

PR 2002/139A - Addendum - Income tax: tax consequences of investing in UBS Warburg Highly Geared 'ISQ' 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 'ISQ' Series Instalment Warrants – cash applicants and secondary market purchasers

This Addendum amends Product Ruling PR 2002/139 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 2002/139 is amended as follows:

1. Paragraph 2

Insert an additional dot point after the third dot point:

- section 25-25 (ITAA 1997);

2. Subparagraph 13(i)

In the second sentence in subparagraph 13(i) delete:

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

and replace with:

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

3. Subparagraph 13(i)

In the third sentence to subparagraph 13(i) delete:

and UBSWAL may pay a selling fee or commission to distributors of UBS Warburg ISQ Instalments on the secondary market in some circumstances (e.g. to promote the UBS Warburg ISQ Instalments);

4. Subparagraph 13(j)

In the first sentence to subparagraph 13(j) delete:

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

and replace with:

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

5. Subparagraph 17(j)

From part way through the first sentence in paragraph 17(j) delete:

commission that is on paid by UBSWAL to distributors of UBS Warburg ISQ 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;

6. Paragraph 22

From part way through the first sentence in paragraph 22 delete:

commission that is on-paid by UBSWAL to distributors of UBS Warburg ISQ 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

NO: 2002/0011971

ISSN: 1441-1172