

PR 2015/4A1 - Addendum - Income tax: tax consequences of changing the portfolio structure, contributing to and partially redeeming an investment in a unit in the Perpetual WealthFocus Investment Advantage Fund

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Addendum

Product Ruling

Income tax: tax consequences of changing the portfolio structure, contributing to and partially redeeming an investment in a unit in the Perpetual WealthFocus Investment Advantage Fund

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Product Ruling PR 2015/4 to incorporate the issue of new scheme documents and the Fund's election into the Attribution Managed Investment Trust regime.

PR 2015/4 is amended as follows:

1. Subparagraph 15(d)

Omit the subparagraph; substitute:

- (d) When an Investor makes a partial withdrawal of their investment in the Unit prior to the Fund's election into the Attribution Managed Investment Trust (AMIT) regime, CGT event E4 will happen to the Investor under section 104-70.
- (da) When an Investor makes a partial withdrawal of their investment in the Unit subsequent to the Fund's election into the AMIT regime, the amount withdrawn will, for the purposes of making an annual adjustment to the cost base and reduced cost base of the Unit under section 104-107B, be included in the Unit's 'AMIT cost base reduction amount' for the income year under section 104-107D.

2. Paragraph 16

Omit all bullet points; substitute:

- application for a Product Ruling as constituted by documents and information received from Perpetual Investment Management Limited (PIML) on 12 February 2015, 2 February 2018 and 13 February 2018
- Perpetual WealthFocus Investment Advantage and Perpetual WealthFocus Wholesale Investment

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Advantage Product Disclosure Statements dated 1 July 2014, 17 April 2015 and 1 May 2017

- Perpetual WealthFocus Investment Advantage and Perpetual WealthFocus Wholesale Investment Advantage Features Books dated 1 July 2014, 17 April 2015 and 1 May 2017
- Perpetual WealthFocus Investment Book dated 1 July 2014, 17 April 2015 and 1 May 2017, and
- Consolidated Constitution to the Perpetual WealthFocus Investment Advantage Fund prepared on 28 November 2013, 31 March 2015 and 21 June 2017.

3. Paragraph 19

(a) After subparagraph 19(a); insert:

(aa) The Fund elected into the AMIT regime for the year ending 30 June 2018 and all subsequent income years pursuant to subparagraph 276-10(1)(e)(i).

(b) Omit subparagraph 19(b); substitute:

(b) The Fund is notionally divided into Asset Groups comprising different types of investment portfolios. Some Asset Groups may be closed and others may be added over time.

(ba) Each Asset Group is not a separate AMIT pursuant to section 276-20, nor is there any other class of membership interests in the Fund which is treated as a separate AMIT pursuant to section 276-20.

4. Paragraph 29

Omit the heading and the paragraph; substitute:

Section 104-70 – partial withdrawal pre AMIT election

29. If an Investor makes a partial withdrawal of the value of their Unit, CGT event C2 does not happen because the Unit continues to exist. When an Investor makes a partial withdrawal of their investment in the Unit prior to the Fund's election into the AMIT regime, CGT event E4 will happen to the Investor under section 104-70. If some or all of the partial withdrawal results in a non-assessable payment to the Investor, the cost base of the Investor's Unit is reduced by the non-assessable amount (subsection 104-70(6)).

Section 104-107D – partial withdrawal post AMIT election

29A. As a member of an AMIT, the Investor will make annual adjustments to the cost base and the reduced cost base of their

Unit in the Fund pursuant to section 104-107B equal to the Unit's 'AMIT cost base net amount' worked out under section 104-107C (being the net difference between the AMIT cost base reduction amount and the 'AMIT cost base increase amount'). In determining the Unit's AMIT cost base net amount for the income year, the amount partially withdrawn by the Investor will be included in the calculation of the Unit's AMIT cost base reduction amount for the income year under section 104-107D.

29B. In the event that the AMIT cost base net amount for the income year exceeds the Investor's cost base in the Unit, the cost base and the reduced cost base of the Unit will be reduced to nil and CGT event E10 under section 104-107A will happen to the Investor such that a capital gain equal to that excess will arise.

5. Detailed contents list

Omit:

Section 104-70 – partial withdrawal 29

Substitute:

Section 104-70 – partial withdrawal pre AMIT election 29

Section 104-107D – partial withdrawal post AMIT election 29A

6. Legislative references:

Insert:

- ITAA 1997 104-107A
- ITAA 1997 104-107B
- ITAA 1997 104-107C
- ITAA 1997 104-107D
- ITAA 1997 276-10(1)(e)(i)
- ITAA 1997 276-20

This Addendum applies on and from 8 April 2015.

Commissioner of Taxation

21 March 2018

ATO references

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