


CR 2025/21 - Premier Investments Limited - distribution of shares in Myer Holdings Limited

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Status: **legally binding**

Class Ruling

Premier Investments Limited – distribution of shares in Myer Holdings Limited

📌 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.

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What this Ruling is about

1. This Ruling sets out the income tax consequences for shareholders of Premier Investments Limited (Premier) who received a distribution of shares in Myer Holdings Limited (Myer) on 6 February 2025 (Payment Date).
2. Details of this scheme are set out in paragraphs 36 to 74 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 the Appendix to this Ruling), unless otherwise indicated.

Who this Ruling applies to

4. This Ruling applies to you if you:
 - were a ‘resident of Australia’ (as defined in subsection 6(1)) on the Payment Date
 - were registered on the Premier share register on 30 January 2025 (Record Date) and received a distribution of Myer shares on the Payment Date in relation to your Premier shareholding, and
 - held your Premier shares on capital account – that is, you did not hold your Premier shares as ‘revenue assets’ (as defined in section 977-50) or as ‘trading stock’ (as defined in subsection 995-1(1)).

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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 74 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 August 2024 to 31 July 2025.

Ruling

Dividend

Assessability

7. The amount of the distribution of Myer shares that was debited to Premier's retained earnings account, being \$5.65 per Premier share that you held on the Record Date (Dividend Component) is a 'dividend' (as defined in subsection 6(1)).

8. The Dividend Component is required to be included in your assessable income (subparagraph 44(1)(a)(i)).

9. The distribution of Myer shares to you by Premier does not qualify as a 'demerger' (as defined in subsection 125-70(1)). Consequently, the Dividend Component is not a 'demerger dividend' (as defined in subsection 6(1)).

Frankable distribution, franking credit and tax offset

10. The Dividend Component is a 'frankable distribution' (section 202-40).

11. Subject to section 207-15, if you are an entity (as defined in section 960-100) and you are a qualified person (as defined in Division 1A of former Part IIIAA) in relation to the Dividend Component, the franking credit attached to the Dividend Component is included in your assessable income and you are entitled to a tax offset equal to the amount of that credit (sections 207-20 and 207-145).

12. If you received the Dividend Component as a trustee of a trust (the trust not being a complying superannuation entity) or as a partnership, the franking credit attached to the Dividend Component is included in your assessable income (subsection 207-35(1)) if you are:

- not a corporate tax entity (as defined in section 960-115), and
- a qualified person.

13. If you are a partner in a partnership or a beneficiary of a trust, you include your share of the Dividend Component in your assessable income and you are entitled to a tax offset equal to your share of the franking credit attached to the Dividend Component (subparagraph 44(1)(a)(i), section 207-45 and former subsection 160APHU(1)) if:

- the Dividend Component flowed indirectly through the partnership or trust to you, and
- both you and the partnership or trustee, as is relevant, are each a qualified person.

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14. The tax offset is refundable (table item 40 of section 63-10), unless you are a:
- trustee of a non-complying superannuation fund or non-complying approved deposit fund (subsection 67-25(1A))
 - trustee of a trust who is liable to be assessed under sections 98 or 99A (subsection 67-25(1B)), or
 - corporate tax entity (unless you are an exempt institution that is eligible for a refund or a life insurance company that received the Dividend Component for Premier shares that were not held by you on behalf of your shareholders) (subsections 67-25(1C) and 67-25(1D)).

Qualified person

15. You have not made a related payment in respect of the Dividend Component (former section 160APHN), and therefore the primary qualification period applies (former paragraph 160APHO(1)(a)).

16. You will be a qualified person in relation to the Dividend Component if, during the period beginning on the day after the day you acquired your Premier shares and ending on 15 March 2025, you held your Premier shares for a continuous period (not counting the day you disposed of your Premier shares) of at least 45 days (former paragraph 160APHO(2)(a)).

17. In working out the number of days you continuously held your Premier shares, do not count any days on which you had 'materially diminished risks of loss or opportunities for gain' (as defined under former section 160APHM) in respect of your Premier shares. This exclusion is not taken to break the continuity period during which you held your Premier shares (former subsection 160APHO(3)).

18. If you are an individual and you received no more than \$5,000 in franking credits during the income year from dividends on shares that you own directly, or indirectly via a partnership or trust, you are a qualified person in relation to the Dividend Component (former subsection 160APHT(1)).

