

30 June 2017

Corporate tax rate changes and dividend imputation

Recently, the Federal Government enacted laws reducing the corporate tax rate for companies whose turnover was below \$10 million in the financial year ended 30 June 2016. Sandon Capital Investments Ltd (SNC) turnover fell under this threshold.

While a reduced company tax rate is welcome, the details of its implementation have led to some unwelcomed complications.

On the enactment of the Treasury Laws Amendment (Enterprise Tax Plan) Act 2017 on 19 May 2017, the 27.5% corporate tax rate for small business entities like SNC, took effect retrospectively, from 1 July 2016.

This legislation also introduced a new formula for determining the maximum franking credit entitlement for a frankable distribution, which is generally based on the company's corporate tax rate for the prior income year.

As a result of this retrospective legislation, the dividend statements previously sent to you in May 2017 and November 2016 for the year ended 30 June 2017 are no longer accurate. Dividends paid in the 2017 financial year and those in future may only be franked at the new 27.5% rate, not 30%, while SNC remains under the threshold.

We are working with our registry to recalculate the revised franking for all dividends paid during the 2017 financial year and will send by post or email amended statements to our shareholders impacted by this change as soon as possible.

We apologise to our shareholders for the inconvenience, an unfortunate consequence of the Government's retrospective legislation.

Gabriel Radzyninski
Chairman

Contact

If you have any questions regarding the Company or its investments, please call Gabriel Radzyninski on 02 8014 1188. If you have questions regarding your shareholding, please contact Link, whose details appear below.

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