

***PR 2005/15A - Addendum - Income tax: 2005
Timbercorp Almond Project - Early Growers (to 15
June 2005)***

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Addendum

Product Ruling

Income tax: 2005 Timbercorp Almond Project – Early Growers (to 15 June 2005)

This Addendum amends Product Ruling PR 2005/15 to reflect changes to simplified tax system legislation from 2005-06 onwards.

PR 2005/15 is amended as follows:

1. Paragraph 68

Replace the paragraph with:

68. 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 71

Replace the paragraph with:

71. Other than Growers referred to in paragraph 72, a Grower recognises ordinary income from carrying on their business of horticulture in the year in which that income is derived.

3. Paragraph 72

Replace the paragraph with:

72. 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 the 2005-06 and later income years) recognises ordinary income from carrying on their business of horticulture in the year in which the income is received.

PR 2005/15**4. Paragraph 74**

- (a) Omit sentences before the table.
- (b) Replace the table with:

Fee Type	Year ended 30 June 2005	Year ended 30 June 2006	Year ended 30 June 2007
'Management Fee'	\$7,000 See Notes (i), (ii) & (iii)	\$1,500 See Notes (i), (ii) & (iii)	\$1,500 See Notes (i), (ii) & (iii)
'Rent'	nil	\$500 See Notes (i), (ii) & (iii)	\$500 See Notes (i), (ii) & (iii)
Interest on loans with Timbercorp Finance Pty Ltd	As incurred (Non-STS taxpayers) or as paid (STS taxpayers) See Notes (iii) & (iv)	As incurred (Non-STS taxpayers & STS taxpayers using accruals accounting method) or as paid (STS taxpayers using cash accounting method) See Notes (iii) & (iv)	As incurred (Non-STS taxpayers & STS taxpayers using accruals accounting method) or as paid (STS taxpayers using cash accounting method) See Notes (iii) & (iv)
'Loan Application Fee' for loans with Timbercorp Finance Pty Ltd	Must be calculated – See Note (v)	Must be calculated – See Note (v)	Must be calculated – See Note (v)

- (c) 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 and 2006-07 income years), the 'Management Fees' and the 'Rent' shown in the Almondlot Management Agreement and the Sub-lease Deed are deductible in full in the year that they are incurred. Where the Grower is an 'STS taxpayer' (for the 2004-05 income year) or an 'STS taxpayer' continuing to use the cash accounting method (for the 2005-06 and 2006-07 income years), these fees are deductible in full in the year in which they are paid.

5. Paragraph 103

Replace the paragraph with:

103. A 'Participant Grower' who is an 'STS taxpayer' (for the 2004-05 income year) or an 'STS taxpayer' continuing to uses the cash accounting method (for the 2005-06 and 2006-07 income years) 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 and 2006-07 income years) 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

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