



Status: **legally binding**

Class Ruling

TPG Telecom Limited – return of capital and special dividend

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.

Table of Contents	Paragraph
What this Ruling is about	1
Who this Ruling applies to	4
When this Ruling applies	6
Ruling	7
Scheme	12

What this Ruling is about

1. This Ruling sets out the income tax consequences for shareholders of TPG Telecom Limited (TPG) who received a return of capital payment of \$1.52 per TPG share (Capital Return) and an unfranked special dividend of \$0.09 per TPG share (Special Dividend) on 24 November 2025 (Payment Date).
2. Details of this scheme are set out in paragraphs 12 to 31 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:
 - were registered on the TPG share register on 17 November 2025 (Record Date)
 - held your shares in TPG on capital account – that is, you did not hold your TPG shares as ‘revenue assets’ (as defined in section 977-50) or as ‘trading stock’ (as defined in subsection 995-1(1)), and
 - received the Capital Return and the Special Dividend on the Payment Date.
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 12 to 31 of this Ruling.

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

Status: **legally binding**

When this Ruling applies

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

Ruling**Unfranked special dividend is assessable**

7. The Special Dividend of \$0.09 per TPG share paid to you by TPG on the Payment Date is a dividend as defined in subsection 6(1) of the *Income Tax Assessment Act 1936* (ITAA 1936).

8. You include the Special Dividend in your assessable income under subsection 44(1) of the ITAA 1936.

Return of capital is not a dividend

9. No part of the Capital Return paid to you by TPG on the Payment Date is a dividend as defined in subsection 6(1) of the ITAA 1936.

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

Section 45A, 45B and 45C of the ITAA 1936 do not apply to the return of capital

11. The Commissioner will not make a determination under either subsection 45A(2) or paragraph 45B(3)(b) of the ITAA 1936 that section 45C of the ITAA 1936 applies to any part of the Capital Return you received on the Payment Date.

Scheme

12. 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.

TPG Telecom Limited

13. TPG is an Australian tax resident public telecommunications company listed on the Australian Securities Exchange since 29 June 2020.

14. TPG has a single class of shares on issue, being ordinary shares.

15. TPG is the head company of an income tax consolidated group under Part 3-90.

16. As at 31 December 2024, TPG's consolidated balance sheet showed approximately:

- \$18,399 million credited to its share capital, and
- \$7,224 million in accumulated losses.

17. As at 31 December 2024, TPG (on a stand-alone basis) has retained earnings of \$1,211 million.

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18. As at 30 June 2025, TPG had 1,859,341,669 ordinary shares on issue.

Sale of enterprise, government and wholesale fixed business

19. On 31 July 2025, TPG completed the sale of its enterprise, government and wholesale fixed business to an unrelated third party on a debt-free basis for an enterprise value of \$5.25 billion, generating net proceeds of approximately \$4.7 billion (which reflects the enterprise value less a contingent value payment (\$250 million) and associated transaction costs). The transaction involved the direct sale of 100% in a wholly owned subsidiary of TPG to the unrelated third party.

20. On 5 August 2025, TPG announced its intention to return up to \$3 billion of those sale transaction proceeds to all shareholders on a proportionate basis.

Return of capital and unfranked special dividend

21. On 16 October 2025, TPG announced its intention to seek shareholder approval to undertake a return of capital of up to \$1.61 per share in accordance with section 256B and section 256C of the *Corporations Act 2001*.

22. On 31 October 2025, TPG made a further announcement that it would make a total distribution of approximately \$3 billion to TPG shareholders, comprising the Capital Return (\$1.52 per TPG share) and the Special Dividend (\$0.09 per TPG share).

23. The reduction of ordinary share capital of up to \$3 billion on an equal access basis and in proportion to the shares held by shareholders was approved by TPG shareholders at the extraordinary general meeting held on 11 November 2025. The board of directors of TPG declared the payment of the Special Dividend on 11 November 2025.

24. On the Payment Date, TPG shareholders received the Capital Return, being \$1.52 for each TPG share they held on the Record Date. The total Capital Return amount of \$2,826,199,336.88 was paid from TPG's available cash balance and was debited to TPG's share capital account.

25. The Capital Return did not result in the cancellation of any TPG shares and there was no change to the proportionate interest of each TPG shareholder following the Capital Return.

26. The Special Dividend of \$0.09 per TPG share was paid to TPG shareholders for each TPG share they held on the Record Date. The total Special Dividend amount of \$167,340,750.21 was debited to TPG's retained earnings account.

Other matters

27. As at the Record Date, approximately 61% of shares in TPG were held by registered shareholders who were Australian residents and approximately 39% of shares were held by registered shareholders who were non-residents.

28. Since at least June 2009, TPG has not undertaken any returns of capital to its shareholders.

29. TPG has consistently paid interim and final dividends to its shareholders since it was admitted to the official list of Australian Securities Exchange on 29 June 2020.

30. As at 30 June 2025, TPG's franking account balance was nil.

CR 2025/84

Status: **legally binding**

31. As at the Payment Date, TPG's share capital account (as defined in section 975-300) was not tainted within the meaning of Division 197.

Commissioner of Taxation

3 December 2025

Status: **not legally binding**

References

Legislative references:

- ITAA 1936 6(1)
- ITAA 1936 44(1)
- ITAA 1936 45A
- ITAA 1936 45A(2)
- ITAA 1936 45B
- ITAA 1936 45B(3)(b)
- ITAA 1936 45C
- ITAA 1997 Div 197
- ITAA 1997 Div 230
- ITAA 1997 Pt 3-90
- ITAA 1997 975-300
- ITAA 1997 977-50
- ITAA 1997 995-1(1)
- Corporations Act 2001 256B
- Corporations Act 2001 256C

ATO references

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