



PR 2003/31A3 - Addendum - Income tax: Reward Group Teak Project 3

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Addendum

Product Ruling

Income tax: Reward Group Teak Project 3

This Addendum amends Product Ruling PR 2003/31 to reflect changes to simplified tax system legislation from 1 July 2005.

PR 2003/31 is amended as follows:

1. Paragraph 48

Omit the paragraph and substitute:

48. To be an 'STS taxpayer' a Grower must be eligible to be an 'STS taxpayer' and must elect 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. For a Grower participating in the Project, the recognition of income and the timing of tax deductions is different under the STS where the Grower uses the cash accounting method.

2. Paragraph 53

Omit the subheading:

**Tax outcomes for Growers who are
'STS taxpayers'**

and substitute:

**Tax outcomes for Growers who are
'STS Taxpayers' using the cash accounting
method**

3. Paragraph 56

After the paragraph insert:

Tax outcomes for Growers who are 'STS Taxpayers' using the accruals accounting method**Assessable income****Section 6-5**

56A. For the 2005-06 income year and later years, a Grower who is an 'STS taxpayer' using the accruals accounting method will be assessable on ordinary income from carrying on their business of afforestation when the income is derived.

Deductions for Interest**Section 8-1**

56B. For the 2005-06 income year, a Grower who is an 'STS taxpayer' using the accruals accounting method may claim tax deductions for the following revenue expenses when incurred:

2004 Growers

Fee Type	ITAA 1997 Section	Year ended 30 June 2006
Interest (Term payment options)	8-1 & 328-105	When incurred See Note (a)

Notes:

- (a) Interest payable under either the 2 or the 5 Year Terms Payment Option will be deductible when incurred.

4. Paragraph 95

After the paragraph insert:

95A. A Grower who is an 'STS Taxpayer' using the accruals accounting method can claim an immediate deduction for each of the relevant fees in the income year in which the fee is incurred.

This Addendum applies on and from 1 July 2005.

Commissioner of Taxation15 March 2006

ATO references

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