

CR 2026/22 - Diversified United Investment Limited - scrip for scrip roll-over



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Class Ruling

Diversified United Investment Limited – scrip for scrip roll-over

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 the holders of ordinary shares in Diversified United Investment Limited (DUIL) who acquired ordinary shares in Australian United Investment Company Limited (AUICL) in exchange for their shares in DUIL on 30 April 2026 (Implementation Date).
2. Details of this scheme are set out in paragraphs 26 to 55 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 registered on the DUIL share register as the holder of an ordinary share in DUIL on 23 April 2026 (Record Date)
 - held your DUIL shares on capital account – that is, you did not hold your DUIL shares as a ‘revenue asset’ (as defined in section 977-50) or as trading stock (as defined in subsection 995-1(1))
 - were not subject to the investment manager regime in Subdivision 842-I in relation to your DUIL shares
 - are not exempt from Australian income tax, and
 - did not acquire your DUIL shares pursuant to an employee share scheme (as defined in section 83A-10).

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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 26 to 55 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

CGT event A1 happened on the disposal of your shares in Diversified United Investment Limited

7. CGT event A1 happened when you disposed of your DUIL shares to AUICL (section 104-10).

8. The time of CGT event A1 was on the Implementation Date of 30 April 2026 (paragraph 104-10(3)(b)).

9. The capital proceeds from CGT event A1 happening to each DUIL share is equal to the market value of approximately 0.4724 of a share in AUICL you received in respect of the disposal of each DUIL share (subsection 116-20(1)). The market value of the AUICL shares is worked out as at the time of CGT event A1.

10. You made a capital gain from CGT event A1 happening if the capital proceeds from the disposal of your DUIL shares exceeded their cost base (subsection 104-10(4)). The capital gain is the amount of the excess.

11. You made a capital loss from CGT event A1 happening if the capital proceeds are less than the reduced cost base of your DUIL shares (subsection 104-10(4)). The capital loss is the amount of the difference.

Foreign resident shareholders of Diversified United Investment Limited

12. You must disregard a capital gain or capital loss you made from CGT event A1 happening when you disposed of your DUIL shares to AUICL (section 855-10) if:

- you were a foreign resident (that is, you were not a 'resident of Australia' as defined in subsection 6(1) of the *Income Tax Assessment Act 1936* (ITAA 1936)), or the trustee of a foreign trust for CGT purposes, just before the Implementation Date, and
- your DUIL shares were not 'taxable Australian property' (as defined in section 855-15).

13. Your DUIL shares were taxable Australian property if they were either:

- used by you at any time in carrying on a business through a permanent establishment in Australia (table item 3 of section 855-15), or
- a CGT asset that is covered by subsection 104-165(3) (choosing to disregard a capital gain or capital loss on ceasing to be an Australian resident) (table item 5 of section 855-15).

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Availability of scrip for scrip roll-over for your shares in Diversified United Investment Limited

14. Subject to the qualification in paragraphs 15 and 16 of this Ruling, if you made a capital gain from the disposal of your DUIL shares and received AUICL shares, you may choose to obtain scrip for scrip roll-over for the capital gain (sections 124-780 and 124-785).

15. Scrip for scrip roll-over cannot be chosen if any capital gain you might make from the replacement AUICL shares would be disregarded, except because of a roll-over (paragraph 124-795(2)(a)).

16. If you were a foreign resident just before the Implementation Date, you cannot choose scrip for scrip roll-over unless you received AUICL shares and they were taxable Australian property (as defined in section 855-15) just after the Implementation Date (subsection 124-795(1)).

Consequences if you choose scrip for scrip roll-over

Capital gain is disregarded

17. If you choose scrip for scrip roll-over, your capital gain is disregarded (subsection 124-785(1)).

Acquisition date of shares in Australian United Investment Company Limited for discount capital gain purposes

18. If you choose scrip for scrip roll-over, the AUICL shares you acquired in exchange for your DUIL shares are taken to have been acquired (for the purposes of determining your eligibility to make a discount capital gain) on the date you acquired, for CGT purposes, the corresponding DUIL shares (table item 2 of subsection 115-30(1)).

Cost base and reduced cost base of shares in Australian United Investment Company Limited

19. If you choose scrip for scrip roll-over, the first element of the cost base and reduced cost base of a replacement share in AUICL that you received is worked out by reasonably attributing to it the cost base and reduced cost base (respectively) of the DUIL shares for which it was exchanged and for which the roll-over was obtained (subsections 124-785(2) and 124-785(4)).

20. If all of your DUIL shares were acquired on the same date, a reasonable method of calculating the first element of the cost base and reduced cost base (respectively) of each replacement AUICL share is by dividing the total cost bases and reduced cost bases (respectively) of your DUIL shares for which you choose scrip for scrip roll-over by the number of replacement AUICL shares you received for those DUIL shares.

Consequences if you do not choose, or cannot choose, scrip for scrip roll-over for your shares in Diversified United Investment Limited

Capital gain is not disregarded

21. If you do not choose, or cannot choose, scrip for scrip roll-over, you must take into account any capital gain or capital loss from CGT event A1 happening on the disposal of

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your DUIL shares in working out your net capital gain or net capital loss for the income year in which CGT event A1 happened (sections 102-5 and 102-10).

22. If you make a capital gain where scrip for scrip roll-over is not chosen, or cannot be chosen, you can treat the capital gain as a discount capital gain provided that the conditions of Subdivision 115-A are met. In particular, you must have acquired your DUIL shares at least 12 months before the Implementation Date on which CGT event A1 happened (excluding the date on which you acquired the DUIL shares and the Implementation Date).

