

# ***PR 2004/97A - Addendum - Income tax: Lake Powell Almond Project No. 2 - Early Growers***

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## Addendum

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### Product Ruling

### Income tax: Lake Powell Almond Project No. 2 – Early Growers

This Addendum amends Product Ruling PR 2004/97 to reflect changes to simplified tax system legislation from 2005-06 onwards.

**PR 2004/97 is amended as follows:**

**1. Paragraph 74**

Replace the paragraph with:

74. 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 under the STS where the Grower uses the cash accounting method is different.

**2. Paragraph 77**

Replace the paragraph with:

77. Other than Growers referred to in paragraph 78, a Grower is assessable on ordinary income from carrying on their business of horticulture in the income year in which that income is derived.

**3. Paragraph 78**

Replace the paragraph with:

78. A Grower who is an 'STS taxpayer' (for the 2004-05 income year) or an 'STS taxpayer' using the cash accounting method (for the 2005-06 income year and later years) is assessable on ordinary income from carrying on their business of horticulture at the time the income is received.

#### 4. Paragraph 80

- (a) Omit the sentences before the sub-heading 'Allowable Deduction for an 'Early Grower''.
- (b) Replace Note (ii) with:
  - (ii) For the 2004-05 income year, the Management fee, the Maintenance fee, the Land licence fee and the Water licence fee shown in the Allotment Management Agreement are deductible in full in the year that they are incurred (where the Grower is not an 'STS taxpayer') or in the year in which they are paid (where the Grower is an 'STS taxpayer').

For the 2005-06 and 2006-07 income years, the Management fee, the Maintenance fee, the Land licence fee and the Water licence fee shown in the Allotment Management Agreement are deductible in full in the year that they are incurred (where the Grower is not an 'STS taxpayer' or an 'STS taxpayer' using the accruals accounting method) or in the year in which they are paid (where the Grower is an 'STS taxpayer' using the cash accounting method).

This Addendum applies on and from 1 July 2005.

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**Commissioner of Taxation**

26 October 2005

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#### ATO references

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