

PR 2005/12A - Addendum - Income tax: W.A. Blue Gum Project 2005

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Addendum

Product Ruling

Income tax: W.A. Blue Gum Project 2005

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

PR 2005/12 is amended as follows:

1. Paragraph 67

Replace the paragraph with

67. 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 70

Replace the paragraph with:

70. Other than Growers referred to in paragraph 71, a Grower is assessable on ordinary income from carrying on their business of afforestation in the income year in which that income is derived.

3. Paragraph 71

Replace the paragraph with:

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

PR 2005/12**4. Paragraph 74**

(a) Replace the paragraph with:

74. For all Growers who are 'STS taxpayers' (for the 2004-05 income year) and for those Growers who are 'STS taxpayers' that continue to use the cash accounting method (for the 2005-06 to 2007-08 income years):

- any amount shown in the table below that is not paid in the year in which it is incurred is only deductible to the extent to which the amount has been paid; and
- any amount or part of an amount shown in the table which is not paid in the year in which it is incurred will be deductible in the year in which it is actually paid.

(b) In the table, replace the fourth row with:

| Fee type | Year ended 30 June 2005 | Year ended 30 June 2006 | Year ended 30 June 2007 | Year ended 30 June 2008 |
|---|--|--|--|--|
| Interest payable to Albany Financial and/or the Introduced Lender | As incurred (Non-STSTaxpayers) or as paid (STSTaxpayers) See Notes (iv) & (v) | As incurred (Non-STSTaxpayers or STSTaxpayers using accruals accounting) or as paid (STSTaxpayers using cash accounting) See Notes (iv) & (v) | As incurred (Non-STSTaxpayers or STSTaxpayers using accruals accounting) or as paid (STSTaxpayers using cash accounting) See Notes (iv) & (v) | As incurred (Non-STSTaxpayers or STSTaxpayers using accruals accounting) or as paid (STSTaxpayers using cash accounting) See Notes (iv) & (v) |

(c) Replace Note (iii) with:

(iii) The management fees and 'Rent' are deductible in full in the year in which they are incurred where the Grower is **not an 'STSTaxpayer'**.

For the 2004-05 income year, the management fees and 'Rent' are deductible in full in the year in which they are paid where the Grower is an **'STSTaxpayer'**.

For the 2005-06, 2006-07 and 2007-08 income years, the management fees and 'Rent' are deductible in full in the year in which they are incurred where the Grower is an **'STSTaxpayer'** using the accruals accounting method or in the year in which they are paid where the Grower is an **'STSTaxpayer'** using the cash accounting method.

5. Paragraph 75

Insert after 'is not an 'STS taxpayer':

or, from the 2005-06 income year, who is an 'STS taxpayer' using the accruals accounting method

6. Paragraph 76

Replace the paragraph with:

76. Where either or both of the 'Joint Venture Growers' is an 'STS taxpayer' (for the 2004-05 income year) or is an 'STS taxpayer' that continues to use the cash accounting method (from the 2005-06 income year) the deductions referred to in paragraph 74 are deductible in the income year in which they are paid.

7. Paragraph 104

Insert after 'is not an 'STS taxpayer':

or, from the 2005-06 income year, who is an 'STS taxpayer' using the accrual accounting method

8. Paragraph 105

Insert after 'is an 'STS taxpayer':

(for the 2004-05 income year), or who is an 'STS taxpayer' that continues to use the cash accounting method (from the 2005-06 income year)

This Addendum applies on and from 1 July 2005.

Commissioner of Taxation

7 December 2005

ATO references

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