CR 2007/70 - Income tax: UNiTAB Limited - Employee Share Scheme - merger with Tattersall's Limited

Class Ruling

Income tax: UNiTAB Limited – Employee Share Scheme – merger with Tattersall's Limited

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This publication provides you with the following level of protection:

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

A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes.

If you rely on this ruling, we must apply the law to you in the way set out in the ruling (unless we are satisfied that the ruling is incorrect and disadvantages you, in which case we may apply the law in a way that is more favourable for you – provided we are not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

What this Ruling is about

1. This Ruling sets out the Commissioner's opinion on the way in which the relevant provision(s) identified below apply to the defined class of entities, who take part in the scheme to which this Ruling relates.

Relevant provision(s)

2. The relevant provisions dealt with in this Ruling are:

- section 139BA of the *Income Tax Assessment Act 1936* (ITAA 1936);
- section 139E of the ITAA 1936;
- section 124-780 of the *Income Tax Assessment Act 1997* (ITAA 1997)*;*
- section 130-80 of the ITAA 1997; and
- section 130-83 of the ITAA 1997.

All legislative references in this Ruling are to the ITAA 1936 unless otherwise indicated.

Class of entities

3. The class of entities to which this Ruling applies is all persons who are employees of the UNiTAB group (the group) listed below who acquired shares under the UNiTAB Limited Employee Share Bonus Plan (the Plan). They are persons who immediately prior to the merger as described in paragraphs 18 to 20 of this Ruling, held those shares and were employed by a company in the group, such employment being continuous from the time the shares were acquired under the Plan. The group comprises:

- UNiTAB Limited (UNiTAB);
- SA TAB Pty Limited;
- NT TAB Pty Limited;
- Broadcasting Station 4IP Pty Limited;
- TAB Queensland Pty Limited;
- Maxgaming Holdings Pty Ltd (formerly UNiTAB Gaming Pty Limited);
- Maxgaming Qld Pty Limited; and
- Maxgaming NSW Pty Limited (formerly Gaming Systems Qld Pty Limited).

In this Ruling, a person belonging to this class of entities is referred to as a participating employee.

Qualifications

4. The Commissioner makes this ruling based on the precise scheme identified in this Ruling.

5. The class of entities defined in this Ruling may rely on its contents provided the scheme actually carried out is carried out in accordance with the scheme described in paragraphs 13 to 20 of this Ruling.

6. If the scheme actually carried out is materially different from the scheme that is described in this Ruling, then:

- this Ruling has no binding effect on the Commissioner because the scheme entered into is not the scheme on which the Commissioner has ruled; and
- this Ruling may be withdrawn or modified.

Date of effect

8. This Ruling applies to the income year ended 30 June 2007. However, the Ruling continues to apply after this date to all entities within the specified class who entered into the specified scheme during the term of the Ruling, subject to there being no change in the scheme or in the entities involved in the scheme.

9. The Ruling does not apply to taxpayers to the extent that it conflicts with the terms of settlement of a dispute agreed to before the date of issue of the Ruling. Furthermore, the Ruling only applies to the extent that:

- it is not later withdrawn by notice in the *Gazette*; or
- the relevant provisions are not amended.

10. If this Ruling is inconsistent with a later public or private ruling, the relevant class of entities may rely on either ruling which applies to them (item 1 of subsection 357-75(1) of Schedule 1 to the *Taxation Administration Act 1953* (TAA)).

11. If this Ruling is inconsistent with an earlier private ruling, the private ruling is taken not to have been made if, when the Ruling is made, the following two conditions are met:

- the income year or other period to which the rulings relate has not begun; and
- the scheme to which the rulings relate has not begun to be carried out.

12. If the above two conditions do not apply, the relevant class of entities may rely on either ruling which applies to them (item 3 of subsection 357-75(1) of Schedule 1 to the TAA).

