

PR 2004/12A - Addendum - Income tax: 2004 Timbercorp (Single Payment) Timberlot Project - Prepayment Growers

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Addendum

Product Ruling

Income tax: 2004 Timbercorp (Single Payment) Timberlot Project – Prepayment Growers

This Addendum amends Product Ruling PR 2004/12 to reflect changes to simplified tax system legislation from 2005-06 onwards.

PR 2004/12 is amended as follows:

1. Paragraph 53

Replace the paragraph with:

53. 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 or can continue to use the cash accounting method (called the 'STS accounting method' – see section 328-125).

2. Paragraph 56

Replace the paragraph with:

56. Other than Growers referred to in paragraph 57, a Grower recognises ordinary income from carrying on their business of afforestation in the year in which the income is derived.

3. Paragraph 57

Replace the paragraph with:

57. A Grower who is an 'STS taxpayer' or an 'STS taxpayer' continuing to use the cash accounting method recognises ordinary income from carrying on their business of afforestation in the year in which the income is received.

4. Paragraph 58

In the table, in the row titled 'Interest paid to Timbercorp Finance Pty Ltd' and in the column titled 'Year ended 30 June 2006', replace the content with:

As incurred (**Non-STS taxpayers & STS taxpayers using accruals accounting method**) Or as paid (**STS taxpayers continuing to use cash accounting method**) See Notes (iii) & (iv) below

5. Paragraph 94

Replace the paragraph with:

94. Under the Arrangement to which this Product Ruling applies interest payable to Timbercorp Finance is incurred monthly. Accordingly, the prepayment provisions in sections 82KZME to 82KZMF have no application to this Arrangement. A Grower who is an 'STS taxpayer' (for the 2003-04 and 2004-05 income years) or an 'STS taxpayer' continuing to use the cash accounting method (for the 2005-06 income year) can, therefore, claim an immediate deduction for each of the relevant amounts in the income year in which the amount is paid. A Grower who is not an 'STS taxpayer' or who is an 'STS taxpayer' using the accruals accounting method (for the 2005-06 income year) can claim an immediate deduction for each of the relevant amounts in the income year in which the fee is incurred.

This Addendum applies on and from 1 July 2005.

Commissioner of Taxation

7 December 2005

ATO references

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