PBL - Publishing and Broadcasting Limited restructure (2007): Not choosing rollover

Publishing and Broadcasting Limited (PBL) shareholders will need to account for a CGT event that occurred 27 December.

5 April 2013

Introduction

This document is for people who were shareholders in Publishing and Broadcasting Limited (PBL) at the time of the restructure in December 2007 and who cannot or do not choose scrip-for-scrip rollover for their shares.

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Tax consequences

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Two capital gains tax (CGT) events occurred during the restructure. They were:

1. disposal of your PBL shares, and
2. a share capital reduction on your Crown Ltd (Crown) shares, which occurred when you received your Consolidated Media Holdings Ltd (CMH) shares.

This document will help you work out the tax consequences of these events, including your:

- capital gain or capital loss when you disposed of your PBL shares
- CGT cost base records for the Crown shares you received
- CGT cost base records for the CMH shares you received.

Attention **Income tax return 2007-08**
You will need some or all of the capital gains and capital losses information for your 2007-08 income tax return.

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Using the instructions and worksheet

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This document contains a worksheet, instructions, terms explained, example, and example worksheet. Print the worksheet out so you can complete it as you go through the instructions. Print out the example worksheet if you want to refer to it as you go through the example.

You will also need a calculator and the 'holder statements' that Crown and CMH sent you.

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Instructions

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The instructions contain four sections. You need to complete all four sections.

Section 1: Details of your PBL shares

If you held more than one parcel of PBL shares before the restructure, enter the details on the worksheet in the order you got them, oldest first.

For each parcel fill in the:

- acquisition date (column 2) (the date you got the shares)
- number of shares in the parcel (column 3)
- cost base(just before the restructure) for the parcel (column 4).

Section 2: Capital gain or capital loss

In this section you work out whether you made a capital gain or capital loss when you disposed of your PBL shares.

Column 5: Number of Crown shares received

Check the holder statement you received from Crown and enter the total number of Crown shares you received in the 'Total' box at the bottom of column 5.

Use the following table to work out the number of Crown shares you received for each of your parcels of PBL shares:

Option	Number of Crown shares
Standard	Same as column 3 (number of PBL shares)
Maximum cash	Column 3 (number of PBL shares) x 0.31424128
Maximum share	Column 3 (number of PBL shares) x 1.17055145

Round each answer to a full number and enter the results in column 5.

Add up the figures in column 5 and compare your answer to the number you have in the total box (from your holder statement). If the figures do not match, adjust the rounding of individual parcels to make them add up to the number on your holder statement.

Attention **Column 5 must match the total on the holder statement you received from Crown. Any adjustment you make to your individual parcels must be done on a reasonable basis.**

Column 6: Value of your Crown shares

You need to know the value of the Crown shares you received because this amount is used to determine the capital gain or capital loss you made. We accept that the market value of one Crown share before the demerger was $17.59.

Work out the value of the Crown shares you received:

Column 5 x $17.59

Enter the results in column 6.

Column 7: How much cash did you receive?

If you chose the maximum share option leave column 7 blank and go to column 8.

If you chose either of the options that involved cash, you need to work out how much cash you received because you use the amount to work out your capital gain or capital loss.

Use the following table to work out how much cash you received for each of your parcels of PBL shares.

Option	Cash received
Standard	Column 3 (number of shares) x $3.00
Maximum cash	Column 3 (number of shares) x $15.06249587

Enter the results in column 7.

Column 8: How much did you receive altogether (total value)?

Work out the total value of the consideration you received by adding together the cash you received and the value of the Crown shares:

Column 6 + Column 7

Enter the results in column 8.

Column 9: Capital gain or capital loss amount

Use the following steps to work out whether you made a capital gain or capital loss.

