



Addendum

Product Ruling

Income tax: 2006 Grain Co-Production Project

This Addendum amends Product Ruling PR 2006/27 to reflect how the Commissioner will exercise his discretion under Division 35 of the *Income Tax Assessment Act 1997* for the year ended 30 June 2007.

PR 2006/27 is amended as follows:

1. Paragraph 88

After the paragraph, insert:

88A. A Grower who is an individual accepted into the Project by 31 May 2006 may have losses arising from their participation in the Project that would be deferred to a later income year under section 35-10. Subject to the Project being carried out in the manner described above, the Commissioner will exercise the discretion in paragraph 35-55(1)(a) for these Growers for the income year ending **30 June 2007**. This conditional exercise of the discretion will allow those losses to be offset against the Grower's other assessable income in the income year in which the losses arise.

2. Paragraph 115

After the paragraph, insert:

115A. In deciding to exercise the discretion in paragraph 35-55(1)(a) on a conditional basis for the income year ending **30 June 2007** the Commissioner has applied the principles set out in Taxation Ruling TR 2007/6 Income tax: non-commercial business losses: Commissioner's discretion. Accordingly, based on the evidence supplied, the Commissioner has determined that for the income year ended 30 June 2007 it is unreasonable to apply the rule in section 35-10 as the Project activity was affected by special circumstances outside the control of the Responsible Entity.

3. Paragraph 116

Omit; substitute:

116. The exercise of the Commissioner's discretion under paragraphs 35-55(1)(a) and (b) is conditional on the Project being carried on in the manner described in this Ruling during the income years specified. If the Project is carried out in a materially different way to that described in the Ruling a Grower will need to apply for a private ruling on the application of section 35-55 to those changed circumstances.

4. Related Rulings/Determinations

Insert:

TR 2007/6

5. Legislative references

Insert:

- ITAA 1997 35-55(1)(a)

This Addendum applies on and from 29 March 2006.

Commissioner of Taxation

23 January 2008

ATO references

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