Scheme

13. The scheme that is the subject of the Ruling is described below. This description is based on the following documents. These documents, or relevant parts of them, as the case may be, form part of and are to be read with this description. The relevant documents or parts of documents incorporated into this description of the scheme are:

- a letter from Mallesons Stephen Jaques dated 1 September 2006, requesting a Class Ruling in relation to the proposed merger of UNiTAB and Tattersall's Limited (Tattersall's);
- a copy of the Rules of the UNiTAB Limited Employee Share Bonus Plan (formerly called the TAB Queensland Limited Employee Share Bonus Plan) (the Plan rules);
- a copy of the Explanatory Memorandum (which contains the Merger Implementation Agreement and Scheme of Arrangement as Appendices D and E, respectively) dated 31 May 2006;
- a copy of the Supplementary Explanatory Memorandum dated 3 July 2006;
- a copy of the Second Supplementary Explanatory Memorandum dated 21 July 2006;
- a copy of the Third Supplementary Explanatory Memorandum dated 29 August 2006; and
- correspondence received from Mallesons Stephen Jaques between 7 December 2006 and 6 July 2007.

Note: certain information received from Mallesons Stephen Jaques and UNiTAB has been provided on a commercial-in-confidence basis and will not be disclosed or released under the Freedom of Information legislation.

14. The Plan rules were established on 17 November 2000 under the name of TAB Queensland Limited. On the 2 December 2002, the company changed its name to UNiTAB Limited.

15. The following is a brief description of the Plan:

- full time employees of the group with at least 12 months service may be offered UNiTAB shares to the value of $1,000, for nil consideration;
- permanent part time and casual employees of the group with at least 12 months service may be offered a pro rata allocation, for nil consideration;
- UNiTAB shares issued under the Plan (Plan shares) will be fully paid ordinary shares;

- any Plan share may not be disposed of by a participating employee until the earlier of the expiration of the period of three years commencing at the time the share was acquired by the participating employee, or the time when the participating employee ceases to be employed by the group;
- the Plan shares will not be subject to conditions that could result in forfeiture.

16. Class Ruling CR 2003/28 ruled that Plan shares are qualifying shares and that they satisfy the exemption conditions in section 139CE.

17. Offers under the Plan were made on or about 30 June 2004 and on or about 30 June 2005. The applicant has advised that in relation to Plan shares acquired under these offers and up to the time when such Plan shares were disposed of under the scheme of arrangement (as described in paragraphs 19 and 20 of this Ruling), the Plan has been operated so that no participating employee had been permitted to dispose of Plan shares in circumstances which have not involved a cessation of employment within the meaning of subsection 139CE(5) by the participating employee since the relevant acquisition of Plan shares.

Merger of UNiTAB and Tattersall's

18. On 27 March 2006, UNiTAB and Tattersall's jointly announced a proposed merger of the two companies. The announcement followed the execution of the Merger Implementation Agreement under which the two companies agreed the proposed merger would be implemented under a scheme of arrangement. The Explanatory Memorandum to the proposed merger included a statement by the directors of UNiTAB that the merger is to be a merger of equals with neither Tattersall's shareholders nor UniTAB shareholders paying a premium for control of the other, and with UniTAB and Tattersall's having equal representation on the merged company board.

Scheme of arrangement

19. The record date for the scheme of arrangement was 5 October 2006 and the implementation date was 12 October 2006. Under the scheme of arrangement, a UNiTAB shareholder elected to receive, in consideration for the disposal of their UNiTAB shares:

- 4.33 Tattersall's shares for each UNiTAB share held at the record date (All Shares Option); or

- for each UNiTAB share held on the record date:
  - 28% of the consideration being equal to $14.25 in cash for each UNiTAB share;
  - 72% of the consideration being equal to 4.33 Tattersall's shares for each UNiTAB share,

  based on the UNiTAB shareholder's aggregate holding of UNiTAB shares (Fixed Proportion Cash Option); or
- $14.25 in cash for each UNiTAB share held on the record date (Maximise Cash Option).

