

PR 2003/34A - Addendum - Income tax: Northern Rivers Coffee Project No 3

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Addendum

Product Ruling

Income tax: Northern Rivers Coffee Project No 3

This Addendum amends Product Ruling PR 2003/34 to reflect changes to simplified tax system legislation from 1 July 2005.

PR 2003/34 is amended as follows:

1. Paragraph 62

Replace the paragraph with:

62. To be an 'STS taxpayer' a Grower must be eligible to be an 'STS taxpayer' and must have elected 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 71

Replace the paragraph with:

71. A Grower who is an 'STS taxpayer' using the cash accounting method will recognise ordinary income from carrying on the business of coffee growing in the income year in which that income is received.

71A. For the 2005-06 and later income years, a Grower who is an 'STS taxpayer' using the accruals accounting method will recognise ordinary income from carrying on their business of coffee growing in the income year in which that income is derived.

3. Paragraph 75

Replace Note (iv) with:

(iv) For the 2002-03, 2003-04 and 2004-05 income years, an amount shown in the tables above are deductible in full in the year in which it is paid where the Grower is an 'STS taxpayer'.

For the 2005-06 income year, an amount shown in the tables above is deductible in full in the year that it is incurred where the Grower is an 'STS taxpayer' using the accruals accounting method, or in the year it is paid where the Grower is an 'STS taxpayer' using the cash accounting method.

4. Paragraph 107

Replace the paragraph with:

107. If the Grower is not an 'STS taxpayer' or an 'STS taxpayer' using accruals method (for the 2005-06 income year), the ongoing management services and licence fees are deductible in the year in which they are incurred.

5. Paragraph 108

Replace the paragraph with:

108. If the Grower is an 'STS taxpayer' (for 2002-03, 2003-04 and 2004-05 income years) or an 'STS taxpayer' using the cash accounting method (for the 2005-06 income year), the initial management services, ongoing management services and licence fees are deductible in the year in which they are paid. If any amount that is properly incurred in an income year remains unpaid at the end of that income year, the unpaid amount is deductible in the income year in which it is actually paid.

This Addendum applies on and from 1 July 2005.

Commissioner of Taxation

31 May 2006

ATO references

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