PR 2025/4 - Commonwealth Bank of Australia - CommBank Yello

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Status: **legally binding**

Product Ruling

Commonwealth Bank of Australia – CommBank Yello

Relying on this Ruling

This publication (excluding appendix) 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.

Terms of use of this Ruling

This Ruling has been given on the basis that the entity who applied for the Ruling, and their associates, will abide by strict terms of use. Any failure to comply with the terms of use may lead to the withdrawal of this Ruling.

Changes in the law

Product Rulings were introduced for the purpose of providing certainty about tax consequences for entities in schemes such as this. In keeping with that intention, the Commissioner suggests promoters and advisers ensure that participants are fully informed of any legislative changes after the Ruling has issued. Similarly, entities that are considering participating in the Scheme are advised to confirm with their tax adviser that changes in the law have not affected this Ruling since it was issued.

No guarantee of commercial success

The Commissioner does not sanction or guarantee this product. Further, the Commissioner gives no assurance that the product is commercially viable, that charges are reasonable, appropriate or represent industry norms, or that projected returns will be achieved or are reasonably based.

Potential participants must form their own view about the commercial and financial viability of the product. The Commissioner recommends a financial (or other) adviser be consulted for such information.

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Status: **legally binding**

What this Ruling is about

1. This Ruling sets out the income tax consequences for customers of the Commonwealth Bank of Australia (CBA) who are eligible to participate in CommBank Yello, a consumer loyalty program offered and operated by the CBA.

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

3. This Ruling does not address:

- any tax consequences for a customer of the CBA arising in connection with any dealings between them and the CBA, other than for the receipt of a benefit by the customer under CommBank Yello
- any tax consequences for a customer of the CBA arising in connection with their participation in CommBank Yello for Business, or
- the capital gains tax consequences which may arise for a customer upon disposal of any non-monetary prize benefit received under CommBank Yello.

Who this Ruling applies to

4. This Ruling applies to you if you:

- are an individual Australian resident for tax purposes, and
- receive a benefit under the scheme described in paragraphs 10 to 19 of this Ruling on or after 4 June 2025 and on or before 30 June 2027.

5. This Ruling does not apply to you if you:

- are a non-resident for Australian tax purposes
- receive a benefit under the scheme described in paragraphs 10 to 19 of this Ruling before 4 June 2025 or after 30 June 2027, or
- receive a benefit as an incident of your business or income-producing activities.

Date of effect

6. This Ruling applies from 4 June 2025 to a customer specified in paragraph 4 of this Ruling who receives a benefit under the scheme from 4 June 2025 until 30 June 2027.

7. However, the Ruling only applies and may be relied on to the extent that there is no change in the scheme or in the customer's involvement in the scheme. If the scheme carried out is materially different from the scheme described at paragraphs 10 to 19 of this Ruling, this Ruling cannot be relied upon and may be withdrawn or modified.

Status: **legally binding**

Ruling

8. Subject to paragraph 3 of this Ruling and the assumptions in paragraph 9 of this Ruling:

(a) A benefit (or the value of a benefit) received by a customer under CommBank Yello will not be included in the assessable income of the customer under sections 6-5 or 6-10.

(b) The anti-avoidance provisions in Part IVA of the *Income Tax Assessment Act 1936* (ITAA 1936) will not apply to a customer in receipt of a benefit under the scheme carried out as described in this Ruling.

Assumptions

9. This Ruling is made on the basis of the following necessary assumptions:

(a) The customer is an Australian resident for tax purposes.

(b) Any automatic benefit received by a customer in the form of a refund will not be deductible under a provision listed in section 20-30.

(c) No additional eligibility criteria specific to a customer category in respect of which prize benefits are provided will include the requirement to deposit funds into a CBA account on which interest can accrue.

(d) The scheme will be executed in the manner described in the Scheme section of this Ruling and the Terms and Conditions referred to in paragraph 10 of this Ruling.

(e) All dealings between the customer and the CBA will be at arm's length.

Scheme

10. The scheme is identified and described in the following:

- application for a product ruling as constituted by documents and information received on 6 February 2025 and 21 March 2025, and
- draft CommBank Yello Terms and Conditions (Terms and Conditions) received on 21 March 2025.

Note: certain information has been provided on a commercial-in-confidence basis and will not be disclosed or released under freedom of information legislation.

11. For the purposes of describing the scheme, there are no other agreements (whether formal or informal, and whether or not legally enforceable) which a customer, or any associate of a customer, will be a party to which are a part of the scheme.

