

[RULINGS](#) > [PRODUCT](#)

Australia and New Zealand Banking Group Limited

Issued: 17 October 2022

BR Prd 22/11

The Arrangement is that Australia and New Zealand Banking Group Limited (ANZBGL) shareholders will exchange their ANZBGL ordinary shares for shares in a non-operating holding company, as part of a reorganisation of ANZBGL and its subsidiaries. This Ruling applies only to certain ANZBGL shareholders who either hold their shares on capital account, or are portfolio investment entities.

START DATE – END DATE

01/10/2022 – 30/09/2024

(THIS TITLE PAGE DOES NOT FORM PART OF THE RULING.)

Product Ruling – BR Prd 22/11

This is a product ruling made under s 91F of the Tax Administration Act 1994.

Name of person who applied for the Ruling

This Ruling has been applied for by Australia and New Zealand Banking Group Limited (ANZBGL).

Taxation Laws

All legislative references are to the Income Tax Act 2007 (Act) unless otherwise stated.

This Ruling applies in respect of s CX 55 and Part C of the Act.

The Arrangement to which this Ruling applies

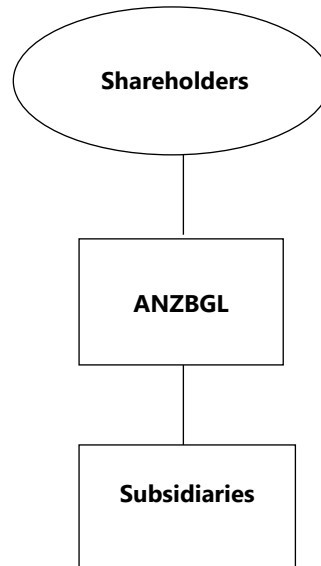
The Arrangement is that ANZBGL shareholders will exchange their ANZBGL ordinary shares for shares in a non-operating holding company (NewANZ), as part of a reorganisation of ANZBGL and its subsidiaries (NOHC Reorganisation).

Further details of the Arrangement are set out in the paragraphs below.

ANZBGL

- 1) ANZBGL is:
 - a) tax resident only in Australia; and
 - b) required to maintain a franking account for Australian income tax purposes.
- 2) ANZBGL's ordinary shares are:
 - a) on the official list of ASX Limited; and
 - b) not "fixed-rate shares" as defined in s YA 1, as the dividends payable on the ordinary shares are not restricted to dividends payable at a rate that is a specific percentage or is determined by reference to an external index or rate.

- 3) The following diagram summarises the current structure of ANZBGL and its subsidiaries (ANZ Group).



Persons to who the Ruling applies

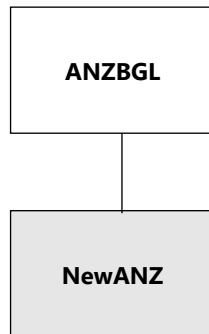
- 4) The Ruling applies to ANZBGL shareholders who are issued NewANZ shares under the Arrangement, where those shareholders:
- a) are not subject to the following sections of the Act in relation to the Arrangement (referred to in this Ruling as ANZBGL Capital Shareholders):
 - i) s CB 1, because they do not derive the shares from a business or, if they do derive the shares from a business, they receive them on capital account;
 - ii) s CB 2, because they do not hold their ANZBGL shares as trading stock;
 - iii) s CB 4, because they did not acquire their ANZBGL shares for the purpose of disposal;
 - iv) s CB 5, because they are not in the business of dealing in shares;
 - v) s CV 1, because they are not a company that for that income year is part of a wholly-owned group of companies and had the group of companies been a single company, the shares derived by the company would have been income of that single company under s CB 1, CB 2, CB 4 or CB 5; and

- vi) s CV 2 in relation to the Arrangement because they are not a company that is part of a consolidated group, when the shares derived by the company would be income of the group if the group were one company under s CB 1, CB 2, CB 4 or CB 5; and
 - b) are not ANZBGL Capital Shareholders, but instead they (referred to in this Ruling as ANZBGL PIE Shareholders):
 - i) are a “portfolio investment entity” other than a “life fund PIE” as defined in s YA 1; and
 - ii) are not assured, under an arrangement with another person, of having a gain on the disposal.
- 5) For the avoidance of doubt, this Ruling does not apply to ANZBGL group employees:
 - a) who are participants in any of the ANZBGL employee share schemes; and
 - b) where their shares in the relevant employee share scheme are not held on bare trust.

