

CR 2025/67 - Platinum Asia Investments Limited - disposal of shares and special dividend



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Class Ruling

Platinum Asia Investments Limited – disposal of shares and special dividend

❶ 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.

(Note: This is a consolidated version of this document. Refer to the ATO Legal database (ato.gov.au/law) to check its currency and to view the details of all changes.)

Table of Contents	Paragraph
What this Ruling is about	1
Who this Ruling applies to	4
When this Ruling applies	7
Ruling	8
Scheme	43

What this Ruling is about

1. This Ruling sets out the income tax consequences for the holders of ordinary shares in Platinum Asia Investments Limited (PAI) in relation to the payment of a special dividend by PAI on 12 September 2025 (Special Dividend) and the acquisition of all the ordinary shares in PAI by the trustee of Platinum Asia Fund (Quoted Managed Hedge Fund) (PAXX) which was implemented on 25 August 2025 (the Implementation Date).
2. Details of this scheme are set out in paragraphs 43 to 73 of this Ruling.
3. All legislative references are to the *Income Tax Assessment Act 1997*, unless otherwise indicated.

Who this Ruling applies to

4. This Ruling applies to you if you:
 - were registered as a holder of an ordinary share in PAI on the PAI share register on 20 August 2025 (the Scheme Record Date)
 - were either
 - a ‘resident of Australia’ (as defined in subsection 6(1) of the *Income Tax Assessment Act 1936* (ITAA 1936)) and not a ‘temporary resident’ (as defined in subsection 995-1(1)), or
 - a ‘non-resident’ (as defined in subsection 6(1) of the ITAA 1936) other than a non-resident who carries on a business, at or through a permanent establishment, in Australia

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- held your PAI shares on capital account – that is, your PAI shares were neither held as ‘revenue assets’ (as defined in section 977-50) nor as ‘trading stock’ (as defined in subsection 995-1(1)), and
 - received the Special Dividend which was paid by PAI on 12 September 2025 to you if you were registered as a holder of an ordinary share in PAI on the PAI share register on 19 August 2025 (the Special Dividend Record Date).
5. Paragraphs 8 to 30 of this Ruling also apply to you if the Special Dividend flows to you indirectly through a partnership or trust.
6. This Ruling does not apply to you if you are:
- an exempt entity (as defined in subsection 995-1(1))
 - an insurance company
 - subject to the investment manager regime in Subdivision 842-I
 - under a legal disability, or
 - subject to the taxation of financial arrangements rules in Division 230 in relation to the scheme described in paragraphs 43 to 73 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

7. This Ruling applies from 1 July 2025 to 30 June 2026.

Ruling

Special Dividend included in assessable income of Australian resident shareholders

8. The Special Dividend is a ‘dividend’ as defined in subsection 6(1) of the ITAA 1936.
9. The Special Dividend is a ‘frankable distribution’ as defined in section 202-40.
10. If you are a resident of Australia and you received the Special Dividend, your assessable income for the income year in which you received the Special Dividend includes 20.106 cents in respect of each PAI share (subparagraph 44(1)(a)(i) of the ITAA 1936).
11. Additionally, in the income year in which you received the Special Dividend (subject to you being a ‘qualified person’ in relation to the Special Dividend), if you are not a partnership or trustee of a trust to whom a franked distribution is made (except a corporate tax entity or a trustee of a trust that is a complying superannuation entity), and if you are not an entity to whom a franked distribution flows indirectly, you will:
- have to include the franking credit on the Special Dividend in your assessable income (subsection 207-20(1)), and
 - be entitled to a tax offset equal to the franking credit on the Special Dividend (subsection 207-20(2)).
12. If you received the Special Dividend as a partnership or as the trustee of a trust (and if you are not a corporate tax entity or a complying superannuation entity), and if you

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are a qualified person in relation to the Special Dividend, your assessable income includes the franking credit on the Special Dividend (subsection 207-35(1)).

