



***TR 93/40 - Income tax: imputation of company tax:
form approved by Commissioner of Taxation for
issue to shareholders receiving dividends for
1994-95 and later franking years***

 This cover sheet is provided for information only. It does not form part of *TR 93/40 - Income tax: imputation of company tax: form approved by Commissioner of Taxation for issue to shareholders receiving dividends for 1994-95 and later franking years*

 This document has changed over time. This is a consolidated version of the ruling which was published on *16 December 1993*



Taxation Ruling

Income tax: imputation of company tax: form approved by Commissioner of Taxation for issue to shareholders receiving dividends for 1994-95 and later franking years

other Rulings on this topic

IT 2417

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This Ruling, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA of the Taxation Administration Act 1953, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Ruling is a public ruling and how it is binding on the Commissioner.

What this Ruling is about

1. This Ruling provides details of revised approved formats for dividend statements that an Australian resident company must provide to shareholders when paying a dividend. The formats are being revised because of proposed changes to the operation of the imputation system.
2. The revised formats for dividend statements will apply in relation to a company's 1994-95 and later franking years. Taxation Ruling IT 2417 sets out details of the format for 1993-94 and earlier franking years and will be superseded by this Ruling.

Ruling

3. Approval is granted for resident shareholders to use their own shareholder dividend statement providing it is substantially in accordance with one of the approved forms of the statement set out in the attachment to this Ruling. Alternatively, the required information may be incorporated in to existing dividend warrants.
4. Requests for approval of any substantial variation of the shareholder dividend statement format should be directed to the Deputy Commissioner at the office at which the company lodges its income tax returns.

Decimal Places on Shareholder Dividend Statement

5. A company will be able to pay a dividend that is both class A and class B franked and/or partially franked. In this event, it is possible that calculation of the percentage between the respective franked amounts and between the franked and unfranked component may run to more than two decimal places. For the purpose of recording the class A and class B franked amounts and the unfranked component, respectively, on the shareholder dividend statement, these calculations may be rounded off to the nearest cent.

6. The amount of the class A and class B imputation credits may also be rounded off to the nearest cent. However, these amounts must be calculated having regard to the class A and class B franked amounts of the dividend prior to rounding.

Explanations

7. The proposed changes to the imputation system with effect from a company's 1994-95 franking year will mean the franked amount of a franked dividend may be made up of two components - a class A and class B franked amount. Broadly, the two classes reflect tax paid at different rates. The class A franked amount will give rise to an imputation credit based on company tax paid at the 39% rate. The class B franked amount will give rise to an imputation credit based on company tax paid at the 33% rate.

8. Under the proposed changes, section 160AQH of the *Income Tax Assessment Act 1936* will require a resident company to give to shareholders, either before or at the time of payment of a dividend, a statement that includes the following details:

- (a) if the dividend is unfranked - a declaration to that effect;
- (b) if the dividend is franked then:
 - (i) the class A or class B franked amount, or both, as the case may be;
 - (ii) the amount remaining after deducting the sum of the class A and class B franked amounts from the amount of the dividends (ie. the unfranked amount);
 - (iii) if the dividend has been class A franked, the gross-up amount calculated in accordance with subsection 160AQT(1), ie. 39/61 times the class A franked amount (ie. the class A imputation credit);

- (iv) if the dividend has been class B franked, the gross-up amount calculated in accordance with subsection 160AQT(1AA), ie. 33/67 times the class B franked amount (ie. the class B imputation credit);
 - (v) the sum of the class A and class B imputation credits;
 - (vi) any amount of withholding tax deducted from the dividend under section 221YL; and
- (c) any other information required on the approved form of the shareholder dividend statement.
9. For the purpose of paragraph (c) above, the following additional information is required on the shareholder dividend statement:
- (a) the name of the company paying the dividend;
 - (b) the date of payment of the dividend;
 - (c) the name of the shareholder; and
 - (d) in the case of a franked dividend, whether it is fully franked or partially franked. A dividend is taken to be fully franked if the sum of the class A and class B franked amounts equals the amount of the dividend.

Date of effect

10. This Ruling applies to dividends paid by resident companies on or after the date of commencement of the company's 1994-95 franking year.

Commissioner of Taxation

16 December 1993

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- ITAA 160AQH
- ITAA 160AQT

TR 93/40

Attachment A

The following are approved formats for the statements to be completed by Australian resident companies that pay dividends to shareholders.

Form 1 (Partially franked dividend or general use)

SHAREHOLDER DIVIDEND STATEMENT

Name of company:

Date of payment:

Name of shareholder:

| Dividend type | | | Imputed credits | |
|------------------------|----|---|-----------------|---|
| | \$ | c | \$ | c |
| FRANKED/UNFRANKED | | | | |
| Class A franked amount | | | | |
| Class B franked amount | | | | |
| Unfranked amount | | | | |
| Total imputed credit | | | | |

Withholding tax (only where dividend paid to non-

| | |
|--|--|
| | |
|--|--|

NOTE: You will need to retain the above information to assist you in preparing your income tax return.

Form 2 (Fully franked dividends only)**SHAREHOLDER DIVIDEND STATEMENT**

Name of company:

Date of payment:

Name of shareholder:

| | \$ | c |
|------------------------|----|---|
| Dividend paid | | |
| Class A imputed credit | | |
| Class B imputed credit | | |
| Total imputed credit | | |

FOR INCOME TAX PURPOSES THIS DIVIDEND IS FULLY FRANKED

NOTE: You will need to retain the above information to assist you in preparing your income tax return.

Form 3 (Unfranked dividends only)**SHAREHOLDER DIVIDEND STATEMENT**

Name of company:

Date of payment:

Name of shareholder:

| | \$ | c |
|--------------------------|----|---|
| Dividend paid | | |
| Withholding tax deducted | | |

FOR INCOME TAX PURPOSES THIS DIVIDEND IS UNFRANKED

NOTE: You will need to retain the above information to assist you in preparing your income tax return.