



Status: **legally binding**

Class Ruling

GTN Limited – return of capital

❶ Relying on this Ruling

This publication is a public ruling for the purposes of the *Taxation Administration Act 1953*.

If this Ruling applies to you, and you correctly rely on it, we will apply the law to you in the way set out in this Ruling. That is, you will not pay any more tax or penalties or interest in respect of the matters covered by this Ruling.

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What this Ruling is about

1. This Ruling sets out the income tax consequences for shareholders of GTN Limited (GTN) who received a return of capital payment of \$0.23 per ordinary share (Capital Return) on 11 August 2025 (Payment Date).
2. Details of this scheme are set out in paragraphs 19 to 39 of this Ruling.
3. All legislative references in this Ruling are to the *Income Tax Assessment Act 1997*, unless otherwise indicated.

Who this Ruling applies to

4. This Ruling applies to you if you:
 - held ordinary shares in GTN on 4 August 2025 (Record Date)
 - held your GTN shares on capital account – that is, you did not hold your GTN shares as ‘trading stock’ (as defined in subsection 995-1(1)) or as ‘revenue assets’ (as defined in section 977-50)
 - received the Capital Return payment of \$0.23 per GTN share on the Payment Date
 - are not a ‘temporary resident’ of Australia within the meaning of subsection 995-1(1), and
 - are not exempt from Australian income tax.
5. This Ruling does not apply to anyone who is subject to the taxation of financial arrangements rules in Division 230 in relation to the scheme outlined in paragraphs 19 to 39 of this Ruling.

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Note: Division 230 will not apply to individuals unless they have made an election for it to apply.

When this Ruling applies

6. This Ruling applies from 1 July 2025 to 30 June 2026.

Ruling

Capital Return is not a dividend

7. No part of the Capital Return paid to you by GTN on the Payment Date is a dividend as defined in subsection 6(1) of the *Income Tax Assessment Act 1936* (ITAA 1936). This is because the entire amount of the Capital Return has been debited against an amount standing to the credit of GTN's share capital account.

8. Therefore, no part of the Capital Return paid to you by GTN on the Payment Date is included in your assessable income as a dividend under subsection 44(1) of the ITAA 1936.

Anti-avoidance provisions

9. The Commissioner will not make a determination that section 45C of the ITAA 1936 applies to any part of the Capital Return you received on the Payment Date, under either:

- subsection 45A(2) of the ITAA 1936 – because there was no streaming of capital benefits to some GTN shareholders and dividends to other GTN shareholders as required by subsection 45A(1) of the ITAA 1936, or
- paragraph 45B(3)(b) of the ITAA 1936 – because the requirements of subsection 45B(2) of the ITAA 1936 were not satisfied.

Capital gains tax consequences

CGT event G1

10. CGT event G1 happened on the Payment Date when GTN paid you the Capital Return in respect of each GTN share you owned on the Record Date and continued to own on the Payment Date (section 104-135).

11. You made a capital gain when CGT event G1 happened if the amount of the Capital Return you received was more than the cost base of your GTN share (subsection 104-135(3)). The amount of the capital gain is equal to the excess. If you made a capital gain, the cost base and reduced cost base of your GTN share are reduced to nil (subsection 104-135(3)).

12. If the Capital Return amount you received for each GTN share was equal to or less than the cost base of your GTN share, the cost base and reduced cost base of your GTN share are reduced by the amount of the Capital Return (subsection 104-135(4)). You cannot make a capital loss when CGT event G1 happens (Note 1 to subsection 104-135(3)).

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CGT event C2

13. CGT event C2 happened to your right to receive the Capital Return on the Payment Date in respect of each GTN share you owned on the Record Date but ceased to own before the Payment Date (section 104-25).

14. You made a capital gain under CGT event C2 if the capital proceeds from the ending of the right (being the Capital Return amount) were more than the cost base of the right. You made a capital loss if the capital proceeds from the ending of the right were less than the reduced cost base of the right (subsection 104-25(3)).

15. In working out the capital gain or capital loss when CGT event C2 happened, the capital proceeds are equal to the amount of the Capital Return, being \$0.23 per GTN share you owned on the Record Date (subsection 116-20(1)).

16. The cost base of your right to receive the Capital Return is worked out under Division 110 (modified by Division 112). The cost base of the right does not include the cost base or reduced cost base of the GTN share previously owned by you to the extent that it was applied in working out a capital gain or capital loss made when a CGT event happened to the GTN share – for example, when you disposed of the GTN share after the Record Date but before the Payment Date. Therefore, if the cost base or reduced cost base of the GTN share previously owned by you has been fully applied in working out a capital gain or capital loss on the GTN share, the right to receive the Capital Return will have a nil cost base. As a result, you will, in those circumstances, make a capital gain equal to the capital proceeds, being \$0.23 per GTN share owned at the Record Date.

Discount capital gain

17. You can treat a capital gain made when CGT event G1 or CGT event C2 happened as a discount capital gain under Subdivision 115-A if you acquired your GTN share at least 12 months before the Payment Date (subsection 115-25(1)), provided the other conditions in Subdivision 115-A are satisfied.

