



Product Ruling

PR 2004/40A2 - Addendum

Income tax: 2004 Swan Hill Almond Grower Project

FOI status: may be released

Addendum

This Addendum amends Product Ruling PR 2004/40 to reflect changes to simplified tax system legislation from 2005-06 onwards.

PR 2004/40 is amended as follows:

1. Paragraph 46

Replace the paragraph with:

46. 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 56

After the paragraph insert:

56A. For the 2005-06 income year and later years, a Grower's ordinary income from carrying on a business of growing almonds for processing and sale will be assessable in the income year in which that income is derived where that Grower uses the accruals accounting method, or in the income year in which that income is received where that Grower uses the cash accounting method.

3. Paragraph 62

(a) Replace Note (v) with:

(v) For the 2003-04 and 2004-05 income years, 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 income year, an amount shown in the table above is deductible in full in the year that it is incurred where the Grower is an 'STS taxpayer' using the accruals accounting method, or in the year it is paid where the Grower is an 'STS taxpayer' using the cash accounting method.

(b) In Note (vi), omit the first sentence and the word 'However' at the beginning of the second sentence.

4. Paragraph 87

Replace the paragraph with:

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

5. Paragraph 88

(a) Replace the first sentence with:

If the Grower is an 'STS taxpayer' (for the 2002-04 and 2004-05 income years) or an 'STS taxpayer' using the cash accounting method (for the 2005-06 income year), 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.

Commissioner of Taxation

19 October 2005

References

ATO references:

NO 2003/11684

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Related Rulings/Determinations:

PR 2004/40

PR 2004/40A

(As at 19 October 2005)

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