20. The applicant has advised that:

- the Tattersall's shares that participating employees acquired under the scheme of arrangement, can reasonably be regarded as matching shares for the purposes of section 139DQ as they are ordinary voting shares and have the same attributes or rights attaching to them as ordinary UNiTAB shares that were acquired under the Plan;
- at the time that participating employees acquired Tattersall's shares under the scheme of arrangement:
  - no participating employee held a legal or beneficial interest in more than 5% of the shares in Tattersall's; and
  - no participating employee was in a position to cast or control the casting of more than 5% of the maximum number of votes that may be cast at a general meeting of Tattersall's;
- at the time of the implementation of the scheme of arrangement, Tattersall's was an Australian resident company for Australian income tax purposes;
- participating employees did not cease to be employees of the merged entity (that is, they were not retrenched) as a consequence of the scheme of arrangement being implemented; and
- following the implementation of the scheme of arrangement, UNiTAB became a wholly owned subsidiary of Tattersall's and was removed from the official list of Australian Stock Exchange Limited from 17 November 2006.

Ruling

Where election made under section 139E

21. Where a participating employee, who made an election under section 139E in respect of their Plan shares:

- disposed of the Plan shares under the scheme of arrangement; and
- received cash or Tattersall's' shares under the Maximise Cash Option, the All Shares Option or the Fixed Proportion Cash Option,

the discount previously excluded from the participating employee's assessable income in relation to Plan shares, will continue to be excluded from their assessable income, pursuant to subsection 139BA(2).

Capital gains tax

22. For capital gains tax (CGT) purposes:

- the first element of the cost base of Plan shares disposed of under the scheme of arrangement is their market value (determined under Subdivision F of Division 13A of Part III) at the time they were acquired, pursuant to subsection 130-80(2) of the ITAA 1997; and
- a participating employee is eligible to choose to obtain scrip for scrip roll-over relief under paragraph 124-780(3)(d) of the ITAA 1997 in respect of the disposal of their Plan shares and receipt of Tattersall's shares under the All Shares Option or the Fixed Proportion Cash Option, under the scheme of arrangement provided that:
  - the participating employee made a capital gain from CGT event A1 happening to their Plan shares; and
  - any capital gain that may be made upon a future CGT event happening in relation to the Tattersall's shares they received under the scheme of arrangement, would not be disregarded (except because of a roll-over).

These conditions and the consequences of a participating employee choosing to obtain scrip for scrip rollover relief in relation to the scheme of arrangement that is the subject of this Ruling are outlined in paragraphs 34 to 38 of Class Ruling CR 2007/33.

Where no election made under section 139E

23. Where a participating employee, who had not made an election under section 139E in respect of their Plan shares:

- disposed of their Plan shares under the scheme of arrangement; and
- received matching Tattersall's shares under the All Shares Option or the Fixed Proportion Cash Option,

the Tattersall's shares received are treated as if they are a continuation of the Plan shares for the purposes of Division 13A of Part III (Division 13A).

Capital gains tax

24. Where a participating employee who had not made an election under section 139E disposed of Plan shares under the scheme of arrangement and received matching Tattersall's shares that are treated as if they are a continuation of the Plan shares for the purposes of Division 13A, any capital gain or loss made from the disposal of such Plan shares is disregarded, pursuant to subsection 130-83(1A) of the ITAA 1997.

Commissioner of Taxation
25 July 2007

Appendix 1 – Explanation

This Appendix is provided as information to help you understand how the Commissioner's view has been reached. It does not form part of the binding public ruling.

25. Where a taxpayer acquires qualifying shares under an employee share scheme, the discount in relation to the shares is included in their assessable income in accordance with Subdivision B of Division 13A.

Where election made under section 139E

26. Where the taxpayer makes an election under section 139E in relation to the shares, the amount of the discount (subject to section 139BA) is:

- the market value of the shares (calculated under Subdivision F of Division 13A); less
- any consideration paid or given by the taxpayer as consideration for the acquisition of the shares (subsection 139CC(2)).

