


CR 2021/61 - Metcash Limited - off-market share buy-back

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Class Ruling

Metcash Limited – off-market share buy-back

❶ Relying on this Ruling

This publication (excluding appendixes) 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 Metcash Limited (Metcash) who participated in the Metcash off-market share buy-back (Buy-Back) announced on 28 June 2021.
2. Full details of the Buy-Back are set out in paragraphs 36 to 53 of this Ruling.
3. All legislative references in this Ruling are to provisions of the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997* (as detailed in the table in Appendix 2 of this Ruling).

Who this Ruling applies to

4. This Ruling applies to you if you held shares in Metcash and sold some or all of those shares under the Buy-Back.
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 36 to 53 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 2021 to 30 June 2022.

Ruling**Off-market share buy-back**

7. The Buy-Back is an off-market purchase for the purposes of section 159GZZZK.

The Dividend Component

8. You are taken to have been paid a dividend of \$2.67 (Dividend Component) on 16 August 2021 for each Metcash share you sold in the Buy-Back (section 159GZZZP).

9. The Dividend Component is a frankable distribution pursuant to section 202-40 and is capable of being franked in accordance with section 202-5.

10. The difference between the Buy-Back price of \$3.52 and the Dividend Component (Capital Component) is not taken to be a dividend (subsection 159GZZZP(2)).

Assessability of the Dividend Component and tax offset***Direct distributions***

11. If you are a resident individual, a resident corporate shareholder or the trustee of a resident complying superannuation fund who participated in the Buy-Back, your assessable income for the income year in which the Buy-Back occurred includes:

- the Dividend Component per Metcash share, and
- subject to the 'qualified person' rules (see paragraph 30 of this Ruling), the amount of franking credits attached to the Dividend Component (subsections 44(1) and 207-20(1)).

12. You will be entitled to a tax offset equal to the amount of the franking credits attached to the Dividend Component, subject to the qualified person rules (subsection 207-20(2)).

Indirect distributions***Partnerships***

13. If you are a partnership, your assessable income in the income year in which the Buy-Back occurred for the purposes of calculating the net income of the partnership includes:

- the Dividend Component per Metcash share (subsection 44(1) and section 90), and
- subject to the qualified person rules, the amount of franking credits attached to the Dividend Component (subsection 207-35(1) and section 90).

Trusts

14. If you are a trustee of a trust, your assessable income in the income year in which the Buy-Back occurred for the purposes of calculating the net income of the trust includes:

- the Dividend Component per Metcash share (subsections 44(1) and 95(1)), and
- subject to the qualified person rules, the amount of franking credits attached to the Dividend Component (subsections 207-35(1) and 95(1)).

Partners and beneficiaries

15. If you are a partner of a partnership or a beneficiary of a trustee that participated in the Buy-Back and a franked distribution flowed indirectly (within the meaning of Subdivision 207-B) to you, subsections 207-35(3) to (6) set out the circumstances in which you are required to gross up your assessable income for your share of the franking credit on the franked distribution.

16. Where the franked distribution flows indirectly through a trust or partnership to you and you are a resident individual, a resident corporate tax entity (at the time the distribution flows indirectly to it) or a trustee mentioned in paragraphs 207-45(c) or (d), you will (subject to the qualified person rules) be entitled to a tax offset equal to your share of the franking credit on the franked distribution (section 207-45).

Refundable tax offset

17. The franking credit tax offset is subject to the refundable tax offset rules in Division 67 (subsection 67-25(1)). However, certain trustees and corporate tax entities are excluded from the refundable tax offset rules (subsections 67-25(1A) to (1DA)).

Non-residents

18. If you are a non-resident, you are not liable to Australian withholding tax in respect of the Dividend Component because it is fully franked (paragraph 128B(3)(ga)).

Sale consideration

19. You are taken to have received 99 cents (Sale Consideration) for each Metcash share you sold in the Buy-Back on 16 August 2021 (section 159GZZZQ), unless you are a corporate tax entity to which subsections 159GZZZQ(8) and (9) apply.

