


PR 2004/88A - Addendum - Income tax: Tasmanian Truffle Project No. 2 (Second Supplementary Product Disclosure Statement) - post 31 January 2005 Growers

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Addendum

Product Ruling

Income tax: Tasmanian Truffle Project No. 2 (Second Supplementary Product Disclosure Statement) – post 31 January 2005 Growers

This Addendum amends Product Ruling PR 2004/88 to reflect changes to simplified tax system legislation from 1 July 2005.

PR 2004/88 is amended as follows:

1. Paragraph 66

Replace the paragraph with:

66. 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 69

Replace the paragraph with:

69. Other than Growers referred to in paragraph 70, a Grower recognises ordinary income from carrying on the business of growing Truffles at the time that income is derived.

3. Paragraph 70

Replace the paragraph with:

70. A Grower who is an 'STS taxpayer' (for the 2004-05 income year) or an 'STS taxpayer' continuing to use the cash accounting method (for 2005-06 and later income years) will be assessable on ordinary income from the carrying on the business of growing Truffles at the time that income is received.

4. Paragraph 71

Replace Notes (ii) & (iv) with:

- (ii) For the 2004-05 income year, only the 'Licence Fee' and that part of the 'Initial Management Fee' shown in the Table above is deductible in full in the year that it is incurred (where the Grower is not an 'STS taxpayer') or the year in which it is paid (where the Grower is an 'STS taxpayer').
- (iv) For the 2005-06 income year and later years, where a Grower pays the 'Ongoing Management Fee' and the 'Licence Fee' in the relevant income years show in the 'Management Agreement' and the 'Licence Agreement' those fees are deductible in full in the year that they are incurred where the Grower is not an 'STS taxpayer' or, is an 'STS taxpayer' using the accruals accounting method.

For the 2005-06 income year and later years, where a Grower pays the 'Ongoing Management Fee' and the 'Licence Fee' in the relevant income years show in the 'Management Agreement' and the 'Licence Agreement' those fees are deductible in full in the year that they are paid where the Grower is an 'STS taxpayer' using the cash accounting method.

This Addendum applies on and from 1 July 2005.

Commissioner of Taxation

31 May 2006

ATO references

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