

PR 2000/36A - Addendum - Income tax: Australian Olives Project No. 3

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Addendum

Income tax: Australian Olives Project No. 3

Product Ruling PR 2000/36 is amended with effect from today to exercise the non-commercial loss discretion under section 35-55 of the *Income Tax Assessment Act 1997* ('ITAA 1997').

Delete paragraphs 68 to 71 from the **Proposed new laws** part of the Product Ruling.

Add to paragraph 2 in the **Tax laws** section of the Product Ruling:

- Division 35 (ITAA 1997).

Add to the **Ruling** part at paragraph 67 of the Product Ruling:

Division 35 – Deferral of losses from non-commercial business activities

Section 35-55 – Commissioner's discretion

67.1 For a Grower who is an individual and who entered the Project on or after 5 April 2000 and prior to any withdrawal of this Product Ruling the rule in section 35-10 may apply to the business activity comprised by their involvement in this Project. Under paragraph 35-55(1)(b) the Commissioner has decided for the income years ended 30 June 2001 to 30 June 2004 that the rule in section 35-10 does not apply to this business activity provided that the Project has been, and continues to be carried on in a manner that is not materially different to the arrangement described in this Ruling.

67.2 This exercise of the discretion in subsection 35-55(1) will not be required where, for any year in question:

- a Grower's business activity satisfies one of the objective tests in sections 35-30, 35-35, 35-40 or 35-45; or
- the 'exception' in subsection 35-10(4) applies.

67.3 Where, either the Grower's business activity satisfies one of the objective tests, the discretion in subsection 35-55(1) is exercised,

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or the Exception in subsection 35-10(4) applies, section 35-10 will not apply. This means that a Grower will not be required to defer any excess of deductions attributable to their business activity in excess of any assessable income from that activity, i.e., any 'loss' from that activity, to a later year. Instead, this 'loss' can be offset against other assessable income for the year in which it arises.

67.4 Growers are reminded of the important statement made on Page 1 of this Product Ruling. Therefore, Growers should not see the Commissioner's decision to exercise the discretion in paragraph 35-55(1)(b) as an indication that the Tax Office sanctions or guarantees the Project or the product to be a commercially viable investment. An assessment of the Project or the product from such a perspective has not been made.

Commissioner of Taxation

24 October 2001

ATO references:

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