

PR 2002/111A - Addendum - Income tax: tax consequences of investing in UBS Warburg Highly Geared 'ISO' Series Instalment Warrants - cash applicants and secondary market purchasers

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Addendum

Product Ruling

Income tax: tax consequences of investing in UBS Warburg Highly Geared 'ISO' Series Instalment Warrants – cash applicants and secondary market purchasers

This Addendum amends Product Ruling PR 2002/111 to reflect a revised tax treatment for the part of the Borrow Fee that is not attributed to the purchase of the Put Option.

This Addendum applies on and from today.

PR 2002/111 is amended as follows:

1. Paragraph 2

Insert an additional dot point after the third dot point:

- section 25-25 (ITAA 1997);

2. Subparagraph 14(i)

In the second sentence of subparagraph 14(i) delete:

on-paid by UBSWAL as commission to distributors of the UBS Warburg Instalments.

and replace with:

paid for acquiring the Loan from UBSWAL or for resetting the Loan amount by UBSWAL.

3. Subparagraph 14(j)

In the first sentence of subparagraph 14(j) delete:

funding for commissions paid by UBSWAL to financial intermediaries distributing UBS Warburg Instalments

and replace with

payment for acquiring the Loan from UBSWAL or for resetting the Loan amount by UBSWAL.

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4. Subparagraph 18(j)

From part way through the first sentence of subparagraph 18(j) delete:

commission that is on paid by UBSWAL to distributors of UBS Warburg Instalments. This portion of the Borrow Fee will be deductible in full to the Investors on a due and payable basis

and replace with

a payment for acquiring the Loan from UBSWAL or for resetting the Loan amount by UBSWAL. This portion of the Borrow Fee will be deductible to the Investors under section 25-25 of the ITAA 1997.

5. Paragraph 23

From part way through the first sentence, delete:

commission that is on-paid by UBSWAL to distributors of UBS Warburg Instalments. That part of any Borrow Fee paid which is attributable to commissions paid is deductible in full by the Investor on a due and payable basis.

and replace with:

a payment for acquiring the Loan from UBSWAL or for resetting the Loan amount by UBSWAL. This payment is deductible under section 25-25 of the ITAA 1997.

Commissioner of Taxation

2 July 2003

ATO references

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