# Specific share events (S.580 et seq)

## Part 19-04-06B

This document should be read in conjunction with Chapter 4 of Part 19 of the Taxes Consolidation Act 1997

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The information in this document is provided as a guide only and is not professional advice, including legal advice. It should not be assumed that the guidance is comprehensive or that it provides a definitive answer in every case.

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# Introduction

**Chapter 4 of Part 19 of the Taxes Consolidation Act 1997 ("TCA 1997")** (**sections 580 to 591**, inclusive) deals with specific aspects of transactions involving shares and securities as they relate to Capital Gains Tax ("CGT").

On occasion Revenue has published articles in Tax Briefings in relation to certain share transactions which were of widespread interest at the time. Typically, these articles illustrated a salient aspect relating to the shareholding and its disposal.

The following are instances of where a Tax Briefing article was published in respect of a specific share transaction. The relevant Tax Briefing material may be found in the appendices to this manual, as set out below.

## 6B.1 First Active

The main points dealt with relate to the treatment of capital distribution (in the case of a demutualisation), bonus issue of shares, FIFO (First in First Out rules) as well as how, for the purposes of the annual personal exemption for example, the beneficial owner(s) could be identified. The relevant articles appeared in Tax Briefing issues 53 and 57.

## 6B.2 Jefferson Smurfit

The acquisition by MDCP Acquisitions Ltd of shares in Jefferson Smurfit Group plc in a takeover involved a number of elements including a "spin off", loan notes, a share split and a cash offer. The matter was examined in detail in Tax Briefing 53.

## 6B.3 Eircom/Vodafone

Tax Briefing 46 explored the impact on the base cost of Eircom and Vodafone shares following the disposal by Eircom of the Eircell business to Eircell 2000 and the subsequent share for share transaction between the shareholders of Eircell 2000. See also Tax and Duty Manual Part 19-04-06AA - Tax Treatment of Return of Value & Related Share Consolidation by Vodafone Group plc.

## 6B.4 Norwich Union

On the demutualisation of Norwich Union in 1997, members received shares which were either free shares or discounted shares in Norwich Union plc. Tax Briefing 30 described how the base cost of such shares should be ascertained and also how the date of acquisition of the shares could be identified in light of FIFO requirements.

## 6B.5 Scottish Provident

On the demutualisation of Scottish Provident, members received shares in Scottish Provident and thereafter the choice of a cash payment or loan notes. As explained in Tax Briefing 47, the receipt of cash represented a disposal for CGT purposes, being a disposal of shares; the disposal of the loan notes occurs on redemption. In either case the base cost is nil.

## 6B.6 Fyffes

The computation of the base cost of shares in two demergers involving Fyffes plc were examined in Tax Briefings 65 and 66 respectively.

The base cost of shares in Fyffes plc and Blackrock International Land plc where Fyffes disposed of part of its undertaking to Blackrock on a share for share basis was explored in Tax Briefing 65 which described how the base cost on future disposals was to be computed.

The base cost of shares in Fyffes plc and Total Produce plc where Fyffes disposed of its General Produce division to Total Produce on a share for share basis was explored in Tax Briefing 66 which described how the base cost on future disposals was to be computed.

# Appendix 1

## Tax Briefing Issue 53 (August 2003)

## First Active PLC CGT

Following High Court approval, under **section 73 Companies Act 1963**, First Active PLC made a repayment of capital to its shareholders in June 2003. This repayment was achieved by means of a bonus issue of new ordinary shares on a 2 for 1 basis followed by the cancellation of these shares in exchange for a payment of €0.56 per bonus share.

By virtue of **section 584(3) TCA 1997** the bonus shares are deemed to have been acquired at the same time, and at no additional cost, as the shares giving rise to the bonus issue.

A reduction of capital, in accordance with **section 72 Companies Act 1963**, is a form of repayment of share capital for the purposes of **section 175 TCA 1997**. Consequently, any repayment of share capital so arising would not be treated as a distribution but would instead represent a disposal for capital gains tax purposes.

- For shareholders who hold ‘free’ shares only there is no base cost. The sum received in respect of the bonus shares is chargeable in full, subject to the availability of allowable losses and the personal exemption.
- FIFO rules will apply where shareholders acquired shares on different occasions. Thus, shares acquired at an earlier date, including the attaching bonus shares, are deemed to have been disposed of first. Where shares were purchased it will be necessary to adjust their base cost for the purpose of calculating the allowable costs.

