

Are you entitled to a refund of imputation credits?

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2002



REFUND OF IMPUTATION CREDITS
INSTRUCTIONS AND APPLICATION
FOR INDIVIDUALS

NAT 4105—6.2002



Including instructions for lodging by telephone

An important message for investors

If you receive dividends from shares, non-share equity interests or managed funds, you may be entitled to a refund, even if you don't normally lodge a tax return.

When you own shares or non-share equity interests in a company or invest in a managed fund you may get an amount of money—usually once or twice a year. These amounts are known as dividends or distributions and are paid from a company's profits. Tax paid by the company on its profits is credited against any tax you have to pay. If the credit for the tax paid by the company exceeds your tax liability, you claim this difference back as a tax refund. This is what is known as the refund of excess imputation credits.

In this publication you will find simple, step-by-step instructions to help you fill in your *2002 application for refund of imputation credits for individuals*. You should be able to fill in this application yourself, or with help from our free services, see the inside back cover. If you are not familiar with some of the terms used in the publication, there is a list of common terms on page 1 to help you.

Can you use this application?

LOGGING A TAX RETURN

If you are not sure whether you need to lodge a tax return, ring **13 2861**—press **4** then **2**.

You must satisfy **all** of the following conditions to use this application:

- ✔ you do not have to lodge a tax return.
 - ✔ your total dividend income was not more than \$6000
- or**
- ✔ you were less than 18 years of age on 30 June 2002 and your dividend income was not more than \$416.
 - ✔ you owned Australian shares or non-share equity interests or you had investments in a managed fund and received dividends or were entitled to distributions relating to the period 1 July 2001 to 30 June 2002.
 - ✔ there were amounts called imputation credits shown on your dividend or distribution statement, or amounts were withheld from dividends because you did not provide your tax file number to the investment body.
 - ✔ you were an Australian resident for tax purposes **for the whole period 1 July 2001 to 30 June 2002**.
 - ✔ you are not claiming a refund for a deceased estate.

RESIDENT?

If you are not sure whether you are an Australian resident, see item **2** on page 3.

If you do not satisfy all of these conditions but have imputation credits, you will need to lodge a tax return to claim the benefit of these credits.

BABY BONUS?

If you or your spouse had a baby or adopted a child aged under 5 years after 30 June 2001, either of you may be entitled to the baby bonus. To find out if you are eligible, you will need the *2002 baby bonus instructions and claim* (NAT 6580—6.2002). This publication is available from the Australian Taxation Office (ATO) website at www.ato.gov.au. Or to find out how to get a printed copy, see the inside back cover. If you are lodging a baby bonus claim with your application for refund of imputation credits you **cannot** lodge over the telephone—you will need to post your claims to the ATO.

You can use this application...now what?

You need to fill in one of the applications attached to the back of this publication. You can apply for a refund any time after 1 July 2002, either by telephone or post.

On pages 2, 3 and 4 you will find instructions to take you through each part of the application as well as steps and notes to help you.

Before starting you will need **all** your dividend and distribution statements for the period 1 July 2001 to 30 June 2002.



Check for this symbol for further information on lodging your application by telephone. For further information on lodging by telephone, see page 6.

Explanation of common terms

What is dividend income?

If you own shares in a company, you will generally be paid your share of the company's profits as a dividend.

What is a franked dividend?

Franked dividends are payments made to shareholders or to holders of non-share equity interests on which the company has already paid tax.

What is a non-share equity interest?

From 1 July 2001, certain interests which are not shares are treated in a similar way to shares for tax law purposes. These interests are called 'non-share equity interests'.

What is an imputation credit?

An imputation credit is your share of tax paid by a company on the profits from which your dividends or distributions are paid. 'Imputation credit' can also be referred to as 'imputed tax credit', 'imputed credit', 'Class C imputation credit', 'imputation tax credit', 'Class C imputed credit', 'franking credit' or 'Australian imputed tax credit at the rate of 30 per cent'.