Capital gains tax consequences

20. You are taken to have disposed of your Metcash shares for capital gains tax (CGT) purposes on 16 August 2021 (CGT event A1 under section 104-10).

21. The Sale Consideration represents the capital proceeds you received for each Metcash share (section 116-20).

22. If you did not hold your Metcash shares through a partnership, you made a capital gain on each share if the Sale Consideration was more than the share's cost base. Alternatively, you made a capital loss if the Sale Consideration was less than the share's reduced cost base (subsection 104-10(4)).

23. Where you made a capital gain, you can treat the capital gain as a 'discounted capital gain' if you have held your Metcash shares since 16 August 2020 and the other conditions of Subdivision 115-A are met.

24. If you held the Metcash shares through a partnership, any capital gain or capital loss will be made by the partners individually (subsection 106-5(2)). Each partner in a partnership has a separate cost base and reduced cost base for the partner's interest in each Metcash share sold in the Buy-Back by the partnership. The partnership would allocate to you an appropriate share of the Sale Consideration which the partnership received for the sale of Metcash shares in the Buy-Back.

Shares held as trading stock

25. If you held your Metcash shares as trading stock (as defined in subsection 995-1(1)) and sold them in the Buy-Back in the ordinary course of your business, the Sale Consideration of 99 cents you received per Metcash share (which may be adjusted under subsection 159GZZZQ(8) if you are a corporate tax entity) is included in your assessable income (subsection 70-80(1)).

26. While CGT event A1 also happened when you sold your Metcash shares in the Buy-Back, any capital gain or capital loss made as a result of selling the shares you held as trading stock, or if you are a partner in a partnership, the shares that your partnership held as trading stock will be disregarded (section 118-25).

Shares held on revenue account

27. If you held your Metcash shares as revenue assets (as defined in section 977-50), and they were not trading stock, the amount by which the Sale Consideration exceeds the cost of each share is included in your assessable income (section 6-5). Correspondingly, if the cost of each share exceeds the Sale Consideration, the difference is an allowable deduction (section 8-1).

28. CGT event A1 also happened when you sold your Metcash shares in the Buy-Back. Where you made a capital gain as a result of selling your Metcash shares in the Buy-Back, you reduce the amount of the capital gain by the amount you otherwise include in your assessable income (section 118-20). The capital gain is reduced to zero if it does not exceed the amount otherwise included in assessable income (subsection 118-20(2)). If the capital gain exceeds the amount otherwise included in assessable income, the capital gain will be reduced by the amount otherwise included in assessable income (subsection 118-20(3)). There is a similar reduction if you are a partner in a partnership (paragraphs 118-20(1)(b) and (2)(b), and subsection 118-20(3)).

Foreign-resident shareholders – capital gains tax consequences

29. If you are a foreign resident who participated in the Buy-Back, you will only have CGT consequences if the shares you sold under the Buy-Back are 'taxable Australian property' (section 855-10).

Qualified persons

30. You will satisfy the qualified person rules in relation to the Dividend Component for the purposes of paragraphs 207-145(1)(a) and 207-150(1)(a) (which refers to Division 1A of former Part IIIAA) if:

- you acquired your Metcash shares which you sold in the Buy-Back on or before 30 June 2021
- during the period you held your Metcash shares, you had a sufficient risk of loss or opportunities for gain in respect of the shares (as defined in former section 160APHM) for a continuous period of at least 45 days, and
- you have not taken any positions in relation to your Metcash shares apart from participation in the Buy-Back and were not, or will not, be under an obligation to, or be likely to, make a 'related payment' (as defined in former section 160APHN) in relation to the Dividend Component.

31. The announcement of the Buy-Back, the making of an invitation to shareholders to offer to sell their Metcash shares, or the making of an offer by a shareholder to sell their

Metcash shares to Metcash, do not affect whether the shares bought back under the Buy-Back are held 'at risk' for the purposes of Division 1A of former Part IIIA.

32. The 'last-in first-out' rule in former subsection 160APHI(4) has no effect for the purposes of the Buy-Back in respect of Metcash shares acquired on or after 1 July 2021, as these shares did not confer an entitlement to participate in the Buy-Back.