All chargeable gains arising in the period 1 January 2003 to 30 September 2003 should be aggregated and the tax payable, after allowable losses and the personal exemption, should be remitted to the Collector-General in Limerick by 31 October 2003 - see article on page 1.

# Tax Briefing 57 (October 2004)

## Personal Exemption on the disposal of Free Shares

This note is intended to clarify the position regarding the annual personal exemption where joint investors or borrowers received free and loyalty shares in First Active in the name of one account holder only.

Under the provisions of the **Building Societies Act 1989**, only the first named on a share account or a housing loan is treated as a member for de-mutualisation purposes. That person is usually the only one entitled to an allotment of free shares. For CGT purposes, however, this does not necessarily mean that the first named account holder or borrower is treated as being the recipient, or only recipient, of the shares. It can happen that the first named will have received free shares wholly or partly on behalf of others and, if so, it will be necessary to determine who has beneficial ownership.

Each beneficial owner of First Active shares is treated as disposing of his/her interest and is entitled to the annual personal exemption against the resultant gain. Thus, for example, in the case of a married couple who held a joint account in the First National Building Society, each is entitled to the annual personal exemption on gains arising on the disposal of their respective beneficial interests in the First Active shares notwithstanding that the shares were held in one name only.

# Appendix 2

## Tax Briefing Issue 53 (August 2003)

## Capital gains tax implications for holders of Jefferson Smurfit Group plc shares on the takeover of the company by MDCP Acquisitions Limited.

### Introduction

MDCP Acquisitions Limited (“MDCPA”) acquired Jefferson Smurfit Group plc (“JSG”) shares in a takeover of that company by means of the following series of transactions:

- The Share Split

JSG subdivided each of its issued Ordinary €0.30 shares into 10 Ordinary €0.03 shares (the “share split”).

- “Spin off ” of SSCC Shares

In a court approved capital reduction, JSG’s shareholding in Smurfit Stone Container Corporation (“SSCC”) was cancelled and new SSCC shares were issued directly to JSG’s shareholders (“the spin-off ”). JSG shareholders received 1 common share in SSCC for every 16 Ordinary €0.30 shares held before the 10 for 1 split.

- Cancellation of Shares

In exchange for the SSCC shares spun off and to complete the capital reduction, JSG cancelled 4 out of every 10 Ordinary €0.03 shares held after the split.

- Acquisition by MDCPA (“the offer”)

MDCPA then acquired the remaining JSG shares as follows:

* A cash payment of €2.15 for each JSG share held before the share split or

* Loan notes of €l.00 per €1.00 of cash consideration to which they were entitled or

* A combination of cash and loan notes at the choice of the shareholder.

An individual who was tax resident or ordinarily tax resident in Ireland at the time of the takeover is subject to Irish capital gains tax in the 2002 tax year on any gain arising on the disposal of JSG shares pursuant to the ‘spin off ’ and the offer.

### The Share Split

The share split is considered a reorganisation under **section 584 TCA 1997** and is therefore not considered a disposal for capital gains tax purposes. JSG shareholders

are treated as if they acquired their shareholding of ten new JSG Ordinary €0.03 shares on the same date and at the same cost as when they acquired their original JSG Ordinary €0.30 share.

## “Spin off ”of the SSCC Shares

The “spin off ” of SSCC shares was payment for the redemption, repayment or purchase of its own shares by JSG in accordance with the proposed scheme of capital reduction and **section 175 TCA 1997** applies.

On receipt of the SSCC shares a part disposal arose to JSG shareholders. **Section 547(1)(b) TCA l997** deems the consideration received in respect of the part disposal to be equal to the market value of the SSCC shares received by the shareholder on 3 September 2002, the date the offer was declared unconditional. Revenue accept that the market value of SSCC shares on this date was €13.67 i.e. US$13.6101 converted to Euro at the exchange rate prevailing at 4.30pm on 3 September 2002 of €1 = US$0.9959.