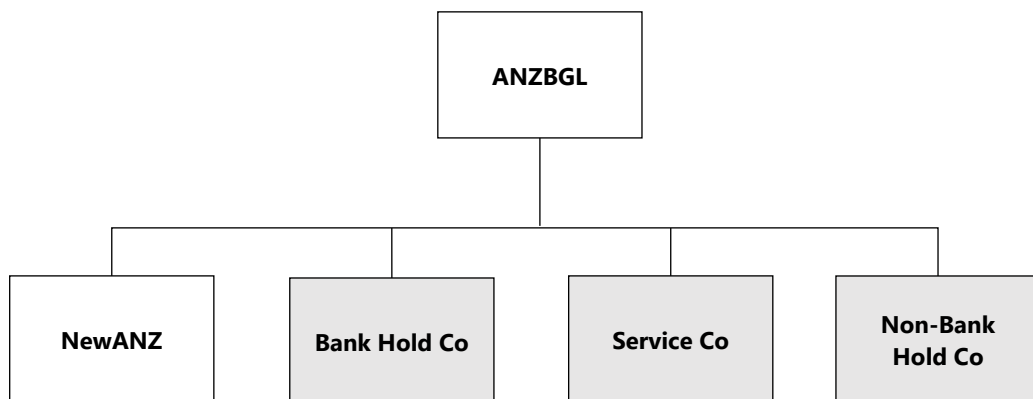
NOHC Reorganisation

6) The NOHC Reorganisation consists of seven steps as the following diagrams summarise:

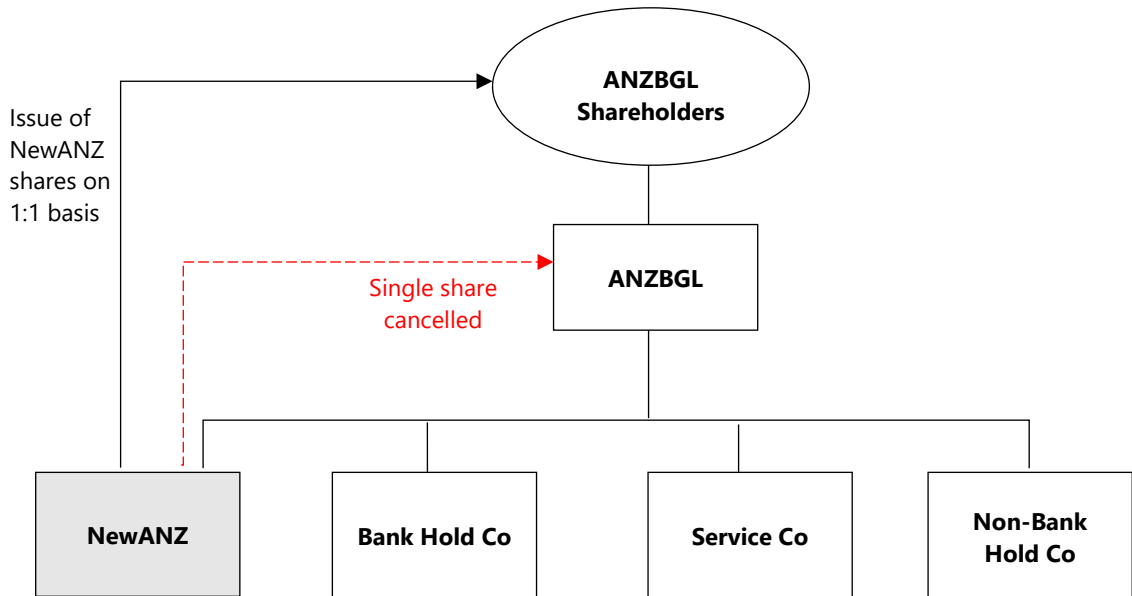
- a) Step 1: NewANZ, a non-operating holding company, is incorporated as a wholly-owned subsidiary of ANZBGL with nominal share capital.