Foreign resident shareholders

18. If you were a ‘foreign resident’, or the trustee of a ‘foreign trust for CGT purposes’ (as defined in subsection 995-1(1)), just before the Payment Date, you disregard under subsection 855-10(1) any capital gain made from CGT event G1 or any capital gain or capital loss made from CGT event C2, provided that your GTN share or your right to receive the Capital Return on your GTN share:

- has not been used at any time in carrying on a business through a permanent establishment in Australia (table item 3 of section 855-15), and
- was not covered by subsection 104-165(3) (about individuals choosing to disregard a capital gain or capital loss on ceasing to be an Australian resident) (table item 5 of section 855-15).

Scheme

19. The following description of the scheme is based on information provided by the applicant. If the scheme is not carried out as described, this Ruling cannot be relied upon.

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GTN Limited

20. GTN is a public company, which was incorporated in Australia on 2 July 2015.
21. GTN has been listed on the Australian Securities Exchange since 1 June 2016.
22. GTN is the head company of an Australian income tax consolidated group, as well as the consolidated head entity for accounting purposes.
23. GTN and its subsidiaries carry on a business as a broadcast media advertising platform, with commercial operations in Australia, Canada, the United Kingdom and Brazil.
24. As at 30 June 2025, GTN had on a consolidated basis, approximately:
 - \$425.9 million credited to its share capital
 - \$232.2 million in accumulated losses, and
 - \$7.1 million credited to reserves.
25. As at 30 June 2025, GTN had 190,665,797 ordinary shares on issue, with no other classes of shares on issue.

Share capital and dividend payment history

26. GTN has a target dividend payout ratio of 100% of net profit after tax and has generally paid out interim and final dividends in accordance with this policy since its listing on the Australian Securities Exchange.
27. For the year ended 30 June 2025, GTN had a consolidated net loss after tax of \$6.1 million. GTN paid an interim unfranked dividend of \$4,856,000 on 27 March 2025 equal to 100% of its half year net profit after tax. GTN did not pay a final dividend in respect of the year ended 30 June 2025.
28. GTN has not previously made a return of capital payment to its shareholders prior to the Capital Return.
29. As at 30 June 2025, GTN has bought back a total of approximately \$19.9 million in shares through its on-market share buy-back programs since 2019.

Capital Return

30. On 27 June 2025, GTN announced its intention to seek shareholder approval to distribute approximately \$44 million (representing \$0.23 per GTN share) to GTN shareholders by way of an equal capital reduction, in accordance with sections 256B and 256C of the *Corporations Act 2001*.
31. The Capital Return was approved by GTN shareholders on 29 July 2025.
32. On the Payment Date, GTN shareholders received the Capital Return, being \$0.23 for each GTN share they held on the Record Date.
33. The Capital Return was funded from the drawdown of a new external debt facility, together with GTN's existing cash balances.
34. The total Capital Return amount of \$43,853,133 was debited to GTN's share capital account.
35. The Capital Return did not result in the cancellation of any GTN shares and there was no change to the proportionate interest of each GTN shareholder following the Capital Return.

Status: **legally binding**

Other matters

36. As at the Record Date, approximately 32% of the GTN shares on issue were held by foreign residents.
37. As at 30 June 2025, GTN's franking account balance was approximately \$900,000.
38. As at the Payment Date, GTN's 'share capital account' (as defined in section 975-300) was not tainted within the meaning of Division 197.
39. On the Payment Date, the sum of the market values of GTN's assets that were 'taxable Australian real property' (as defined in section 855-20) did not exceed the sum of the market values of its assets that were not taxable Australian real property for the purposes of section 855-30.

Commissioner of Taxation

24 September 2025

Status: **not legally binding**

References

Legislative references:

- ITAA 1936 6(1)
 - ITAA 1936 44(1)
 - ITAA 1936 45A(1)
 - ITAA 1936 45A(2)
 - ITAA 1936 45B(2)
 - ITAA 1936 45B(3)(b)
 - ITAA 1936 45C
 - ITAA 1997 104-25
 - ITAA 1997 104-25(3)
 - ITAA 1997 104-135
 - ITAA 1997 104-135(3)
 - ITAA 1997 104-135(4)
 - ITAA 1997 104-165(3)
 - ITAA 1997 Div 110
 - ITAA 1997 Div 112
 - ITAA 1997 Subdiv 115-A
 - ITAA 1997 115-25(1)
 - ITAA 1997 116-20(1)
 - ITAA 1997 Div 197
 - ITAA 1997 Div 230
 - ITAA 1997 855-10(1)
 - ITAA 1997 855-15
 - ITAA 1997 855-20
 - ITAA 1997 855-30
 - ITAA 1997 975-300
 - ITAA 1997 977-50
 - ITAA 1997 995-1(1)
 - Corporations Act 2001 256B
 - Corporations Act 2001 256C
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ATO references

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