12. All Australian Securities and Investments Commission requirements are, or will be, complied with for the term of the agreements.

Status: **legally binding**

Overview of scheme

13. CommBank Yello is a consumer loyalty program developed by the CBA and aimed at providing exclusive benefits to customers who choose to use and engage with CBA products and services.

14. For the purposes of CommBank Yello, the CBA identifies multiple categories of customer in respect of which benefits are provided.[1] The benefits provided to customers under CommBank Yello may differ between customer categories and will generally be personalised to the products the customer already has or the nature of their relationship with the CBA, or both.

15. In order to be eligible to obtain the benefits associated with each customer category, customers will be required to meet certain base eligibility criteria (referred to in paragraph 16 of this Ruling), as well as any additional criteria specific to each customer category. Eligibility and access to CommBank Yello is typically assessed in the first week of each month. To the extent that a customer meets the eligibility criteria for more than one customer category, they will only be entitled to the benefits associated with the highest customer category for which they are eligible.

16. The base eligibility criteria for CommBank Yello includes that the customer must be an individual aged 18 years or older and must be an account holder (individually or jointly) of at least one 'eligible transaction account' as defined in the Terms and Conditions.

17. The benefits available to customers who meet the eligibility criteria (both base and any additional) for a relevant customer category:

- include benefits offered to all customers in the customer category, which may comprise one or more of discounts or fee waivers on CBA products, refunds[2], CommBank Award Points, loyalty payments, premium customer service support, property reports and exclusive shopping offers from third parties (collectively referred to as automatic benefits for the purposes of this Ruling), and
- may also include automatic entry into draws to win monetary and non-monetary prizes (referred to as prize benefits for the purposes of this Ruling).

18. Any benefits provided to customers under CommBank Yello are in addition to any interest or bonus interest a customer accrues on their eligible transaction account and are not calculated by reference to any funds a customer may or may not have deposited with CBA. Interest rates applied to the relevant eligible transaction account will not change as a result of a customer's participation in CommBank Yello.

19. Participation in CommBank Yello is voluntary and eligible customers can opt out if they so choose.

Commissioner of Taxation
16 April 2025

[1] Each category is referred to as a 'tier' in the Terms and Conditions.
[2] Also referred to as cashback offers.

Status: **not legally binding**

Appendix – Explanation

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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Automatic benefits not assessable to the customer

20. Under Division 6, assessable income consists of both ordinary income and statutory income to the extent the ordinary or statutory income is not exempt income or non-assessable non-exempt income.

21. Section 6-5 includes income according to ordinary concepts (ordinary income) in assessable income. The assessable income of an Australian resident includes the ordinary income they derived directly or indirectly from all sources during the income year (subsection 6-5(2)).

22. Ordinary income has generally been held to include 3 categories, namely income from services rendered, income from property and income from carrying on a business. Other characteristics of ordinary income that have evolved from judicial authority include receipts that are earned, expected, relied upon and have an element of periodicity, recurrence or regularity.

23. Automatic benefits of the type referred to in paragraph 17 of this Ruling and received by a customer under CommBank Yello are designed to reward the customer for their relationship and engagement with CBA and CBA's products and services, and are a product of the customer having met the eligibility criteria applicable to their customer category.

24. Those automatic benefits cannot be said to be earned, expected or relied upon, nor do they relate to any of the 3 categories identified in paragraph 22 of this Ruling. That is:

- the benefits are not the product of any employment or rendering of services (and do not have the character of salary and wages or fees for services rendered)
- the benefits are not in the nature of interest income (or any other form of passive income from property), and
- for customers that fall within the class of entities that can rely on this Ruling (described in paragraphs 4 and 5 of this Ruling), the benefits are not received as an incident of their business or income-producing activities.

25. Accordingly, automatic benefits received by a customer under CommBank Yello are not assessable as ordinary income of the customer under section 6-5.

26. Statutory income is an amount included in assessable income by a statutory provision (subsection 6-10(2)). A list of the provisions about assessable income which are statutory income are set out in section 10-5.

27. Of the statutory income provisions set out in section 10-5, Subdivision 20-A relating to assessable recoupments is relevant insofar as it relates to an automatic benefit received by a customer under CommBank Yello in the form of a refund.

Status: **not legally binding**

28. Subdivision 20-A provides that your assessable income includes an assessable recoupment, broadly defined in:

- subsection 20-20(2) as an amount received as recoupment of a loss or outgoing by way of insurance or indemnity, and which is deductible under any provision of the Income Tax Acts, and
- subsection 20-20(3) as an amount received as recoupment of a loss or outgoing (except by way of insurance or indemnity), and which is deductible under a provision listed in section 20-30.[3]

29. Paragraph 20-25(1)(a) relevantly defines a 'recoupment' to include any kind of recoupment, reimbursement, refund, insurance, indemnity or recovery.