13. If you are a resident of Australia and the Special Dividend flows to you indirectly as a partner in a partnership or as a beneficiary of a trust, in the income year in which the Special Dividend flows indirectly to you, you will:

- have to include your share of the net income of the partnership (worked out under Division 5 of Part III of the ITAA 1936) or the net income of the trust (worked out under Division 6 of Part III of the ITAA 1936) in your assessable income
- have to include your share of the franking credit on the Special Dividend in your assessable income (subsections 207-35(3) and (4) and section 207-37), provided both you and the partnership or trust (as relevant) are each a 'qualified person' (former subsection 160APHU(1) of the ITAA 1936), and
- be entitled to a tax offset equal to your share of the franking credit on the Special Dividend (section 207-45), provided both you and the partnership or trust (as relevant) are each a 'qualified person' (former subsection 160APHU(1) of the ITAA 1936).

14. Your entitlement to the franking credit tax offset under Division 207 in relation to the Special Dividend is subject to the refundable tax offset rules in Division 67, provided you are not excluded by the operation of section 67-25.

Qualified person

15. Paragraph 207-145(1)(a) refers to Division 1A of former Part IIIAA of the ITAA 1936, which contains the conditions you must satisfy to be a 'qualified person' in relation to a franked distribution you have received.

16. The main way in which you can be a 'qualified person' is by satisfying the holding period rule.

17. Paragraph 207-150(1)(a) applies in a corresponding way to a franked distribution which flows indirectly to you through a partnership or trust.

18. The Special Dividend constitutes a 'related payment' for the purposes of former section 160APHN of the ITAA 1936. This is because the Scheme Consideration paid by the trustee of PAXX for acquiring the PAI shares is reduced by the amount of the Special Dividend. This reduction has the effect of passing the benefit of the Special Dividend from the shareholders of PAI to the trustee of PAXX (former subsection 160APHN(2), former paragraph 160APHN(3)(f) and former paragraphs 160APHN(4)(c) and (d) of the ITAA 1936).

19. Therefore, you are taken to have made a related payment in respect of the Special Dividend.

20. You will satisfy the holding period rule in relation to the Special Dividend if you held your PAI shares (or your interest in PAI shares held through a partnership or trust, as defined in former section 160APHG of the ITAA 1936) for a continuous period of at least 45 days during the secondary qualification period for the Special Dividend (former paragraph 160APHO(1)(b) and former subsection 160APHO(2) of the ITAA 1936).

21. The secondary qualification period begins on the 45th day before, and ends on the 45th day after, the day on which the shares became ex dividend (former section 160APHD of the ITAA 1936).

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22. Former subsection 160APHE(1) of the ITAA 1936 states that a share in respect of which a dividend is to be paid, or an interest in such a share, becomes ex dividend on the day after the last day on which the acquisition by a person of the share will entitle the person to receive the dividend.

23. The last day on which your acquisition of a PAI share (or an interest in a PAI share) will entitle you to receive the Special Dividend was 19 August 2025 (the Special Dividend Record Date). Therefore, the PAI shares (or an interest in PAI shares) became ex dividend on 20 August 2025.

24. You will satisfy the holding period rule in relation to the Special Dividend if, during the period from 6 July 2025 to 4 October 2025 (inclusive), you held each of your PAI shares or your interest in PAI shares for a continuous period of at least 45 days (not counting the day on which you acquired the PAI share or interest, or the day on which you disposed of the PAI share or interest, and not counting the days, if any, on which you had 'materially diminished risks of loss or opportunities for gain' (as defined in former section 160APHM of the ITAA 1936) in respect of the PAI share or interest).

25. You had materially diminished risks of loss or opportunities for gain on and after 20 August 2025 (the Scheme Record Date), when you became committed to disposing of your shares in PAI in exchange for the Scheme Consideration. Therefore, the secondary qualification period for the Special Dividend effectively ended on 19 August 2025. Accordingly, the secondary qualification period is the period from 6 July 2025 to 19 August 2025 (inclusive).

Integrity rules in relation to franking credits

26. 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 benefits you received in relation to the Special Dividend. This is because it cannot be concluded that PAI or the shareholders of PAI entered into or carried out the scheme for a more than incidental purpose of enabling the shareholders of PAI to obtain an imputation benefit, and accordingly the purpose requirement in paragraph 177EA(3)(e) of the ITAA 1936 is not satisfied.

27. As there is no streaming of distributions, the Commissioner will not make a determination under subsection 204-30(3) to deny the whole, or any part, of the imputation benefits you received in relation to the Special Dividend.

