

PR 2009/16A1 - Addendum - Income tax: Arafura Pearl Project 2009

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Addendum

Product Ruling

Income tax: Arafura Pearl Project 2009

This Addendum amends Product Ruling PR 2009/16 to reflect the introduction of Division 41 of the *Income Tax Assessment Act 1997* that came into effect on 22 May 2009.

PR 2009/16 is amended as follows:

1. Paragraph 33

After the paragraph, insert:

Small business and general business tax break

Division 41

33A. The small business and general business tax break (the tax break) is an additional deduction for new investment in tangible 'depreciating assets'. The deduction is in addition to the deductions for capital expenditure referred to in paragraphs 27 to 33 of this Ruling.

33B. A Grower will be entitled to the tax break in relation to the Grower's Panels provided the amount of their investment meets the 'new investment threshold' as defined in section 41-35.

33C. The 'new investment threshold' is \$1,000 for a small business entity and \$10,000 for other entities. As the Grower's Panels are identical depreciating assets, paragraph 41-10(4)(b) allows Growers to aggregate the cost of the Grower's panels in order to meet the 'new investment threshold' and be entitled to the tax break.

33D. Growers acquire a minimum of two interests in the Project and cannot acquire Grower's Panels individually. They are not marketed for sale in any lower proportion than in an initial set of 26, and subsequent sets of 13 (each additional Interest). Therefore, as a minimum interest in the Project includes 26 Grower's Panels at a total cost of \$11,726, Growers will meet the 'new investment threshold' in relation to the Grower's Panels even if they are not a small business entity.

33E. If the Grower is registered, or required to be registered for GST, the cost of the Grower's Panels for capital allowance purposes, and therefore the tax break, is reduced for any input tax credits in relation to the cost of the assets.

33F. The tax break deduction will be 50% of the cost of the Grower's Panels for a small business entity and 30% for other entities.

2. Paragraph 37

Omit the first dot point; substitute:

- Application for a Product Ruling as constituted by documents and correspondence received on 6, 10, 24 and 25 February 2009, 20 March 2009 and 10 June 2009;

3. Paragraph 111

Omit the headings; substitute:

Expenditure of a capital nature

Divisions 40, 41 and 328

4. Paragraph 113

Omit the paragraph; substitute:

113. The tax treatment of capital expenditure has been dealt with in a representative way in paragraphs 27 to 33D of this Ruling.

5. Paragraph 121

Omit:

Divisions 40 and 328 111

Insert:

Deductions for capital expenditure (additional deduction for certain new business investment) 33A

Division 41 33A

Divisions 40, 41 and 328 111

This Addendum applies on and from 1 April 2009.

Commissioner of Taxation

22 July 2009

ATO references

NO: 2006/20258

ISSN: 1441-1172

ATOlaw topic: Income Tax ~~ Product ~~ aquaculture