



Class rulings

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When to consider applying for a class ruling

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About class rulings

A class ruling is a type of public ruling that explains how a relevant provision of the tax law is applied to a specific class of people for a particular arrangement being ruled upon (called a scheme).

The purpose of a class ruling is to provide certainty to those people on how the tax law applies and avoid the need for them to individually seek private rulings.

If you would like to discuss your issue with us prior to applying, you can submit a request for **early engagement for advice**.

When you should consider applying

You should consider applying for a class ruling when you need advice on the tax consequences of a scheme for a specific class of people – for example, when:

- an employer seeks advice on the tax consequences of retention bonuses for employees
- an employer seeks advice on the tax consequences of an employee share scheme for employees

- a company seeks advice on the tax consequences for its shareholders of a restructure, a split or consolidation of its shares, a demerger or a share capital return
- a public company seeks advice on the application of the scrip-for-scrip rollover provisions to its shareholders
- a federal, state, or territory government or authority seeks advice on a proposed transaction or arrangement that affects multiple employees or participants.

We don't issue class rulings in relation to investment schemes and similar products because **product rulings** are issued for this purpose.

Conditions for issuing class rulings

The issue of a class ruling for a particular scheme is generally conditional on the applicant:

- acknowledging that the ruling will reveal
 - the name of the entities involved as principals in carrying out the scheme
 - the name and description of the scheme
 - a description of the agreements, deeds and transactions to which the participants are parties
- obtaining express consent to be named from the principal parties named in the ruling
- verifying that the description of the scheme contained in the proposed ruling is accurate.

QC 40422

When we would not give a class ruling

We may decline to give you a class ruling in some circumstances.

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We may decline to give you a class ruling in some circumstances, including (but not limited to):

- The request is frivolous or vexatious – including requests where any of the following apply
 - the scheme is only hypothetical, that is, the scheme is not being carried out and is not seriously contemplated
 - there is no realistic chance of implementing the scheme
 - the scheme is revised or additional information provided, indicating that there is, in fact, no settled scheme on which we may rule.
- The ruling, or circumstances associated with the ruling, could reasonably be misleading to participants, including requests where
 - the government has announced a change to the law on which we've been asked to rule
 - we cannot give a positive clearance on general anti-avoidance provisions
 - the material provided in support of the application cannot reasonably be relied on.
- Insufficient information has been provided despite our request for additional information, including requests where material provided is inconsistent, inaccurate or contains errors so the scheme can't be determined.
- It is unreasonable to comply with the application given the extent of resources available or other relevant matters. For example, we may refuse to issue a class ruling
 - in the case of protracted and very time consuming matters to which we can't devote resources
 - where the issues are sufficiently covered by a previously issued public ruling
 - where statutory or other government requirements (such as prospectuses, licences, approvals) have not and are not expected to be met, have expired or been withdrawn, or are expected to expire or be withdrawn in the near future.

Applying for a class ruling

Apply for a class ruling in writing or using our class ruling application form.

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A request for a class ruling needs to be made in writing. You can choose to use our [Class ruling application form](#).

What to include in the application

The application must include:

- the full name of the entity that the class ruling is for, its tax file number (TFN), Australian business number (ABN) and address
- the applicant's contact information (if different from the entity that the class ruling is for) including the name and address of the person authorised to discuss the matter with us
- a clear and accurate description of the number and class of entities affected by the ruling and the time period it covers
- whether the applicant or someone on their behalf has previously lodged a class ruling request on this topic or a topic with similar facts
- a full and accurate description of the facts relevant to the scheme, including details of the principals carrying out the scheme and any documents referred to in the scheme

- the title given to the scheme (if relevant)
- clearly articulated questions and issues you want answered so we can identify the issues related to the ruling
- whether your application is lodged by a tax professional
- references to specific provisions of the law on which a ruling is requested
- results of research undertaken, including journal and textbook commentary and case citations and references to public rulings (if applicable)
- your opinion on the questions, together with your reasoning (in line with the research provided)any supporting documentation.

Reviewing previously published class rulings may help you prepare your application and ensure you supply all the necessary information.

Find out about information you need to provide for demergers or share buy-backs.

Lodging your application

Where to send your type of class ruling application

Type of application	Fax number	Mailing address
Individuals and micro business (less than \$2 million turnover)	02 6225 0901	Australian Taxation Office PO Box 3575 ALBURY NSW 2640
Small to medium businesses and private entities (more than \$2 million turnover)	02 6225 0906	Australian Taxation Office PO Box 3577 ALBURY NSW 2640
Listed entities, foreign owned entities and	1300 661 106	Australian Taxation

international tax matters		Office PO Box 3008 ALBURY NSW 2640
Goods and services tax matters	1300 139 031	Australian Taxation Office PO Box 3524 ALBURY NSW 2640
Investment scheme advice	1800 033 211	Australian Taxation Office PO Box 3546 ALBURY NSW 2640
Excise matters	1300 650 128	Australian Taxation Office PO Box 3001 PENRITH NSW 2740
Superannuation funds	1300 669 846	Australian Taxation Office PO Box 3578 ALBURY NSW 2640

Class ruling applications – share buy-backs [>](#)

How to make a request for a class ruling for share buy-backs or capital reductions.