28. Section 207-145 will not apply to the whole, or any part, of the Special Dividend.

Special Dividend paid to non-resident shareholders if the Special Dividend is not attributable to a permanent establishment in Australia

29. If you are a non-resident and you received the Special Dividend, and the Special Dividend is not attributable to a permanent establishment in Australia, the Special Dividend will not be included in your assessable income to the extent that it is franked. Specifically:

- the Special Dividend will constitute non-assessable non-exempt income to the extent that it is franked (section 128D of the ITAA 1936)
- you are not liable for dividend withholding tax on the Special Dividend to the extent that it is franked (subparagraph 128B(3)(ga)(i) of the ITAA 1936), and

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- you do not include the franking credit on the Special Dividend in your assessable income and you are not entitled to a tax offset for the franking credit on the Special Dividend (sections 207-20 and 207-70).

30. If you are a non-resident and you received the Special Dividend, and the Special Dividend is not attributable to a permanent establishment in Australia, the unfranked part of the Special Dividend will not be included in your assessable income because dividend withholding tax is payable on the unfranked part. Specifically:

- the unfranked part of the Special Dividend will constitute non-assessable non-exempt income because dividend withholding tax is payable upon it (section 128D of the ITAA 1936)
- you are liable for dividend withholding tax on the unfranked part of the Special Dividend (subsection 128B(1) of the ITAA 1936) (which amount of tax PAI must withhold and pay to the Commissioner under Subdivision 12-F and Division 16 of Schedule 1 to the *Taxation Administration Act 1953*), and
- the withholding tax rate is 30% (subsection 128B(4) of the ITAA 1936 and paragraph 7(a) of the *Income Tax (Dividends, Interest and Royalties Withholding Tax) Act 1974*), unless reduced by an applicable tax treaty (section 4 and subsection 17A(1) of the *International Tax Agreements Act 1953*).

Capital gains tax consequences

CGT event A1 happened on the disposal of shares in Platinum Asia Investments Limited

31. CGT event A1 happened when you disposed of your PAI shares to the trustee of PAXX (section 104-10).

32. The time of CGT event A1 was the Implementation Date of 25 August 2025 (paragraph 104-10(3)(b)).

33. The capital proceeds for disposing of each of your PAI shares consisted of the market value of 0.1818 of a PAXX unit (Scheme Consideration) (paragraph 116-20(1)(b)). The market value of PAXX units is worked out as at the time of CGT event A1.

34. The capital proceeds do not include the Special Dividend as it was not paid in respect of CGT event A1 happening to your PAI shares.

35. You made a capital gain if the capital proceeds from disposing of each of your PAI shares exceed its cost base at the time of CGT event A1 (subsection 104-10(4)). The capital gain is the amount of the excess.

36. You made a capital loss if the capital proceeds from disposing of each of your PAI shares are less than its reduced cost base at the time of CGT event A1 (subsection 104-10(4)). The capital loss is the amount of the difference.

37. If you made a capital gain on disposal of your PAI shares, you can treat the capital gain as a 'discount capital gain' provided that:

- you are an individual, a complying superannuation entity or a trust (section 115-10)
- the capital gain was worked out using a cost base that was calculated without reference to indexation at any time (subsection 115-20(1)) (which

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- will be satisfied because PAI shares could only have been acquired after PAI was incorporated in 2015, making it impossible to satisfy section 114-1)
- you held your PAI shares for at least 12 months before the Implementation Date (excluding the day on which you acquired your PAI shares and the Implementation Date) of 25 August 2025 (subsection 115-25(1)), and
- the other conditions of Subdivision 115-A are met.

Foreign resident shareholders generally disregard a capital gain or capital loss

38. You must disregard a capital gain or capital loss you made from CGT event A1 happening when you disposed of your PAI shares to the trustee of PAXX (section 855-10) if:

- you were a foreign resident, or the trustee of a foreign trust for CGT purposes, just before the Implementation Date, and
- your PAI shares were not 'taxable Australian property' (as defined in section 855-15).

39. Your PAI shares were taxable Australian property if they were either:

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

Cost base and reduced cost base of units in Platinum Asia Fund (Quoted Managed Hedge Fund)

40. The first element of the cost base and reduced cost base of a unit in PAXX that you received is equal to the market value of the PAI shares you gave in respect of acquiring the PAXX unit (subsections 110-25(2) and 110-55(2)).