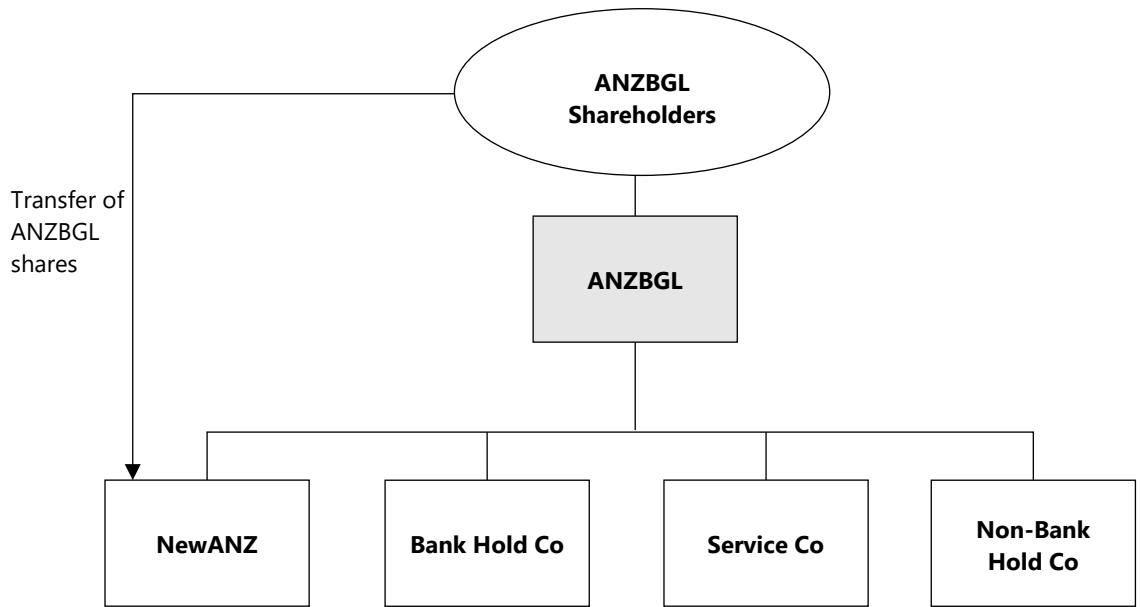
- b) Step 2: ANZBGL incorporates (with nominal share capital) three wholly-owned subsidiaries: Bank Hold Co (prospective holding company for ANZBGL), Non-Bank Hold Co and Service Co.



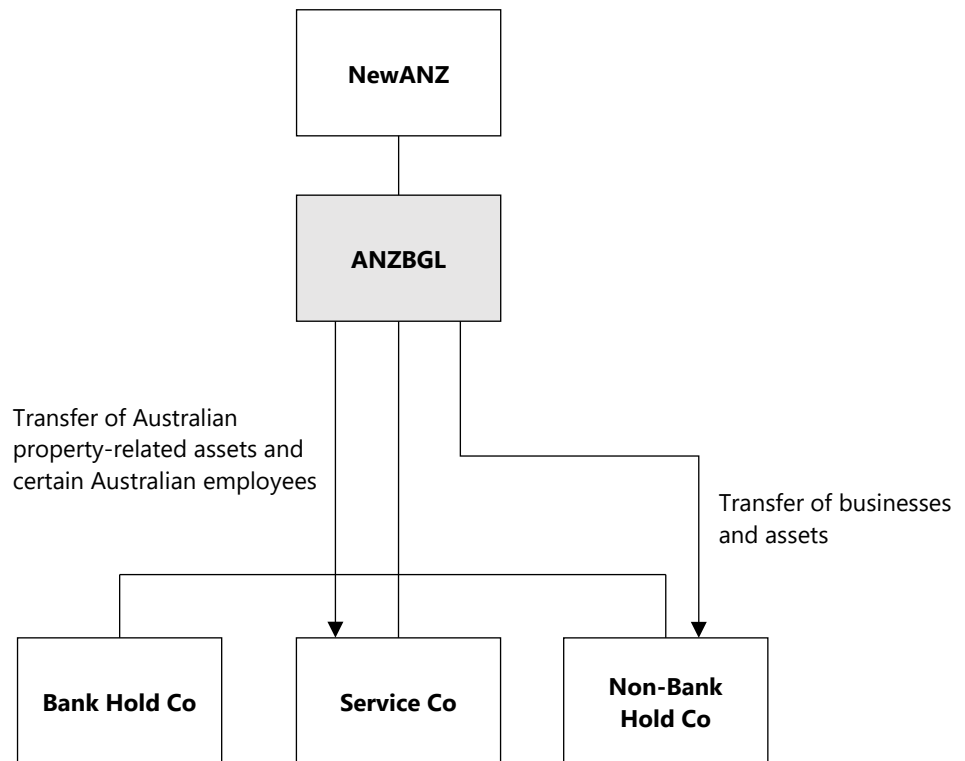
- c) Step 3: NewANZ issues shares (on a one-for-one basis) to eligible ANZBGL shareholders in exchange for the transfer described in step 4 under a court-approved scheme of arrangement.



