


PR 2018/7A1 - Addendum - Income tax: tax consequences of investing in PTrackERS

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Addendum

Product Ruling

Income tax: tax consequences of investing in PTrackERS

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Product Ruling PR 2018/7 to reflect an application period of three years.

PR 2018/7 is amended as follows:

1. Paragraph 2

Omit the number '16'; substitute '18'.

2. Paragraph 9

Omit the number '44'; substitute '45'.

3. Paragraph 11

Omit the paragraph; substitute:

11. This Product Ruling applies prospectively from 11 July 2018, the date it is published. It therefore applies only to the specified class of entities that enter into the scheme from 11 July 2018 until 30 June 2021, being its period of application. This Product Ruling will continue to apply to those entities even after its period of application has ended for the scheme entered into during the period of application.

4. Subparagraph 16(b)

Omit the number '44'; substitute '45'.

5. Subparagraph 16(m)

Omit the word 'investor'; substitute 'Securityholder'.

6. Paragraph 17

Omit the words 'paragraphs 80 to 83'; substitute 'subparagraphs 16(g) and 16(h)'.

7. Paragraph 18

(a) Omit the second bullet point; substitute:

- Draft PTrackERS terms contained in Annexure 1 of Exchangeable Securities Trust Deed received on 22 June 2018 (**Conditions**).

(b) Omit the third bullet point; substitute:

- Draft Prospectus for the PTrackERS received on 21 June 2018.

8. Paragraph 19

Omit the word 'Investment'; substitute 'Investments'.

9. Paragraph 28

Omit the word 'securityholder'; substitute 'Securityholder'.

10. Paragraph 36

Omit the '.' at the end of dot point (b).

11. Paragraph 37

Omit the number '3'; substitute '3%'.

12. Paragraph 39

Omit the footnote; substitute:

Section 215-15 provides that where the available frankable profits of the entity is nil, less than nil or less than the amount of the non-share dividend amount, then the whole or a portion of the non-share dividend will be an unfrankable distribution.

13. Subparagraph 45(p)

Omit the subparagraph; substitute:

The scheme will be executed in the manner described in the Scheme section of this Ruling and the scheme documentation mentioned in paragraph 18 of this Ruling.

14. Paragraph 46

Insert the heading '**Debt Interest v. Equity Interest**'.

15. Paragraph 63

Omit the paragraph, substitute:

63. The term 'security' is defined in subsection 26BB(1) of the ITAA 1936 by reference to subsection 159GP(1) of the ITAA 1936. Under subsection 159GP(1), 'security' means:

- (a) stock, a bond, debenture, certificate of entitlement, bill of exchange, promissory note or other security;
- (b) a deposit with a bank or other financial institution;
- (c) a secured or unsecured loan; or
- (d) any other contract, whether or not in writing, under which a person is liable to pay an amount or amounts, whether or not the liability is secured.

16. Subparagraph 86(b)

Omit the word '90th' in subparagraph (b); substitute '90th'.

17. Paragraph 96

Omit the paragraph; substitute:

96. The Securityholder will make a capital gain from this CGT event if their capital proceeds from the ending of the ownership of their asset are more than the asset's cost base or a capital loss if those capital proceeds are less than the asset's reduced cost base (subsection 104-25(3)). Any Distributions received by the Securityholder which is not paid out of Taxable Profits is effectively the return of part of the Issue Price to the Securityholder and is taken to have never formed part of the cost base (or reduced cost base) of the PTrackERS (subsection 110-45(3) or subsection 110-55(6) of the ITAA 1997).

18. Paragraph 101

Omit the word 'or' after 'being' and before 'an'.

19. Paragraph 105

Omit the first sentence; substitute:

Subsection 130-60(1) provides in these circumstances that the first element of the cost base and reduced cost base of the PTrackERS will be:

20. Paragraph 110

Insert the heading '**Capital Streaming**' above '**Section 45 of the ITAA 1936**'.

21. Paragraph 112

Omit the heading '**Capital Streaming**'.

22. Paragraph 125

Omit the word 'Section'; substitute 'section'.

23. Appendix 2 – Detailed contents list

Omit:

'Capital streaming	112'
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Insert:

'Capital streaming	110'
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This Addendum applies on and from 11 July 2018.

Commissioner of Taxation

5 September 2018

ATO references

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