Attention **You need to do this because you will need to include any capital gain or capital loss when working out your net capital gain or capital loss for your 2007-08 income tax return.**

Step 1 - Capital gain

To work out if you have made a capital gain on your PBL shares, take the cost base of your PBL shares (amount in column 4) from the total value you received for them (amount in column 8). For each parcel, work out:

> Column 8 (total value) - Column 4 (cost base)

If all your answers are positive, you have made a capital gain on all your parcels - enter the results in column 9 and go to column 10.

If any answer is zero or negative, you need to work out whether you have made a capital loss on that parcel - go to step 2.

Step 2 - Capital loss

To work out whether you made a capital loss, take the reduced cost base of your PBL shares from the total value you received for them. For each parcel, work out:

> Column 8 (total value) - reduced cost base

Enter the results in column 9.

If the result is:

- negative, you have made a capital loss

  Attention

  You must include this capital loss when working out your net capital gain or net capital loss in for your 2007-08 income tax return.

- zero or positive, you have neither a capital loss nor a capital gain.

Go to section 3.

Column 10: CGT discount

You can treat any capital gain you made from disposing of your PBL shares as a 'discounted capital gain' provided you:

- were an individual, complying superannuation entity or eligible trust
- worked out the capital gain using a cost base that had been worked out without reference to indexation at any time, and
- had owned your PBL shares for at least 12 months before the date of disposal or compulsory acquisition (that is, you acquired them on or before 9 December 2006).

> Attention **If you got your PBL shares after 9 December 2006 you cannot use the CGT discount.**

For each parcel, place a 'Y' in column 10 if you are eligible for the CGT discount and an 'N' if you are not.

Section 3: Cost base of your Crown shares

In this section you work out the CGT characteristics of your new Crown shares after the restructure.

Column 11: Acquisition date

The acquisition date for your Crown shares is 10 December 2007, the effective date of the scheme. We have filled in this column for you.

Column 12: Number of Crown shares received

You worked this number out for column 5. For each parcel, copy the number in column 5 of the worksheet to column 12.

Column 13: Cost base of your Crown shares

The cost base of your Crown shares after the restructure is the market value of the shares before the demerger ($17.59 each) less the capital return amount of $3.70 a share (which you received in the form of CMH shares). The cost base of each Crown share is therefore $13.89 ($17.59 - $3.70). Work out the cost base of each parcel:

Column 12 (number of Crown shares) x $13.89

Attention **This is the cost base of your Crown shares immediately after the demerger (that is, after you received the CMH shares).**

Section 4: Cost base of your CMH shares

Column 14: Acquisition date

The acquisition date for your CMH shares is 12 December 2007, the 'effective date' of the demerger. We have filled in this column for you.

Column 15: Number of shares

You received one CMH share for each Crown share you owned. Copy the number of shares from column 12 of the worksheet into column 15.

Column 16: Cost base of shares

The cost base of each CMH share is the capital return amount you received for your Crown shares ($3.70) which, under the demerger, you got in the form of CMH shares.

Work out the cost base for each of your parcels of CMH shares:

> Column 15 (number of shares) x $3.70 (capital return)

Enter the results into column 16.

You have finished the worksheet

Attention **Record keeping**
Keep this worksheet with your CGT records.

If you keep separate files for your PBL, Crown and CMH shares you may need to copy the worksheet.

More information

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- Class Ruling CR 2007/111 Income tax: capital gains tax: acquisition of Publishing and Broadcasting Limited by Crown Limited and demerger of Publishing and Broadcasting Limited by Crown Limited.
- *Guide to capital gains tax* (NAT 4151)

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Terms explained

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Further Information

For more information and a full explanation of these terms, see the *Guide to capital gains tax* (NAT 4151)

Cost base and reduced cost base

Your CGT records for your PBL shares should show your cost base and acquisition date for each parcel of PBL shares. Generally, the cost base of shares is the purchase price and any incidental costs such as transfers, stamp duties, and fees charged by consultants, accountants, lawyers or brokers.

Where you have to work out a capital loss, you use reduced cost base rather than cost base. Your reduced cost base does not include indexation or certain other expenditure.