What is an unfranked dividend?

Unfranked dividends have had no Australian company tax paid on them before they are paid to shareholders or to holders of non-share equity interests. If the dividend is unfranked, there is no imputation credit.

What are tax file number (TFN) amounts withheld?

TFN amounts withheld are amounts withheld or deducted by the company or managed fund if you did not provide your TFN.

What is a dividend statement?

A dividend statement is sent to shareholders and to holders of non-share equity interests by companies to advise the dividend amounts and whether they are franked or unfranked, the amount of imputation credit and TFN amounts withheld (if any).

What is a distribution statement?

A distribution statement (also called a taxation statement) is sent to investors in managed funds or unit trusts. The statement may include unfranked dividends, franked dividends, tax file number amounts withheld and imputation credits.

Questions and answers

Question How do I claim last year's (2001) imputation credits?

Answer Use the 2001 application. If you need a 2001 application, ring the Personal Tax Infoline on **13 2861**—press **4** then **2**.



You can lodge both 2001 and 2002 applications by telephone. For further information on lodging by telephone, see page 6.

Question Do I need to send my dividend or distribution statements to the ATO?

Answer No. Keep your statements with a copy of your application.

Question The distribution statement from my managed fund shows 'capital gains tax' and 'foreign source income'. Where do I put those amounts?

Answer As long as you are not required to lodge a tax return you do not need to worry about these amounts. Do not worry if the statement tells you to put the figures at a specific item on the tax return. To process your application we only need to know the figures shown at franked amounts, unfranked amounts, imputation credit or TFN amounts withheld. Follow the steps on page 4 to fill in your worksheet and application.

Question Can I use this application to claim a refund for TFN amounts withheld or deducted from interest income?

Answer No. You will need to lodge an income tax return to claim the TFN amounts withheld or deducted from interest income.

Question I chose to reinvest my dividends—can I still claim a refund of my imputation credits?

Answer Yes.

Question Can I use this application if I own shares or non-share equity interests in joint names with my spouse?

Answer Yes, if you are eligible, you can use this application, stating **only your share** of the dividends and imputation credits shown on the joint statement. If your partner is also eligible to claim a refund of imputation credits, they must complete a separate application, stating only their share of the dividends and imputation credits shown on the joint statement.

Question There are other credits shown on my distribution statements, such as a foreign tax credit. Can I apply for a refund of these amounts too?

Answer No. The imputation credit amount and the TFN amount withheld from dividends (if any) are the only amounts you will get back using this application.

Question Will the refund affect my pension entitlement?

Answer No. In most cases it will not affect your pension entitlement. If however you are in receipt of a distribution from a private company or trust, your pension entitlement could be affected.

Completing your application

Now tear out one of the applications at the back of this publication and start with item **1** below.

Item **1** Your tax file number (TFN)

If you already have a TFN, write it on page 1 of your application. If you are not sure of your TFN or need to apply for one, ring the ATO on **13 2861**—press **3** then **1**.

NOTE

You will not be able to get your TFN over the telephone. It will be posted to you.

Item 2 Are you an Australian resident for tax purposes?

You must be an Australian resident for tax purposes **for the whole period 1 July 2001 to 30 June 2002** to apply for a refund of imputation credits.

The standards the ATO uses to determine your residency status are not the same as those used by the Department of Immigration and Multicultural and Indigenous Affairs. Generally, the ATO considers you to be an Australian resident for tax purposes if you have always lived in Australia or you have come to Australia to live permanently.

If you need help in deciding whether or not you are an Australian resident for tax purposes, ring the ATO on **13 2861**—press 4 then 2.

Items 3 – 9 Personal details

Please complete all these items on page 1 of your application accurately to avoid delays in processing.



If your personal details have changed or you are unsure about any of them, you will have to contact the ATO on **13 2861**—press 4 then 2 to update or check these details to be able to lodge by telephone.

