



Refund of franking credits for not-for-profit entities

Answers to frequently asked questions about the refund of franking credits for eligible income tax-exempt organisations.

Last updated 15 November 2024

Definitions for franking credit refunds

What franking credit, franked dividend, dividend statement, distribution statement mean.

Eligibility for a refund of franking credits

Check if your not-for-profit organisation is eligible for a refund of franking credits.

Applying for a refund of franking credits

How to apply for a refund of franking credits for your not-for-profit organisation after the relevant income year.

Filling in your refund of franking credits application form

Rules on claiming a franking credit refund >

See rules for not-for-profit organisations on franking credit trading, qualified persons, and integrity.

QC 16343

Definitions for franking credit refunds

What franking credit, franked dividend, dividend statement, distribution statement mean.

Last updated 15 November 2024

On this page

Franking credit

Franked dividend

Dividend statement

Distribution statement

Franking credit

A franking credit is an amount of imputed company tax. It relates to income tax paid by a company on its profits. Your organisation may be entitled to a franking credit when it is paid a franked dividend or has an entitlement to a franked distribution (for example, from a trust).

There are a number of different names for a 'franking credit'. Your statement may show it as one of the following:

- imputed tax credit
- imputed credit

- Class C imputation credit
- imputation tax credit
- Class C imputed credit
- franking credit
- Australian imputed tax credit at the rate of 30%.

Franked dividend

Franked dividends are payments made to shareholders on which the company has already paid tax. These payments carry franking credits.

Dividend statement

A dividend statement is sent to shareholders by companies to advise them of:

- dividend amounts
- whether dividends are franked or unfranked
- amount of franking credit
- tax file number (TFN) amounts withheld (if any).

Distribution statement

A distribution statement (also called a taxation statement) is sent to your organisation if it has invested in managed funds or unit trusts. The statement should show the amount of any franked dividends and franking credits.

Your organisation may also receive distribution statements showing a franked distribution and the amount of franking credits attached or included in the distribution amount.

Eligibility for a refund of franking credits

Check if your not-for-profit organisation is eligible for a refund of franking credits.

Last updated 15 November 2024

On this page

[Eligible organisations](#)

[Endorsed charities](#)

[Deductible gift recipients](#)

[Developing country relief funds](#)

[Residency requirements](#)

[Check if your organisation is eligible](#)

[Your Australian business number](#)

[Your tax file number](#)

Eligible organisations

Eligibility for a refund of franking credits is worked out annually at the end of each income year. To be eligible for a refund of franking credits, your not-for-profit organisation must meet certain eligibility and residency requirements.

Provided certain requirements are met, your organisation must be any of the following:

- registered charity endorsed by us as exempt from income tax
- income tax exempt deductible gift recipient endorsed by us in its own right
- income tax exempt deductible gift recipient listed by name in the tax law

- income tax exempt relief fund declared by the Treasurer to be a developing country relief fund
- prescribed income tax exempt institution that is eligible for a refund under the regulations
- income tax exempt institution eligible for a refund under an Australian Government law other than the income tax law.

Endorsed charities

To be eligible for a refund of franking credits, a charity must meet all the following requirements:

- satisfy the residency requirement
- be a registered charity with the Australian Charities and Not-for-profits Commission (ACNC)
- be endorsed by us as exempt from income tax.

Deductible gift recipients

To be eligible for a refund of franking credits, a deductible gift recipient (DGR) must meet all the following:

- satisfy the residency requirement
- be endorsed by us as a DGR in its own right
- be exempt from income tax.

A DGR must be endorsed in its own right. It is not sufficient if your DGR is only endorsed in relation to a fund, authority or institution that it operates, such as a school building fund.

To be eligible for a refund of franking credits, a DGR listed by name must meet all the following:

- have an ABN
- satisfy the residency requirement
- be a DGR listed by name in the *Income Tax Assessment Act 1997*
- be exempt from income tax.

Developing country relief funds


An entity is eligible if it is an income tax exempt relief fund declared by the Treasurer to be a developing country relief fund. It must not be prescribed by regulation as ineligible for a refund of franking credits.

