Section 3

Summary sheet

Working out the amount of foreign dividend income to include in your assessable income

Part A—Non-portfolio dividends received by a resident company from a listed country company

These dividends are always exempt from tax. Do not include them in assessable income.

Part B—Non-portfolio dividends received by a resident company from an unlisted country company

For each of these dividends, proceed as follows:

Step 1 Work out the exempting profits percentage of the dividend.

Gross amount of the dividend	**D**	$
Distributable profits of the company when the dividend was paid	**DP**	$
Amount of the exempting profits of the unlisted country company when the dividend was paid	**EP**	$
The exempting profits percentage of the dividend—that is, the gross amount of the dividend divided by the distributable profits, multiplied by the exempting profits $\left(\frac{D}{DP} \times EP\right)$	**EPP**	$

The exempting profits percentage amount of the dividend is exempt from tax.

Step 2

Take away the amount at EPP from the amount at D to get the balance of the dividend	**BalD**	$
Take away the amount of the attribution surplus (attS) for the unlisted country company when the dividend was paid	**attS**	$

This amount is exempt from tax because it is paid from previously attributed income.

Step 3

Take away the amount at attS from the amount at BalD	**RemD**	$
Add the amount of the foreign tax credit claimed on the dividend.	**RemD + FTC**	$

Include this amount in assessable income.

Part C—Foreign dividends received by a resident—other than non-portfolio dividends received by a resident company

These dividends are taxable unless the resident had an attribution surplus for the paying company at the time the dividend was paid.

Step 1	Gross amount of each dividend .	**GD**	$
Step 2	Take away the amount of any attribution surplus (attS) up to the amount of the gross dividend.	**attS**	$
	Balance of the dividend.	**BalD**	$
	Repeat steps 1 and 2 for each dividend. Include this amount in assessable income.		
Step 3	Gross amount of all dividends—other than non-portfolio dividends—where there were no attribution surpluses for the paying companies.	**GD**	$
	Include this amount in assessable income.		

Part D—Working out the amount to include in assessable income when a listed country CFC or CFT receives, directly or through other entities, a non-portfolio dividend paid by an unlisted country CFC

This part applies if you have an interest in a dividend paid by an unlisted country CFC to a listed country CFC and the dividend is not taxed at the listed country's normal company tax rate. Part D can also apply to an interest in a dividend paid by an unlisted country CFC to another unlisted country CFC if the dividend was paid as part of a dividend strip arrangement.

Step 1	Work out your attribution percentage in the CFC or CFT that receives the dividend from an unlisted country CFC.	**att%**	
Step 2	Gross amount of the dividend received by the CFC or CFT.	**D**	$
Step 3	Exempting profits percentage of the dividend—this applies only if the dividend was received by a CFC in a non-portfolio group of companies.	**EPP**	$
Step 4	Take away the amount at EPP from the amount at D to get the balance of the dividend.	**BalD**	$
Step 5	Multiply the amount of the attribution percentage by the balance of the dividend (att% x BalD).	**net BalD**	$
Step 6	Take away from the net balance of the dividend, the amount of the attribution debit—if any—that arose for the CFC in relation to the resident company when the dividend was paid (net BalD – attS).	**Bal Amt**	$

Step 7	Work out the amount of the dividend withholding tax $\left(\frac{\text{DWT}}{\text{dividend}} \times \text{Bal Amt}\right)$	**DWT Amt**	$
Step 8	Take away the amount at step 7 from the amount at step 6	**Div**	$
Step 9	Add the amount at step 8 to any foreign tax credit claimed in assessable income	**Div + FTC**	$