


CR 2025/86 - Domain Holdings Australia Limited - scheme of arrangement and special dividend

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Status: **legally binding**

Class Ruling

Domain Holdings Australia Limited – scheme of arrangement and special dividend

📌 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 special dividend paid by Domain Holdings Australia Limited (Domain) on 19 August 2025 (Permitted Special Dividend) and the scheme of arrangement whereby Andromeda Australia SubCo Pty Limited (Andromeda) acquired all the remaining ordinary shares in Domain on 27 August 2025 (Scheme Implementation Date).
2. Details of this scheme are set out in paragraphs 31 to 60 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:
 - were a Domain shareholder who held your Domain shares on
 - 12 August 2025 (Permitted Special Dividend Record Date) and received the Permitted Special Dividend of \$0.088 per share on 19 August 2025 (Permitted Special Dividend Payment Date), and
 - 20 August 2025 (Scheme Record Date) and participated in the scheme of arrangement under which Andromeda acquired all the remaining ordinary shares in Domain
 - held your Domain shares on capital account – that is, you did not hold your Domain shares as ‘revenue assets’ (as defined in section 977-50) or as ‘trading stock’ (as defined in subsection 995-1(1)), and

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- were either a
 - ‘resident of Australia’ as defined in subsection 6(1) of the *Income Tax Assessment Act 1936* (ITAA 1936), or
 - ‘non-resident’ of Australia as defined in subsection 6(1) of the ITAA 1936 who does not carry on a business at or through a permanent establishment in Australia.
5. This Ruling does not apply to you if you:
- acquired your Domain shares under a Domain employee share, option or rights plan that is an ‘employee share scheme’ (as defined in section 83A-10) and your ESS deferred taxing point (for the purposes of Subdivision 83A-C) occurred on the Scheme Implementation Date
 - are a ‘foreign resident’ (as defined in subsection 995-1(1)) whose Domain shares were treated as ‘taxable Australian property’ under subsection 104-165(3) (about individuals choosing to disregard a capital gain or capital loss on ceasing to be an Australian resident)
 - are a ‘temporary resident’ of Australia within the meaning of subsection 995-1(1)
 - are exempt from Australian income tax
 - are subject to the investment manager regime in Subdivision 842-I in relation to your Domain shares, or
 - are subject to the taxation of financial arrangements rules in Division 230 in relation to the scheme outlined in paragraphs 31 to 60 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 2025 to 30 June 2026.

Ruling

Permitted Special Dividend

7. The Permitted Special Dividend is a ‘dividend’ as defined in subsection 6(1) of the ITAA 1936.
8. The Permitted Special Dividend is a frankable distribution pursuant to section 202-40.
9. The Permitted Special Dividend is not a distribution to which subsection 207-159(1) applies.

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Assessability of the Permitted Special Dividend, franking credits and tax offset***Resident shareholders***

10. If you are a resident of Australia, you include the Permitted Special Dividend in your assessable income (subparagraph 44(1)(a)(i) of the ITAA 1936).

11. If you are an individual or a corporate tax entity and you satisfy the residency requirement in section 207-75 at the time the Permitted Special Dividend is paid, you include the franking credits attached to the Permitted Special Dividend in your assessable income, and you are entitled to a tax offset equal to the amount of those franking credits (section 207-20), provided you are a 'qualified person' (as defined in Division 1A of former Part IIIAA of the ITAA 1936).

12. If you received the Permitted Special Dividend as a trustee of a trust (not being a complying superannuation entity) or as a partnership and you are not a corporate tax entity, the franking credits on the Permitted Special Dividend are included in your assessable income, provided you are a qualified person (subsection 207-35(1)).

13. Your entitlement to the franking credit tax offset under Division 207 in relation to the Permitted Special Dividend is subject to the refundable tax offset rules in Division 67, unless you are excluded by the operation of section 67-25.

Non-resident shareholders

14. If you are a non-resident, the Permitted Special Dividend is not included in your assessable income (section 128D of the ITAA 1936), and you are not liable to withholding tax in respect of the Permitted Special Dividend (subparagraph 128B(3)(ga)(i) of the ITAA 1936).