The anti-avoidance provisions

33. The Commissioner will not make a determination under subsections 45A(2) or 45B(3) that section 45C applies to the whole, or any part, of the Capital Component of the Buy-Back Price you received from participating in the Buy-Back.

34. The Commissioner will not make a determination under paragraph 177EA(5)(b) to deny the whole, or any part, of the imputation benefits you received in relation to the Dividend Component of the Buy-Back Price from participating in the Buy-Back.

35. The Commissioner will not make a determination under paragraph 204-30(3)(c) to deny the whole, or any part, of the imputation benefits you received in relation to the Dividend Component of the Buy-Back Price from participating in the Buy-Back.

Scheme

36. 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.

Metcash Limited

37. Metcash is an Australian-resident public company listed on the Australian Securities Exchange (ASX).

38. As at 7 June 2021, Metcash had approximately 1,022 million ordinary shares on issue. For the year ended 30 April 2021, the financial statements disclosed total share capital of \$867 million and retained profits of \$414.6 million.

39. Metcash's ordinary shareholders are a mix of individuals, companies, trusts, partnerships and superannuation funds, some of whom are non-residents.

40. On 16 March 2021, Metcash announced that it will be increasing its stated payout ratio to 70% of underlying earnings with effect from the 2020–21 income year. Metcash expects to continue paying fully franked dividends from annual cash flows.

Off-market share buy-back

41. On 28 June 2021 (First Announcement Date), Metcash announced its intention to undertake an off-market share buy-back of Metcash shares up to approximately \$175 million. However, Metcash indicated it may vary the size of the Buy-Back depending on a number of factors including shareholder demand, market conditions and future capital requirements.

42. Metcash regularly reviews its capital requirements and seeks to achieve a balance between returning capital to shareholders, retaining flexibility to invest in its growth opportunities and maintaining a strong financial position.

43. The Buy-Back was open to all Metcash shareholders that held ordinary shares on 2 July 2021, except for ordinary shares:

- acquired on an ex entitlement basis on or after 1 July 2021
- held by a person who resides outside of Australia and New Zealand (an Excluded Foreign Shareholder), including any person who is (or who is acting on behalf of or for the account of a person who is) in the United States of America, a US Person (as defined by Regulation S under the *United States' Securities Act of 1993*, as amended from time to time) or a resident of Canada (other than in certain limited circumstances), or
- held by a trust for employee incentive schemes.

44. Participating in the Buy-Back was optional. Therefore, shareholders who did not want to participate were not required to take any action and the number of shares held by each shareholder did not change as a result of the Buy-Back.

45. The Metcash Board determined directors and members of senior management involved in determining the final pricing and size of the Buy-Back could not participate in the Buy-Back in respect of shares held legally or beneficially by them.

46. The tender period opened on 19 July 2021 and closed on 13 August 2021.

47. Under the tender process, eligible shareholders could make an offer to sell some or all of their ordinary shares to Metcash:

- at the specified Tender Discount of between 8% and 14% (inclusive, at 1% intervals) to the market price – the market price means the volume-weighted average price (VWAP) of Metcash ordinary shares on the ASX over the five trading days up to and including the date the tender closed, or
- by offering to sell their shares as a Final Price Tender (where shares are sold at whatever Buy-Back Price is ultimately determined under the tender process).

48. Eligible shareholders who held 1,000 ordinary shares or less and who wished to participate in the Buy-Back were required to tender all of their shares in one parcel at one of the specified Tender Discounts or as a Final Price Tender.

49. The Buy-Back Price was subject to two overriding limits:

- Metcash would not buy back shares at a discount greater than 14% applied to the VWAP (rounded up to the nearest cent) of all trades on the ASX, excluding not 'at-market' trades of Metcash shares over the five trading days up to and including 13 August 2021, and
- Metcash also set a maximum price above which it would not buy back any shares, that maximum price being the deemed market value determined in accordance with Taxation Determination TD 2004/22 *Income tax: for Off-Market Share Buy-Backs of listed shares, whether the buy-back price is set by tender process or not, what is the market value of the share for the purposes of subsection 159GZZZQ(2) of the Income Tax Assessment Act 1936?*.

