

3 July 2017

## Corporate tax rate changes and dividend imputation - Correction

We refer to our previous announcement on 30 June 2017 which stated that dividends paid by Sandon Capital Investments Ltd (SNC) from 1 July 2016 would only be franked at the 27.5% corporate tax rate due to recent amendments to Australia's taxation legislation.

Upon further investigation, this previous advice is incorrect.

The dividends paid in the year ended 30 June 2017 will in fact carry franking credits at 30%, as previously advised in the shareholder dividend statements sent to shareholders.

On this basis shareholders can use these statements to complete their 2016/17 tax returns.

### **Background**

It was initially thought that SNC's turnover was less than the \$10 million threshold for the year ended 30 June 2016. This was on the basis that SNC's net turnover was used. Upon closer investigation and analysis, it is clear that SNC's gross turnover (which is the relevant criteria) was in fact more than the \$10 million threshold in the year ended 30 June 2016.

Accordingly, the lower 27.5% franking percentage does not apply to SNC and therefore the two dividends paid in the 2017 financial year were correctly shown as franked at the 30% corporate tax rate.

### **Future Periods**

We do note the franking imputed to any dividends payable in the 2018 financial year will depend on SNC's gross turnover in the 2017 financial year, which will be known once the SNC 2017 financial statements are finalised next month. Further information will be provided in the 2017 Annual Report in this regard.

We apologise for the inconvenience, an unfortunate consequence of the Government's retrospective legislation and differing definitions of turnover used for accounting and tax purposes.

Gabriel Radzyminski

Chairman

### **Contact**

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

Further information:

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