Item 10 Do you want your refund paid directly into your financial institution account?

NOTE

If you printed **X** in the **NO** box, a cheque will be sent to your postal address.

By using electronic funds transfer (EFT), the ATO can deposit your refund directly into the bank, credit union or building society account of your choice. EFT gives you quicker access to your money. Some accounts do not accept EFT payments. If you are unsure, check with your financial institution.

If you would like to use EFT, print **X** in the **YES** box on page 2 of your application at the question **Do you want your refund paid directly into your financial institution account?**

Write the following information on your application:

- the bank state branch (BSB) number. This is a 6-digit number that identifies the financial institution. The BSB number can be found on your account statement or cheque.
- your account number as shown on account records. Your account statement, cheque book or other document from your financial institution will show this information.
- your account name—also called account title—as shown on your account records. Quote the account name as it is shown on your account records. Include a space between each word and between any initials in your account name.



If you have changed your electronic funds transfer details or you are unsure about them, you will have to contact the ATO on **13 2861**—press 4 then 2 to check these details. You will not be able to lodge by telephone if you want to change or update these details.

Item 11 Dividends

Your dividend or distribution statement should show:

- the amount of unfranked and franked dividends you received
- the amount of imputation credits
- the amount of TFN amounts withheld or deducted.

To help you calculate the amounts to show at item 11 we have provided a worksheet on the next page. If you are unsure how to fill in your worksheet, the example on page 5 will help you.

You do not need to send in this worksheet with your application. It is provided to help you work out the figures for item 11.

NOTE

Only applies if you have not provided your TFN.

EXAMPLE

Steven received a dividend statement from Teleco Ltd. His statement showed a franked amount of \$42.00 and an imputation credit of \$18.00.

NOTE

This is just one example of a statement. There are many different formats.

Teleco Ltd					
STEVEN McKAY 2 Cable Circle Telegraph Point NSW 2441		Security holder reference number 018 012 111	Date paid 30 October 2001		
Fully franked final dividend for the period ended 30 June 2002. Franked at a 30% tax rate.					
Class description	Dividend rate per ordinary share	Number of ordinary shares	Imputed credit	Unfranked amount	Franked amount
Ordinary shares	7 cents	600	\$18.00		\$42.00
TFN quoted			DIVIDEND PAID \$42.00		

Steven also received 3 other statements:

JT Corporate Unit Trust—his dividend statement showed \$120.23 unfranked amount

Koles Bier Pty Ltd—he did not give the company his TFN so his entitlement of \$180 unfranked amount had \$87.30 tax withheld (therefore he actually received \$92.70).

SDW Managed Investment Fund—his distribution statement shows a franked dividend amount of \$131 and an imputation credit of \$56.14.

Steven would complete the worksheet like this:

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5
Company or fund	Unfranked amount	Franked amount	Imputation credit	TFN amount withheld
	\$ cents	\$ cents	\$ cents	\$ cents
Teleco Ltd		42.00	18.00	
JT Corp Unit Trust	120.23			
Koles Bier Pty Ltd	180.00*			87.30
SDW Fund		131.00	56.14	
TOTAL	S <input type="text" value="3000"/> <input type="text" value="23"/> T <input type="text" value="17300"/> <input type="text" value="00"/> U <input type="text" value="7414"/> V <input type="text" value="8730"/>			

When transferring the totals for **S**, **T** and **U** to your application—do not show any cents.

* This amount includes both the amount received by Steven and the TFN amount withheld (\$92.70 + \$87.30).

Steven completes the dividend details at item **11** on his application like this:

11 Dividends

Pages 4–5 in the instructions include a worksheet to help you to complete these amounts if you have more than one statement.

Show dollars and cents.

Tax file number amounts withheld from dividends **V**

Unfranked amount **S**

Franked amount **T**

Imputation credit **U**

Do not show cents.

Steven will receive a refund of \$161.30 (\$87.30 + \$74) if he has no outstanding tax debts.

