

PR 2004/18A - Addendum - Income tax: 2004 Timbercorp Almond Project

⚠ This cover sheet is provided for information only. It does not form part of *PR 2004/18A - Addendum - Income tax: 2004 Timbercorp Almond Project*

⚠ View the [consolidated version](#) for this notice.



Addendum

Product Ruling

Income tax: 2004 Timbercorp Almond Project

This Addendum amends Product Ruling PR 2004/18 to reflect changes to simplified tax system legislation from 2005-06 onwards.

PR 2004/18 is amended as follows:

1. Paragraph 56

Replace the paragraph with:

56. 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 59

Replace the paragraph with:

59. Other than Growers referred to in paragraph 60, a Grower recognises ordinary income from carrying on their business of growing almonds for processing and sale in the year in which the income is derived.

3. Paragraph 60

Replace the paragraph with:

60. 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 and later income years) recognises ordinary income from carrying on their business of growing almonds for processing and sale in the year in which the income is received.

4. Paragraph 61

(a) In the table, in the row titled 'Interest on loans with 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)

(b) Replace Note (ii) with:

(ii) Where the Grower is not an 'STS taxpayer' or who is an 'STS taxpayer' using the accruals accounting method (for the 2005-06 income year), the 'Management Fees' and the 'Rent' shown in the Almondlot Management Agreement and the Sub-lease are deductible in full in the year that they are incurred. Where the Grower 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), these fees are deductible in full in the year in which they are paid.

5. Paragraph 64

(a) Replace the paragraph with:

64. Where either or both the first Joint Venture Grower or the second Joint Venture Grower **is** an 'STS taxpayer', the deductions referred to in paragraphs 61 and 62, other than the borrowing expenses, are deductible as follows:

- for the 2003-04 and 2004-05 income years, in the income year in which they are paid; and
- for the 2005-06 income year, in the income year in which they are incurred where the Joint Venture Grower is an 'STS taxpayer' using the accruals accounting method or in the income year in which they are paid where the Joint Venture Grower is an 'STS taxpayer' continuing to use the cash accounting method.

(b) Insert after paragraph 64:

64A. Borrowing costs for Joint Venture Growers who are 'STS taxpayers' remain deductible under section 25-25 in the years shown in the Table above. Each Joint Venturer Grower may also claim deductions for its proportional share of the incentive fees and the horticulture plant write-off explained below.

6. Paragraph 98

Replace the paragraph with:

98. Under the Arrangement to which this Product Ruling applies 'Management Fees' and 'Rent' are incurred annually and interest payable to Timbercorp Finance is incurred monthly. Accordingly, the prepayment provisions in sections 82KZME and 82KZMF have no application to this Arrangement. A 'Participant 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 a deduction for each of the relevant amounts in the income year in which the amount is paid. A 'Participant 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 a 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 Taxation7 December 2005

ATO references

NO: 2003/11684

ISSN: 1441-1172

ATOlaw topic: Income Tax ~~ Product ~~ crops - other