# Key events for Australian shareholders 2003-04

A listing of the capital gains tax implications of certain actions by Australian companies in 2003-04.

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.

## AMP (share purchase plan)

### What happened

- During May and June 2003, AMP offered shares to its existing shareholders via a share purchase plan
- The price of $4.82 per share was announced on 14 July 2003
- Shares were allotted to the shareholders on 18 July 2003

### Tax implications

The shares will be subject to capital gains tax (CGT) if a CGT event happens to them after purchase.

For capital gains tax purposes:

- The acquisition cost of your shares was $4.82, the price you paid for them under the purchase plan.
- The acquisition date of the shares is the date you accepted the AMP offer.

#### Where to find more information

Phone us on **13 28 61**.

## AMP (demerger)

### What happened

- On 23 December 2003 the Australian and New Zealand company (AMP Group) demerged its UK interests (HHG Group)
- Under the demerger
  - a portion of your AMP shares were cancelled
  - you were entitled to a cancellation entitlement of $5.9142238 per share
  - your cancellation entitlement was compulsorily used to acquire shares in HHG
  - your remaining AMP shares were split so that you had the same number of AMP shares after the demerger as before it

### Tax implications

## Rollover relief

Demerger rollover relief is not available.

## AMP shares

For capital gains tax (CGT) purposes:

- A CGT event happened to the AMP shares that were cancelled.
- The date of the CGT event is 23 December 2003 (the date of the demerger).
- You made a capital gain if the cost base of your cancelled AMP shares was less than the cancellation entitlement ($5.9142238 per share).
- You made a capital loss if the reduced cost base of your cancelled AMP shares was more than the cancellation entitlement.

### Adjusting the cost base of your shares

To work out the total cost base (or reduced cost base) of your AMP shares following the demerger, subtract the cost base (or reduced cost base) of the shares that were cancelled under the demerger from the total cost base (or reduced cost base) just before the demerger.

## HHG shares

For capital gains tax purposes:

- The acquisition date of your HHG shares is 23 December 2003 (the date of the demerger).
- You received the same number of HHG shares as you had had AMP shares before the cancellation.

### Working out the cost base of your HHG shares

The first element of the cost base and reduced cost base of your HHG shares is the entitlement you received for your cancelled AMP shares (which was applied to acquire the HHG shares). To work out the amount:

> $5.9142238 x number of AMP shares cancelled

## Where to find more information

- Read **AMP group demerger: How it affects Australian resident shareholders**

- Use the **AMP demerger calculator** to work out how the demerger affects your tax affairs
- See **Class Ruling 2003/107 (Withdrawn)** *Income tax: AMP Limited: Demerger, capital adjustment and scheme of arrangement*
- Phone us on **13 28 61**

# AMP (rights issue)

## What happened

- On 23 Dec 2003, AMP made a rights issue in association with the demerger (see above)
- You received one right for each AMP share you held on 28 October 2003
- You were entitled to exercise the rights, at the rate of 77 cents each, to acquire more AMP shares, which cost $3.87 each
- If you did not exercise your rights, you received a payment of 8.2 cents per right

## Tax implications

For capital gains tax (CGT) purposes:

(a) If you exercised your rights

- the total cost base of the AMP shares you bought under the rights offer is:
  the number of rights you exercised x 77 cents
- the acquisition date of the shares you bought is the date you paid for the rights.

(b) If you did not exercise your rights

- you made a capital gain of 8.2 cents per unexercised right
- your capital gain may be eligible for the discount if the rights attached to shares you acquired before 9 December 2002.

## Where to find more information

- Read AMP group demerger: How it affects Australian resident shareholders
- See Class Ruling 2003/107 (Withdrawn) *Income tax: AMP Limited: Demerger, capital adjustment and scheme of arrangement*
- Phone us on **13 28 61**

# Grainco Australia Ltd (GAL) (takeover)

## What happened

- On 1 October 2003, GAL and Graincorp entered a scheme of arrangement under which Graincorp took control of GAL
- GAL shareholders had a choice of receiving either cash or Graincorp reset preference shares (RPS) in exchange for their GAL shares
- In either case, the value of the consideration you received was equivalent to $1.392 per GAL share surrendered

## Tax implications

For capital gains tax purposes:

### Rollover relief

Scrip-for-scrip rollover is available on the exchange of Graincorp RPS for GAL shares.

In the absence of the scrip-for-scrip rollover:

- You made a capital gain if the cost base for each of your shares was less than $1.392.
- You made a capital loss if the reduced cost base for each of your shares was greater than $1.392.
- The disposal date of your shares is 1 October 2003.

