


PR 2020/1A1 - Addendum - Income tax: tax consequences of investing in equities using Bell Geared Equities Investment (2019 Product Brochure)

 This cover sheet is provided for information only. It does not form part of *PR 2020/1A1 - Addendum - Income tax: tax consequences of investing in equities using Bell Geared Equities Investment (2019 Product Brochure)*

 View the [consolidated version](#) for this notice.



Addendum

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 1936¹,'.
- (b) After the second instance of 'ITAA 1936' in subparagraph (i), insert new footnote 1:
¹ 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 1936², 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:
² 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 1936³, 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:

³ 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:

Section 82KZM – prepaid expenditure incurred by certain small business entities and individuals incurring non-business expenditure 36

Sections 82KZMA and 82KZMD – prepaid non-business expenditure incurred by non-individual and non-small business entities 39

Substitute:

Section 82KZM – prepaid expenditure incurred by certain small and medium business entities and individuals incurring non-business expenditure 36

Sections 82KZMA and 82KZMD – prepaid non-business expenditure incurred by non-individual and non-small and medium business entities 39

This Addendum applies before and after its date of issue.

Commissioner of Taxation

18 October 2023

ATO references

NO:	1-Z17L13M
ISSN:	2205-6114
BSL:	PW

© AUSTRALIAN TAXATION OFFICE FOR THE COMMONWEALTH OF AUSTRALIA

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).