**1. The SSCC Formula**

Sale Proceeds
Value of SSCC shares received =

$$\frac{€13.67 \times \text{number of Ord €0.30 shares held}}{16} = \textbf{SP1}$$

**Less Base Cost (indexed if appropriate)**

$$\frac{\text{Original base cost*} \times \text{sales proceeds i.e. SP1}}{\text{Sales proceeds, i.e.SP1 + Market value of remainder}}$$

i.e, number of Ord €0.30 shares held x €2.15 = **B**

**Gain = SP1 – B (indexed)**

** The base cost of an individual’s JSG holding must be attributed to each individual tranche of shares purchased taking account of the impact of any rights, bonus and scrip issues taken up on the holding.*

## The acquisition by MDCPA

**Cash**
The acceptance of the cash offer for the remaining JSG shares held following the capital reduction constitutes a disposal of those shares giving rise to a capital gains tax charge on the difference between the cash received and the base cost attributable bearing in mind that a portion of the base cost will have been allocated for CGT purposes against the part disposal arising on the ‘spin off ’of the SSCC shares.

## 2. The Cash Offer Formula

**Sale Proceeds**

Number of Ord €0.30 shares held x €2.15 each = **SP2**

**Less Base Cost (indexed if appropriate)**

Original base cost* - B (from the SSCC formula above) = **C**

**Gain = SP2 – C (indexed)**

** The base cost of an individual's JSG holding must be attributed to each individual tranche of shares purchased taking account of the impact of any rights, bonus and scrip issues taken up on the holding.*

**Loan Notes**

An exchange of JSG shares for an element of loan notes [MDCP Acquisitions I – Floating Rate Guaranteed Unsecured Loan Notes 2007] will not be treated as a disposal for capital gains tax purposes under **section 584 TCA 1997**. No chargeable gain will arise until such time as the loan notes are transferred, disposed of or redeemed.

The base cost attributable to the loan notes will be the portion of the original base cost of the JSG shares relating to the holding not disposed of on the distribution of the SSCC shares, i.e. the appropriate proportion of "C" above (see The Cash Offer Formula). The loan notes are deemed to have been acquired on the same date as the acquisition of the original JSG holding.

**Cash and loan notes**

Where an individual elected to receive a combination of cash and loan notes, CGT will be payable on the cash element. As outlined above, no chargeable gain arises in respect of the loan note element until such time as the loan notes are transferred, disposed of or redeemed. The calculation will take account of the value of loan notes received in order to ascertain the appropriate base cost attributable to the cash element.

## 3. The Loan Note And Cash Offer Formula

**Sale Proceeds**

Amount of cash received = **SP3**

**Less Base Cost (indexed if appropriate)**

Original base cost* - B (from the SSCC formula above) x amount of cash received i.e. SP3 / amount of cash received i.e. SP3 + value of loan notes received = **D**

**Gain** = **SP3 – D (indexed)**

** The base cost of an individual's JSG holding must be attributed to each individual tranche of shares purchased taking account of the impact of any rights, bonus and scrip issues taken up on the holding.*

## Example

An individual made an original purchase of one tranche of 5,000 shares at a cost of €2.0124 per share on 30 January 1985. On 15 July 1985, he took up a bonus issue of 1 for 2 and on 21 September 1992 took up another bonus issue of 1 for 1. The individual accepted, on 17 October 1994, a rights issue of 1 for 10 at €4.19 per share and took up a further bonus issue of 1 for 1 on 8 June 1995. Therefore, on 3 September 2002, he held 33,000 shares in JSG in respect of the original 5,000 shares purchased. The following are the capital gains tax implications of the takeover, in the three different scenarios as outlined above, on this individual's JSG shareholding.

**a) Receipt of €2.15 cash per share and SSCC shares.**

Where an individual held 33,000 shares in JSG, the sale proceeds received on the takeover is equal to €70,950 plus 2,062 SSCC shares at a market value of €13.67.

**1. The SSCC Formula**

**Sale Proceeds**

| | | | | | |
|---|---|---|---|---|---|
| SSCC shares | | 2,062 shares @ | €13.67 | **=** | €28,187 |

**Less Base Cost**

$$€10{,}062 \times \frac{€28{,}187}{€28{,}187 + €70{,}950} = €2{,}860$$

| | | | | | |
|---|---|---|---|---|---|
| €2,860 (Indexed) | x | 1.735 | | = | €4,962 |

Enhancement Expenditure (94/95) Rights Issue

$$€6{,}285 \times \frac{€28{,}187}{€28{,}187 + €70{,}950} = €1{,}786$$

| | | | | | |
|---|---|---|---|---|---|
| €1,786 (Indexed) | x | 1.248 | | = | €2,229 |
| **Gain on Receipt of SSCC shares** | | | | = | €20,996 |

**2. The Cash Offer Formula**

**Sale Proceeds**

| | | | | | |
|---|---|---|---|---|---|
| Cash | | 33,000 shares @ | €2.15 | = | €70,950 |