41. The market value of the PAI shares you gave is to be worked out as at the time when you acquired the PAXX unit.

Acquisition date of units in Platinum Asia Fund (Quoted Managed Hedge Fund)

42. The acquisition date of the PAXX units is the date on which those units were issued to you, being the Implementation Date of 25 August 2025 (table item 3 of section 109-10).

Scheme

43. The following 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.

Platinum Asia Investments Limited

44. PAI is a company that was incorporated in Australia on 24 June 2015.

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45. PAI was listed on the Australian Securities Exchange (ASX) on 21 September 2015. The ordinary shares in PAI traded under the ASX code 'PAI'.
46. The business of PAI consists of investing in the shares of companies in Asia (excluding Japan) for income and long-term capital growth.
47. PAI has one class of shares on issue. On the Implementation Date, there were 370,218,528 PAI ordinary shares on issue.
48. For the purposes of section 855-30, the sum of the market values of the assets of PAI that were 'taxable Australian real property' (as defined in section 855-20) on the Implementation Date did not exceed the sum of the market values of the assets of PAI that were not 'taxable Australian real property' on the Implementation Date.

Special Dividend

49. On 16 July 2025, the directors of PAI determined the Special Dividend to be paid to shareholders who held PAI shares on 19 August 2025 (the Special Dividend Record Date).
50. The Special Dividend of 20.106 cents in respect of each PAI share was partly franked. The Special Dividend was franked to 91.51%.
51. The Special Dividend was debited against PAI's retained earnings account.
52. The Special Dividend was paid on 12 September 2025.

Platinum Asia Fund (Quoted Managed Hedge Fund)

53. PAXX is a unit trust.
54. PAXX is a registered managed investment scheme under Chapter 5C of the *Corporations Act 2001* (Corporations Act).
55. The trustee and responsible entity of PAXX is Platinum Investment Management Limited (a company incorporated in Australia).
56. PAXX was listed on the ASX on 14 September 2017. The units in PAXX trade under the ASX code 'PAXX'.
57. The trustee of PAXX primarily invests in P Class units in the Platinum Asia Fund (an unlisted unit trust which is a registered management investment scheme under Chapter 5C of the Corporations Act). This unit holding gives the trustee of PAXX an indirect interest in the shares owned by the trustee of the Platinum Asia Fund.
58. Platinum Investment Management Limited is also the trustee and responsible entity of the Platinum Asia Fund.

Scheme of arrangement – acquisition of shares in Platinum Asia Investments Limited by the trustee of Platinum Asia Fund (Quoted Managed Hedge Fund)

59. On 1 October 2024, PAI and the trustee of PAXX entered into a Scheme Implementation Deed. Under the Deed, PAI agreed to propose that PAI and the shareholders of PAI enter into a scheme of arrangement under Part 5.1 of the Corporations Act pursuant to which the trustee of PAXX would acquire all of the ordinary shares in PAI.

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60. On 12 August 2025, a resolution in favour of the scheme of arrangement was passed by the shareholders of PAI as required by subparagraph 411(4)(a)(ii) of the Corporations Act.
61. On 15 August 2025, the scheme of arrangement was approved by the Federal Court of Australia under paragraph 411(4)(b) of the Corporations Act.
62. On the Implementation Date (25 August 2025), the trustee of PAXX acquired all of the shares in PAI.
63. Under the scheme of arrangement, the shareholders of PAI as at the Scheme Record Date (20 August 2025) received the Scheme Consideration for each share in PAI on the Implementation Date.
64. The Scheme Consideration was 0.1818 of a unit in PAXX for each share in PAI.
65. The market value of 0.1818 of a unit in PAXX as at the Implementation Date was 99 cents.
66. As the Scheme Consideration was calculated on the basis of the net tangible asset value of PAI, PAI's obligation to pay the Special Dividend (even though it was paid after the Implementation Date) reduced the Scheme Consideration.
67. The shares in PAI were suspended from trading on the ASX from the close of trading on 18 August 2025.
68. On 25 August 2025, PAI was removed from the official list of the ASX.

