


CR 2024/55 - Millennium Services Group Limited - scrip for scrip roll-over

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Status: **legally binding**

Class Ruling

Millennium Services Group Limited – scrip for scrip roll-over

📌 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 former shareholders of Millennium Services Group Limited (Millennium) who disposed of their ordinary shares in Millennium to MS Journey Pty Ltd (BidCo) in exchange for shares in MXS Ventures Pte. Ltd. (HoldCo) on 3 May 2024 (Implementation Date).
2. Details of this scheme are set out in paragraphs 23 to 41 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 Millennium share register on 26 April 2024 and you only received HoldCo shares as consideration for the disposal of your Millennium shares
 - are a resident of Australia (as defined in subsection 6(1) of the *Income Tax Assessment Act 1936*), and
 - held your Millennium shares on capital account – that is, you did not hold your shares as revenue assets (as defined in section 977-50) or as trading stock (as defined in subsection 995-1(1)).
5. This Ruling does not apply to you if you received cash as consideration for the disposal of your Millennium shares.

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6. 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 23 to 41 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

7. This Ruling applies from 1 July 2023 to 30 June 2024.

Ruling

CGT event A1 happened on the disposal of your Millennium Services Group Limited shares

8. CGT event A1 happened when you disposed of your Millennium shares (section 104-10).

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

10. The capital proceeds from CGT event A1 happening to each Millennium share is the market value of the HoldCo share you received in respect of the Millennium share you disposed of (paragraph 116-20(1)(b)). The market value of the HoldCo share received is worked out as at the time of CGT event A1 happening.

11. You made a capital gain from CGT event A1 happening if the capital proceeds from the disposal of your Millennium share were more than the cost base of that share. You made a capital loss from CGT event A1 happening if the capital proceeds from the disposal of your Millennium share were less than the reduced cost base of that share (subsection 104-10(4)).

Availability of scrip for scrip roll-over

12. Subject to the qualification in paragraph 13 of this Ruling, if you made a capital gain from the disposal of your Millennium shares, you may choose to obtain scrip for scrip roll-over (sections 124-780 and 124-785).

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

Consequences if you choose scrip for scrip roll over for your Millennium Services Group Limited shares

Capital gain is disregarded

14. If you choose scrip for scrip roll-over, you disregard the capital gain you made from the disposal of your Millennium shares (subsection 124-785(1)).

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Cost base and reduced cost base of shares in MXS Ventures Pte. Ltd.

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

16. We accept that a reasonable method of attribution would be to calculate the first element of the cost base and reduced cost base of each replacement HoldCo share by dividing the total cost bases of your Millennium shares by the number of replacement HoldCo shares you received.

Acquisition date of shares in MXS Ventures Pte. Ltd.

17. For the purposes of working out whether a future capital gain from the HoldCo shares is a discount capital gain, the HoldCo shares you acquired in exchange for your Millennium shares are taken to have been acquired on the date you acquired, for CGT purposes, the corresponding Millennium shares involved in the roll-over (table item 2 of subsection 115-30(1)).

Consequences if you do not choose, or cannot choose, scrip for scrip roll-over for your Millennium Services Group Limited shares

Capital gain is not disregarded

18. 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 your Millennium 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).

19. If you made a capital gain where 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.

Cost base and reduced cost base of shares in MXS Ventures Pte. Ltd.

20. 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 HoldCo share you received is equal to the market value of the Millennium share you gave in respect of acquiring the HoldCo share (subsections 110-25(2) and 110-55(2)).

21. The market value of the Millennium shares you gave is worked out as at the time when you acquired the HoldCo shares on the Implementation Date.

Acquisition date of shares in MXS Ventures Pte. Ltd.

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

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Scheme

23. 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.

Millennium Services Group Limited

24. Millennium is an Australian-resident company for income tax purposes. It was incorporated on 20 August 2015.

25. Millennium was a widely held company which was listed on the Australian Securities Exchange (ASX).

26. Millennium was the head company of an income tax consolidated group under Part 3-90 and carried on a business in property services including cleaning, security, maintenance and facilities services to Australian and New Zealand organisations.