**Less Base Cost**

| | | | | | | |
|---|---|---|---|---|---|---|
| €10,062 | - | €2,860 | **=** | €7,202 | | |
| €7,202 (Indexed) | x | 1.735 | | | = | €12,495 |

Enhancement Expenditure (94/95) Rights Issue

| | | | | | | |
|---|---|---|---|---|---|---|
| €6,285 | - | €1,786 | = | €4,499 | | |
| €4,499 (Indexed) | x | 1.248 | | | = | €5,615 |
| **Gain on Receipt of Cash** | | | | | = | €52,840 |

### b) Receipt of Loan Notes and SSCC shares

An exchange of JSG shares for an element of loan notes will not be treated as a disposal for capital gains tax purposes. No chargeable gain will arise until such time as the loan notes are transferred, disposed of or redeemed.

### 1. The SSCC Formula

**Sale Proceeds**

| | | | | | |
|---|---|---|---|---|---|
| SSCC shares | | 2,062 shares @ | €13.67 | = | €28,187 |

**Less Base Cost**

| | | | | | | |
|---|---|---|---|---|---|---|
| €10,062 | x | €28,187 / (€28,187 + €70,950) | **=** | €2,860 | | |
| €2,860 (Indexed) | x | 1.735 | | | = | €4,962 |

Enhancement Expenditure (94/95) Rights Issue

| | | | | | | |
|---|---|---|---|---|---|---|
| €6,285 | x | €28,187 / (€28,187 + €70,950) | = | €1,786 | | |
| €1,786 (Indexed) | x | 1.248 | | | = | €2,229 |
| **Gain on Receipt of SSCC shares** | | | | | = | €20,996 |

**Note**
The base cost for a subsequent disposal of the Loan Notes is €7,202 (i.e. €10,062 - €2,860) with allowable enhancement expenditure of €4,499 (i.e. €6,285 – €1,786).

## c) Receipt of part cash part Loan Notes and SSCC shares

The individual took cash of €43,000 and €27,950 worth of Loan Notes.

### 1. The SSCC Formula

**Sale Proceeds**

SSCC shares 2,062 shares @ €13.67 = €28,187

**Less Base Cost**

$€10{,}062 \times \frac{€28{,}187}{€28{,}187 + €70{,}950} = €2{,}860$

€2,860 (Indexed) x 1.735 = €4,962

Enhancement Expenditure (94/95) Rights Issue

$€6{,}285 \times \frac{€28{,}187}{€28{,}187 + €70{,}950} = €1{,}786$

€1,786 (Indexed) x 1.248 = €2,229

**Gain on Receipt of SSCC shares** = €20,996

### 2. The Loan Note and Cash Offer Formula

**Sale Proceeds**

Cash €43,000

**Less Base Cost**

$(€10{,}062 - €2{,}860) \times \frac{€43{,}000}{€43{,}000 + €27{,}950} = €4{,}365$

€4,365 (Indexed) x 1.735 = €7,573

Enhancement Expenditure (94/95) Rights Issue

$(€6{,}285 - €1{,}786) \times \frac{€43{,}000}{€43{,}000 + €27{,}950} = €2{,}727$

€2,727 (Indexed) x 1.248 = €3,403

**Gain on Receipt of SSCC shares** = €32,024

**Note**

The base cost for a subsequent disposal of the Loan Notes is €2,837 (i.e. €10,062 – (€2,860 + €4,365)) with allowable enhancement expenditure of €1,772 (i.e. €6,285 - (€1,786 + €2,727)).

# Appendix 3

## Tax Briefing 46 (December 2001)

## Calculation of Base Cost of Eircom shares and Vodafone shares

Following the disposal by Eircom of the Eircell business to Eircell 2000 and the subsequent share for share transaction between the shareholders of that latter company and Vodafone, the base cost of Eircom shares must be apportioned accordingly.

**Apportionment Of Base Cost**

**Section 584(6) TCA 1997** contains the main rule for apportioning the cost of acquisition of a new “holding”. For the purpose of computing a gain or loss accruing from the disposal of any part of the new “holding”, the total cost of the new “holding” is apportioned on the basis of the respective market values, at the date of the part disposal, of what is disposed of and what is retained.