30. While an automatic benefit in the form of a refund received by a customer under CommBank Yello may constitute a recoupment pursuant to paragraph 20-25(1)(a), it will not be an assessable recoupment pursuant to subsections 20-20(2) or (3) as the refund will not be an amount received by way of insurance or indemnity. Additionally, the refund will not be deductible under a provision listed in section 20-30 (as assumed at subparagraph 9(b) of this Ruling).

31. Accordingly, automatic benefits received by a customer under CommBank Yello are not assessable as statutory income of the customer under section 6-10.

Prize benefits not assessable to the customer

32. As is the case for automatic benefits, prize benefits referred to in paragraph 17 of this Ruling and received by a customer under CommBank Yello are designed to reward the customer for their relationship and engagement with CBA and CBA's products and services.

33. Such prize benefits are:

- a product of the customer having met the eligibility criteria applicable to their customer category and winning the prize draw, and are not solicited or the product of any employment or rendering of services
- not earned, expected or relied upon, nor are they expected to be received periodically or regularly
- not in the nature of interest income (or any other form of passive income from property), and
- not received as an incident of the customer's business or income-producing activities.

34. Accordingly, prize benefits received by a customer under CommBank Yello are not assessable as ordinary income of the customer under section 6-5.

35. Of the statutory income provisions set out in section 10-5, section 26AJ of the ITAA 1936 relating to prizes from investment-related lotteries and section 102-5 relating to capital gains tax are relevant in relation to a prize benefit received by a customer under CommBank Yello.

36. Section 26AJ of the ITAA 1936 applies to include an amount paid or the arm's length value of property or services provided in a taxpayer's assessable income if, among

[3] An amount is not an assessable recoupment to the extent it is otherwise assessable income (subsection 20-20(1)).

other requirements, the payment or the provision of property or services is by way of winnings from a lottery and the chance to participate in that lottery was provided wholly or partly in respect of an investment, or wholly or partly in relation to an investment (whether directly or indirectly).

37. While the receipt of a monetary or non-monetary prize benefit by a customer under CommBank Yello constitutes a payment or provision of property or services by way of winnings from a lottery, the chance to participate in a prize draw is provided to the customer as a direct consequence of their satisfaction of the eligibility criteria applicable to their customer category. It is not provided in respect of, or in relation to, an 'investment', defined in subsection 26AJ(11) of the ITAA 1936 as 'any mode of application of money for the purpose of gaining a return', nor is any prize benefit under CommBank Yello provided as a substitute for income which would otherwise be earned by the customer. Therefore, any prize benefits awarded to a customer under CommBank Yello will not be included as assessable income under section 26AJ of the ITAA 1936.

38. A right of a customer under CommBank Yello to be entered into a prize draw is a CGT asset under subsection 108-5(1). When the prize draw that a customer has been entered into is drawn, the customer's contractual right to participate in the draw will be discharged or satisfied. This discharge or satisfaction of the contractual right gives rise to CGT event C2 (paragraph 104-25(1)(b)).

39. Where a customer wins a prize benefit as a result of the draw, the customer will make a capital gain from this CGT event under subsection 104-25(3) equal to the capital proceeds from the ending of the ownership of their asset; that is, the money received or the market value of the property or services received.

40. However, as paragraph 118-37(1)(c) disregards a capital gain or capital loss made from a CGT event relating to a competition with prizes, any capital gain made by a customer under these circumstances is disregarded pursuant to that paragraph.

Status: **not legally binding**

References

Legislative references:

- ITAA 1936 26AJ
- ITAA 1936 26AJ(11)
- ITAA 1936 Pt IVA
- ITAA 1997 Div 6
- ITAA 1997 6-5
- ITAA 1997 6-5(2)
- ITAA 1997 6-10
- ITAA 1997 6-10(2)
- ITAA 1997 10-5
- ITAA 1997 Subdiv 20-A
- ITAA 1997 20-20(1)
- ITAA 1997 20-20(2)
- ITAA 1997 20-20(3)
- ITAA 1997 20-25(1)(a)
- ITAA 1997 20-30
- ITAA 1997 102-5
- ITAA 1997 104-25(1)(b)
- ITAA 1997 104-25(3)
- ITAA 1997 108-5(1)
- ITAA 1997 118-37(1)(c)

ATO references

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