27. Millennium had 47,163,259 ordinary shares on issue just before the Implementation Date.

MXS Ventures Pte. Ltd.

28. HoldCo is a private limited company that was incorporated in Singapore on 19 December 2023 under the laws of the Republic of Singapore.

29. HoldCo shares are not listed on a foreign stock exchange or on the ASX.

Scheme of arrangement

30. On the 22 December 2023, Millennium announced that it had entered into a scheme implementation agreement with an entity controlled by the SoftBank Robotics Group Corp. (Japan). Under the terms of the scheme, Millennium agreed to propose to the shareholders of Millennium that Millennium and its shareholders enter into a scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (Corporations Act) pursuant to which BidCo would acquire all the ordinary shares in Millennium in exchange for shares in HoldCo.

31. A resolution in favour of the scheme of arrangement was passed by shareholders of Millennium as required by subparagraph 411(4)(a)(ii) of the Corporations Act on 17 April 2024.

32. The scheme of arrangement was approved by the Federal Court under paragraph 411(4)(b) of the Corporations Act on 22 April 2024.

33. BidCo acquired 100% of the ordinary shares in Millennium on the Implementation Date.

34. In consideration for the disposal of their Millennium shares, the shareholders of Millennium received cash, shares in HoldCo, or a combination of both on the Implementation Date. Shareholders who received shares in HoldCo received one HoldCo share for each Millennium share they held.

35. Millennium was removed from the official list of the ASX with effect from the close of trading on Monday, 6 May 2024.

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Ineligible shareholders, including small shareholders

36. Ineligible shareholders comprised both ineligible foreign shareholders and small shareholders. An ineligible foreign shareholder was a holder of Millennium shares whose address is in a place outside Australia and its external territories, and New Zealand (except 'wholesale investor' certificate holders). A small shareholder was any shareholder who held less than 300,000 shares on issue in Millennium or, as a result of a partial election, would hold less than 300,000 shares in HoldCo under the scheme.

37. Ineligible shareholders were unable to make the election to receive shares in HoldCo and were instead entitled to receive cash consideration of \$1.15 for each Millennium share they held.

Other matters

38. There was no 'significant stakeholder' or 'common stakeholder' in Millennium within the meaning of those terms in section 124-783.

39. Just before the scheme implementation agreement was entered into, Millennium had more than 300 shareholders.

40. A Millennium shareholder, Millennium and BidCo were not all members of the same linked group (within the meaning given by section 170-260) just before the scheme implementation agreement was entered into.

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

Commissioner of Taxation

4 September 2024

Status: **not legally binding**

References

Legislative references:

- ITAA 1936 6(1)
- ITAA 1997 102-5
- ITAA 1997 102-10
- ITAA 1997 104-10
- ITAA 1997 104-10(3)(b)
- ITAA 1997 104-10(4)
- ITAA 1997 109-10
- ITAA 1997 110-25(2)
- ITAA 1997 110-55(2)
- ITAA 1997 Subdiv 115-A
- ITAA 1997 115-30(1)
- ITAA 1997 116-20(1)(b)
- ITAA 1997 Subdiv 124-M
- ITAA 1997 124-780
- ITAA 1997 124-783
- ITAA 1997 124-785
- ITAA 1997 124-785(1)
- ITAA 1997 124-785(2)
- ITAA 1997 124-785(4)
- ITAA 1997 124-795(2)(a)
- ITAA 1997 124-795(4)
- ITAA 1997 170-260
- ITAA 1997 Pt 3-90
- ITAA 1997 Div 230
- ITAA 1997 977-50
- ITAA 1997 995-1(1)
- Corporations Act 2001 Pt 5.1
- Corporations Act 2001 411(4)(a)(ii)
- Corporations Act 2001 411(4)(b)

ATO references

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