

PR 2005/30A - Addendum - Income tax: Western Tiers Truffiere Project - 2005 Growers

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Addendum

Product Ruling

Income tax: Western Tiers Truffiere Project – 2005 Growers

This Addendum amends Product Ruling PR 2005/30 to reflect changes to simplified tax system legislation from 2005-06 onwards.

PR 2005/30 is amended as follows:

1. Paragraph 57

Replace the paragraph with:

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

2. Paragraph 60

Replace the paragraph with:

60. Other than Growers referred to in paragraph 61, 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 61

Replace the paragraph with:

61. 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 in the year in which the income is received.

4. Paragraph 63

In Note (ii), replace the first sentence with:

Where the Grower is not an 'STS taxpayer', an amount shown in the table above is deductible in full in the year in which it is incurred.

For the 2004-05 income year, an amount shown in the table above is deductible in full in the year in which it is paid where the Grower is an 'STS taxpayer'.

For the 2005-06 and 2006-07 income years, an amount shown in the table above is deductible in full in the year in which it is incurred where the Grower is an 'STS taxpayer' using the accruals accounting method, or in the year in which it is paid where the Grower is an 'STS taxpayer' using the cash accounting method.

5. Paragraph 91

Replace the paragraph with:

91. Under the Arrangement to which this Product Ruling applies 'Annual Management Fees' and 'the rent' are incurred annually. Accordingly, the prepayment provisions in sections 82KZME and 82KZMF have no application to this Arrangement. A Grower who is an 'STS taxpayer' using the cash accounting method can, therefore, claim a deduction for each of the relevant amounts in the income year in which the amount is paid. A Grower who is not an 'STS taxpayer' or an 'STS taxpayer' using the accruals accounting method 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 Taxation

23 November 2005

ATO references

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