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Information on capital gains tax relating to the enfranchisement, compensatory bonus issue and sub-division of Schroders share capital

The information set out below does not constitute tax advice. Any person who is in doubt as to their tax position or who is subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser.

"CGT" below refers to both UK capital gains tax and corporation tax on chargeable gains.

Further details on the tax consequences of the simplification of the dual class structure can be found here. Please refer to Part 7: United Kingdom Taxation.

What are the UK tax consequences of the enfranchisement of the Non-Voting Ordinary Shares?

The enfranchisement should be treated as a reorganisation of the share capital of Schroders plc for CGT purposes and therefore should not give rise to a disposal for CGT purposes for holders of Non-Voting Ordinary Shares. Similarly, the enfranchisement should not cause any disposal to occur for CGT purposes for holders of Ordinary Shares.

In instances where the holder of Non-Voting Ordinary Shares also has a holding of Ordinary Shares prior to the enfranchisement, once the Non-Voting Ordinary Shares are enfranchised, they will be pooled with the existing Ordinary Shares for the purposes of Section 104 Taxation of Chargeable Gains Act 1992 forming a single pool of indistinguishable Ordinary Shares. The tax base cost of the two holdings will therefore be aggregated and spread evenly across all Ordinary shares.

What are the UK tax consequences of the compensatory bonus issue?

The compensatory bonus issue should be treated as a reorganisation of the share capital of Schroders plc for CGT purposes and therefore should not give rise to a disposal for CGT purposes for holders of Ordinary Shares.

The bonus issue shares should be treated as the same asset as, and having been acquired at the same time as, the existing holding of Ordinary Shares. As a result an Ordinary Shareholder's base cost will, for CGT purposes, be apportioned over their existing holding of Ordinary Shares and the Bonus Issue Shares they will receive under the compensatory bonus issue, as these will be treated as the same asset.

What are the UK tax consequences of the sub-division of Ordinary Shares?

For the purposes of CGT, the sub-division should be treated as a reorganisation of the share capital of Schroders plc. Accordingly, holders of Ordinary Shares immediately prior to the sub-division should not be treated as making a disposal of their holding as a result of the sub-division. Instead the new Ordinary Shares should be treated as the same asset as, and having been acquired at the same time as, that holder's existing Ordinary Shares. Shareholders will have a base cost in their new Ordinary Shares for CGT purposes equal to the base cost in their existing Ordinary Shares.

What are the UK stamp duty and stamp duty reserve tax ("SDRT") consequences of the enfranchisement, compensatory bonus issue and sub-division?

No stamp duty or SDRT should be payable as a result of any of the enfranchisement, the compensatory bonus issue or the sub-division.