Capital gains tax consequences

CGT event G1

19. CGT event G1 happened to you on the Payment Date, when you received an amount of the distribution of Myer shares that was debited to Premier's share capital account, being a distribution of \$0.81 per Premier share (Capital Component) for each Premier share that you owned on the Record Date and continued to own on the Payment Date (section 104-135).

20. You made a capital gain from CGT event G1 happening if the Capital Component is more than the cost base of your Premier share (subsection 104-135(3)). The capital gain is equal to the amount of the excess and you reduce both the cost base and reduced cost base of your Premier share to nil. No capital loss can be made from CGT event G1 (Note 1 to subsection 104-135(3)).

21. If you did not make a capital gain from CGT event G1 because the Capital Component is not more than the cost base of your Premier share, you reduce the cost base and reduced cost base of each of your Premier shares (but not below nil) by the amount of the Capital Component (subsection 104-135(4)).

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CGT event C2

22. CGT event C2 happened to you on the Payment Date when you received the Capital Component for each Premier share that you owned on the Record Date but ceased to own before the Payment Date (section 104-25).

23. You made a capital gain from CGT event C2 of \$0.81 per Premier share that you owned on the Record Date but ceased to own before the Payment Date, being the amount equal to the Capital Component (subsections 104-25(3) and 116-20(1)).

Discount capital gain

24. You can treat a capital gain made when CGT event G1 or CGT event C2 happened as a discount capital gain if you acquired your Premier shares at least 12 months before the Payment Date (subsection 115-25(1)), and the other conditions in Subdivision 115-A are satisfied.

Acquisition date of Myer Holdings Limited shares

25. You are taken to have acquired your Myer shares on the Payment Date (section 109-5).

Cost base and reduced cost base of Myer Holdings Limited shares

26. The first element of the cost base and reduced cost base of each Myer share you acquired is the market value of that Myer share on the Payment Date (subsections 110-25(2), 110-55(2) and 112-20(1)), being \$0.89.

No demerger roll-over

27. As the distribution of Myer shares to you by Premier does not qualify as a 'demerger' (as defined in subsection 125-70(1)), you cannot choose to obtain demerger roll-over under section 125-55.

Sale of Myer Holdings Limited shares under the sale facility

28. CGT event A1 happened to you if you disposed of your Myer shares through the sale facility (subsection 104-10(1)).

29. The time of CGT event A1 is when you entered into a contract to dispose of your Myer shares or, if there was no contract, when the change of ownership of your Myer shares occurred (subsection 104-10(3)).

30. You made a capital gain if the capital proceeds you received from the disposal of your Myer share exceeded its cost base. You made a capital loss if the capital proceeds you received from the disposal of your Myer share were less than its reduced cost base (subsection 104-10(4)). The capital gain or capital loss is the difference.

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Anti-avoidance and integrity provisions**Sections 45A, 45B and 45C do not apply**

31. We will not make a determination under subsection 45A(2) that section 45C applies to the whole, or any part, of the Capital Component.

32. We will not make a determination under paragraph 45B(3)(b) that section 45C applies to the whole, or any part, of the Capital Component.

33. Accordingly, no part of the Capital Component you received on the Payment Date will be taken to be a dividend under subsection 45C(1).

Section 177EA does not apply

34. We will not make a determination under paragraph 177EA(5)(b) to deny the whole, or any part, of the imputation benefits received by you in relation to the Dividend Component.

Section 204-30 does not apply

35. We will not make a determination under paragraph 204-30(3)(c) to deny the whole, or any part, of the imputation benefit received by you in relation to the Dividend Component.

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.

Premier Investments Limited

37. Premier is an Australian public company listed on the Australian Securities Exchange (ASX) since August 1987. It is the head company of an income tax consolidated group.

38. As at 25 January 2025, Premier had both passive and retail businesses.

39. Premier's passive business comprises passive investments in commercial properties and shares.

40. As at 25 January 2025, Premier's retail business consisted of:

- Smiggle – a school, lifestyle and stationery product business
- Peter Alexander – a sleepwear and giftware business, and
- Apparel Brands – consisting of Just Jeans, Jay Jays, Portmans, Jacqui-E and Dotti.

