


TD 92/179A - Addendum - Income tax: company A, in the course of carrying on its investment and sharetrading business, issues to its shareholders, at non-refundable premiums, warrants on shares held in another company which grant to the warrant holders the right to purchase the underlying shares at a fixed price within a certain period of time. The nature of the warrants is similar to that of call options. Do the premiums form part of Company A's assessable income under subsection 25(1) of the Income Tax Assessment Act 1936, and are they derived in the years in which the warrants are issued?

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Addendum

Income tax: company A, in the course of carrying on its investment and sharetrading business, issues to its shareholders, at non-refundable premiums, warrants on shares held in another company which grant to the warrantholders the right to purchase the underlying shares at a fixed price within a certain period of time. The nature of the warrants is similar to that of call options. Do the premiums form part of Company A's assessable income under subsection 25(1) of the *Income Tax Assessment Act 1936*, and are they derived in the years in which the warrants are issued?

*This Addendum forms part of the Determination and, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA of the **Taxation Administration Act 1953**, it is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner.*

The Tax Law Improvement Project is restructuring, renumbering and rewriting the income tax law in plain language. The Parliament is amending the income tax law progressively to reflect these aims. As new laws come into effect, Taxation Rulings (including Taxation Determinations) about old laws are being brought into line with them.

This Addendum amends Taxation Determination TD 92/179, in relation to the 1997-98 or a later income year, as follows:

1. Omit 'subsection 25(1); substitute 'subsection 6-5'.
2. Omit '*Income Tax Assessment Act 1936*'; substitute '*Income Tax Assessment Act 1997*'.
3. **Before paragraph 1**

Insert:

"Section 6-5 of the *Income Tax Assessment Act 1997*, to which this Ruling refers, expresses the same idea as subsection 25(1) of the *Income Tax Assessment Act 1936*."

Commissioner of Taxation

2 September 1998

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