



# Addendum

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## Product Ruling

### Income tax: tax consequences of investing in equities using Bell Geared Equities Investment (2019 Product Brochure)

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Product Ruling PR 2020/1 to incorporate the application of subsections 82KZM(1A) and 82KZMA(2A) of the *Income Tax Assessment Act 1936*.

PR 2020/1 is amended as follows:

#### 1. Paragraph 15

- (a) In subparagraph (i), after the words ‘small business entity’, insert ‘, or an entity covered by subsection 82KZMA(2A) of the ITAA 1936<sup>1</sup>,’.
- (b) After the second instance of ‘ITAA 1936’ in subparagraph (i), insert new footnote 1:
- <sup>1</sup> On 1 January 2021, subsection 82KZMA(2A) was inserted into the ITAA 1936, applicable in relation to expenditure incurred on or after 1 July 2020. All references in this Product Ruling to ‘an entity covered by subsection 82KZMA(2A) of the ITAA 1936’ or to ‘a medium business entity’ only apply from 1 July 2020.

#### 2. Paragraph 29

After the words ‘whether the investor is a small’, insert ‘or medium’.

#### 3. Paragraph 36

- (a) In the heading, after the words ‘prepaid expenditure incurred by certain small’, insert ‘and medium’.
- (b) Omit the wording of the first dot point; substitute:
- a small business entity, or an entity covered by subsection 82KZM(1A) of the ITAA 1936<sup>2</sup>, for the year of income that has not chosen to apply section 82KZMD of the ITAA 1936 to the expenditure, or
- (c) After the first instance of ‘ITAA 1936’ in the first dot point, insert new footnote 2:
- <sup>2</sup> On 1 January 2021, subsection 82KZM(1A) was inserted into the ITAA 1936, applicable in relation to expenditure incurred on or after 1 July 2020. All references in this Product Ruling to ‘an entity covered by subsection 82KZM(1A) of the ITAA 1936’ only apply from 1 July 2020. An entity is covered by subsection 82KZM(1A) of the ITAA 1936 for the expenditure year if the entity is not a small business entity for that year but would be a small business entity for that year if each reference in section 328-110 to \$10 million (as noted in paragraph 30 of this Product Ruling) were instead a reference to \$50 million.

**4. Paragraph 39**

- (a) In the heading, after the words 'prepaid non-business expenditure incurred by non-individual and non-small', insert 'and medium'.
- (b) Omit the wording of the paragraph; substitute:
- Sections 82KZMA and 82KZMD of the ITAA 1936 set the amount and timing of deductions for expenditure incurred by an investor (other than a small business entity or an entity covered by subsection 82KZMA(2A) of the ITAA 1936<sup>3</sup>, for the year of income that has not chosen to apply section 82KZMD to the expenditure) that is not an individual and does not incur the expenditure in carrying on a business.
- (c) After the second instance of 'ITAA 1936', insert new footnote 3:
- <sup>3</sup> An entity is covered by subsection 82KZMA(2A) of the ITAA 1936 for the expenditure year if the entity is not a small business entity for that year but would be a small business entity for that year if each reference in section 328-110 to \$10 million (as noted in paragraph 30 of this Product Ruling) were instead a reference to \$50 million.

**5. Paragraph 49**

Omit:

<i>Section 82KZM – prepaid expenditure incurred by certain small business entities and individuals incurring non-business expenditure</i>	36
<i>Sections 82KZMA and 82KZMD – prepaid non-business expenditure incurred by non-individual and non-small business entities</i>	39

Substitute:

<i>Section 82KZM – prepaid expenditure incurred by certain small and medium business entities and individuals incurring non-business expenditure</i>	36
<i>Sections 82KZMA and 82KZMD – prepaid non-business expenditure incurred by non-individual and non-small and medium business entities</i>	39

This Addendum applies before and after its date of issue.

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**Commissioner of Taxation**

 18 October 2023
 

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ATO references

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