Class ruling applications – share buy-backs

How to make a request for a class ruling for share buy-backs or capital reductions.

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Class rulings for share buy-backs and capital reductions

Further class ruling considerations

Class rulings for share buy-backs and capital reductions

A request for a class ruling for share buy-backs or capital reductions must be in writing and include:

- a detailed description of all facts relevant to the scheme, including
 - details about the principals carrying out the scheme
 - details of the number and class of entities subject to the scheme
 - if the buy-back or capital reduction is equal or selective
 - commercial reasons why the buy-back or capital reduction is being undertaken
 - documents you refer to in your request, as attachments
- clear questions about provisions to be ruled on, including any issues with a detailed review of the provisions as well as the results of any research
- the sources of funds used for the share buy-back or capital reduction
- the methodology used to allocate the price to share capital, retained earnings and reserves
- how the shares were valued, see **Market valuation for tax purposes**

- to what extent any dividend component or dividend amount is to be franked or treated as conduit foreign income
- if some of the distribution is property (including an in specie distribution of shares), a description of the property, its nature and market value
- the latest set of financial accounts no more than 6 months old
- the balance of the franking account and projected movements up to the time of the buy-back or capital reduction
- dividend and other distribution history for the last few years
- details about shareholder profile including
 - a breakdown between residents and non-residents
 - the proportion of pre-CGT and post-CGT shares
 - an analysis of cost bases or market value of shares for the last few years
- any recent or contemplated significant events including any disposals, capital raisings and restructures
- a statement that the share capital account is untainted (within the meaning of section 197-50 of the *Income Tax Assessment Act 1997* (ITAA 1997)) and details of any amounts that have been transferred to the share capital account from other accounts after 30 June 2002
- journal entries related to the buy-back or capital reduction.

For more information, see **Class rulings**.


Further class ruling considerations

When applying for a class ruling for a share buy-back or capital reduction you should also consider the following:

- If the company is a listed public company, the buy-back price received by participating shareholders for an off-market share buy-back announced after 7:30 pm AEDT on 25 October 2022 will not contain a dividend component. The entire buy-back price paid will be treated as capital proceeds.

- If the company proposing the buy-back or capital reduction is not a listed public company, we examine the buy-back timetable in relation to applying the **holding period rule**.
- If you would like the class ruling to rule on whether shares held by foreign resident shareholders are 'indirect Australian real property' interests, which often includes consideration of the 'principal asset test'. This is relevant with other tests to determine whether shares held by foreign residents are taxable Australian property for capital gains tax purposes.

For more information, see:

- [Class rulings](#) 
- Share buy-backs
- PS LA 2007/9 *Share buy-backs*
- PS LA 2008/10 *Application of section 45B of the Income Tax Assessment Act 1936 to share capital reductions*

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How we deal with your class ruling application

How we process your application for a class ruling.

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Draft class ruling

Date of effect

Publishing the class ruling

Withdrawing a class ruling application

We'll acknowledge your class ruling application as soon as we receive it, and a team will be allocated as soon as possible. The application is then reviewed and we'll let you know if it's valid.

To finalise an application we must have all the relevant information. The turnaround time depends on the quality of the application, the level of disclosure and whether all relevant information has been made available to us.

We'll continue to communicate with you about the progress of your ruling, including the expected timeframe for its issue.

Draft class ruling

Before publishing a class ruling, we send the applicant a copy of the draft class ruling with a statement to be signed, verifying:

- the description of the scheme in the class ruling is accurate
- all parties specifically named in the proposed class ruling have expressly consented to being named

The draft class ruling can't be relied on and the applicant should not convey the advice in it to others, except those whose consent is required.

Only when the class ruling is published by us can the class ruling be relied on.

Date of effect

Class rulings stipulate the period the ruling will apply.

Publishing the class ruling

A class ruling is a public ruling issued under Division 358 of Schedule 1 to the *Taxation Administration Act 1953*. Accordingly, for a class ruling to be made it must be published and notice of it recorded in a notifiable instrument lodged on the Federal Register of Legislation.

Class rulings are available on our Legal Database.

Withdrawing a class ruling application

If you want to withdraw a class ruling application, you can do so by letting us know any time before the class ruling is published. We will confirm the withdrawal in writing.

See also

- Legal Database (class rulings)
- CR 2001/1 *Class Rulings system*
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Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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