Key events for Australian shareholders 2007-08

A listing of the capital gains tax implications of certain actions by Australian companies in 27-8.

20 July 2017

This document contains summaries and links to documents about events affecting listed investments (shares and units) where a significant number of investors are involved. In some cases, a summary of the facts and the tax consequences for Australian resident investors is supplied. Where available, other sources of information are listed.

Coles Group Limited (acquisition by Wesfarmers Limited)

What happened

In July 2007, Coles Group Limited (Coles) and Wesfarmers Limited (Wesfarmers) announced a proposal for Wesfarmers to acquire Coles that was subsequently implemented on 23 November 2007.

Investors disposed of their Coles shares to Wesfarmers and were given three options for consideration for each Coles share:

- Standard: $4.00 and 0.14215 Wesfarmers ordinary shares and 0.14215 Wesfarmers partially protected shares
- Maximum cash: $9.6118 and 0.14215 Wesfarmers partially protected shares, or
- Maximum scrip: $2.9583 and 0.16854 Wesfarmers ordinary shares and 0.14215 Wesfarmers partially protected shares.

Capital gains tax implications

Rollover relief

Scrip for scrip rollover relief is available to the extent that investors exchanged their Coles shares for Wesfarmers ordinary shares and/or Wesfarmers partially protected shares.

Rollover relief is not available to the extent that their Coles shares were exchanged for cash.

Capital gain/loss calculation

If investors choose rollover, they work out their capital gain by subtracting a portion of the cost base of their Coles shares from the value of cash they received.

If rollover does not apply, investors work out their capital gain or loss by comparing the total cost base of their Coles shares with the total value of the cash and shares they received.

The total value of cash and shares received under the three options was approximately

- Standard - $15.86 per share
- Maximum cash - $15.58 per share
- Maximum scrip - $15.91 per share

Acquisition cost of new Wesfarmers shares

To the extent that investors choose rollover, they work out the acquisition cost of their new Wesfarmers ordinary and/or protected shares by allocating a portion of the cost base of their Coles shares to them.

To the extent that rollover does not apply, the acquisition cost of investors' new Wesfarmers ordinary shares is $41.4819 per share and of Wesfarmers partially protected shares is $41.9541 per share.

Disposal date

The disposal date of the Coles shares is 23 November 2007.

More information

For more information, see:

- Class Ruling CR 2007/114: *Income tax: scrip for scrip: acquisition of Coles Group Limited by Wesfarmers Limited*
- Coles - takeover by Wesfarmers (2007) - includes worksheets for calculating any capital gain or loss.

HPAL Limited (acquisition by Salmat Limited)

What happened

On 18 July 2007, HPAL Limited (HPAL) announced it had entered into an agreement with Salmat Limited (Salmat) for Salmat to acquire all shares in HPAL.

Each investor received either:

- $2.545 for each HPAL share, or
- 0.5628 Salmat shares for each HPAL share.

Capital gains tax implications

Rollover relief

Scrip-for scrip rollover is available to the extent that investors exchanged their HPAL shares for Salmat shares. Rollover relief is not available for the cash amounts received.

For shares exchanged for cash:

- **investors made a capital gain** on each share for which they had a cost base of less than $2.545

- **investors made a capital loss** on each share for which they had a reduced cost base greater than $2.545.

The **disposal date** of their shares was 2 November 2007.

More information

For more information, see **Class Ruling CR 2007/100**: *Income tax: scrip for scrip: acquisition of HPAL Limited by Salmat Limited*.

Publishing and Broadcasting Limited (acquisition by Crown Limited and demerger of Consolidated Media Holdings Limited)

What happened

In December 2007 Publishing and Broadcasting Limited (PBL) entered into two schemes of arrangement in order to separate the existing businesses of PBL into a media group and a gaming group and provide existing PBL shareholders with equity interests in each group.

PBL shareholders received either Crown Limited (Crown) shares or a mix of cash and Crown shares in exchange for each of their PBL shares.

Then they received a return of capital of $3.70 in the form of one Consolidated Media Holdings Limited (CMH) share for each Crown share acquired.

The implementation dates of the schemes of arrangement were 10 December for the acquisition by Crown and the 12 December 2007 for the demerger of CMH.

Capital gains tax implications

Rollover relief

Scrip-for-scrip rollover is available to the extent that PBL shareholders exchanged their shares for Crown shares.

Rollover relief is **not available** for the cash amounts received.

Capital gain/loss calculation

If investors choose rollover, they work out their capital gain (if they received any cash) by subtracting a portion of the cost base of their PBL shares from the value of cash that they received.

If rollover does not apply, investors work out their capital gain or loss by comparing the total cost base of their PBL shares with the total value (as at the disposal date) of the cash and/or shares that they received.

Acquisition of new Crown shares calculation

To the extent that investors choose rollover, they work out the acquisition cost of their new Crown shares after the restructure by allocating a portion of the cost base of their PBL shares to it and then reducing this amount by $3.70 for each CMH share received. (If this calculation gives a cost base less than zero they have made a capital gain on the demerger of CMH.)

If rollover is chosen the acquisition date of the Crown shares is the date the original PBL shares were acquired.

To the extent that rollover does not apply, the acquisition cost of investors' new Crown shares is $17.59 (the market value of a Crown share before the demerger) less $3.70 (the return of capital received as a CMH share), a cost of $13.89 per share.

If rollover is not chosen or cannot apply, the acquisition date of the Crown shares is 10 December 2007

Acquisition cost of new CMH shares

The acquisition cost of the CMH shares is $3.70 per share.

The acquisition date of CMH shares is 12 December 2007.

Disposal date

The disposal date of the PBL shares was 10 December 2007.

More information

For more information, see

- Class Ruling CR 2007/111: *Income Tax: capital gains tax: acquisition of Publishing and Broadcasting Limited by Crown Limited and demerger of Publishing and Broadcasting Limited by Crown Limited*

- **Publishing and Broadcasting Limited restructure (2007)** – includes worksheets for calculating any capital gain or loss.

Smorgon Steel Group Limited (merger with OneSteel Limited)

What happened

Smorgon Steel Group Limited (Smorgon) merged with OneSteel Limited (OneSteel) on 20 August 2007.

Smorgon shareholders received 0.4091 OneSteel shares in exchange for each of their Smorgon shares.

$5.8531 is acceptable as the market value of OneSteel shares on 20 August 2007.

Capital gains tax implications

Rollover relief

Scrip-for-scrip rollover is available.

Capital gain/loss calculation

If investors choose rollover, there is no gain on the disposal of their Smorgon shares.

If rollover does not apply, investors work out their capital gain or loss by comparing the total cost base of their Smorgon shares with the total value of the OneSteel shares that they received (that is, the number of OneSteel shares x $5.8531).

Acquisition cost of new OneSteel shares calculation

If investors choose rollover, they work out the acquisition cost of their new OneSteel shares by allocating a portion of the cost base of their Smorgon shares.

To the extent that rollover does not apply, the acquisition cost of investors' new OneSteel shares is $5.8531 per share.

Disposal date

The disposal date of the Smorgon shares was 20 August 2007.

More information

For more information, see

- Class Ruling CR 2007/67: *Income tax: scrip for scrip: acquisition of Smorgon Steel Group by OneSteel Limited*
- Smorgon Steel – OneSteel merger (2007) - includes a worksheet for calculating any capital gain or loss.

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