Residency requirements

Endorsed charities and DGRs will satisfy the residency requirement if, at all times during the relevant income year, it meets both the following requirements:

- it has a physical presence in Australia
- to the extent that it has a physical presence in Australia, it incurs its expenditure and pursues its objectives principally in Australia.

Check if your organisation is eligible

You can check if your organisation is eligible, using the [ABN Lookup website](#) . You can search for an organisation by its ABN, Australian company number (ACN) or name.

The **Current details** screen for an organisation includes the following sections:

- **Australian Charities and Not-for-profits Commission (ACNC)** – this shows if the organisation is registered with the ACNC
- **Charity tax concession status** – this shows if the organisation is endorsed to access tax concessions.
- **Deductible gift recipient status** – this shows if the organisation is a DGR and if it is
 - endorsed as a DGR in its own right – the section will state the organisation ‘is endorsed as a Deductible Gift Recipient’
 - endorsed as a DGR only in relation to a fund, authority or institution it operates – the section will state the organisation ‘operates the following funds, authorities or institutions’
 - a DGR listed by name in the tax law (and the organisation has an ABN) – the section will state the organisation ‘is listed by name as a Deductible Gift Recipient’.

Your Australian business number

If your organisation is an endorsed income tax exempt charity or DGR, you have been given an ABN as a part of the endorsement process.

If you're an income tax exempt DGR listed by name in the tax legislation, you need to register for an ABN before applying for a refund of franking credits.

You need to complete the ABN field on the [Application for refund of franking credits form \(NAT 4131, PDF 287KB\)](#).

Your tax file number

You need to complete the TFN field on the [Application for refund of franking credits form \(NAT 4131, PDF 287KB\)](#).

QC 16343

Applying for a refund of franking credits

How to apply for a refund of franking credits for your not-for-profit organisation after the relevant income year.

Last updated 15 November 2024

On this page

[When you can apply for a refund](#)

[If you haven't claimed your franking credits](#)

[Franking credits you can claim](#)

[How to apply for a refund](#)

[You cannot apply electronically](#)

[If your organisation's name or address has changed](#)

When you can apply for a refund

Eligibility for a refund of franking credits is worked out annually at the end of each income year. Eligible not-for-profit organisations can apply for a refund after the end of the relevant income year, that is:

- if your income year ends on 30 June, on or after 1 July
- if you have an ATO-approved substituted accounting period (SAP), from the day after your SAP has ended.

Organisations cannot apply for early refunds before the end of your relevant income year. For example, your organisation cannot submit an application before 1 July for franked dividends paid in the prior year ended 30 June or for the entitlement to franked distributions for that prior year.

Your organisation can only lodge **one** application for a refund of franking credits for a particular income year.

If you have made a mistake on your application – such as if you find you have not included information from franked dividend or franked distribution statements in your application – you can write to us to change your application.

If you haven't claimed your franking credits

There are no time limits on lodging an application to claim franking credits. Your organisation can claim a refund of franking credits for a particular income year later on. For example, you can still claim a refund of franking credits received in the 2015 income year by completing the claim form for that year.

It is your responsibility to notify us of your eligibility to claim a refund.

Franking credits you can claim

For the relevant income year, your organisation can apply for a refund of franking credits for:

- franked dividends from companies
- entitlements to franked distributions from trusts or managed funds.

How to apply for a refund

Endorsed income tax-exempt entities and deductible gift recipients (DGRs) can apply for a refund of franking credits. If your organisation is eligible and wants to apply for a refund, you will need to complete the [Application for refund of franking credits form \(NAT 4131 PDF, 287KB\)](#).

Send your completed application form to us by either:

- mail to
Australian Taxation Office
PO Box 1032
ALBURY NSW 2640
- fax to **1300 730 298**.

If you send it to another ATO address, your refund may be delayed.

You cannot apply for a refund of franking credits electronically.

You cannot apply for this refund using a tax return form or activity statement.

Do **not** use this form if you are an individual claiming a refund of franking credits in your own capacity. If you are an individual, you must use a different form.