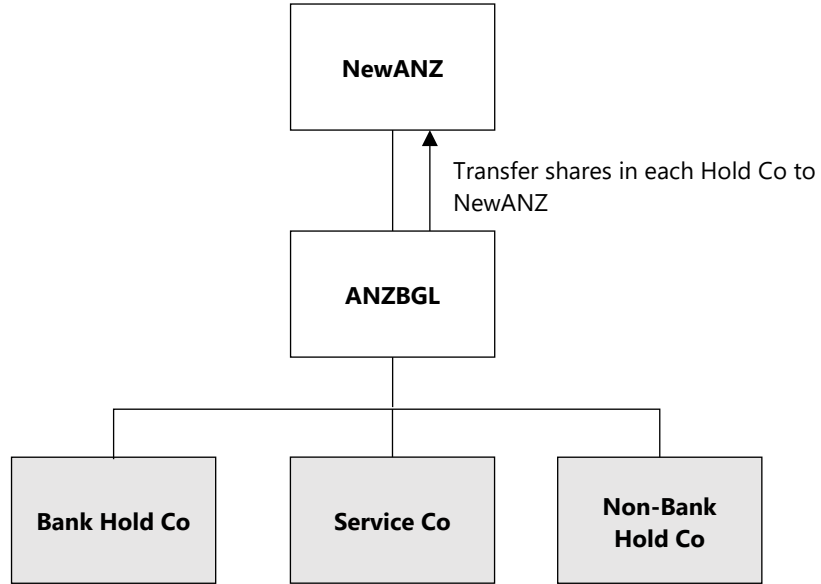
- d) Ineligible foreign shareholders will not participate in steps 3 and 4 as described here. Instead:
- i) their ANZBGL shares will be transferred to a foreign sale facility agent immediately before step 4;
 - ii) the facility will be issued with NewANZ shares (on a one-for-one basis) as part of step 3;
 - iii) the facility will transfer the ANZBGL shares to NewANZ as part of step 4; and
 - iv) the facility will sell the NewANZ shares and remit the net proceeds to ineligible foreign shareholders.
- e) At the same time as NewANZ issues the shares, NewANZ buys back and cancels the original nominal share capital held by ANZBGL (the single share depicted in the diagram above).
- f) Step 4: On the same day, and in consideration for the share issue in step 3, ANZBGL shareholders transfer their ordinary shares in ANZBGL to NewANZ. The value of the NewANZ shares will be equal to the value of the ANZBGL shares, as they will carry the same rights.



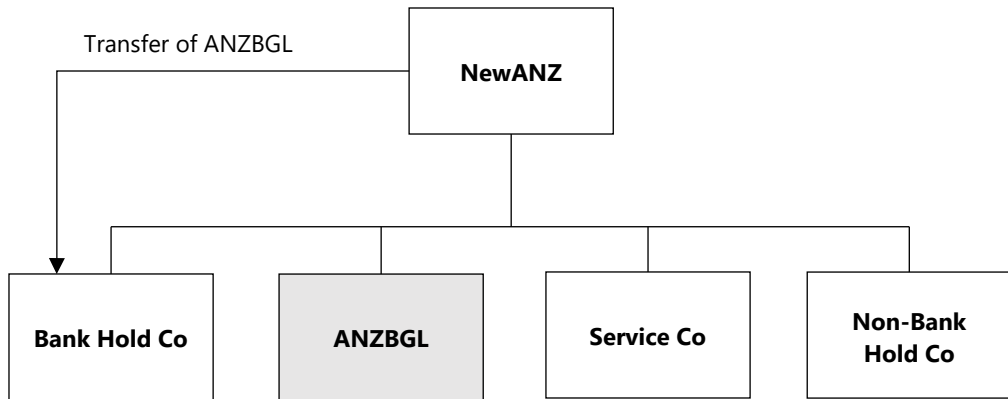
- g) Step 5: ANZBGL transfers non-banking businesses and assets to Non-Bank Hold Co, and relevant assets and employees to Service Co.