41. As at 25 January 2025, Premier held 260,972,158 Myer shares or approximately 31.16% of the issued shares in Myer.

42. As at the Payment Date, Premier had:

- 159,879,998 ordinary shares on issue, and

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- contributed equity or share capital of \$608,615,206.

Premier Investments Limited shareholders

43. All the shares in Premier are fully paid ordinary shares.

44. As an ASX 200 listed company, Premier has a diverse group of shareholders including institutional and private investors, with differing tax profiles. Its largest shareholders are Century Plaza Investments Pty Ltd and its associates, which held 42.43% of Premier shares as at 20 September 2024.

45. Premier is not aware of the tax residency of all of its shareholders but expects the proportion of Premier shares held by foreign resident shareholders to be very low (less than 1% of total Premier shares).

46. Premier is not aware whether any of its other shareholders had a capital loss for the year ended 30 June 2024 or have carried forward capital losses as at 1 July 2024.

47. For the purposes of this Ruling:

- Those Premier shareholders who received the in specie distribution of Myer shares are referred to as Eligible Premier Shareholders.
- Those Premier shareholders who were ineligible to receive the in specie distribution of Myer shares directly, and instead indirectly received the distribution of Myer shares (in the form of cash) following the disposal of those Myer shares by a sale agent via a share sale facility, are referred to as Ineligible Premier Shareholders. The Ineligible Premier Shareholders collectively held less than 1% of Premier shares, and were Premier shareholders who held unmarketable (though sellable) parcels of Premier shares or were foreign resident Premier shareholders in countries where foreign laws restricted Premier's ability to issue new membership interests to those shareholders.
- Eligible Premier Shareholders and Ineligible Premier Shareholders are collectively referred to as Premier Shareholders.

Strategic review and proposed demergers

48. On 21 August 2023, Premier announced to the ASX that it had commenced a formal review to assess its corporate, operating and capital structure.

49. Premier proposed that companies holding the Smiggle and Peter Alexander businesses be demerged from Premier to create 3 structurally separate listed ASX entities or groups of entities.

50. Implementation of the demerger relating to companies holding the Smiggle business (Proposed Smiggle Demerger) and the demerger relating to companies holding the Peter Alexander business (Proposed PA Demerger) had been proposed to happen on different dates.

Just Group Limited

51. Just Group Limited (JGL) was a wholly owned subsidiary of Premier. It was the holding company of a group of companies that carried on the Apparel Brands, Smiggle and Peter Alexander businesses.

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52. JGL became a wholly owned subsidiary of Premier when Premier completed an on-market takeover of JGL in 2008.

53. In total, Premier issued 49,871,245 of its ordinary shares to JGL's former shareholders and credited its share capital account by \$316,150,000 during the 2009 income year as part of the consideration paid to acquire the shares in JGL.

Proposal from Myer Holdings Limited

54. Myer is an ASX-listed company that operates department stores throughout Australia.

55. On 24 June 2024, Premier and Myer advised through respective ASX announcements that Premier had received a proposal from Myer (Myer Transaction), under which:

- Myer would acquire Premier's Apparel Brands business in exchange for the issue of new shares in Myer to Premier
- Premier would distribute all of its shares in Myer to Premier Shareholders on a proportionate basis, and
- the transaction would be implemented with reference to Myer's share price prior to the date of the announcement.

56. On 29 October 2024, Myer and Premier announced that they had entered into a binding Share Sale and Implementation Agreement.

57. The Myer Transaction was independent of the Proposed Smiggle Demerger and Proposed PA Demerger.

Premier Investments Limited internal restructure

58. In preparation for the Proposed Smiggle Demerger and Proposed PA Demerger, Premier underwent a series of internal group transactions to reorganise the company structures which held the Smiggle and Peter Alexander businesses.

59. Following the completion of the internal restructure:

- JGL only held assets relevant for the running of the Apparel Brands business. Those assets include trading stock, plant and equipment, retail leases, intellectual property and staff pertaining to the Apparel Brands business, and
- Premier retained all assets relating to the Smiggle business, Peter Alexander business and the passive business.

Implementation of Myer transaction

Step 1 – disposal of Just Group Limited shares for Myer Holdings Limited shares

60. Step 1 of the Myer Transaction was undertaken as follows:

- On 26 January 2025, Myer acquired all the shares in JGL in exchange for 890,500,000 new Myer shares issued to Premier (Consideration Shares).
- JGL and its wholly owned subsidiaries exited the Premier income tax consolidated group.