50. On 16 August 2021, Metcash announced that:

- it had successfully bought back 56.8 million Metcash shares, representing 5.6% of the issued shares of Metcash
- the total amount of the Buy-Back Price for shares purchased under the Buy-Back was \$200 million

- all shares were bought back at the Buy-Back Price, set at \$3.52 per share, which represented a discount of 14% to the VWAP of \$4.0969 of all trades on the ASX, excluding not 'at-market' trades of Metcash shares over the five days up to and including 13 August 2021
- tenders at a 14% Tender Discount or as a final price tender were successful, subject to any minimum price
- tenders at a Tender Discount less than 14% were not accepted, and
- due to an oversubscription for the Buy-Back, an 83.1% scale back of successful tenders was required. A priority allocation of 1,000 shares was bought back from each successful tendering shareholder before the scale back was applied. In addition, shareholders who successfully tendered all their shares, and who would be left with 500 shares or less (small holding tenders) as a result of the scale back had all their shares bought back in full.

51. All shares bought back under the Buy-Back were cancelled.

52. Under the Buy-Back, 85 cents per share was debited to Metcash's untainted share capital account, and the balance of the Buy-Back Price (the Dividend Component) was debited to Metcash's Profit Reserve account. The Dividend Component of the Buy-Back Price was fully franked.

53. The following table is a summary of the key dates of the Metcash Buy-Back:

Buy-Back timetable	
28 June 2021	First Announcement Date
30 June 2021	Last day to acquire Metcash shares to be eligible to participate in the Buy-Back and be entitled to franking credits
1 July 2021	Ex entitlement date
2 July 2021	Record date
19 July 2021	Opening date for the tender period
9–13 August 2021	The five trading days over which VWAP is calculated
13 August 2021	Closing date for the tender period
16 August 2021	Buy-Back date
23 August 2021	Buy-Back payment date

Appendix 1 – Explanation

① *This Explanation 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.*

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Off-market share buy-back

54. For the purposes of Division 16K, where a company buys a share in itself from a shareholder, it is either an 'on-market purchase' (paragraph 159GZZZK(c)) or an 'off-market purchase' (paragraph 159GZZZK(d)).

55. Although Metcash's ordinary shares are listed for quotation in the official list of the ASX, the Buy-Back was not made in the ordinary course of trading on the ASX. Therefore, the Buy-Back was an off-market purchase.

The Dividend Component

56. The difference between the Buy-Back Price and the part of the Buy-Back Price which was debited against amounts standing to the credit of Metcash's share capital account is taken to be a dividend paid by Metcash to you.

57. The Buy-Back Price was \$3.52, and 85 cents was debited against the amounts standing to the credit of Metcash's share capital account. Therefore, the Dividend Component is taken to be \$2.67 per share.

58. The Dividend Component is a frankable distribution, but only to the extent that the Buy-Back Price does not exceed the market value of a Metcash share at the time of the Buy-Back if the buy-back did not occur and was never proposed to occur (paragraph 202-45(c)).

59. TD 2004/22 sets out the Commissioner's view as to how to determine what would have been the market value of a Metcash share at the time of the Buy-Back if the buy-back did not occur and was never proposed to occur. In respect of the Buy-Back, the Buy-Back Price per share did not exceed the market value (determined in accordance with TD 2004/22) of \$3.66. As a result, the entire Dividend Component is frankable.

Sale Consideration

60. For the purposes of determining the amount of a gain or loss you made for your Metcash shares which you sold in the Buy-Back, the consideration in respect of the disposal of a share that you are taken to have received is determined in accordance with section 159GZZZQ.

61. Subsection 159GZZZQ(1) provides that you are taken to have received an amount equal to the purchase price (in this case the Buy-Back price you received for each Metcash share you sold) as consideration in respect of the sale of the share bought back. However, this amount is subject to certain adjustments in order to arrive at the Sale Consideration.

