


# ***PR 2011/5A1 - Addendum - Income tax: tax consequences of investing in equities using the Macquarie Geared Equities Investment plus (2011 Product Brochure)***

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## Addendum

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### Product Ruling

#### Income tax: tax consequences of investing in equities using the Macquarie Geared Equities Investment plus (2011 Product Brochure)

This Addendum amends Product Ruling PR 2011/5 to incorporate and reflect amendment to Division 247 of *the Income Tax Assessment Act 1997* to adjust the benchmark interest rate used to determine the cost of capital protection on a capital protected borrowing from the Reserve Bank of Australia's (RBA's) Indicator Lending Rate for Personal Unsecured Loans to the RBA's Indicator Lending Rate for Standard Variable Housing Loans plus 100 base points.

#### **PR 2011/5 is amended as follows:**

**1. Paragraphs 17 and 18**

Omit the paragraphs, including the subheading.

**2. Subparagraph 20(b)**

Omit the subparagraph; substitute:

- (b) under subsection 247-20(3), the amount reasonably attributable to the cost of capital protection under Division 247 in an income year is the amount by which the expense incurred for interest on the GEI plus loan exceeds:
- where the interest rate charged by the Bank is a fixed rate for all or part of the term of the loan and that fixed rate is applicable to the loan for all or part of the income year, the amount of the loan multiplied by the sum of the Reserve Bank of Australia's Indicator Lending Rate for Standard Variable Housing Loans and 100 basis points (the 'adjusted loan rate') at the time when the interest charge is first incurred during the term of the loan, or the relevant part of the term (subsections 247-20(4) and (5)); and

- where the interest rate charged by the Bank is a variable rate for all or part of the term of the loan and a variable rate is applicable to the loan for all or part of the income year, the amount of the loan multiplied by the average of the adjusted loan rates applicable during those parts of the income year when the loan is at a variable rate (subsections 247-20(5) and (5A));

### 3. Legislative references

Insert:

- ITAA 1997 247-20(4)
- ITAA 1997 247-20(5)
- ITAA 1997 247-20(5A)

This Addendum applies on and from 9 March 2011.

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**Commissioner of Taxation**

5 October 2011

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ATO references

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