

# ***CR 2025/8 - ConocoPhillips Australia Operations Pty Ltd - employee share scheme - Contributory Plan***



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Status: **legally binding**

## Class Ruling

# ConocoPhillips Australia Operations Pty Ltd – employee share scheme – Contributory Plan

### **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.

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### **What this Ruling is about**

1. This Ruling sets out the income tax consequences for employees of ConocoPhillips Australia Operations Pty Ltd (COP Australia) and subsidiaries of ConocoPhillips with principal operations in Australia who participate in the Contributory Plan which is a part of the ConocoPhillips Australian Employee Share Plan (Plan).

2. Details of this scheme are set out in paragraphs 13 to 31 of this Ruling.

3. All legislative references in this Ruling are to the *Income Tax Assessment Act 1997*, unless otherwise indicated.

Note: By issuing this Ruling, the ATO is not endorsing the Contributory Plan. Potential participants must form their own view about the Contributory Plan.

### **Who this Ruling applies to**

4. This Ruling applies to you if you:

- participate in the Contributory Plan
- are a resident of Australia (as defined in subsection 6(1) of the *Income Tax Assessment Act 1936*), and
- are not a temporary resident (as defined in subsection 995-1(1)).

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 13 to 31 of this Ruling.

Note: Division 230 will not apply to individuals unless they have made an election for it to apply.

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Status: **legally binding**

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**When this Ruling applies**

6. This Ruling applies from 1 July 2024 to 30 June 2029.

**Ruling**

7. The Contributory Plan is an employee share scheme as defined in subsection 83A-10(2).

8. A share in ConocoPhillips, a company incorporated under the laws of the state of Delaware, United States of America and a right to acquire a beneficial interest in a share in ConocoPhillips (Matching Right) are each an ESS interest as defined in subsection 83A-10(1).

9. Subdivision 83A-C will apply to each ConocoPhillips share you acquired via a salary sacrifice arrangement (Employee Share) and Matching Right granted to you under the Contributory Plan.

10. Where an Employee Share is granted to you, the ESS deferred taxing point will (subject to the 30-day period in subsection 83A-115(3)) be the earliest of:

- when the disposal restrictions for the Employee Share ends (subsection 83A-115(4), and
- 15 years from when you acquired the Employee Share (subsection 83A-115(6)).

11. Where a Matching Right granted to you vests and converts to a ConocoPhillips share (Matching Share), the ESS deferred taxing point will (subject to the 30-day period in subsection 83A-120(3)) be at the earliest of:

- the time when all vesting and disposal conditions have been met and the Participant is allocated the Matching Share, or
- 15 years after the Matching Right was acquired (subsection 83A-120(2)).

12. The amount to be included in your assessable income for the income year the ESS deferred taxing point occurs, is the market value of the ConocoPhillips share at that time (subsection 83A-110(1)).

**Scheme**

13. 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.

**ConocoPhillips Australia Operations Pty Ltd**

14. COP Australia is a wholly owned subsidiary of ConocoPhillips.

15. ConocoPhillips is a company incorporated under the laws of the state of Delaware, United States of America and listed on the New York Stock Exchange.

16. The predominant business of ConocoPhillips is not the acquisition, sale or holding of shares, securities, or other investments, whether directly or indirectly through one or more companies, partnerships or trusts.

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Status: **legally binding**

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### **ConocoPhillips Australian Employee Share Plan**

17. The Plan was adopted on 28 November 2024 to provide employees of COP Australia and other subsidiaries of ConocoPhillips with principal operations in Australia with a means of acquiring shares in ConocoPhillips, thereby increasing their involvement with ConocoPhillips and sharing in its future.

18. The Plan operates in accordance with rules governing the operation of the Plan (Plan Rules) and is administered by CPU Share Plans Pty Limited (Trustee) as trustee for the ConocoPhillips Australian Employee Share Trust in accordance with the terms of the ConocoPhillips Australian Employee Share Trust Deed.