62. Subsection 159GZZZQ(2) is one of the adjusting provisions. It provides that if the purchase price is less than the market value of the share at the time of the buy-back (calculated as if the buy-back did not occur and was never proposed to occur), you are taken to have received an amount equal to the market value of the share as consideration in respect of the sale of the share bought back.

63. For the purposes of determining the application of subsection 159GZZZQ(2), Metcash has proposed to use the methodology outlined in TD 2004/22 to calculate the market value of the share (which the Commissioner accepts) – the relevant market value of a Metcash share is the VWAP of the share on the ASX over the last five trading days before the first announcement of the Buy-Back, adjusted for the percentage change in the S&P/ASX 200 Index from the commencement of trading on 28 June 2021 to the close of trading on 13 August 2021.

64. Under this methodology, the market value of a Metcash share bought back was calculated by Metcash as \$3.66. As a result, you are taken to have instead received consideration of \$3.66 for the sale of each Metcash share rather than the Buy-Back Price.

65. Pursuant to subsection 159GZZZQ(3), the deemed consideration of \$3.66 is reduced by a 'reduction amount'. The reduction amount is an amount calculated pursuant to subsection 159GZZZQ(4). In the circumstances of the Buy-Back, the reduction amount is equivalent to the Dividend Component, unless you are a corporate tax entity to whom subsection 159GZZZQ(8) applies. As a result, the Sale Consideration for each Metcash share you sold under the Buy-Back is 99 cents (being \$3.66 less the Dividend Component).

66. If you are a company and you made a loss, the Sale Consideration is subject to further adjustments pursuant to subsections 159GZZZQ(8) and (9).

Foreign-resident shareholders – capital gains tax consequences

67. If you are a foreign resident, you will only have CGT consequences if the shares you sold under the Buy-Back are taxable Australian property (section 855-10). Your Metcash share will constitute taxable Australian property if the share:

- is an indirect Australian real property interest (table item 2 in section 855-15)
- was used by you in carrying on a business through a permanent establishment in Australia (table item 3 in section 855-15), or
- is a CGT asset that is covered by subsection 104-165(3), which is about you choosing to disregard a capital gain or capital loss on ceasing to be an Australian resident (table item 5 in section 855-15).

Qualified persons

68. Paragraph 207-145(1)(a) provides that, in relation to a franked dividend made by an entity, only a qualified person in relation to the distribution for the purposes of Division 1A of former Part IIIAA is required to include the franking credit in its assessable income and is entitled to claim the franking credit as a tax offset. Paragraph 207-150(1)(a) is a similar provision that applies to indirect distributions. Broadly speaking, to be a qualified person in relation to the Dividend Component paid under the Buy-Back, you must satisfy the holding period rule (former section 160APHO) and the related payments rule (former section 160APHN).

69. Broadly, you will not satisfy the related payments rule if you are, or an associate of yours is, under an obligation to make, or makes, a payment in respect of the dividend, which effectively passes on the economic benefit of the dividend to another person.

70. The holding period rule requires a shareholder to hold the shares on which the dividend is paid 'at risk' for a continuous period of at least 45 days during the relevant qualification period. In the absence of a related payment, the relevant qualification period is the primary qualification period, which commences on the day after the shares are acquired and ends on the 45th day after the day on which they became ex dividend. In determining whether a shareholder has satisfied the holding period rule, any days during which there is a materially diminished risk of loss or opportunity for gain in respect of the relevant shares are not counted. The day of acquisition and the day of disposal of the relevant shares are also not counted.

71. Under former subsection 160APHM(2), a shareholder is taken to have materially diminished the risks of loss and opportunities for gain with respect to shares if the 'net position' in respect of the risks of loss and opportunity for gain of the shareholder results in the shareholder having less than 30% of the risks and opportunities relating to the shares.

72. The Commissioner does not regard the announcement of the Buy-Back, the making of an invitation to shareholders to offer to sell their Metcash shares or the making of an offer by a shareholder to Metcash in respect of a Metcash share as affecting whether Metcash shares were held at risk or not.