**Section 548(3)** outlines how market value is to be ascertained. Each Eircom shareholder received 1 share in Eircell 2000 for every Eircom share held. In accordance with the provisions of this section, the market value of then Eircom and Eircell 2000 shares, following the disposal are as follows:

Eircom €1.11
Eircell 2000 €1.45406

**Revenue will accept that the base cost to be used on the disposal of Eircom shares is as follows:**

Assume Eircom shares purchased for €3.90 at original offer:

The split base cost per share, is thus as follows:

Eircom**:**

$$€3.90 \quad \times \quad \frac{€1.11}{€1.11 + €1.45406} \quad = \quad €1.69 \text{ per share}$$

Each Eircell 2000 shareholder received 0.9478 shares in Vodafone for every two shares held.

**Revenue will accept that the base cost to be used on the disposal of Vodafone shares is as follows:**

Assume, as above, Eircom shares were purchased for €3.90.

**Vodafone:**

$$€3.90 - €1.69 = €2.21 \text{ per share} \times \frac{2}{0.9478} = €4.66 \text{ per share}$$

Fractional entitlements have been disregarded.

The percentage split of the base cost between Eircom and Vodafone is therefore:

Eircom

$$\frac{€1.69}{€1.69 + €2.21} \times 100 = 43\%$$

Vodafone

$$\frac{€2.21}{€1.69 + €2.21} \times 100 = 57\%$$

Where Eircom shares were acquired after the initial floatation at a price other than €3.90 the split of that base cost (i.e. the cost of the shares) should be apportioned using the above percentages.

Individuals who held their shares for a specified period were entitled to receive one free loyalty bonus ordinary share for every 25 ordinary shares held. The bonus ordinary shares will have a base cost of nil for capital gains tax purposes.

Additionally, where an individual received loyalty bonus shares and subsequently Vodafone shares were received in respect of those shares, then the base cost of the Vodafone shares attributable to those shares is also nil. Consequently, where an individual participated in the initial offer and later received the loyalty bonus of one free ordinary share for every 25 ordinary shares held, then 1/26th of Vodafone shares acquired in respect of that holding will have a base cost of nil.

Any Eircom shares acquired after the disposal of the Eircell business are not affected.

# Appendix 4

## Tax Briefing 30 (February 1998)

## CGT - Norwich Union plc Shares

## Share Identification ('FIFO')

**Background**
On the demutualisation of Norwich Union Life Insurance Society in June 1997, a large number of Irish members received both 'free' and 'discounted' shares in Norwich Union plc.

**Allowable cost**
The allowable cost of the respective shares for capital gains tax purposes is the actual amount paid [see **section 588 Taxes Consolidation Act 1997**- formerly **Paragraph 5A to Schedule 2, Capital Gains Tax Act 1975** as inserted by **section 70 Finance Act 1997**]. Therefore, the shares acquired at no cost (the 'free' shares) have a 'nil' base cost for capital gains tax purposes while the 'discounted' shares are treated as acquired at the actual price paid.

**'First-In-First- Out' rules**
Where a person acquired both 'free' and 'discounted' shares as part of the flotation and subsequently disposed of part of the holding, the question of the 'First-In-First-Out' rule in **section 580 Taxes Consolidation Act 1997** [formerly Paragraph 4 Schedule 1 Capital Gains Tax (A)A 1978] arises.

Due to the manner in which the shares were acquired, it may not be possible to identify which shares were acquired 'first' for the purpose of the FIFO rule. In the circumstances, Revenue will accept in practice that the shareholder may nominate from which block of shares the disposal has been made.

**Example**
An individual who acquired 915 10p Ord. Norwich Union plc. shares (300 'free' & 615 at 'discount')and sells 500 of them in November 1997 may nominate the block of shares from which the disposal was made [i.e. the individual may claim that the shares which he/she sold included all part or none of the free shares, as required].

**Computations**
When preparing capital gains tax computations on the above basis for a client, practitioners should show the total number of shares acquired on flotation, identify separately the number of 'free' and ''discounted' shares involved, and specify the block out of which the disposal was made.

# Appendix 5

## Tax Briefing 47 (April 2002)

## Demutualisation of Scottish Provident

Arising from the demutualisation of Scottish Provident, members have the option of receiving either cash or loan notes. The mechanism to achieve this is that policy holders will first receive shares in Scottish Provident. The holders of these shares will then be offered either cash or loan notes, by a subsidiary of Abbey National, in exchange for the shares. The cash received is taxable to CGT as it is a disposal of shares. There is no base cost. The receipt of loan notes is relieved by **section 586 TCA 1997**. CGT arising on the loan notes is therefore deferred until they are redeemed. Again, there will be no base cost.