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61. Following the completion of Step 1, Premier held 1,151,472,158 shares in Myer, representing approximately 66.6% of the total ownership interests in Myer. This comprised:
- 890,500,000 Consideration Shares received by Premier as consideration from the sale of JGL shares, and
 - 260,972,158 Myer shares previously owned by Premier.
62. Premier was not entitled to trade or vote with respect to the Consideration Shares.
63. All of Premier's shareholdings in Myer were post-CGT interests.

Step 2 – distribution of Myer Holdings Limited shares to Premier Investments Limited shareholders

64. Step 2 of the Myer Transaction was undertaken as follows:
- On the Payment Date, Premier distributed all of its 1,151,472,158 shares in Myer to Premier Shareholders on a proportionate basis.
 - This translated to approximately 7.2 Myer shares for every one Premier share.
 - The distribution of all Myer shares held by Premier to Premier Shareholders was a condition of the Myer Transaction.
 - The total Capital Component of the total distribution of Myer shares to Premier Shareholders was calculated as follows:

$$A = B \div (B + C) \times D$$

Where:

 - A is the total Capital Component, being \$130,201,043.
 - B is the market value of distribution of Myer shares, being \$1,032,755,378, which was the volume weighted average price of Myer shares for the last 5 trading days prior to the Payment Date (that is, \$0.8969) multiplied by the number of Myer shares owned by Premier for distribution to its shareholders (that is, 1,151,472,158 shares).
 - C is the market value of Premier shares (ex distribution), being \$3,794,783,728, which was the volume weighted average price of Premier shares for the last 5 trading days prior to the Payment Date (that is, \$23.7352) multiplied by the number of Premier shares on issue (that is, 159,879,998 shares).
 - D is the amount standing to the credit of Premier's share capital account on the Payment Date, being \$608,615,206.
 - The total Dividend Component of the total distribution of Myer shares to Premier Shareholders was the difference between the market value of the total Myer shares distributed on Payment Date and the total Capital Component.
 - Premier fully franked the Dividend Component of the distribution.
65. The market value of each Myer share on the Payment Date was \$0.89.

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66. Following the completion of Step 2:

- Premier Shareholders continued to hold their Premier shares in the same way the Premier shares were held immediately before the distribution of Myer shares.
- Eligible Premier Shareholders received Myer shares (on a proportionate basis) and became Myer shareholders directly.
- Ineligible Premier Shareholders indirectly received Myer shares (on a proportionate basis) in the form of cash but did not become Myer shareholders.
- Premier continues to retain all assets relating to the Smiggle business, Peter Alexander business and the passive business.
- Premier does not own any shares in Myer.

Other matters

67. All shareholdings in Premier are post-CGT interests.

68. Premier has a history of paying fully franked dividends on a semi-annual basis. Premier has also paid special dividends from time to time as profits allowed. For example, on:

- 29 September 2022, Premier declared a fully franked dividend of \$0.79 per share which was paid on 25 January 2023
- 27 March 2023, Premier declared a fully franked dividend of \$0.70 per share which was paid on 26 July 2023
- 28 September 2023, Premier declared a fully franked dividend of \$0.60 per share which was paid on 24 January 2024
- 26 March 2024, Premier declared a fully franked dividend of \$0.63 per share which was paid on 24 July 2024, and
- 25 September 2024, Premier declared a fully franked dividend of \$0.70 per share which was paid on 8 January 2025.

69. Premier did not choose any CGT roll-over in relation to the Myer Transaction.

70. Pursuant to subsection 125-65(5), Premier did not make the choice that Century Plaza Investments Pty Ltd would not be a member of the demerger group.

71. Premier's share capital account was not tainted within the meaning of Division 197.

72. Premier did not undertake any capital raising at or around the time of the Myer Transaction.

73. Premier did not enter into any discussions with any party regarding the potential disposal of its shares or the shares in Myer, other than as set out in the ASX announcements.

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74. Premier is not aware of any Eligible Premier Shareholders who had entered into any arrangements to dispose of their Myer shares following the in-specie distribution of Myer shares.

Commissioner of Taxation

5 March 2025

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Appendix – Legislative provisions

75. This paragraph sets out the details of the provisions of the *Income Tax Assessment Act 1936* or *Income Tax Assessment Act 1997* ruled upon or referenced in this Ruling.