73. There are at least 45 clear days from 1 July 2021 (the ex entitlement date) and 15 August 2021 (the date prior to the date tender offers were accepted). If you acquired shares on or before 30 June 2021, which is the last day that you can acquire shares on the ASX to be eligible to participate in the Buy-Back and to qualify for franking credit entitlements in respect of the Buy-Back consideration, you would have satisfied the holding period rule as long as those shares were held at risk for at least 45 continuous days.

74. Generally, under the holding period rule a shareholder will be deemed to have disposed of their most recently acquired shares first (former subsection 160APHI(4)). The 45-day rule operates on a 'last-in first-out' basis, so that shareholders will be deemed to have disposed of their most recently acquired shares first for the purposes of applying the 45-day rule.

75. If you acquired ex entitlement Metcash shares and participated in the Buy-Back with cum entitlement shares (which conferred an entitlement to participate in the Buy-Back), you will not be considered, for the purposes of the 45-day rule, to be subject to the last-in first-out rule in former subsection 160APHI(4) and so you will not be considered to have participated in the Buy-Back with the 'ex entitlement' shares. Metcash shares commenced trading on an ex entitlement basis on 1 July 2021, and ex entitlement shares do not constitute 'related securities' for the purposes of former subsection 160APHI(2) in relation to any cum entitlement shares. Therefore, the last-in first-out rule will not apply to any additional Metcash shares you acquired on or after 1 July 2021 on an ex entitlement basis.

The anti-avoidance provisions**Section 45A**

76. Section 45A applies in circumstances where capital benefits are streamed to certain shareholders (advantaged shareholders) who derive a greater benefit from the receipt of share capital and it is reasonable to assume that the other shareholders (disadvantaged shareholders) have received or will receive dividends.

77. Although a 'capital benefit' (as defined in paragraph 45A(3)(b)) was provided to you under the Buy-Back, the circumstances of the Buy-Back indicate that there was no streaming of capital benefits to some shareholders and dividends to other shareholders. Therefore, section 45A does not apply to the Buy-Back.

Section 45B

78. Section 45B applies where certain capital payments are paid to shareholders in substitution for dividends.

79. While the conditions of paragraphs 45B(2)(a) and (b) were met in respect of the Buy-Back, the requisite purpose of enabling a person to obtain a tax benefit, by way of capital distribution, was not present.

80. Having regard to the relevant circumstances (as set out in subsection 45B(8)) of the Buy-Back, it cannot be concluded that a person would have entered into, or carried out, the Buy-Back for a more than incidental purpose of enabling a participating shareholder to obtain a tax benefit. Therefore, the Commissioner will not make a determination under subsection 45B(3) that section 45C applies to treat all or part of the distribution of share capital as an unfranked dividend paid by Metcash.

Section 177EA

81. Section 177EA is a general anti-avoidance provision that applies to a wide range of schemes designed to obtain imputation benefits. In essence, it applies to schemes for the disposition of shares or an interest in shares, where a franked distribution is paid or payable in respect of the shares or an interest in shares. This would include a buy-back with a franked dividend component.

82. The Commissioner has come to the view that section 177EA applies to the Buy-Back, having regard to all the relevant circumstances of the scheme as outlined in subsection 177EA(17). Among the circumstances of the Buy-Back reflected in subsection 177EA(17) is the greater attraction of the Buy-Back to resident shareholders (because of the franking credits on the Dividend Component of the Buy-Back Price) than to non-resident shareholders.

83. Where section 177EA applies, the Commissioner has a discretion pursuant to subsection 177EA(5) to make a determination to debit Metcash's franking account pursuant to paragraph 177EA(5)(a) or deny the imputation benefit to each participating shareholder pursuant to paragraph 177EA(5)(b).

84. The Commissioner will however exercise their discretion in such a way that they will not make a determination that the whole, or any part, of the imputation benefits you obtained by participating in the Buy-Back will be denied under paragraph 177EA(5)(b).

