



Status: **legally binding**

Class Ruling

Senetas Corporation Limited – return of capital

① 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 Senetas Corporation Limited (Senetas) who received a return of capital payment of \$0.00120772 per ordinary Senetas share (First Distribution) on 27 November 2025 (First Distribution Payment Date), received a return of capital payment of \$0.2111 per ordinary Senetas share (Second Distribution) on 7 August 2026 (Second Distribution Payment Date) or received both payments.
2. Details of this scheme are set out in paragraphs 10 to 34 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 your Senetas shares on capital account; that is, you did not hold your Senetas shares as ‘revenue assets’ (as defined in section 977-50) or as ‘trading stock’ (as defined in subsection 995-1(1)), and
 - in relation to the First Distribution
 - were registered on the Senetas share register on 20 November 2025 (First Distribution Record Date), and
 - received the return of capital payment of \$0.00120772 per ordinary share on the First Distribution Payment Date
 - in relation to the Second Distribution
 - were registered on the Senetas share register on 31 July 2026 (Second Distribution Record Date), and

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- received the return of capital payment of \$0.2111 per ordinary share on the Second Distribution 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 10 to 34 of this Ruling.

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 2027.

Ruling

Return of capital is not a dividend

7. No part of the return of capital paid to you by Senetas on the First Distribution Payment Date and the Second Distribution Payment Date is a dividend as defined in subsection 6(1) of the *Income Tax Assessment Act 1936* (ITAA 1936).

8. No part of the return of capital paid to you by Senetas on the First Distribution Payment Date and the Second Distribution Payment Date is included in your assessable income as a dividend under section 44 of the ITAA 1936.

Sections 45A, 45B and 45C of the ITAA 1936 do not apply

9. The Commissioner will not make a determination under paragraph 45A(2) or 45B(3)(b) of the ITAA 1936 that section 45C of the ITAA 1936 applies to any part of the return of capital paid to you by Senetas on the First Distribution Payment Date and the Second Distribution Payment Date.

Scheme

10. This 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.

Background

11. Senetas is an Australian resident company limited by shares and listed on the Australian Securities Exchange.

12. Senetas is a leading developer and manufacturer of certified, high-assurance encryption, and advanced encrypted file sharing application.

13. As at 30 June 2025, Senetas held 57.7% of the shareholding in the VGM Aust Holdings Pty Ltd group (VGM) (formerly known as Votiro Cybersec Global Pty Ltd).

14. On 22 December 2023, Senetas entered into a loan agreement with VGM for the purpose of funding its general working capital (VGM Loan).

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15. Pursuant to a Share Purchase Agreement dated 18 February 2025, VGM sold its interest in its wholly owned subsidiary, Votiro Cybersec Limited, including all subsidiaries of Votiro Cybersec Limited (Votiro Inc. and Votiro (Singapore) Pte Ltd) to Menlo Security Inc (Votiro Sale).

16. Under the Votiro Sale, VGM received consideration in the form of 40% cash and 60% shares which resulted in a total consideration of \$45,816,687.

17. Senetas submitted that they made an economic loss on the Votiro Sale.

18. As at 29 June 2025, the outstanding VGM Loan balance was \$14,114,671.

19. On 30 June 2025, VGM paid \$2,860,764 to Senetas (Loan Repayment) and the VGM Loan balance was reduced to \$11,253,908.

First Distribution

20. On 29 August 2025, Senetas announced that it would be conducting a return of capital, subject to shareholder approval which would be sought at the company's annual general meeting in November 2025.

21. On 14 November 2025, Senetas shareholders voted to approve the return of capital.

22. On the First Distribution Record Date, Senetas had 1,657,819,083 ordinary shares on issue and 4,531 shareholders. Senetas shareholders with a foreign-registered address represented 2.6% of the shareholder base and the shareholding of those shareholders equated to 14.7% of the ordinary shares on issue.

23. On the First Distribution Payment Date, Senetas paid the First Distribution to its shareholders of \$0.00120772 per ordinary share, with a total amount returned to shareholders of \$2,002,181.

24. The entirety of the First Distribution was debited against Senetas' share capital account and was funded entirely from Senetas' existing cash reserve.

25. On the First Distribution Payment Date, Senetas' 'share capital account' (as defined in section 975-300) was not tainted within the meaning of Division 197.

Second Distribution

26. On 14 November 2025, Senetas shareholders approved a 100 to one share consolidation at their annual general meeting.

27. On 1 December 2025, the 100 to one share consolidation was completed resulting in Senetas having 16,560,191 ordinary shares on issue.

28. On 25 March 2026, Senetas announced that a further \$6 million of deferred consideration had been received from the Votiro Sale, that VGM had made a further Loan Repayment on the VGM Loan of \$3.5 million, and that Senetas intended to distribute a further \$3.5 million to shareholders as a return of capital.

29. On 1 June 2026, Senetas announced a Second Distribution, being a return of capital of approximately \$3.5 million (\$0.2111 per ordinary share) subject to shareholder approval at an extraordinary general meeting to be held on 24 July 2026.

30. On 24 July 2026 Senetas shareholders voted to approve the Second Distribution.

31. On the Second Distribution Record Date, Senetas had 16,577,389 ordinary shares on issue and 4,180 shareholders.

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32. Senetas shareholders with a foreign registered address represented 2.8% of the shareholder base and the shareholding of those shareholders equated to 14.2% of the shares on issue.

33. On the Second Distribution Payment Date, Senetas paid the Second Distribution of \$0.2111 per ordinary share to its shareholders, with a total amount returned to Senetas shareholders of \$3,499,489.

34. The Second Distribution was entirely debited against Senetas' share capital account which was not tainted within the meaning of Division 197.

Commissioner of Taxation

7 October 2026

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References

Previous rulings and determinations:

CR 2020/9

- ITAA 1936 45b(3)(b)
- ITAA 1936 45C
- ITAA 1997 Div 197
- ITAA 1997 Div 230
- ITAA 1997 975-300
- ITAA 1997 977-50
- ITAA 1997 995-1(1)

Legislative references:

- ITAA 1936 6(1)
 - ITAA 1936 44
 - ITAA 1936 45A
 - ITAA 1936 45A(2)
 - ITAA 1936 45B
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ATO references

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