15. You do not include the amount of the franking credits attached to the Permitted Special Dividend in your assessable income and you are not entitled to a tax offset for those franking credits (sections 207-20 and 207-70).

Qualified persons

16. You will be a qualified person in relation to the Permitted Special Dividend if, during the period from 29 June 2025 to 19 August 2025 (inclusive), you held your Domain shares 'at risk' for a continuous period of at least 45 days¹ during which you did not have 'materially diminished risks of loss or opportunities for gain' (as defined in former section 160APHM of the ITAA 1936) in respect of the shares (holding period rule). This is because:

- The Permitted Special Dividend you received constitutes a 'related payment' for the purposes of former section 160APHN of the ITAA 1936. Therefore, the secondary qualification period applies (former paragraph 160APHO(1)(b) of the ITAA 1936).
- The secondary qualification period is the period beginning 45 days before, and ending 45 days after, the day on which a share became ex dividend (former section 160APHD of the ITAA 1936).
- The Domain shares became ex dividend on 13 August 2025, being one day after the Permitted Special Dividend Record Date, which was the last day on which acquisition by a person of a Domain share would entitle them to

¹ This does not include the day on which your Domain shares were acquired or the day of disposal.

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receive the Permitted Special Dividend (former subsection 160APHE(1) of the ITAA 1936).

- Any days you had a materially diminished risk of loss or opportunity for gain in respect of the shares are excluded (former subsection 160APHO(3) of the ITAA 1936). Under the scheme of arrangement, you no longer held your Domain shares at risk on the Scheme Record Date, being 20 August 2025 (when you became committed to dispose of your Domain shares under the scheme of arrangement).

17. You will need to determine whether you satisfy the holding period rule having regard to your circumstances. This will require taking into account any positions entered into that result in you having 'materially diminished risks of loss or opportunities for gain' (as defined under former section 160APHM of the ITAA 1936) in respect of your Domain shares.

18. The small shareholder exception in former section 160APHT of the ITAA 1936 does not apply as the Permitted Special Dividend is a related payment for the purposes of paragraph 207-145(1)(a) and former section 160APHN of the ITAA 1936 (former subsection 160APHT(2) of the ITAA 1936).

19. This means that if you are an individual with total franking tax offsets of \$5,000 or less for the 2025–26 income year, you must still satisfy the holding period rule in relation to the Permitted Special Dividend.

Exempting entity and former exempting entity

20. Domain was not an exempting entity (section 208-20), or a former exempting entity (section 208-50), at the time when the Permitted Special Dividend was paid to you.

21. Section 208-195 will not apply to deny the inclusion in your assessable income of the amount of the franking credit on the Permitted Special Dividend you received or deny the franking credit tax offset to which you are otherwise entitled under Division 207 at the time when the Permitted Special Dividend was paid to you.

Anti-avoidance and integrity provisions

Section 177EA of the ITAA 1936

22. 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 Permitted Special Dividend.

Section 204-30

23. The Commissioner will not make a determination under paragraph 204-30(3)(c) to deny the whole, or any part, of the imputation benefit received in relation to the Permitted Special Dividend as there was no streaming of distributions.

Capital gains tax consequences

CGT event A1

24. CGT event A1 happened on 27 August 2025 (Scheme Implementation Date) when you disposed of each of your Domain shares to Andromeda (section 104-10).

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Capital proceeds

25. The capital proceeds you received in respect of CGT event A1 happening to your Domain shares is \$4.34 for each Domain share you disposed of (paragraph 116-20(1)(a)).

26. The capital proceeds do not include the Permitted Special Dividend of \$0.088 for each Domain share as it was not paid in respect of CGT event A1 happening to your Domain shares.

Capital gain or capital loss

27. You made a capital gain from CGT event A1 happening if the capital proceeds from the disposal of your Domain share exceeded its cost base (subsection 104-10(4)). The capital gain is the difference.