# Appendix 6

## Tax Briefing 65 (2006)

## Calculation of Base Cost of Fyffes shares and Blackrock International Land shares

Following the disposal by Fyffes of part of its undertaking to Blackrock International Land plc (Blackrock) in exchange for the issue of Blackrock shares to the shareholders in Fyffes, the base cost of Fyffes shares must be apportioned accordingly.

**Apportionment Of Base Cost**
For the purpose of computing a gain or loss accruing from the disposal of any part of the "new holding", within the meaning of **section 584(1) TCA 1997,** the total cost of the "new holding" is apportioned on the basis of the market values of the Fyffes shares and the Blackrock shares after the demerger.

Pursuant to the disposal each Fyffes shareholder received one share in Blackrock for each Fyffes share held prior to the transaction. In accordance with the provisions of the Capital Gains Tax Acts, the market value of the Fyffes shares and the Blackrock shares, following the demerger, are as follows:

Fyffes: €1.47
Blackrock: €0.43

To illustrate the mechanism for determining the base cost of the shares in the event of a future disposal, assume Fyffes shares were acquired before the demerger for €2.

Revenue will accept that the base cost to be used on the disposal of Fyffes shares is as follows:

Fyffes:

$$€2 \quad \times \quad \frac{€1.47}{€1.47 + €0.43} \quad = \quad €1.55 \text{ per share}$$

Revenue will accept that the base cost to be used on the disposal of Blackrock shares is as follows:

Blackrock:

$$€2 \quad \times \quad \frac{€0.43}{€1.47 + €0.43} \quad = \quad €0.45 \text{ per share}$$

The percentage split of the base cost between Fyffes and Blackrock is therefore:

Fyffes:

$$\frac{€1.47}{€1.47 + €0.43} = 77\%$$

Blackrock:

$$\frac{€0.43}{€1.47 + €0.43} = 23\%$$

Any Fyffes or Blackrock shares acquired after the demerger are not affected.

## Tax Briefing 66 (2007)

## Calculation of Base Cost of Fyffes shares and Total Produce shares

**Introduction**
Following the disposal by Fyffes plc ('Fyffes') of its General Produce division to Total Produce plc ('Total'), in exchange for the issue of Total shares to the shareholders of Fyffes, the base cost of Fyffes shares must be apportioned accordingly.

**Apportionment of Base Cost**
For the purpose of computing a gain or loss accruing from the disposal of any part of the 'new holding', within the meaning of **Section 584 (1) TCA 1997**, the total cost of the 'new holding' is apportioned on the basis of the respective market values of the Fyffes shares and Total shares after the demerger.

Pursuant to the demerger of the produce division, each Fyffes shareholder received 1 share in Total for each Fyffes share held prior to the transaction. In accordance with the provisions of the CGT Acts, the market value of the Fyffes shares and the Total shares following the demerger are as follows:

*Fyffes:* €0.96
*Total:* €0.79.

To illustrate the mechanism for determining the base cost of the shares in the event of a future disposal, assume Fyffes shares were originally acquired for €2 each prior to the demerger of the property undertaking to Blackrock International Land plc ('Blackrock'). Each Fyffes share so acquired was deemed to have a base cost of €1.55 (for further information on this point, please see ***Tax Briefing***, Issue 65).

Revenue will accept that the base cost of Fyffes shares acquired before the Blackrock demerger for €2 and disposed of after the Total demerger is as follows:

Fyffes:

$$€1.55 \times \frac{€0.96}{€0.96 + €0.79} = €0.85 \text{ per share}$$

Revenue will accept that the base cost of Total shares is as follows:

Total:

$$€1.55 \times \frac{€0.79}{€0.96 + €0.79} = €0.7 \text{ per share}$$

The percentage split of the base cost between Fyffes and Total is:

Fyffes:

$$\frac{€0.96}{€0.96 + €0.79} = 55\%$$

Total:

$$\frac{€0.79}{€0.96 + €0.79} = 45\%$$

The cost of Fyffes shares acquired after the Blackrock demerger should be apportioned on this basis.

**Summary:**
On the basis that a share in Fyffes was originally acquired for €2 prior to the Blackrock and Total demergers and disposed of after the Total demerger, Revenue will accept that the base cost is €0.85.

The base cost of a Fyffes share acquired in the period between the demergers and disposed of after the Total demerger is 55% of the cost of the share.

Any Fyffes shares or Total shares acquired after the Total demerger are not affected.