



Demutualisation of MBF

Important information for holders of a private health insurance policy with MBF

This information applies to you if you had a private health insurance policy with MBF on 8 November 2007 and have received a cash payment under the demutualisation of MBF which took place on 16 June 2008.

If you were not a resident of Australia when the demutualisation of MBF took place, this information does not apply to you. You should seek independent advice or contact the Tax Office.

Demutualisation of MBF

In May 2008, MBF and BUPA Australia Group implemented a scheme to merge their businesses. As part of that scheme, MBF undertook a demutualisation which entitled its policy holders to a cash payment for the disposal of certain membership rights.

MBF sent the payment to policy holders for the disposal of their membership rights in MBF on 30 June 2008.

New law applying to the demutualisation of health insurers

After the demutualisation took place, a change was made to the law relating to the capital gains tax (CGT) treatment of policy holders of health insurers who receive cash or shares when their health insurer demutualises.

The changes are contained in *Tax Laws Amendment (2008 Measures No. 4) Act 2008*.

Under the new law, policy holders disregard any capital gains and losses that arise when a private health insurer demutualises.

The changes to the law take effect from 1 July 2007, and apply to the demutualisation of MBF.

Tax treatment of your cash payment from MBF

Your cash payment from MBF is not subject to income tax and you do not have to declare any amount in your 2007–08 tax return in respect of the payment.

Frequently asked questions

Does the new law apply to my MBF cash payment?

Yes. The new law takes effect from 1 July 2007 and applies to the demutualisation of MBF.

What are the tax consequences for me under the changes if I have received a cash payment as a result of MBF's demutualisation?

There are no tax consequences for policy holders who have received a cash payment under MBF's demutualisation. You can disregard the amount received when completing your 2007–08 tax return.

What if I have declared my MBF payment as a capital gain when lodging my 2007–08 tax return?

You will need to request an amendment to your 2007–08 tax return to exclude the capital gain amount. For information on how to request an amendment to your tax return, refer to [Amending your tax return](#).

What if I have made other capital gains during the year?

Any other capital gains that you may have from other transactions need to be calculated in the normal way.

Where can I find more information?

For more information, see:

- [Demutualisation of health insurers](#)
- [Capital gains tax essentials](#)
- [Amending your tax return](#)

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