### **Contributory Plan**

19. The Contributory Plan forms Part B of the Plan. It operates in accordance with the Plan Rules (inclusive of Part A) together with the terms set out in an offer letter COP Australia issued to its employees inviting them to participate in the Contributory Plan.

20. An offer letter will invite you to:

- purchase ConocoPhillips shares via a salary sacrifice arrangement by contributing an amount of your pre-tax salary or cash bonus award (where applicable) of up to \$5,000 for a financial year (Employee Shares), and
- obtain Matching Rights, which, on vesting, entitle you to a Matching Share for each Matching Right granted.

21. No consideration is payable by you for acquiring Employee Shares or Matching Rights.

22. No participant to the Contributory Plan will hold a beneficial interest of more than 5% of shares in ConocoPhillips and will not be in a position to cast or control the casting of more than 5% of the votes that may be cast at a general meeting of ConocoPhillips.

### **Employee Shares**

23. COP Australia advises that Employee Shares acquired under the Contributory Plan is an effective salary sacrifice arrangement in accordance with Taxation Ruling TR 2001/10 *Income tax: fringe benefits tax and superannuation guarantee: salary sacrifice arrangements*.

24. Employee Shares are non-transferable and subject to a disposal restriction for a period of 3 years unless you elect at the time of acceptance of the offer for the disposal restriction to only apply for 12 months.

25. Although COP Australia has a general discretion to waive the disposal restriction, this discretion will not be exercised on a routine basis and will only be exercised in exceptional circumstances.

### **Matching Rights**

26. A Matching Right granted to you under the Contributory Plan is subject to a condition that you remain employed for a period of 3 years from 1 July of the income year in which the Matching Right is allocated to you, before you will become entitled to a Matching Share.

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Status: **legally binding**

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27. Although COP Australia has a general discretion to waive the vesting restriction, this discretion will not be exercised on a routine basis and will only be exercised in exceptional circumstances.

28. You will forfeit any right or interest in Matching Rights that have not vested if either:

- You cease to be an employee of COP Australia or a subsidiary of ConocoPhillips other than as a consequence of
  - retirement, death, or redundancy (as determined by COP Australia in its discretion)
  - you becoming subject to total and permanent disablement, or
  - ConocoPhillips entering into an agreement for the sale of any shares, business or other assets which represent the whole or substantially the whole of the business and assets of the ConocoPhillips' group of companies.
- COP Australia or a subsidiary of ConocoPhillips determines that
  - you are to be dismissed with cause
  - you have committed any act of fraud or defalcation or gross misconduct in relation to the affairs of COP Australia or the subsidiary of ConocoPhillips, or
  - any matter or circumstance of a type specified in the Offer made to you happens or does not happen as so specified.

### **Matching Shares**

29. Upon satisfaction of the vesting conditions relating to a Matching Right, you will be allocated a Matching Share, upon which no exercise price is payable.

30. Matching Shares allocated to you will be held by the Trustee on your behalf, and you will be entitled to:

- receive all cash distributions paid in respect of those Matching Shares, and
- direct the Trustee on how to exercise their voting rights in respect of those Matching Shares.

31. The Trustee will continue to hold Matching Shares and any Employee Shares on trust on your behalf, until directed to sell or transfer them into your name.

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**Commissioner of Taxation**

12 February 2025

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Status: **not legally binding**

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## References

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*Related Rulings/Determinations:*

TR 2001/10

- ITAA 1997 83A-110(1)
- ITAA 1997 83A-115(3)
- ITAA 1997 83A-115(4)
- ITAA 1997 83A-115(6)
- ITAA 1997 83A-120(2)
- ITAA 1997 83A-120(3)
- ITAA 1997 Div 230
- ITAA 1997 995-1(1)

*Legislative references:*

- ITAA 1936 6(1)
- ITAA 1997 83A-10(1)
- ITAA 1997 83A-10(2)
- ITAA 1997 Subdiv 83A-C

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ATO references

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