

PR 2005/25A - Addendum - Income tax: Great Southern Vineyards 2005 (Project 2)

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Addendum

Product Ruling

Income tax: Great Southern Vineyards 2005 (Project 2)

This Addendum amends Product Ruling PR 2005/25 to reflect:

- a reduction in the land that is available for the Project. The total number of hectares available for cultivation has been reduced and the composition of each Vinelot has changed; and
- changes to simplified tax system legislation from 2005/06 onwards.

PR 2005/25 is amended as follows:

1. Paragraph 14

Insert new bullet points:

- Draft Supplementary Product Disclosure Statement received 4 May 2005;
- Additional correspondence dated 4 May 2005.

2. Paragraph 17

(a) In the row of the table titled 'Number of hectares offered for cultivation' omit '400'; and substitute '260'.

(b) In the row of the table titled 'Size of each Vinelot' omit '0.05 hectares: of which 0.015 hectares is of established vines and 0.035 hectares is of new vines'; and substitute '0.05 hectares: of which 0.023 hectares is of established vines and 0.027 hectares is of new vines'.

3. Paragraph 18

Omit the paragraph and substitute:

18. Under this Product Disclosure Statement (PDS), Great Southern Managers Australia Ltd (GSMAL) proposes to offer 5,200 interests called 'Vinelots' of 0.05 hectares. Each Vinelot consists of 0.027 hectares of new vines and 0.023 hectares of established vines that are 4 to 6 years old. The Vinelots are located on three separate properties at Frankland River, Mount Barker and Margaret River.

4. Paragraph 49

Omit the paragraph and substitute:

49. 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.

5. Paragraph 58

Omit the paragraph and substitute:

58. Other than Growers referred to in paragraph 58A, for the 2005-06 income year and later years, a Grower will be assessable on ordinary income from carrying on their business of afforestation in the income year in which that income is derived.

6. After Paragraph 58

Insert:

58A. For the 2005-06 income year and later years, a Grower who is an 'STS taxpayer' using the cash accounting method will be assessable on ordinary income from carrying on their business of afforestation in the income year in which that income is received.

7. Paragraph 62

Omit the table and substitute:

Fee Type	ITAA 1997 Section	30 June 2005 (Initial Period)	30 June 2006 (Second Period)	30 June 2007 (Third Period)
Management fees	8-1 & 328-105	\$3,850 See Notes (v) & (vi)	\$687.50, plus 88% of Net Proceeds of Sale. See Notes (v) & (vi)	\$687.50, plus 88% of Net Proceeds of Sale. See Notes (v) & (vi)
Rent	8-1	Nil	12% of Net Proceeds of Sale. See Note (v)	12% of Net Proceeds of Sale. See Note (v)

Interest	8-1 & 328-105	As incurred (STS taxpayers using accruals accounting) Or As paid (STS taxpayers using cash accounting) See Note (vii)	As incurred (STS taxpayers using accruals accounting) Or As paid (STS taxpayers using cash accounting) See Note (vii)	As incurred (STS taxpayers using accruals accounting) Or As paid (STS taxpayers using cash accounting) See Note (vii)
Establishment of horticultural plants (Grapevines)	40-515			See Notes (v) & (viii)

8. Paragraph 62

Omit the second sentence in Note (vi) and substitute:

The Initial Management Services fee of \$3,850 is payable on application for services to be provided in the Initial Management Period and is deductible as outlined in the Table above.

This Addendum applies on and from 8 June 2005.

Commissioner of Taxation

8 June 2005

ATO references

NO: 2003/11684

ISSN: 1441-1172

ATOlaw topic: Income Tax -- Product -- vineyards & wineries