Section 204-30

85. Subsection 204-30(1) empowers the Commissioner to make a determination under paragraph 204-30(3)(c) if an entity streams distributions in a certain way.

86. The requirements of subsection 204-30(1) are satisfied in respect of the Buy-Back because:

- participating shareholders received an imputation benefit (within the meaning given by subsection 204-30(6)) as a result of receiving the fully franked Dividend Component of the Buy-Back Price
- some participating shareholders would have derived a greater benefit from franking credits than other Metcash shareholders (for example, non-resident Metcash shareholders – see subsections 204-30(7) and (8)), and
- it is reasonable to conclude that the features of the Buy-Back influenced some non-resident Metcash shareholders not to participate in the Buy-Back, and as a result not receive any imputation benefits in respect of the Buy-Back.

87. Accordingly, the conditions in subsection 204-30(1) are met and the Commissioner can make a determination under subsection 204-30(3), including a determination under paragraph 204-30(3)(a) to debit Metcash's franking account.

88. As the Commissioner intends to exercise their discretion under section 177EA, the Commissioner will not make a determination under subsection 204-30(3), including a determination under paragraph 204-30(3)(a).

Appendix 2 – Legislative provisions

89. This paragraph sets out the details of the provisions ruled upon or referenced in this Ruling.

<i>Income Tax Assessment Act 1936</i>	subsection 44(1)
<i>Income Tax Assessment Act 1936</i>	section 45A
<i>Income Tax Assessment Act 1936</i>	subsection 45A(2)
<i>Income Tax Assessment Act 1936</i>	paragraph 45A(3)(b)
<i>Income Tax Assessment Act 1936</i>	section 45B
<i>Income Tax Assessment Act 1936</i>	paragraph 45B(2)(a)
<i>Income Tax Assessment Act 1936</i>	paragraph 45B(2)(b)
<i>Income Tax Assessment Act 1936</i>	subsection 45B(3)
<i>Income Tax Assessment Act 1936</i>	subsection 45B(8)
<i>Income Tax Assessment Act 1936</i>	section 45C
<i>Income Tax Assessment Act 1936</i>	section 90
<i>Income Tax Assessment Act 1936</i>	subsection 95(1)
<i>Income Tax Assessment Act 1936</i>	paragraph 128B(3)(ga)
<i>Income Tax Assessment Act 1936</i>	Division 16K
<i>Income Tax Assessment Act 1936</i>	section 159GZZZK
<i>Income Tax Assessment Act 1936</i>	paragraph 159GZZZK(c)
<i>Income Tax Assessment Act 1936</i>	paragraph 159GZZZK(d)
<i>Income Tax Assessment Act 1936</i>	section 159GZZZP
<i>Income Tax Assessment Act 1936</i>	subsection 159GZZZP(2)
<i>Income Tax Assessment Act 1936</i>	section 159GZZZQ
<i>Income Tax Assessment Act 1936</i>	subsection 159GZZZQ(1)
<i>Income Tax Assessment Act 1936</i>	subsection 159GZZZQ(2)
<i>Income Tax Assessment Act 1936</i>	subsection 159GZZZQ(3)
<i>Income Tax Assessment Act 1936</i>	subsection 159GZZZQ(4)
<i>Income Tax Assessment Act 1936</i>	subsection 159GZZZQ(8)
<i>Income Tax Assessment Act 1936</i>	subsection 159GZZZQ(9)
<i>Income Tax Assessment Act 1936</i>	former Pt IIIAA Div 1A
<i>Income Tax Assessment Act 1936</i>	former subsection 160APHI(2)
<i>Income Tax Assessment Act 1936</i>	former subsection 160APHI(4)
<i>Income Tax Assessment Act 1936</i>	former section 160APHM
<i>Income Tax Assessment Act 1936</i>	former subsection 160APHM(2)
<i>Income Tax Assessment Act 1936</i>	former section 160APHN
<i>Income Tax Assessment Act 1936</i>	former section 160APHO
<i>Income Tax Assessment Act 1936</i>	section 177EA
<i>Income Tax Assessment Act 1936</i>	subsection 177EA(5)
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