28. You made a capital loss from CGT event A1 happening if the capital proceeds from the disposal of your Domain share were less than its reduced cost base (subsection 104-10(4)). The capital loss is the difference.

29. If you were a foreign resident, or the trustee of a foreign trust for CGT purposes (as defined in subsection 995-1(1)) just before the Scheme Implementation Date, you disregard any capital gain or capital loss you made as a result of CGT event A1 happening to your Domain shares (subsection 855-10(1)).

Discount capital gain

30. If you made a capital gain from CGT event A1 happening to your Domain share, you are entitled to treat the capital gain as a discount capital gain provided you acquired, or are taken to have acquired, your Domain share at least 12 months before the Scheme Implementation Date (subsection 115-25(1)) and the other conditions in Subdivision 115-A are satisfied.

Scheme

31. 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.

32. Other information referenced is taken from the Scheme Implementation Deed (SID) announced on the Australian Securities Exchange (ASX) on 9 May 2025 and the Scheme Booklet released on the ASX on 30 June 2025.

Background

Domain Holdings Australia Limited

33. Domain is an Australian company limited by shares.

34. Domain carries on a business as a property technology and services marketplace which provides products and solutions to consumers, agents and parties interested in property through its various platforms and services.

35. Domain was listed on the ASX on 16 November 2017.

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36. Domain is an Australian resident for tax purposes and was the head company of the Domain income tax consolidated group, as well as the consolidated head entity for accounting purposes.

37. As at 30 June 2025, Domain had 651,657,153 ordinary shares on issue to 10,750 shareholders, with no other classes of shares on issue.

CoStar Group Inc. and Andromeda Australia Subco Pty Limited

38. CoStar Group Inc. (CoStar) is a company incorporated in the United States of America, which has been listed on the Nasdaq Stock Market since its initial public offering in 1998.

39. Andromeda is an Australian-resident company and a wholly owned indirect subsidiary of CoStar that was incorporated for the purpose of acquiring all the Domain shares on issue.

40. On 20 February 2025, Andromeda became a substantial shareholder of Domain, acquiring a shareholding of 16.96%.

Scheme of arrangement

41. On 9 May 2025, Domain entered into a SID with Andromeda and CoStar under which Andromeda agreed to acquire all the remaining ordinary shares in Domain, by way of a scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (Corporations Act), subject to shareholder and court approval.

42. Under the terms of the SID, Domain shareholders were entitled to receive a total cash consideration of \$4.43 for each Domain share they held on the Scheme Record Date (Scheme Consideration), reduced by the cash amount of any Permitted Special Dividend paid per Domain share.

43. On 4 August 2025, the requisite majority of Domain's shareholders approved the scheme of arrangement.

44. On 6 August 2025, the Supreme Court of New South Wales approved the scheme of arrangement and provided orders under Part 5.1 of the Corporations Act.

45. The transfer of Domain shares to Andromeda under the scheme of arrangement occurred on the Scheme Implementation Date, with Domain becoming a wholly owned subsidiary of Andromeda.

46. On the Scheme Implementation Date, Domain shareholders received \$4.34 (being the Scheme Consideration less the cash amount per share of the Permitted Special Dividend of \$0.088) in respect of each Domain share held on the Scheme Record Date.

47. The shares in Domain were removed from the official list of the ASX at the close of trading on 28 August 2025.

Permitted Special Dividend

48. On 4 August 2025, the directors of Domain determined to pay a Permitted Special Dividend of \$0.088 per Domain share to shareholders who held their Domain shares on the Permitted Special Dividend Record Date.