How to lodge your application

Once you have completed and signed your application you can lodge by telephone or by post. Lodgment of this application over the Internet is still under development and will not be available this year.

If you lodge your application by post the Australian Taxation Office (ATO) will process your application within 6 weeks under the *Taxpayers' Charter*.



Telephone lodgment— What are the benefits?

- A quicker refund
- Cost of a local call from anywhere in Australia
- Only 3–5 minutes to lodge by telephone in most cases
- No pushing buttons—just speak.

Lodging by telephone

When on the telephone follow the spoken prompts based on your completed application. Your call will be recorded in case it needs to be referred to later.

IMPORTANT

If you have received a distribution statement from a managed fund or you are also lodging a baby bonus claim with this application, you will not be able to lodge by telephone.

3 easy steps to lodge your application by telephone

1 Check that you satisfy **all** the conditions on the inside front cover before using this application.

Some taxpayers cannot lodge this application by telephone because their tax situation or personal details have changed. Read page 1 to make sure you are able to use this application and check below to see if you can lodge by telephone.

2 Read the instructions in **Completing your application** on page 2 and use the worksheet on page 4 to complete your application.

IMPORTANT

If you have changed or you are unsure whether you have changed your name, your postal address, your residential address or any of your other details, you will need to contact the ATO on **13 2861**—press **4** then **2** before lodging by telephone.

3 Call the telephone lodgment service on **13 2865**—press **2** and lodge your application.

The following advice will help you to lodge by telephone:

- Have your complete application in front of you when you call.
- Answer each question by talking into the telephone. If you need help with a question, say **Help**.
- If you hear a message saying **I cannot understand you** when you answer, the system will prompt you to try again.
- At the end of the call you will be given a receipt number to confirm that your application has been lodged.

NOTE

Keep your application and related documents—do not send these to the ATO.

QUESTIONS YOU WILL BE ASKED	RESPONSE
1 If you want to lodge a refund of imputation credits application	Simply press 2 on your telephone keypad.
2 Your tax file number	Say each number individually —for example, 2, 3, 4, 5, 6, 7, 8, 9, 0 .
3 The year you would like to lodge, you can still lodge an application for 2001 or for this year (2002), or both	Say the year . After lodging the first year you will be asked if you would like to lodge another year.
4 If you changed any part of your name, your postal address or your residential address since last notifying the ATO	Say either Yes or No depending on your circumstances.
5 Your postal address postcode	Say your 4-digit postal address postcode .
6 Your date of birth	Say your date of birth —for example, 10 June 1942 .
7 Your daytime telephone number	Say your telephone number including your area code .
8 If you have changed your spouse details since last notifying the ATO	Say Yes or No . If you have changed your spouse details, you will be asked to spell your spouse's name. Do not say your spouse's name, spell the name, letter by letter—for example, S, M, I, T, H .
9 If you want to receive your refund by electronic funds transfer	Say Yes or No . Please note: If you want to update or change your electronic funds transfer details, you will not be able to lodge by telephone. The system will ask you if you want to receive a refund cheque instead of an electronic funds transfer.
10 Your amounts at S , T and U and to confirm the total dividend amount	Say the amount in whole dollars —for example, 211 dollars . Please ignore cents.
11 For any TFN amounts withheld from dividends shown at V	Say dollars and cents for this amount.

NOTE If you have obtained a receipt number, do not post the application to the ATO.

At the end of the call you will hear a message saying you have lodged your application successfully. Your receipt number will be up to 10 digits. Please make sure you write it down in the space provided at the bottom of the application. If you hang up before obtaining a receipt number, you will need to call back and start the telephone lodgment process again.

If you would like to provide feedback about your experience with the service or have any problems with lodging by telephone, ring **13 2861**—press **4** then **2**.

