Status: **legally binding**

# Class Ruling

# Avant Mutual Group Limited – retirement reward dividend

**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 members of Avant Mutual Group Limited (AMGL) who receive the Retirement Reward Dividend.

2. Details of the Retirement Reward Dividend are set out in paragraphs 17 to 24 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 are a member of AMGL who:

- is an 'individual' (as defined in subsection 995-1(1))
- is a Voting Member of AMGL (as defined in AMGL's Constitution)
- is permanently retired from paid medical practice, or was permanently disabled and unable to continue practising medicine, during the 24 months prior to the Record Date, being 30 June (as per paragraph 24 of this Ruling)
- has submitted the Retirement Reward Plan Notification of Retirement form to AMGL by the Retirement Notification Date with a statutory declaration of permanent retirement or disability
- received a Retirement Reward Dividend, and
- is a 'resident of Australia' (as defined in subsection 6(1) of the *Income Tax Assessment Act 1936* (ITAA 1936)).

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### When this Ruling applies

5. This Ruling applies from 1 July 2026 to 30 June 2030.

# Ruling

### Inclusion of dividend in assessable income

6. You must include the Retirement Reward Dividend paid by AMGL in your assessable income under subparagraph 44(1)(a)(ii) of the ITAA 1936 as the dividend is a non-share dividend within the meaning given in section 974-120.

### Inclusion of franking credit in assessable income

7. You must include in your assessable income an amount equal to the franking credit attached to the Retirement Reward Dividend paid by AMGL (subsection 207-20(1)).

### Entitlement to a tax offset

8. You are entitled to a tax offset equal to the amount of the franking credit attached to the Retirement Reward Dividend paid by AMGL (subsection 207-20(2)).

### Imputation benefits – streaming of imputation benefits

#### *Section 204-30*

9. The Commissioner will not make a determination under paragraph 204-30(3)(c) to deny the imputation benefit received by you in relation to the Retirement Reward Dividend paid by AMGL as the conditions in subsection 204-30(1) are not present under the scheme.

#### *Section 177EA of the ITAA 1936*

10. The Commissioner will not make a determination under paragraph 177EA(5)(b) of the ITAA 1936 to deny the whole, or any part, of the imputation benefit received by you in relation to the Retirement Reward Dividend paid by AMGL as the conditions in subsection 177EA(3) are not present under the scheme.

# Scheme

11. 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.

12. AMGL, a company limited by guarantee, is the head company of the AMGL income tax consolidated group formed on 1 July 2007.

13. AMGL is a mutual not-for-profit organisation, owned and operated for the benefit of its members. As at the date of this Ruling, AMGL has Voting Members and Student Members.

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14. Article 12.1 of AMGL's Constitution permits the Directors of AMGL to declare or determine that a dividend is payable to Voting Members. A Voting Member's entitlement to dividends will be based upon their financial contributions to AMGL's successes.

15. Any dividends will be sourced from the non-mutual (taxable) surplus of the entities in the AMGL income tax consolidated group.

16. It is possible that some Voting Members will be non-residents for Australian tax purposes. AMGL does not maintain information regarding the tax residency of its members.

## Retirement Reward Dividend

17. AMGL proposes to pay Retirement Reward Dividends to Voting Members in accordance with the Avant Retirement Reward Plan. The Retirement Reward Dividend is designed to reward Voting Members who contributed to AMGL's financial success over time and is deferred until the retirement of a Voting Member from medical practice.

18. A Voting Member at the Record Date will be considered eligible to receive a Retirement Reward Dividend if the Voting Member:

- is permanently retired from medical practice, or was permanently disabled and unable to continue practicing medicine, during the 24 months prior to the Record Date, and
- has submitted the Retirement Reward Plan Notification of Retirement form to AMGL by the Retirement Notification Date with a statutory declaration of permanent retirement or disability.

19. In this Ruling, such a Voting Member is hereinafter referred to as a Retiring Voting Member.

20. 'Permanently retired' means that you are no longer paid to practice in any capacity as a medical practitioner and have no intention to be paid to practice in the future.

21. 'Permanent disability' means that you are no longer able to practice medicine in any capacity in the foreseeable future.

22. An ex-gratia payment equivalent to the amount of the Retirement Reward Dividend may be paid to the estate of a Retiring Voting Member who dies during the 12 months ending on the Record Date. To allow for delays in notification by family members, AMGL's Eligibility Criteria extend this period to 24 months. Any such payment is at the Board's discretion and is made only once per deceased member. This Ruling does not apply to such a payment.

23. The declaration of the Retirement Reward Dividend is at the sole discretion of the AMGL Board and subject to the ongoing financial performance and strength of AMGL.

24. The Record Date will be 30 June each year or such other date determined by the AMGL Board. The Retirement Notification Date will be 31 July each year. The payment date for Retirement Reward Dividends, if any, is expected to be in October each year.

## Other matters

25. This Ruling is made on the basis that:

- AMGL intends to fully frank the Retirement Reward Dividend it pays to Retiring Voting Members

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- the Retirement Reward Dividend will be paid in accordance with AMGL's Constitution and will not breach section 254T or Part 2J.1 of the *Corporations Act 2001*
- section 254SA of the *Corporations Act 2001* does not apply to prevent AMGL from distributing the Retirement Reward Dividend to its Retiring Voting Members
- AMGL does not have a share capital account, as the term is defined in subsection 995-1(1) by reference to the meaning given by section 975-300
- during the term of the scheme, AMGL will be a resident of Australia under the income tax laws of Australia
- the membership interests in AMGL are 'equity interests' for the purposes of Division 974
- Retirement Reward Dividends paid in respect of the membership interests in AMGL are frankable distributions under section 202-40 and are not unfrankable under section 202-45
- AMGL will frank the Retirement Reward Dividend paid in respect of the membership interests in AMGL in accordance with its franking policy (at such a time as distributions are made) and satisfy the benchmark franking rule
- AMGL will not differentially frank Retirement Reward Dividends to different Retiring Voting Members according to the tax status of Retiring Voting Members or on any other basis
- Retirement Reward Dividends in respect of AMGL membership interests will not be debited to AMGL's 'non-share capital account' (as defined in subsection 995-1(1) by reference to the meaning given by section 164-10)
- immediately before payment of a Retirement Reward Dividend, AMGL will have sufficient available frankable profits worked out under section 215-20 to pay the Retirement Reward Dividend, and
- AMGL has not issued Mutual Capital Instruments in accordance with article 19 of the AMGL Constitution.

**Commissioner of Taxation**
11 November 2026

Status: **not legally binding**

# References

*Previous rulings and determinations:*
CR 2014/68; CR 2019/60; CR 2022/92

*Legislative references:*
- ITAA 1936 6(1)
- ITAA 1936 44(1)(a)(ii)
- ITAA 1936 177EA
- ITAA 1936 177EA(3)
- ITAA 1936 177EA(5)(b)
- ITAA 1997 164-10
- ITAA 1997 202-40
- ITAA 1997 202-45
- ITAA 1997 204-30
- ITAA 1997 204-30(1)
- ITAA 1997 204-30(3)(c)
- ITAA 1997 207-20(1)
- ITAA 1997 207-20(2)
- ITAA 1997 215-20
- ITAA 1997 Div 974
- ITAA 1997 974-120
- ITAA 1997 975-300
- ITAA 1997 995-1(1)
- Corporations Act 2001 254SA
- Corporations Act 2001 254T
- Corporations Act 2001 Pt 2J.1

ATO references

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