Other information

69. The Special Dividend was paid at the discretion of the directors of PAI. Neither the trustee of PAXX nor any of its associates had any influence or control over the payment of the Special Dividend.
70. Neither the trustee of PAXX nor any of its associates funded, or were in any way connected to the funding of, the Special Dividend.
71. The following facts are relevant for the purposes of section 207-159:
- PAI has never paid a dividend of more than 6 cents per ordinary share.
 - PAI has raised share capital under a long-standing dividend reinvestment plan and through the exercise of options in 2024, but expended the money it obtained in acquiring investments and paying operating expenses.
 - After the Special Dividend is paid by PAI, the trustee of PAXX will not raise capital in order to replenish the money expended by PAI in paying the Special Dividend.
72. PAI was not an exempting entity (section 208-20) or a former exempting entity (section 208-50) at the time when it paid the Special Dividend.

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73. The following table is a summary of the key dates for the Special Dividend and the scheme of arrangement.

Table 1: Key dates for Special Dividend and the scheme of arrangement

Event	Date
Scheme Implementation Deed executed	1 October 2024
First court hearing	7 July 2025
Date of scheme booklet	11 July 2025
Scheme meeting	12 August 2025
Second court hearing to approve the scheme	15 August 2025
Effective date of the scheme	18 August 2025
Special Dividend Record Date	19 August 2025
Scheme Record Date	20 August 2025
Implementation Date	25 August 2025
Special Dividend payment date	12 September 2025

Commissioner of Taxation

1 October 2025

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References

Related rulings and determinations:

TD 2002/4; TD 2002/10; TR 2006/10;
TR 2010/4

Legislative references:

- ITAA 1936 6(1)
- ITAA 1936 44(1)(a)(i)
- ITAA 1936 Pt III Div 5
- ITAA 1936 Pt III Div 6
- ITAA 1936 former Pt IIIAA Div 1A
- ITAA 1936 128B(1)
- ITAA 1936 128B(3)(ga)(i)
- ITAA 1936 128B(4)
- ITAA 1936 128D
- ITAA 1936 177EA(3)(e)
- ITAA 1936 177EA(5)(b)
- ITAA 1936 former 160APHD
- ITAA 1936 former 160APHE(1)
- ITAA 1936 former 160APHG
- ITAA 1936 former 160APHM
- ITAA 1936 former 160APHN
- ITAA 1936 former 160APHN(2)
- ITAA 1936 former 160APHN(3)(f)
- ITAA 1936 former 160APHN(4)(c)
- ITAA 1936 former 160APHN(4)(d)
- ITAA 1936 former 160APHO(1)(b)
- ITAA 1936 former 160APHO(2)
- ITAA 1936 former 160APHU(1)
- ITAA 1997 Div 67
- ITAA 1997 67-25
- ITAA 1997 104-10
- ITAA 1997 104-10(3)(b)
- ITAA 1997 104-10(4)
- ITAA 1997 104-165(3)
- ITAA 1997 109-10
- ITAA 1997 110-25(2)
- ITAA 1997 110-55(2)
- ITAA 1997 114-1
- ITAA 1997 Subdiv 115-A
- ITAA 1997 115-10
- ITAA 1997 115-20(1)
- ITAA 1997 115-25(1)
- ITAA 1997 116-20(1)(b)
- ITAA 1997 202-40
- ITAA 1997 204-30(3)
- ITAA 1997 Div 207
- ITAA 1997 207-20
- ITAA 1997 207-20(1)
- ITAA 1997 207-20(2)
- ITAA 1997 207-35(1)
- ITAA 1997 207-35(3)
- ITAA 1997 207-35(4)
- ITAA 1997 207-37
- ITAA 1997 207-45
- ITAA 1997 207-70
- ITAA 1997 207-145
- ITAA 1997 207-145(1)(a)
- ITAA 1997 207-150(1)(a)
- ITAA 1997 207-159
- ITAA 1997 208-20
- ITAA 1997 208-50
- ITAA 1997 Div 230
- ITAA 1997 Subdiv 842-I
- ITAA 1997 855-10
- ITAA 1997 855-15
- ITAA 1997 855-20
- ITAA 1997 855-30
- ITAA 1997 977-50
- ITAA 1997 995-1(1)
- Corporations Act 2001 Pt 5.1
- Corporations Act 2001 Pt 5C
- Corporations Act 2001 411(4)(a)(ii)
- Corporations Act 2001 411(4)(b)
- TAA 1953 Sch 1 Subdiv 12-F
- TAA 1953 Sch 1 Div 16
- Income Tax (Dividends, Interest and Royalties Withholding Tax) Act 1974 7(a)
- International Tax Agreements Act 1953 4
- International Tax Agreements Act 1953 17A(1)

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