27. In accordance with section 139BA:

- where a taxpayer has made an election under section 139E for a year of income; and
- the exemption conditions in section 139CE are satisfied in relation to shares covered by the election,

the total amount of discount otherwise included in the taxpayer's assessable income for a year of income in respect of those shares is only included to the extent that it is greater than $1,000.

28. The references to 'the scheme' in section 139CE are considered to be effectively a reference to the mechanism by which an employee acquires a qualifying share. Hence, the exemption conditions must initially be satisfied at least at the time that an offer under an employee share scheme is made to employees.

29. However, the purpose of subsection 139CE(3) is to ensure that qualifying shares are held for the required period, a condition that clearly extends beyond the time of the original offer or acquisition date. Therefore, the Plan needs to continue to be operated in a manner that satisfies the exemption conditions to ensure the continued exclusion of the discount (received for Plan shares) from a participating employee's assessable income.

The exemption conditions

30. The exemption conditions contained in section 139CE that must be satisfied require that the employee share scheme:

- not have any conditions that could result in an employee forfeiting ownership of shares acquired under it;
- be operated so that no employee would be permitted to dispose of a share acquired under it, before the earlier of:
  - the end of the period of 3 years after the time of the acquisition of the employee share scheme share; or
  - the time when the employee ceases, or first ceases, to be employed by their employer (within the meaning of subsection 139CE(5)); and
- be operated on a non-discriminatory basis (within the meaning of section 139GF).

31. Thus, for the first $1,000 of a discount to continue to be excluded from an employee's assessable income, the employee share scheme needs to continue to be operated in a manner that satisfies these exemption conditions.

Forfeiture

32. The Plan rules do not specifically provide for the forfeiture of Plan shares. Further, the compulsory acquisition of a participating employee's Plan shares under the scheme of arrangement for valuable consideration (cash and or Tattersall's shares) is not considered to constitute forfeiture.

33. Therefore, as the Plan rules do not provide for forfeiture and because the compulsory acquisition of Plan shares under the scheme of arrangement did not result in a forfeiture of Plan shares, the Commissioner accepts that the first condition continues to be satisfied.

Disposal restrictions

34. As the applicant has advised that the Plan has been operated so that no participating employee had been permitted to dispose of Plan shares in circumstances which have not involved a cessation of employment within the meaning of subsection 139CE(5), it is accepted that up to the time of the implementation of the scheme of arrangement, the Plan was operated in a manner that continued to satisfy the exemption condition in subsection 139CE(3).

35. Where Plan shares were then disposed of pursuant to the scheme of arrangement (whether under the Maximise Cash Option, the All Shares Option or the Fixed Proportion Cash Option), the Commissioner accepts that such a disposal was not a breach of this condition as the compulsory acquisition of the Plan shares under the scheme of arrangement is considered to have had no connection with the operation of the Plan.

36. Further, whether the Tattersall's shares acquired by participating employees under the scheme of arrangement (under the All Shares Option or the Fixed Proportion Cash Option), are continuing shares or not continuing shares for the purposes of section 139DQ, the Commissioner considers that in the context of the scheme of arrangement, the second condition in subsection 139CE(3) is either satisfied, is no longer relevant or does not apply.

37. Where the Tattersall's shares acquired by participating employees under the scheme of arrangement (under the All Shares Option or the Fixed Proportion Cash Option), are continuing shares for the purposes of section 139DQ, in accordance with subsection 139CE(3A), there is no requirement that the Tattersall's shares be subject to disposal restrictions. Therefore, the second condition does not apply after the implementation of the scheme of arrangement.

38. Whether or not the Tattersall's shares are considered to be continuing shares for the purposes of section 139DQ, the Commissioner considers that the second condition either will continue to be satisfied or is no longer relevant as the Tattersall's shares will not have been acquired under the Plan.

Non-discriminatory basis

39. As the Commissioner has already ruled in CR 2003/28 that the Plan was operated on a non-discriminatory basis within the meaning of subsection 139CE(4) which primarily relates to the offers made under the Plan, the Commissioner accepts that for the purposes of this Ruling, the third condition is satisfied.

