

CR 2002/81A2 - Addendum - Income tax: capital gains: demerger roll-over relief for shareholders: demerger of WMC Ltd

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Addendum

Class Ruling Income tax: capital gains: demerger roll-over relief for shareholders: demerger of WMC Ltd

This addendum amends Class Ruling CR 2002/81 to reflect changes to the arrangement which is the subject of CR 2002/81. These changes need to be incorporated into the description of the arrangement but do not affect the ultimate tax result.

Under these changes, WMC (Mineral Sands) Ltd, a 100% subsidiary of WMC Ltd ('WMC'), acquired the Corridor Sands Project prior to the demerger of WMC Resources Ltd ('WMCRI'). Paragraphs 10, 12(v) and 12(vi) are accordingly amended as follows:

- insert at the end of **paragraph 10** a new dot point reading 'Letter dated 25 November 2002 from Deloitte';
- insert at the end of **paragraph 12(v)**:

Pursuant to a sale agreement in relation to the acquisition of the Corridor Sands Project by WMC (Mineral Sands) Ltd (a 100% subsidiary of WMC) prior to the demerger, WMC issued 14,080,604 ordinary shares to a trust for the benefit of Southern Mining Corporation Limited (South Africa), the owner of the entity containing the Corridor Sands Project. As WMC (Mineral Sands) Ltd is held by WMCRI, the asset constituted by the Corridor Sands Project will also be transferred to WMCRI in connection with the Share Scheme.
- in the penultimate paragraph of **paragraph 12(vi)** delete the word 'currently', and after the word 'issue', insert the words '...at the Scheme Booklet issue date'.

As a result of issuing the additional 14,080,604 ordinary shares to acquire the Corridor Sands Project the amounts by which WMC will account for the distribution to shareholders have changed. The ruling is accordingly amended as follows:

- In **paragraph 12(vi), step (vi) of the diagrammatic representation and paragraph 36** replace the reference to the amount debited to the share capital account of WMC of \$3.098 billion with \$3.137 billion.

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- In **paragraph 12(v), paragraph 12(vi) and step (vi) of the diagrammatic representation** replace the reference to the amount debited to the retained earnings of WMC of \$0.810 billion with \$0.820 billion.
- In **paragraph 12(vi), step (vii) of the diagrammatic representation and paragraph 43** replace the reference to the amount credited to Investment in WMCR (also referred to as the “enabling distribution”) of \$3.908 billion with \$3.957 billion.

As a result of the acquisition of the Corridor Sands Project the market value of the WMCR shares has also changed. The ruling is accordingly further amended as follows:

- In **paragraph 43** replace the reference to \$4.714 bn with \$4.838 bn.
- In **paragraphs 12(vi) and 43** replace the reference to \$0.806 bn with \$0.881 bn.

Commissioner of Taxation

18 December 2002

ATO References

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