For most people your reduced cost base is the same as your cost base.

Discounted capital gain

If you work out your capital gain using the 'discount method', you reduce (or discount) it using the 'CGT discount'. The result is referred to as a 'discounted capital gain'. If you use the discount method to work out your capital gain, you do not index the cost base.

Parcel of shares

If you acquire more than one share on a particular date for a particular price, we refer to those shares as a parcel of shares. For example, you may have bought PBL shares on two occasions on the Australian Securities Exchange (ASX) - each of these acquisitions is a separate parcel.

Although each share is a separate CGT asset, it is usually more convenient to work out the CGT consequences for each parcel of shares.

Scrip-for-scrip rollover

'Rollover' allows you to defer your CGT obligation until a later CGT event happens to your shares.

Attention **The calculations in this worksheet do not take into account scrip-for-scrip rollover. If you are entitled and want to use rollover, you need the worksheet, *PBL restructure (2007): Choosing rollover*.**

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Example

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Print out the example worksheet so you can refer to it as you follow this example.

Jonathan owned 2,000 PBL shares (in two parcels) at the time of the restructure. The acquisition date and cost base (and reduced cost base) of each parcel at the time of the restructure was:

- parcel 1, acquired 14 December 2002, 1,000 shares, cost base (and reduced cost base) just before the restructure $21,000
- parcel 2, acquired 8 March 2003, 1,000 shares, cost base (and reduced cost base) just before the restructure $22,000

Jonathan chose the PBL standard option and cannot choose scrip-for-scrip rollover.

Section 1: Details of your PBL shares

In columns 2, 3 and 4 Jonathan enters the acquisition date, the number of shares in each parcel and the cost base of each parcel respectively.

Section 2: Capital gain or capital loss

Column 5: Number of Crown shares received

As Jonathan chose the standard option, he received one Crown share for each of his PBL shares. He enters 1,000 shares in column 5 for each parcel.

Column 6: Value of your Crown shares?

Jonathan works out the value of the Crown shares for each parcel:

parcel 1: 1,000 x $17.59 = $17,590
parcel 2: 1,000 x $17.59 = $17,590

Column 7: How much cash did you receive?

Jonathan received $3.00 for every PBL share he owned. In column 7, he enters $3,000 ($3.00 X 1,000 shares) for each parcel.

Column 8: How much did you receive altogether (total value)?

Jonathan works out how much he received for each parcel:

parcel 1: $3,000 + $17,590 = $20,590
parcel 2: $3,000 + $17,590 = $20,590

He enters these amounts in column 8.

Column 9: Capital gain or capital loss amount

Step 1: For each parcel, Jonathan works out whether he made a capital gain:

parcel 1: $20,590 - $21,000 = -$410
parcel 2: $20,590 - $22,000 = -$1,410

Jonathan's results are negative so he hasn't made a capital gain. He goes to step 2 to see whether he has made a capital loss.

Step 2: Jonathan's reduced cost base for each parcel is the same as his cost base.

parcel 1: $20,590 - $21,000 = -$410
parcel 2: $20,590 - $22,000 = -$1,410

The results are negative, so Jonathan has made a capital loss on both parcels. He skips column 10 and goes to section 3.

Section 3: Cost base of your Crown shares

Column 11: Acquisition date

This is a pre-filled column.

Column 12: Number of Crown shares received

Jonathan copies the figures from column 5 into this column.

Column 13: Cost base of your Crown shares

Jonathan enters the cost base for each parcel of Crown shares:

1,000 x $13.89 = $13,890

Section 4: Cost base of your CMH shares

Column 14: Acquisition date

This is a pre-filled column

Column 15: Number of shares

Jonathan received one CMH share for each Crown share he owned. He copies the figures from column 12 to this column.

Column 16: Cost base of shares

Jonathan works out the cost base for each parcel of CMH shares and enters the result in 16:

1,000 x $3.70 = $3,700

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