Continuing exclusion of discount from assessable income

40. In summary, from the time that Plan shares were acquired up to the time when the scheme of arrangement was implemented, the various exemption conditions in section 139CE either:

- continued to be satisfied;
- are no longer be relevant; or
- are no longer applicable,

such that, for the purposes of the continuing application of section 139BA, the exemption conditions are satisfied.

41. Therefore, the discount previously excluded from a participating employee's assessable income in relation to Plan shares will continue to be excluded from their assessable income, pursuant to section 139BA.

Capital gains tax

42. Participating employees acquired Plan shares at a discount (within the meaning of Subdivision C of Division 13A) under the Plan, which is an employee share scheme for the purposes of section 139C.

43. For CGT purposes, under these circumstances (and where the exception in section 130-83 of the ITAA 1997 does not apply), pursuant to subsection 130-80(2) of the ITAA 1997, the first element of the cost base and reduced cost base of the Plan shares acquired under the Plan is the market value (determined under Subdivision F of Division 13A) of the shares at the time the participating employee acquired the Plan shares.

44. The exception in section 130-83 of the ITAA 1997 does not apply where a participating employee has made a section 139E election.

Scrip for scrip rollover

45. CGT scrip for scrip roll-over provisions in Subdivision 124M of the ITAA 1997 enable a shareholder to disregard a capital gain they make from a share that is disposed of as part of a corporate takeover or merger if the shareholder receives replacement shares in exchange.

46. The capital gain is disregarded completely if the only capital proceeds the shareholder receives are from the replacement shares received under the takeover or merger.

47. Subdivision 124M of the ITAA 1997 contains a number of conditions for, and exceptions to, the eligibility of a shareholder to choose scrip for scrip roll-over. Participating employees who made a section 139E election in relation to Plan shares, should be eligible to choose to obtain scrip for scrip roll-over or partial scrip for scrip rollover in the same way that shareholders who did not obtain their UNiTAB shares under the Plan, should be eligible, depending on their individual circumstances and the choices made.

48. An outline of the main conditions and exceptions for scrip for scrip CGT roll-over relief which are relevant to the circumstances of the scheme of arrangement that is the subject of this Ruling, is contained in CR 2007/33. CR 2007/33 also outlines the consequences for participating employees who elect to obtain scrip for scrip rollover relief, including how to determine the CGT cost base for a Tattersall's share.

49. Paragraph 36 of CR 2007/33 effectively provides that the first element of the cost base and reduced cost base of a participating employee's Tattersall's share is the cost base of the corresponding UNiTAB (Plan) share they disposed of on the implementation date of the scheme of arrangement.

50. The Commissioner considers that subsection 124-785(2) of the ITAA 1997 applies in these circumstances to determine the first element of the cost base of a Tattersall's share acquired by a participating employee under the scheme of arrangement.

Where no election made under section 139E

51. Where an employee acquires a qualifying share and does not make an election under section 139E, the discount given in relation to the share is included in assessable income in the year of income in which the cessation time occurs, in accordance with subsection 139B(3).

52. The cessation time will be determined in accordance with subsection 139CA(2) and will be the earliest of:

- the time when the participating employee disposes of the share;
- the time when any restriction preventing the disposal of the share by the participating employee and any forfeiture conditions cease to have effect;
- the time when the participating employee ceases to be employed by either their employer (being their employer at the time they acquired the share) or a group company, pursuant to subsection 139CA(3); or
- the end of the ten year period starting when the participating employee acquired the share.

Rollover provisions

53. Subdivision DA of Division 13A, which came into effect from 1 April 2005, was implemented to provide relief in the event of a corporate takeover or restructure occurring on or after 1 July 2004.

54. Where these provisions apply, shares acquired in a new company as a result of a 100% takeover or a restructure, are treated as if they are a continuation of the shares in the old company.

