



CR 2025/30 - Bravura Solutions Limited - adjustment to employee options

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 This document has changed over time. This is a consolidated version of the ruling which was published on 9 May 2025



Status: **legally binding**

Class Ruling

Bravura Solutions Limited – adjustment to employee options

❗ 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 of the adjustment made to the terms of the options to purchase Bravura Solutions Limited (Bravura) shares provided in the year ending 30 June 2024 (Options) to employees under the Bravura Solutions Limited Employee Incentive Plan (Plan).
2. Details of this scheme are set out in paragraphs 11 to 21 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 an employee, director or senior manager of Bravura who acquired Options under the Plan in the year ending 30 June 2024
 - the terms of your Options were adjusted as described in the scheme outlined in paragraphs 11 to 21 of this Ruling
 - you are an Australian resident within the meaning of subsection 6(1) of the *Income Tax Assessment Act 1936* from the time the Options were granted to you to the date of the proposed adjustment to the Options offer, and
 - you are not a temporary resident as defined in subsection 995-1(1).

Status: **legally binding**

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 11 to 21 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 2024 to 30 June 2025.

Ruling

CGT event A1

7. CGT event A1 did not happen because the adjustment made to the terms of the Options did not result in the disposal of a CGT asset (subsection 104-10(1)).

CGT event C2

8. CGT event C2 did not happen because the adjustment made to the terms of the Options did not cause the ownership of an intangible CGT asset to end (subsection 104-25(1)).

CGT event H2

9. CGT event H2 happened when the adjustment was made to the terms of the Options as the adjustment is an act, transaction or event which occurs in relation to the Options that does not result in an adjustment to the cost base or reduced cost base (subsections 104-155(1) and (2)).

10. However, you did not make a capital gain or a capital loss from CGT event H2 happening as there are no capital proceeds or incidental costs incurred from this adjustment (subsection 104-155(3) and subsection 116-20(2)), and there are no relevant modifications under CGT event H2 (section 116-25).

Scheme

11. The following description of the scheme is based on information provided by the applicant. If the scheme was not carried out as described, this Ruling cannot be relied upon.

Bravura Solutions Limited

12. Bravura is a provider of software and software as a service to the wealth management and funds administration industries. Bravura derives revenue through long-term client contracts to provide software and software as a service to its clients.

Status: **legally binding**

Bravura Solutions Limited Employee Incentive Plan

13. Bravura established the Plan to reward its employees for creating value for its shareholders.

14. Under the Plan, Bravura group employees, directors, and persons determined to be eligible by Bravura's board of directors (Eligible Employees) are invited to receive certain types of equity instruments.

15. During the year ending 30 June 2024, Bravura granted the Options to certain Eligible Employees for consideration.

16. Under the terms of the Options offer, each Option:

- has an exercise price per Option
- has a vesting period specified in the offer
- entitles the Eligible Employee to receive one fully paid ordinary share in Bravura by way of issue of a new share or transfer of an existing share upon vesting and exercise of each Option
- does not carry any dividend or distribution rights, shareholder rights, or any voting rights
- is subject to a service-based vesting condition to remain employed with Bravura up until the relevant vesting date (unless a good leaver)
- is subject to performance-based vesting conditions linked to Bravura's share price
- is subject to certain dealing restrictions (such as hedging or borrowing arrangements), and
- lapses on the occurrence of the following events, including
 - the Options expiring
 - the vested Options not being exercised by the end date specified in each offer
 - where the Eligible Employee notifies Bravura in writing of their election to surrender the Options granted to them, or
 - on the occurrence of certain specified events outlined in the Options offer.

17. The Plan and the conditions of the Options allows Bravura to adjust the terms of the Options to minimise or eliminate any material advantage or disadvantage caused to them resulting from a corporate action or capital reconstruction of Bravura, including a return of capital.

Return of capital

18. In January 2025, Bravura completed a return of capital where \$0.163 was returned to Bravura shareholders for each Bravura ordinary share held on 22 January 2025.

19. Eligible Employees who were Option holders in Bravura were not eligible to participate in the return of capital.

Status: **legally binding**

Adjustment to the terms of the Options

20. The return of capital to shareholders reduced the total equity value of Bravura, so Bravura adjusted the terms of the Options to ensure that the Eligible Employees did not suffer a material detriment accordingly, as allowed for in the Option conditions.

21. Specifically, Bravura decreased the exercise price for each Option by the same amount returned to Bravura shareholders for each ordinary share held (that is, \$0.163).

Commissioner of Taxation

30 April 2025

Status: **not legally binding**

References

Related rulings and determinations:

CR 2025/9

- ITAA 1997 104-155(1)
- ITAA 1997 104-155(2)
- ITAA 1997 104-155(3)
- ITAA 1997 116-20(2)
- ITAA 1997 116-25
- ITAA 1997 Div 230
- ITAA 1997 995-1(1)

Legislative references:

- ITAA 1936 6(1)
- ITAA 1997 104-10(1)
- ITAA 1997 104-25(1)

ATO references

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ATOlaw topic: Capital gains tax ~~ CGT events ~~ H1 to H2 – special capital receipts

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