49. The Permitted Special Dividend was paid on the Permitted Special Dividend Payment Date and was fully franked.

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50. The entire amount of the Permitted Special Dividend was:
- sourced from Domain's available profits, and
 - funded from a combination of Domain's existing external debt facility and existing cash reserves.
51. The Permitted Special Dividend was debited to Domain's profit reserve account, which is not a 'share capital account' (as defined in section 975-300).
52. The Permitted Special Dividend was compliant with the requirements of the Corporations Act, including section 254T of that Act.
53. Neither CoStar nor Andromeda (nor any of their associates) had any influence or control over the determination or payment of the Permitted Special Dividend. The decision to pay the Permitted Special Dividend was entirely at the discretion of the Domain board of directors.
54. No amount of the Permitted Special Dividend was funded, directly or indirectly, from any 'equity interests' (as defined in subsection 995-1(1)) issued prior to the Scheme Implementation Date.

Other matters

55. The scheme of arrangement was not conditional on:
- the Permitted Special Dividend being determined or paid, or
 - CoStar, Andromeda, or any of their associates, facilitating or financing any part of the payment of the Permitted Special Dividend.
56. Neither CoStar nor Andromeda had any right to terminate the SID if Domain did not determine or pay the Permitted Special Dividend.
57. No issue of equity interests in Domain, CoStar, Andromeda, any of their subsidiaries, or any entity, have been, or will be, issued to, directly or indirectly:
- fund the repayment of the portion of the debt incurred by Domain (or its subsidiaries) to pay the Permitted Special Dividend, or
 - replenish the money expended by Domain (or its subsidiaries) in paying the Permitted Special Dividend.
58. On the Permitted Special Dividend Payment Date, Domain was not 'effectively owned by prescribed persons' (as defined in subsection 208-25(1)).
59. On the Permitted Special Dividend Payment Date, Domain was not a 'former exempting entity' (as defined in section 208-50) as it had never been an 'exempting entity' (as defined in section 208-20) before that date.
60. On the Scheme Implementation Date, the sum of the market values of Domain's assets that were 'taxable Australian real property' (as defined in section 855-20) did not exceed the sum of the market values of its assets that were not taxable Australian real property for the purposes of section 855-30.

Commissioner of Taxation
10 December 2025

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References

Legislative references:

- ITAA 1936 6(1)
 - ITAA 1936 44(1)(a)(i)
 - ITAA 1936 128B(3)(ga)(i)
 - ITAA 1936 128D
 - ITAA 1936 former Pt IIIAA Div 1A
 - ITAA 1936 former 160APHD
 - ITAA 1936 former 160APHE(1)
 - ITAA 1936 former 160APHM
 - ITAA 1936 former 160APHN
 - ITAA 1936 former 160APHO(1)(b)
 - ITAA 1936 former 160APHO(3)
 - ITAA 1936 former 160APHT
 - ITAA 1936 former 160APHT(2)
 - ITAA 1936 177EA
 - ITAA 1936 177EA(5)(b)
 - ITAA 1997 Div 67
 - ITAA 1997 67-25
 - ITAA 1997 83A-10
 - ITAA 1997 Subdiv 83A-C
 - ITAA 1997 104-10
 - ITAA 1997 104-10(4)
 - ITAA 1997 104-165(3)
 - ITAA 1997 Subdiv 115-A
 - ITAA 1997 115-25(1)
 - ITAA 1997 116-20(1)(a)
 - ITAA 1997 202-40
 - ITAA 1997 204-30
 - ITAA 1997 204-30(3)(c)
 - ITAA 1997 Div 207
 - ITAA 1997 207-20
 - ITAA 1997 207-35(1)
 - ITAA 1997 207-70
 - ITAA 1997 207-75
 - ITAA 1997 207-145(1)(a)
 - ITAA 1997 207-159(1)
 - ITAA 1997 208-20
 - ITAA 1997 208-25(1)
 - ITAA 1997 208-50
 - ITAA 1997 208-195
 - ITAA 1997 Div 230
 - ITAA 1997 Subdiv 842-I
 - ITAA 1997 855-10(1)
 - ITAA 1997 855-20
 - ITAA 1997 855-30
 - ITAA 1997 975-300
 - ITAA 1997 977-50
 - ITAA 1997 995-1(1)
 - Corporations Act 2001 Pt 5.1
 - Corporations Act 2001 254T
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ATO references

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