The effect of a takeover or restructure on an employee share scheme

55. The rollover provisions are intended to apply to 100% takeovers and restructures of companies that have employee share schemes.

56. Relevantly, a 100% takeover is defined in section 139GCB as an arrangement that is intended to result in the company becoming a 100% subsidiary of the other company, or of a holding company or subsidiary of the other company.

57. It is accepted that as the implementation of the scheme of arrangement resulted in Tattersall's holding all of the shares in UNiTAB, the arrangement satisfies the above definition and is a 100% takeover within the meaning of section 139GCB.

58. Section 139DQ sets out in the first instant the circumstances to which the rollover provisions will apply. In this case the relevant requirements are that:

(a) an employee acquires a share in a new company;

(b) that share can reasonably be regarded as matching a share in another company (the old company);

(c) the share in the old company was acquired under an employee share scheme;

(d) the acquisition of the share in the new company occurs in connection with a 100% takeover of the old company; and

(e) as a result of the takeover the employee ceased to hold shares in the old company.

59. For the purposes of paragraph 58(a) of this Ruling, a participating employee who held a Plan share prior to the takeover and who acquired a Tattersall's share under the scheme of arrangement (under the All Shares Option or the Fixed Proportion Cash Option), acquired a share in a new company.

60. For the purposes of paragraph 58(b) of this Ruling, in determining whether a share can reasonably be regarded as matching a share in another company, the note to subsection 139DQ(1) provides that one of the factors to consider is the respective market values of the old shares and the new shares. The Explanatory Memorandum to the Tax Laws Amendment (2004 Measures No. 7) Bill (the EM) that introduced the rollover provisions provides further guidance on this issue when it states at paragraph 3.14:

> Matching shares or rights should be no more than that which is required to place the employee in the same position financially as if the restructure had not occurred.

Further, in paragraph 3.19 of the EM it states that:

> The attributes of the shares or rights immediately before the restructure need to be the same, or substantially the same, immediately after the restructure.

61. In the Explanatory Memorandum to the merger, a statement attributed to the directors of UNiTAB indicates that the merger was intended to be a merger of equals and that neither shareholders would pay a premium. Further, the applicant has advised that the Tattersall's shares that participating employees received under the scheme of arrangement, are ordinary voting shares and have the same attributes or rights attaching to them as the ordinary UNiTAB shares that were acquired under the Plan.

62. Therefore, it is accepted that for the purposes of section 139DQ, to the extent that Tattersall's shares (under the All Shares Option or the Fixed Proportion Cash Option) were received under the scheme of arrangement, such shares are regarded as matching shares in UNiTAB (the old company in terms of subparagraph 139DQ(1)(a)(i)).

63. Further, the Plan shares (being qualifying shares) were acquired under an employee share scheme as defined, thus satisfying paragraph 58(c) of this Ruling.

64. For the purposes of paragraph 58(d) of this Ruling, the acquisition of the shares in Tattersall's occurred as a result of the scheme of arrangement, which resulted in a 100% takeover as defined in section 139GCB.

65. As a result of the scheme of arrangement, participating employees ceased to hold shares in UNiTAB (the old company), thus satisfying paragraph 58(e) of this Ruling.

Conditions for continuation of shares

66. Section 139DQ also provides that the treatment of matching shares as a continuation of shares in the old company is subject to the conditions in section 139DR.

67. Section 139DR sets out the following conditions that must be met before matching shares will be treated (for the purposes of Division 13A) as being a continuation of shares in the old company:

- the employee must have held shares in the old company under an employee share scheme immediately before the takeover;
- where the employee has not made an election under section 139E in relation to shares in the old company, the employee, at or about the time they acquire the matching shares, must be employed by the new company, a holding company of the new company or a subsidiary of either the new company or a holding company of the new company;
- the matching shares must be ordinary shares; and
- at the time of acquiring the matching shares the employee:
  - must not hold a legal or beneficial interest in more than 5% of the shares of the new company; and
  - must not be in a position to cast or control more than 5% of the votes at a general meeting of the new company.

