Status: **legally binding**

Class Ruling

Techniche Limited – return of capital

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 Techniche Limited (Techniche) who have received a return of capital payment of $0.085 per ordinary Techniche share (Capital Return) on 16 March 2026 (Payment Date).

2. Details of this scheme are set out in paragraphs 17 to 35 of this Ruling.

3. All legislative references in this Ruling are to the *Income Tax Assessment Act 1997* (ITAA 1997), unless otherwise indicated.

Who this Ruling applies to

4. This Ruling applies to you if you:

- were registered on the Techniche share register on 2 March 2026 (Record Date)
- were not a 'temporary resident' as defined in subsection 995-1(1)
- held your Techniche shares on capital account – that is, your Techniche shares were neither held as a 'revenue asset' (as defined under section 977-50), nor as 'trading stock' (as defined under subsection 995-1(1)), and
- received the Capital Return 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 17 to 35 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

Return of Capital is not a dividend

7. No part of the Capital Return that Techniche paid you 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 Techniche's share capital account. Therefore, no part of the Capital Return is included in your assessable income as a dividend under subsection 44(1) of the ITAA 1936.

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

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

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

Capital gains tax consequences

CGT event G1

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

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

11. If the Capital Return was not more than the cost base of your Techniche share, the cost base or reduced cost base of your Techniche share is reduced by the amount of the Capital Return (subsection 104-135(4)).

12. You cannot make a capital loss when CGT event G1 occurs (Note 1 to subsection 104-135(3)).

CGT event C2

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

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14. 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 for each Techniche share you owned on the Record Date but ceased to own before the Payment Date ($0.085 per Techniche share) (subsection 116-20(1)).
- 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 Techniche 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 that share – for example, when you disposed of the share after the Record Date but before the Payment Date. Therefore, if the cost base or reduced cost base of the Techniche share previously owned by you has been fully applied in working out a capital gain or capital loss on the 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 $0.085 per Techniche share owned at the Record Date.

Discount capital gain

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

Foreign resident shareholders

16. If just before the Payment Date, you were a foreign resident or the trustee of a foreign trust for CGT purposes, as defined under subsection 995-1(1), you disregard any capital gain made from CGT event G1 or any capital gain or capital loss from CGT event C2 happening, pursuant to subsection 855-10(1), unless you:

- have used your Techniche shares at any time in carrying on a business through a permanent establishment in Australia (table item 3 of section 855-15), or
- are an individual and your Techniche shares were covered by subsection 104-165(3) (choosing to disregard a capital gain or capital loss on ceasing to be an Australian resident) (table item 5 of section 855-15).

Scheme

17. 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.

Techniche Limited

18. Techniche is a public company that was incorporated in Australia in 1984.

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19. Techniche was listed on the Australian Securities Exchange (ASX) from 16 April 1987 to 1 February 2021 and since delisting Techniche's shares are traded in a Low Volume Financial Market (LVFM).

20. The principal activity of Techniche and its subsidiaries is the delivery of software solutions, products and services, to the global market and following its delisting from the ASX consisted of the Statseeker and Urgent businesses.

21. As at 31 December 2025, Techniche had shareholder's equity of $24,171,950 comprising:

- issued share capital of $69,799,778
- reserves of negative $256,163, and
- accumulated losses of $45,371,665.

22. As at 5 May 2026, Techniche had 209,719,329 fully paid ordinary shares on issue and 420 shareholders, with 95.48% having an Australian address and 4.52% having an overseas address.

Disposal of the Urgent business

23. Techniche acquired Urgent, a technology business, on 27 April 2010 for $6 million. The acquisition was funded by a capital raising of $5.6 million and existing circulating capital of $400,000.

24. Techniche disposed of the Urgent business, with settlement taking place on 24 November 2025, for a total consideration of $18,605,989.

Capital Return

25. Following the disposal of the Urgent business, Techniche's Board of Directors determined that Techniche had funds excess to the operational requirements of Techniche's remaining Statseeker business.

26. On 29 January 2026,Techniche's Board of Directors approved, subject to shareholder approval, the proposal for the distribution of $17,826,142.97 to Techniche shareholders by way of an equal reduction of share capital under sections 256B and 256C of the *Corporations Act 2001* (proposed distribution).

27. On 27 February 2026, Techniche shareholders approved the proposed distribution at an Extraordinary General Meeting.

28. On the Payment Date, Techniche shareholders were paid the Capital Return ($0.085 per share) in respect of each Techniche share that they held on the Record Date.

29. The total Capital Return amount of $17,826,142.97 was paid from Techniche's available cash balance and debited to Techniche's share capital account.

30. There was no change to the proportionate interest of each Techniche shareholder following the Capital Return.

Other matters

31. The share capital account (as defined under section 975-300) of Techniche is not tainted within the meaning of Division 197.

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32. Less than 50% of the market value of Techniche's assets were 'taxable Australian real property' (as defined in section 855-20).

33. Techniche last paid dividends to its shareholders in the income year ended 30 June 2018.

34. Techniche had previously returned share capital to its shareholders in the form of share buy-backs in the income years ended 30 June 2018, 2019 and 2021 following the disposal of a business unit in the year ended 30 June 2018.

35. Techniche's share price was $0.04 before its delisting from the ASX and since delisting its share price has ranged between $0.03 and $0.06 in LVFM trading.

Commissioner of Taxation
11 November 2026

Status: **not legally binding**

References

Legislative references:

- ITAA 1936 6(1)
- ITAA 1936 44(1)
- ITAA 1936 45A
- ITAA 1936 45A(1)
- ITAA 1936 45A(2)
- ITAA 1936 45B
- ITAA 1936 45B(2)
- ITAA 1936 45B(3)(b)
- ITAA 1936 45C
- ITAA 1997 104-25
- 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 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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