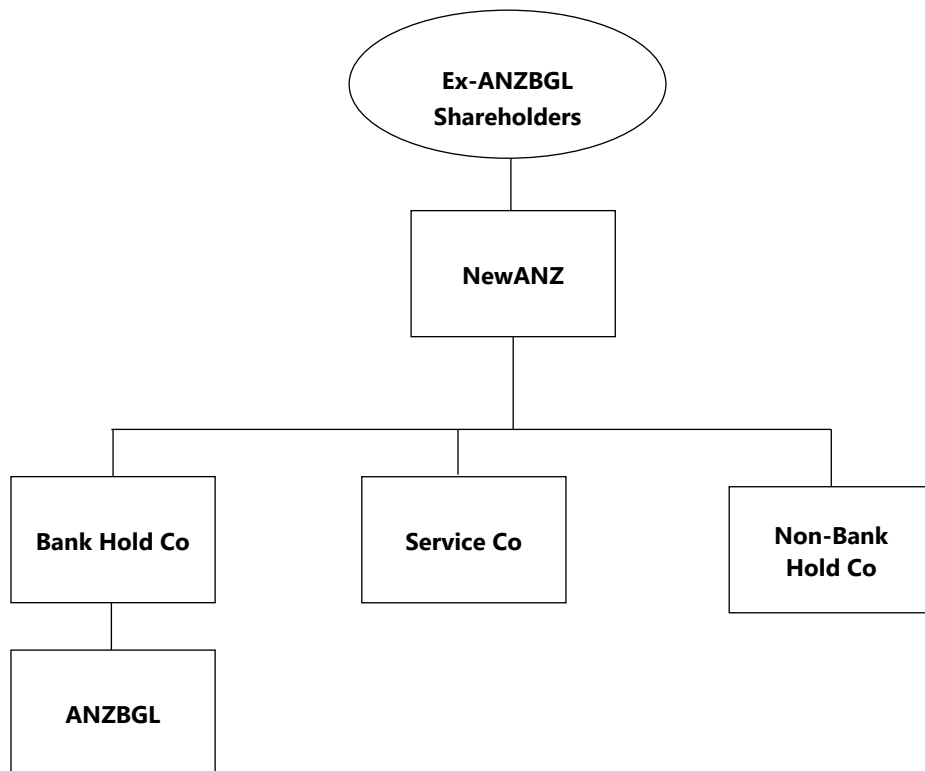
- h) Step 6: ANZBGL transfers its shares in Bank Hold Co, Non-Bank Hold Co and Service Co to NewANZ.



- i) Step 7: NewANZ transfers shares in ANZBGL to Bank Hold Co.



7) The following diagram summarises the post-reorganisation position.



How the Taxation Laws apply to the Arrangement

The Taxation Laws apply to the Arrangement as follows:

- (a) The receipt of NewANZ shares by ANZBGL Capital Shareholders under the Arrangement will not be income under Part C.
- (b) The receipt of NewANZ shares by ANZBGL PIE Shareholders under the Arrangement will be excluded income under s CX 55.

The period or income year for which this Ruling applies

This Ruling will apply for the period beginning on 1 October 2022 and ending on 30 September 2024.

This Ruling is signed by me on the 17th day of October 2022.

Howard Davis

Group Leader, Tax Counsel Office

About this document

Product Rulings are issued by the Tax Counsel Office and Customer and Compliance Services. Product Rulings set out the Commissioner's view on how tax laws apply to a particular "product" – which is an arrangement that a specified taxpayer is likely to enter into with a number of people on identical terms. Taxpayers who enter into the arrangement described in a Product Ruling may apply the ruling but are not obliged to do so. Product Rulings are binding on the Commissioner. This means that if you are entitled to apply a Product Ruling and you have calculated your tax liability in accordance with the ruling, the Commissioner must accept that assessment. A Product Ruling applies only to the taxation laws and arrangement set out in the ruling, and only for the period specified in the ruling. It is important to note that a general similarity to an arrangement covered by a Product Ruling will not necessarily lead to the same tax result.