA 1936 82KZM
- taxation administration - ITAA 1936 82KZM(1)
- tax avoidance - ITAA 1936 82KZMA
- tax benefits under tax avoidance - ITAA 1936 82KZMA(4)
- schemes - ITAA 1936 82KZMB
- tax shelters - ITAA 1936 82KZMC
- ITAA 1936 82KZMD
- ITAA 1936 82KZMD(2)

Legislative references:

- ITAA 1997 6-5 - ITAA 1936 82KZME
 - ITAA 1997 8-1 - ITAA 1936 82KZME(4)
 - ITAA 1997 8-1(1)(a) - ITAA 1936 82KZME(7)
 - ITAA 1997 17-5 - ITAA 1936 82KZMF
 - ITAA 1997 Division 27 - ITAA 1936 Pt IVA
 - ITAA 1997 Division 35 - ITAA 1936 177A
 - ITAA 1997 35-10 - ITAA 1936 177C
 - ITAA 1997 35-10(2) - ITAA 1936 177D
 - ITAA 1997 35-10(2) - ITAA 1936 177D(b)
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