


# ***PR 2005/28A3 - Addendum - Income tax: 2005 Swan Hill Almond Grower Project - 2005 Growers***

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## Addendum

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### Product Ruling

#### Income tax: 2005 Swan Hill Almond Grower Project – 2005 Growers

This Addendum amends Product Ruling PR 2005/28 to reflect changes to simplified tax system legislation from 2005-06 onwards.

**PR 2005/28 is amended as follows:**

**1. Paragraph 49**

Replace the paragraph with:

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

**2. Paragraph 52**

Replace the paragraph with:

52. Other than Growers referred to in paragraph 53, a Grower is assessable on ordinary income from carrying on their business of horticulture at the time that income is derived.

**3. Paragraph 53**

Replace the paragraph with:

53. 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.

**PR 2005/28****4. Paragraph 54**

Replace the table with:

<b>Fee Type</b>	<b>Year ended 30 June 2005</b>	<b>Year ended 30 June 2006</b>	<b>Year ended 30 June 2007</b>
<b>'Growing and Management Fee'</b>	\$1,630 – See Notes (i), (ii) & (iii)	\$3,407 – See Notes (i), (ii) & (iii)	\$3,475 – See Notes (i), (ii) & (iii)
<b>'Land and Asset Rent'</b>	Nil	\$794 – See Notes (i), (ii) & (iii)	\$863 – See Notes (i), (ii) & (iii)
<b>Interest on loans with Almond Investors Finance Pty Ltd</b>	As incurred (Non-STS taxpayers) Or as paid (STS taxpayers) See Notes (iii) & (iv)	As incurred (Non-STS taxpayers & STS taxpayers using accruals accounting) Or as paid (STS taxpayers using cash accounting) See Notes (iii) & (iv)	As incurred (Non-STS taxpayers & STS taxpayers using accruals accounting) Or as paid (STS taxpayers using cash accounting) See Notes (iii) & (iv)
<b>Loan Application Fee for loans with Almond Investors Finance Pty Ltd</b>	Must be calculated – see Note (v)	Must be calculated – see Note (v)	Must be calculated – see Note (v)

**5. Paragraph 54**

Replace Note (ii) with:

- (ii) For the 2004-05 income year, the 'Growing and Management Fees' and the 'Land and Asset Rent' shown in the Allotment Management Agreement and the Sub-lease are deductible in full in the year that they are incurred (where the Grower is not an 'STS taxpayer') or, the year in which they are paid (where the Grower is an 'STS taxpayer').

For the 2005-06 and 2006-07 income years, the 'Growing and Management Fees' and the 'Land and Asset Rent' shown in the Allotment Management Agreement and the Sub-lease 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).

**6. Paragraph 85**

Replace the paragraph with:

85. If the Grower is not an 'STS taxpayer' or an 'STS taxpayer' using accruals accounting method (for the 2005-06 and 2006-07 income years), 'Growing and Management Fees' and 'Land and Asset Rent' are deductible in the year in which they are incurred.

**7. Paragraph 86**

(a) Replace the first sentence with:

If the Grower is an 'STS taxpayer' (for the 2004-05 income year) or an 'STS taxpayer' using the cash accounting method (for the 2005-06 and 2006-07 income years), the 'Growing and Management Fees' and 'Land and Asset Rent' are deductible in the year in which they are paid.

(b) Omit from the second sentence, 'or is paid for the Grower'.

This Addendum applies on and from 1 July 2005.

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**Commissioner of Taxation**

19 October 2005

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ATO references

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