

***PR 2005/33A - Addendum - Income tax: 2005
Timbercorp Table Grape Project - 2005 Growers (to
15 June 2005)***

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Addendum

Product Ruling

Income tax: 2005 Timbercorp Table Grape Project – 2005 Growers (to 15 June 2005)

This Addendum amends Product Ruling PR 2005/33 to reflect changes to simplified tax system legislation from 2005-06 onwards.

PR 2005/33 is amended as follows:

1. Paragraph 62

Replace the paragraph with:

62. 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 65

Replace the paragraph with:

65. Other than Growers referred to in paragraph 66, a Grower recognises ordinary income from carrying on their business of viticulture in the year in which the income is derived.

3. Paragraph 66

Replace the paragraph with:

66. 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 viticulture in the year in which the income is received.

4. Paragraph 67

(a) In the table, in the row titled 'Interest on loans with Timbercorp Finance Pty Ltd' and in the column titled 'Year ended 30 June 2006', replace the content with:

As incurred (**Non-STS taxpayers & STS taxpayers using accruals accounting method**) Or as paid (**STS taxpayers continuing to use cash accounting method**) See Notes (iii) & (v)

(b) In the table, in the row titled 'Interest on loans with Timbercorp Finance Pty Ltd' and in the column titled 'Year ended 30 June 2007', replace the content with:

As incurred (**Non-STS taxpayers & STS taxpayers using accruals accounting method**) Or as paid (**STS taxpayers continuing to use cash accounting method**) See Notes (iii) & (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 Licence Fees shown in the Grapelot Management Agreement and the Licence Agreement, respectively, are deductible under section 8-1 in full in the year in which 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 69

Replace the paragraph with:

69. For Joint Venture Growers who are 'STS taxpayers', the deductions referred to in paragraphs 68, other than the borrowing expenses, are deductible as follows:

- for the 2004-05 income year, in the income year in which they are paid; and
- for the 2005-06 and 2006-07 income years, in the income year in which they are incurred where Joint Venture Growers are 'STS taxpayers' using the accruals accounting method or in the income year in which they are paid where Joint Venture Growers are 'STS taxpayers' continuing to use the cash accounting method.

6. Paragraph 99

Replace the paragraph with:

99. 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 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 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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