68. As to the first condition, the class of entities (as described in paragraph 3 of this Ruling) being participating employees, have acquired Plan shares and held those shares immediately prior to the implementation of the scheme of arrangement.

69. For the purposes of the second condition, where a participating employee had not made a section 139E election, at or about the time they received matching Tattersall's shares under the scheme of arrangement, they must have been employed by Tattersall's, a holding company of Tattersall's, a subsidiary of Tattersall's or a subsidiary of a holding company of Tattersall's. As the applicant has advised that participating employees did not cease employment with the merged entity as a consequence of the scheme of arrangement, it is accepted that the second condition is satisfied.

70. As to the third condition, the applicant has advised that shares in Tattersall's (the matching shares) are ordinary shares.

71. In relation to the fourth condition, the applicant has advised that at the time participating employees acquired their matching shares no participating employees held a legal or beneficial interest in more than 5% of the shares of Tattersall's or were in a position to cast or control more than 5% of the votes at a general meeting of Tattersall's.

72. In summary, it is accepted that the circumstances described in section 139DQ are present and the conditions set out in section 139DR are met. Therefore, the acquisition by a participating employee of matching shares in Tattersall's as a consequence of the merger are treated as if they are a continuation of the UNiTAB (Plan) shares for the purposes of Division 13A.

Capital gains tax

73. Subdivision 130-D of the ITAA 1997 deals with the CGT implications for taxpayers involved in employee share schemes as defined in Division 13A.

74. Where a participating employee, who did not make an election under section 139E, held Plan shares immediately before the implementation of the scheme of arrangement, and as a result of the scheme of arrangement acquired matching Tattersall's shares, the Tattersall's shares are treated as if they are a continuation of the Plan shares for the purposes of section 139DQ.

75. Therefore, for the purposes of subsection 130-83(1A) of the ITAA 1997, where a CGT event such as a disposal, happens in relation to the Plan shares, any capital gain or loss from that CGT event is disregarded. The Tattersalls' shares retain the same CGT cost base treatment as the Plan shares.

Appendix 2 – Detailed contents list

76. The following is a detailed contents list for this Ruling:

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References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

CR 2003/28; CR 2007/33

Subject references:

- capital gains tax
- capital proceeds
- cessation time
- CGT event
- cost base
- employee share scheme
- election
- exemption conditions
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- roll-over relief
- scrip for scrip roll-over
- takeover

Legislative references:

- ITAA 1936 Pt lll Div 13A
- ITAA 1936 Pt lll Div 13A Subdiv B
- ITAA 1936 139B(3)
- ITAA 1936 139BA
- ITAA 1936 139BA(2)
- ITAA 1936 Pt lll Div 13A Subdiv C
- ITAA 1936 139C
- ITAA 1936 139CA(2)
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- ITAA 1936 139CE
- ITAA 1936 139CE(3)
- ITAA 1936 139CE(4)
- ITAA 1936 139CE(5)
- ITAA 1936 139CE(3A)
- ITAA 1936 Pt III Div 13A Subdiv DA
- ITAA 1936 139DQ
- ITAA 1936 139DQ(1)
- ITAA 1936 139DQ(1)(a)(i)
- ITAA 1936 139DR
- ITAA 1936 139E
- ITAA 1936 Pt III Div 13A Subdiv F
- ITAA 1936 139GF
- ITAA 1936 139GCB
- ITAA 1997 Subdiv 124M
- ITAA 1997 124M
- ITAA 1997 124-780
- ITAA 1997 124-780(3)(d)
- ITAA 1997 124-785(2)
- ITAA 1997 Subdiv 130-D
- ITAA 1997 130-80
- ITAA 1997 130-80(2)
- ITAA 1997 130-83
- ITAA 1997 130-83(1A)
- TAA 1953
- TAA 1953 Sch 1 357-75(1)
- Copyright Act 1968

Other references:

- Explanatory Memorandum to the Tax Laws Amendment (2004 Measures No. 7) Bill 2005

ATO references

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