Table 1: Provisions of the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* ruled upon or referenced in this Ruling.

<i>Income Tax Assessment Act 1936</i>	subsection 6(1)
<i>Income Tax Assessment Act 1936</i>	subparagraph 44(1)(a)(i)
<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>	section 45B
<i>Income Tax Assessment Act 1936</i>	paragraph 45B(3)(b)
<i>Income Tax Assessment Act 1936</i>	section 45C
<i>Income Tax Assessment Act 1936</i>	subsection 45C(1)
<i>Income Tax Assessment Act 1936</i>	section 98
<i>Income Tax Assessment Act 1936</i>	section 99A
<i>Income Tax Assessment Act 1936</i>	Division 1A of former Part IIIAA
<i>Income Tax Assessment Act 1936</i>	former section 160APHM
<i>Income Tax Assessment Act 1936</i>	former section 160APHN
<i>Income Tax Assessment Act 1936</i>	former paragraph 160APHO(1)(a)
<i>Income Tax Assessment Act 1936</i>	former paragraph 160APHO(2)(a)
<i>Income Tax Assessment Act 1936</i>	former subsection 160APHO(3)
<i>Income Tax Assessment Act 1936</i>	former subsection 160APHT(1)
<i>Income Tax Assessment Act 1936</i>	former subsection 160APHU(1)
<i>Income Tax Assessment Act 1936</i>	section 177EA
<i>Income Tax Assessment Act 1936</i>	paragraph 177EA(5)(b)
<i>Income Tax Assessment Act 1997</i>	section 63-10
<i>Income Tax Assessment Act 1997</i>	subsection 67-25(1A)
<i>Income Tax Assessment Act 1997</i>	subsection 67-25(1B)
<i>Income Tax Assessment Act 1997</i>	subsection 67-25(1C)
<i>Income Tax Assessment Act 1997</i>	subsection 67-25(1D)
<i>Income Tax Assessment Act 1997</i>	subsection 104-10(1)
<i>Income Tax Assessment Act 1997</i>	subsection 104-10(3)
<i>Income Tax Assessment Act 1997</i>	subsection 104-10(4)
<i>Income Tax Assessment Act 1997</i>	section 104-25
<i>Income Tax Assessment Act 1997</i>	subsection 104-25(3)
<i>Income Tax Assessment Act 1997</i>	section 104-135
<i>Income Tax Assessment Act 1997</i>	subsection 104-135(3)
<i>Income Tax Assessment Act 1997</i>	subsection 104-135(4)
<i>Income Tax Assessment Act 1997</i>	section 109-5
<i>Income Tax Assessment Act 1997</i>	subsection 110-25(2)
<i>Income Tax Assessment Act 1997</i>	subsection 110-55(2)
<i>Income Tax Assessment Act 1997</i>	subsection 112-20(1)
<i>Income Tax Assessment Act 1997</i>	Subdivision 115-A
<i>Income Tax Assessment Act 1997</i>	subsection 115-25(1)
<i>Income Tax Assessment Act 1997</i>	subsection 116-20(1)

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<i>Income Tax Assessment Act 1997</i>	section 125-55
<i>Income Tax Assessment Act 1997</i>	subsection 125-65(5)
<i>Income Tax Assessment Act 1997</i>	subsection 125-70(1)
<i>Income Tax Assessment Act 1997</i>	Division 197
<i>Income Tax Assessment Act 1997</i>	section 202-40
<i>Income Tax Assessment Act 1997</i>	section 204-30
<i>Income Tax Assessment Act 1997</i>	paragraph 204-30(3)(c)
<i>Income Tax Assessment Act 1997</i>	section 207-15
<i>Income Tax Assessment Act 1997</i>	section 207-20
<i>Income Tax Assessment Act 1997</i>	subsection 207-35(1)
<i>Income Tax Assessment Act 1997</i>	section 207-45
<i>Income Tax Assessment Act 1997</i>	section 207-145
<i>Income Tax Assessment Act 1997</i>	Division 230
<i>Income Tax Assessment Act 1997</i>	section 960-100
<i>Income Tax Assessment Act 1997</i>	section 960-115
<i>Income Tax Assessment Act 1997</i>	section 977-50
<i>Income Tax Assessment Act 1997</i>	subsection 995-1(1)

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References

ATO references

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