Lodging by post

You can post your application to:

**Australian Taxation Office
GPO Box 9845
IN YOUR CAPITAL CITY**

YES, THIS IS THE CORRECT ADDRESS

The address must appear on your envelope as shown. Do not replace the words 'IN YOUR CAPITAL CITY' with the name of your capital city. Because of a special agreement with Australia Post there is no need for you to include the capital city or a postcode.

What happens now?

We will process your application within 2 weeks for those lodged by telephone and 6 weeks for those lodged by post. After these processing times have elapsed, please allow time for mail delivery before ringing **13 2865** to check the progress of your application.

What you need to do to make a change to your application

IMPORTANT

If your income has increased, check whether you need to lodge a tax return as a result of the change. If you are unsure, please ring **13 2861**—press **4** then **2**.

If you need to change the dividend or distribution details you lodged with us, please write to the ATO at the address above with an explanation of the change required. **Do not lodge another application.**

The example letter below will help you. In the letter please include your TFN, your contact details and what needs to be changed. Make sure you sign and date the letter and include the declaration as shown in bold in the example letter below. If you claimed too much imputation credit on the application you lodged, you may have to repay the overclaimed amount with interest.

*Jackie Spencer
2 Badgery Rd
Isabella 6905*

*Tax file number: 123 456 789
Telephone: (01) 2345 6789*

Dear Deputy Commissioner

Please amend my refund of imputation credits application. I have received another dividend statement for the period 1 July 2001 to 30 June 2002. Please increase my franked amount by \$70 and my imputation credit amount by \$30.

I declare that all the information I have given in this letter including any attachments is true and correct.

J. Spencer

*Jackie Spencer
23 October 2002*

IMPORTANT

You must include this declaration.

For further information

Personal Tax Infoline

Ring **13 2861** during normal business hours for:

- an answer to your questions about applying for a refund of imputation credits—press **4** then **2**
- assistance with enquiries about your TFN—press **3** then **1**
- help to work out whether you need to lodge a tax return—press **4** then **2**
- the progress of your application—press **4** then **2**
- extra copies of the application—press **4** then **2**
- help in deciding whether you are an Australian resident for tax purposes—press **4** then **2**
- help in deciding whether you are entitled to a baby bonus—press **2**.

Telephone lodgment

If you want to lodge your application over the telephone, please ring **13 2865** at any time—press **2**.

Progress of refunds

Please ring ATO Personal Direct on **13 2865**—press **1**.

This automated service is available 24 hours per day, everyday, for you to check the progress of your refund. You will need your TFN.

If you sent your application by ordinary post, please wait 7 weeks before ringing.

If you lodged your application over the telephone, please wait 3 weeks before ringing.

Hearing or speech impairment

People with a hearing or speech impairment and with access to appropriate TTY or modem equipment can communicate with a tax officer by first contacting the Australian Communication Exchange National Relay Service. Contact the ATO by ringing the National Relay Service on **13 3677** and quoting one of the infolines listed on this page.

If you do not speak English, the Translating and Interpreting Service Information is on the back cover.

Tax Help



If you need assistance to complete your application, you could use Tax Help. Our network of community volunteers are trained and supported by the ATO to provide assistance face-to-face.

Tax Help is a free and confidential service. Many low income earners who use Tax Help are seniors, people from non-English speaking backgrounds, people with a disability, Aboriginal people or Torres Strait Islander people, and students.

There are Tax Help centres throughout Australia. If you want to visit one of the trained volunteers, you need to make an appointment first. You need to bring the publication *Refund of imputation credits* and all your dividend or distribution statements with you when you visit.

For more information or to find out where your nearest Tax Help centre is, ring the ATO on **13 2861**—press **4** then **2**.

You can find a list of ATO infolines in your White Pages. Visit the ATO website at <www.ato.gov.au>.

If you do not speak English and need help from the Australian Taxation Office, ring the Translating and Interpreting Service (TIS) on **13 1450**. TIS staff can assist with translating and interpreting in over 100 languages. Ask them to set up a 3-way conversation between you, an interpreter and a tax officer.