Cost base and reduced cost base of shares in Australian United Investment Company Limited

23. If you do not choose, or cannot choose, scrip for scrip roll-over, the first element of the cost base and reduced cost base of a replacement AUICL share that you received is equal to the market value of the DUIL shares you gave in respect of acquiring the AUICL share (subsections 110-25(2) and 110-55(2)).

24. The market value of the DUIL shares you gave is to be worked out as at the time when you acquired the AUICL shares.

Acquisition date of shares in Australian United Investment Company Limited

25. If you do not choose, or cannot choose, scrip for scrip roll-over, the acquisition date of the AUICL shares is the date on which those shares were issued to you (table item 2 of section 109-10).

Scheme

26. 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.

Diversified United Investment Limited

27. DUIL is a company that was incorporated in Australia on 27 February 1987.

28. DUIL was not a member of an income tax consolidated group under Part 3-90.

29. DUIL was listed on the Australian Securities Exchange (ASX). The shares in DUIL were traded under the ASX code 'DUI'.

30. The business of DUIL consists of investing in shares in companies listed on the ASX and foreign securities exchanges.

31. On the Implementation Date, there were 214,811,745 DUIL ordinary shares on issue.

32. Just before the Merger Implementation Deed (MID) was entered into, DUIL had more than 300 shareholders.

Australian United Investment Company Limited

33. AUICL is a company incorporated in Australia.

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34. AUICL was listed on the ASX on 1 January 1974. The ordinary shares in AUICL are traded under the ASX code 'AUI'.
35. The business of AUICL consists of investing in shares in companies listed on the ASX.
36. Just before the MID was entered into, AUICL had more than 300 shareholders.
37. Prior to the Implementation Date, AUICL owned 6.91% of the shares in DUIL.

Acquisition of shares in Diversified United Investment Limited by Australian United Investment Company Limited

38. On 30 January 2026, DUIL and AUICL entered into the MID. Under the MID, DUIL proposed that DUIL and its shareholders enter into a scheme of arrangement under Part 5.1 of the *Corporations Act 2001* pursuant to which AUICL would acquire all of the ordinary shares in DUIL it did not already own (directly or held by another entity on behalf of AUICL).
39. On 16 April 2026, a resolution in favour of the scheme of arrangement was passed by the shareholders of DUIL as required by subparagraph 411(4)(a)(ii) of the *Corporations Act 2001*.
40. The scheme of arrangement was approved by the Federal Court of Australia under paragraph 411(4)(b) of the *Corporations Act 2001* on 20 April 2026.
41. AUICL acquired all of the shares in DUIL (other than those it already owned) on the Implementation Date (30 April 2026).
42. Under the scheme of arrangement, the shareholders of DUIL (other than Ineligible Foreign Shareholders and those Unmarketable Parcel Shareholders who did not validly elect to receive the Scheme Consideration by completing an election form to that effect and returning it by the due date) received the Scheme Consideration on the Implementation Date.
43. The Scheme Consideration consists of approximately 0.4724 of an AUICL ordinary share for every DUIL ordinary share they held on the Record Date (23 April 2026).
44. An Ineligible Foreign Shareholder is a DUIL shareholder whose address on the DUIL share register on the Record Date was in a place outside Australia and its external territories, unless AUICL (acting reasonably and in consultation with DUIL) determines that it is lawful and not unduly onerous or impracticable to issue that shareholder with new AUICL shares.
45. An Unmarketable Parcel Shareholder is a DUIL shareholder who, based on their holding of DUIL shares would, on implementation of the scheme of arrangement, be entitled to receive less than a marketable parcel (as that term is defined in the ASX Listing Rules) of new AUICL shares (assessed by reference to the price of AUICL shares on the ASX at the close of trade on the trading day prior to the Record Date) as Scheme Consideration.
46. Any Ineligible Foreign Shareholder, or an Unmarketable Parcel Shareholder who did not validly elect to receive the Scheme Consideration, did not receive the AUICL shares to which they would otherwise be entitled for the disposal of their DUIL shares. Those AUICL shares were sold through a sale agent and the net sale proceeds were remitted to AUICL, who then remitted the relevant share of the net sale proceeds to each Ineligible Foreign Shareholder or Unmarketable Parcel Shareholder.

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47. The shares in DUIL were suspended from trading on the ASX from the close of trading on 21 April 2026.

48. DUIL was removed from the official list of the ASX on 1 May 2026.

Other matters

49. On the Implementation Date, the sum of the market values of DUIL's assets that were 'taxable Australian real property' (as defined in section 855-20) did not exceed the sum of the market values of DUIL's assets that were not taxable Australian real property.

50. At no time during the 24 months before the Implementation Date did any foreign resident (with its associates, as defined in section 318 of the ITAA 1936) own 10% or more of the shares in DUIL.

51. No DUIL shareholder was a 'significant stakeholder' or a 'common stakeholder' for the arrangement within the meaning of those terms in section 124-783.

52. Paragraph 124-780(3)(f) is satisfied in respect of the disposal of DUIL shares to AUICL.

53. A DUIL shareholder, DUIL and AUICL were not all members of the same 'linked group' (within the meaning of that term in section 170-260) just before the MID was entered into.

54. AUICL did not make a choice under subsection 124-795(4) that DUIL shareholders could not obtain the roll-over in Subdivision 124-M for CGT event A1 happening in relation to the exchange of DUIL shares.

55. Subsections 124-810(3) and (5) did not apply to DUIL or AUICL just before they entered into the MID.

Commissioner of Taxation

20 May 2026

Status: **not legally binding**

References

Related rulings and determinations

TD 2002/4; TD 2002/10

Legislative references:

- | | |
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