

***PR 2005/16A - Addendum - Income tax: 2005
Timbercorp Almond Project - Post 30 June Growers
(to 15 June 2006)***

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Addendum

Product Ruling

Income tax: 2005 Timbercorp Almond Project – Post 30 June Growers (to 15 June 2006)

This Addendum amends Product Ruling PR 2005/16 to reflect changes to simplified tax system legislation from 2005-06 onwards.

PR 2005/16 is amended as follows:

1. Paragraph 67

Replace the paragraph with:

67. 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 70

Replace the paragraph with:

70. Other than Growers referred to in paragraph 71, a Grower recognises ordinary income from carrying on their business of horticulture in the year in which that income is derived.

3. Paragraph 71

Replace the paragraph with:

71. A Grower who is an 'STS taxpayer' continuing to use the cash accounting method recognises ordinary income from carrying on their business of horticulture in the year in which the income is received.

PR 2005/16**4. Paragraph 73**

- (a) Omit sentences before the table.
- (b) Replace the table with:

Fee Type	Year ended 30 June 2006	Year ended 30 June 2007	Year ended 30 June 2008
'Management Fee'	\$8,500 See Notes (i), (ii) & (iii)	\$1,500 See Notes (i), (ii) & (iii)	Estimated costs See Notes (i), (ii), (iii) & (iv)
'Rent'	Must be calculated See Notes (i), (ii), (iii) & (v)	\$500 See Notes (i), (ii) & (iii)	\$500 See Notes (i), (ii) & (iii)
Interest on loans with Timbercorp Finance Pty Ltd	As incurred (Non-STS taxpayers & STS taxpayers using accruals accounting method) or as paid (STS taxpayers using cash accounting method) See Notes (iii) & (vi)	As incurred (Non-STS taxpayers & STS taxpayers using accruals accounting method) or as paid (STS taxpayers using cash accounting method) See Notes (iii) & (vi)	As incurred (Non-STS taxpayers & STS taxpayers using accruals accounting method) or as paid (STS taxpayers using cash accounting method) See Notes (iii) & (vi)
'Loan Application Fee' for loans with Timbercorp Finance Pty Ltd	Must be calculated – See Note (vii)	Must be calculated - See Note (vii)	Must be calculated – See Note (vii)

- (c) Replace Note (ii) with:
- (ii) the 'Management Fees' and the 'Rent' shown in the Almondlot Management Agreement and the Sub-lease Deed are deductible in full in the year that they are incurred (where the 'Participant Grower' is **not** an '**STS taxpayer**' or is an '**STS taxpayer who uses the accruals accounting method**') or, in the year in which they are paid (where the 'Participant Grower' is an '**STS taxpayer who continues to use the cash accounting method**');

5. Paragraph 104

Replace the paragraph with:

104. A 'Participant Grower' who is an 'STS taxpayer' continuing to use 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 'Participant Grower' who is not an 'STS taxpayer' or who is 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
7 December 2005

ATO references

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