## Where to find more information

- See Class Ruling 2004/64 (Withdrawn) *Income tax: exchange of shares in Grainco Australia Limited for shares or cash in GrainCorp Limited*
- Phone us on **13 28 61**

# IOOF (demutualisation)

## What happened

- On 14 June 2002, the members of IOOF - a friendly society that was a mutual company - resolved to demutualise
- On 4 December 2003 IOOF listed on the Australian Stock Exchange

## Tax implications

For capital gains tax purposes:

- No tax consequences arise from the cancellation of members' interests.
- The first element of the cost base and reduced cost base of each IOOF share is $2.53.
- The acquisition date of your IOOF shares is 14 June 2002.

**Note:** Disregard any capital loss made on your IOOF shares before they were listed on the stock exchange.

### Where to find more information

- See IOOF demutualisation: impact on individual shareholders
- Phone us on **13 28 61**

# Jupiters Limited (takeover)

## What happened

- On 13 November 2003, Jupiters Limited merged with TABCorp Holdings Limited. The merged company was called TABCorp

- You were offered a choice of three combinations of cash and TABCorp shares.* Whichever option you took, for each Jupiters share you received either
  - $5.25, or
  - 0.525 of a TABCorp share

- You were paid two fully franked dividends made up of

- a special dividend of $0.75 per share, and
- a dividend of $0.172 a share, representing the net proceeds from the sale of Centrebet

* Details of the various offers are available in the ATO fact sheet on the merger and from the TABCorp website.

## Tax implications

You must include the dividends in your assessable income for the year ended 30 June 2004. Also include the franking credits if you are entitled to claim them.

For capital gains tax purposes:

### Rollover relief

- Partial scrip-for-scrip rollover is available
- Rollover relief is not available for the cash amounts received

In the absence of scrip-for-scrip rollover, the cost base of your new TABCorp shares is $11.28.

### Where to find more information

- Read **Jupiters Limited merger with TABCorp Holdings Limited**
- See **Class Ruling CR 2003/89 (Withdrawn)** *Scrip for scrip rollover: Merger of Jupiters Limited and TABCORP Holdings Limited*
- Phone us on **13 28 61**

# Mincor Resources NL (demerger)

## What happened

- On 30 October 2003, Mincor Resources NL demerged its Tethyan Copper Company Limited interests
- Under the demerger, you received $0.089 for each Mincor share you held, made up of
  - a demerger dividend of $0.06, and
  - a return of capital of $0.029

- Both your dividend and your capital return were compulsorily used to purchase the Tethyan shares
- You received one Tethyan Copper Company Limited share for every 3.37 Mincor shares you held

### Tax implications

You do not include the dividend or the return of capital in your assessable income.

For capital gains tax purposes:

#### Rollover relief

Demerger rollover relief is available.

You must adjust the cost base and reduced cost base of your shares whether or not you chose rollover.

#### Adjusting your cost base

To adjust your cost base, take the total cost base of your Mincor shares just before the demerger (not including indexation) and spread the amount across both your Mincor and Tethyan shares in the following proportions:

- Tethyan Copper Company Limited = 9.582% of the total amount.
- Mincor Resources NL = 90.418% of the total amount.

#### Where to find more information

- **2003 Mincor Resources NL demerger** impact on resident individual shareholders
- See **Class Ruling CR 2003/66 (Withdrawn)** *Income tax: capital gains: demerger roll-over relief for shareholders: demerger of Tethyan Copper Company Limited from Mincor Resources NL*
- Phone us on **13 28 61**

## Over 50s Mutual (OFM) (demutualisation)

### What happened

- On 12 June 2001, the members of OFM, a friendly society, resolved to demutualise
- On 26 March 2002, OFM listed on the Australian Stock Exchange

### Tax implications

For capital gains tax purposes:

- There are no tax consequences arising from the cancellation of members' interests.
- The first element of the cost base and reduced cost base of each OFM share is $1.65.
- The acquisition date your OFM shares is 12 June 2001.

**Note:** Disregard any capital loss made on OFM shares before they were listed on the stock exchange.

#### Where to find more information

- Read OFM Investment Group Limited (OFM) demutualisation: impact on individual shareholders
- Phone us on **13 28 61**

## Wesfarmers Limited (return of capital)

### What happened

- On 18 December 2003, Wesfarmers Limited made a return of capital (capital return) to shareholders of $2.50 per share

### Tax implications

For capital gains tax purposes:

- You must reduce the cost base and reduced cost base of each share.

#### Adjusting the cost base of your shares

- For each share that had a cost base equal to or more than $2.50, you must reduce the cost base and reduced cost base by $2.50
- For each share that had a cost base of less than $2.50

- you made a capital gain equal to the difference between the cost base and $2.50 ($2.50 minus the cost base)
- you must reduce the cost base and reduced cost base of each share to nil

### Where to find more information

- Read Wesfarmers Ltd 2003 return of capital
- See Class Ruling CR 2003/105 (Withdrawn) *Income tax: Return of capital - Wesfarmers Limited*
- Phone us on **13 28 61**

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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.

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