

## Questions & Answers – 2013/14

**Q. What are TESOP 97 and TESOP 99?**

**A.** TESOP 97 – offer made to employees to acquire shares in Telstra under the Telstra Employee Share Ownership Plan as part of the 1997 initial public float of Telstra shares.

TESOP 99 – offer made to employees to acquire shares in Telstra under the Telstra Employee Share Ownership Plan as part of the 1999 additional public float of Telstra shares.

**Q. How do I find out what TESOP shares I have if I can't remember?**

**A.** If you would like to find out more information on what TESOP shares you have you should contact the Telstra ESOP hot line on 1300 88 66 77 (overseas +61 2 8280 7755) or you can visit the Share Registrar's web site at <http://www.linkmarketservices.com.au> and select "Employee Plan Login". To gain access to data on your TESOP shares, you will need to select Telstra Corporation Limited from the drop-down list, enter in your Holder Identifier (HIN/SRN), your surname and postcode.

**Q. What do I need to do if I have TESOP 97 and/or TESOP 99 shares, still work with Telstra and have not sold any of my TESOP 97 or TESOP 99 shares or repaid my loans?**

**A.** You should include the dividends you received, together with the attached franking credits, as assessable income at Item 11, Boxes S, T and U of your 2013/14 tax return. This is the case even if the dividends were paid to you via the TESOP Trusts and even if part of the dividend has been applied to reduce your Telstra provided loans.

**Q. What are TESOP 97 loan shares and TESOP 97 extra loan shares?**

**A.** TESOP 97 Loan Shares are the shares purchased by employees as part of TESOP 97 using the interest free loan provided by Telstra (maximum of 2,000 shares). TESOP 97 Extra Loan Shares are the extra 1 for 4 shares provided to employees who acquired Loan shares in TESOP 97 (maximum of 500 shares). The loans in relation to these shares were fully repaid on the payment of the 2011 interim dividend on 25 March 2011, at which time the Trustee transferred these shares to you.

**Q. How do I know whether I made an election to be immediately assessed on my TESOP 97 or 99 loan shares and TESOP 97 extra loan shares, subject to the \$1,000 exemption, in my 1997/98 or 1999/2000 income tax return - if I can't remember?**

**A.** If the election was made it should have been retained with your copy of your 1997/8 or 1999/2000 income tax return and records. The election should not have been sent to the Australian Taxation Office when you lodged your return.

**Q. Can I change my mind about making a written election?**

**A.** No, if you made an election for TESOP 97 and TESOP 99 the election is irrevocable. It is also too late to make a written election in respect of your TESOP 97 or TESOP 99 shares if you have not already made the written election, unless the Commissioner of Taxation specifically allows you to do so. You should discuss this matter further with your tax adviser.

**Q. What do I need to do if I made the election?**

**A.** Nothing, the shares will only have further tax implications if disposed of.

**Q. What is the tax market value (TMV) and why is it important for me to know what it is?**

**A.** If the taxing point for your shares under the employee share scheme provisions happens prior to 1 July 2009, the TMV of your shares is the weighted average of the prices at which the shares were traded on the stock exchange in the one week up to and including the day of the deferred taxing point. If the taxing point for your shares happens after 1 July 2009, the TMV is the ordinary market value of your shares. (NB: The ATO has advised that it is reasonable to continue to use the weighted average actual price as a method for determining the market value after 1 July 2009).

It may be relevant in determining the cost base of your shares when calculating any capital gains/losses you may have made if you have disposed of your TESOP shares.

The tax market value of a share on a particular day is available from the Telstra Share Registry (1300 88 66 77).

**Q. What happens if I sold my shares, or some of my shares before 30 June 2014 but don't get paid for them until after that date?**

**A.** Generally, the relevant date on a sale of shares for capital gains tax purposes is the contract date. This means that if you made a contract to sell your shares in the year ending 30 June 2014 the tax consequences of selling your shares will generally be in the year ending 30 June 2014. You should discuss this matter further with your tax adviser.

**Q. If I sold my TESOP 97 or TESOP 99 shares in the last few years and calculated my Capital Gains Tax liability based on an incorrect cost base, what should I do?**

**A.** You are able to request an amended assessment from the ATO within 4 years of the date of the incorrect original assessment.

You only have a choice in relation to how you calculate your cost base for certain TESOP shares. The choice applies only to those TESOP shares subject to a trade restriction period (refer to the restriction period table in the Guide) and only where you sought the \$1,000 tax exemption in your 1997/1998 tax return (in respect of your TESOP 97 shares) or in your 1999/2000 tax return (in respect of your TESOP 99 shares).

**Q. I find this all very confusing – where can I get some help?**

**A.** This is a very complex area of taxation law. Detailed guidance is available at [www.telstra.com.au/abouttelstra/investor/my-shareholding/employee-shareholder-scheme/index.htm](http://www.telstra.com.au/abouttelstra/investor/my-shareholding/employee-shareholder-scheme/index.htm). However, if you have any further queries you should seek your own independent expert tax advice.

**Disclaimer**

This is a general description of the tax consequences, which can apply to your participation in TESOP 97 or TESOP 99. The tax consequences for you may be different depending on your own circumstances, particularly if you have participated in other employee share schemes, if you have any particular arrangements in relation to your shares or for shares you acquire otherwise than under TESOP 97 or TESOP 99.

All information provided is of a general nature only and circumstances may vary greatly between participants. The information has been prepared for participants who are, and will continue to be, Australian tax residents. The information does not apply to:

- (a) individuals engaged in foreign service;
- (b) temporary residents of Australia for tax purposes;
- (c) foreign tax residents; or
- (d) individuals who are no longer employees of Telstra.

If you fall within one of these categories you should discuss the matter with your tax advisor.

The description of the capital gains tax consequences of your participation in TESOP 97 and/ or TESOP 99 is based on **Class Ruling (CR 2001/28) issued by the Commissioner of Taxation**.

If you have any questions about preparing your tax return or the tax consequences of your participation in TESOP 97 or TESOP 99 (including the capital gains tax consequences) in your particular circumstances, **you should seek guidance from your own registered tax adviser**.