You cannot apply electronically

You cannot apply electronically through tax agents or the practitioner lodgment service (PLS). We can only accept an application for a refund of franking credits on your organisation's application form.

If your organisation's name or address has changed

If your organisation's name or address has changed, you need to update your details with us.

You can update your registered business details online, by phone, or through your registered tax agent or BAS agent.

Lodging for each separate entity in the group

You need to lodge a separate application for each separate entity in the group. You can only apply for a refund of franking credits under the name of the entity.

QC 16343

Filling in your refund of franking credits application form

How to fill in your Application for refund of franking credits form (NAT 4131) for not-for profit organisations.

Last updated 15 November 2024

On this page

What to look for on your statements

Distribution statements showing different amounts

ABN and TFN fields

Calculating your refund

If you have shares in multiple companies or multiple franked distributions

If your income or tax payable is not zero

Authority to sign

Dividend or distribution statements

If you made a mistake on your application

- Notice of assessment
- Amendment of your refund
- Objection to your refund

What to look for on your statements

Not-for-profit organisations need to look for the following information on their dividend and distribution statements when applying for a refund of franking credits:

- The amount of franking credits.
- Where there is a dividend, the date of payment – make sure the statement you have is for the correct income year, that is, 1 July to 30 June or, if applicable, your ATO-approved substituted accounting period year end.
- Where there is an entitlement to a distribution (for example, from a trust) make sure the statement you have is for the correct income year. That is, the year ended 30 June or, if applicable, your ATO-approved substituted accounting period year end, and that the statement is in the organisation's name.

Distribution statements showing different amounts

Total distributions from trusts and managed funds should be written at **label A** on the application form. The total distributions can include any amounts of foreign source income or capital gains tax. Total distributions can also include unfranked amounts. There is no need to add up these amounts if they have already been included in the total distribution amount on the distribution statement.

A distribution statement may show the distribution amount inclusive of any franking credit. Where this occurs, the amount at **label A** must be reduced by the amount of the franking credit.

ABN and TFN fields

Complete the Australian business number (ABN) and tax file number (TFN) fields on your **Application for refund of franking credits form**

(NAT 4131 PDF, 287KB).

Calculating your refund

To calculate your refund amount, add up all the:

- franking credits attached to franked dividends paid during the year ended 30 June or, if applicable, your ATO-approved substituted accounting period year
- franking credits attached to distributions from trusts or managed funds for the year ended 30 June or, if applicable, your ATO-approved substituted accounting year.

Show this amount at **label B**.

If your organisation has any tax liabilities outstanding or other debts that are collected by us, some or all your franking credits will be offset against these outstanding debts and the remainder (if any) will be refunded.

If you have shares in multiple companies or multiple franked distributions

Your organisation may be eligible for a refund of the franking credits on all the franked dividends that your organisation is paid, as well as all the franked distributions your organisation receives, for example, from trusts, in an income year.

It doesn't matter how many franked dividends your organisation is paid (or how many franked distributions it is entitled to for the relevant income year).

Your organisation only needs to submit one request for a refund for all the franked dividends paid and entitlements to franked distributions for the relevant income year.

If your income or tax payable is not zero

If your not-for-profit organisation's taxable income, net income or tax payable is not zero, then you are not eligible to use this application form to claim a refund of franking credits.

Your organisation will need to claim a refund of franking credits by lodging its income tax return.

Authority to sign

To sign the declaration, you must be an authorised person for your organisation. Such a person might include:

- trustee of the trust
- office holder of the association or organisation
- director of the company
- company secretary
- public officer of the company.

Incomplete declaration details may delay the processing of your organisation's application.

Dividend or distribution statements

Your organisation should keep all dividend and distribution statements it receives.

You are not required to send statements with your application. Keep the statements with a copy of the application form in your organisation's records. You should keep these records for 5 years. We may ask you to provide us with these records to verify your claims.

Do not send dividend and distribution statements to us with your application form unless we ask you to do so.

If you made a mistake on your application

If you made a mistake (for example, you have not included a franked dividend or franked distribution or the amount of a franking credit), write to us. Explain what the correction is for and the reason for the change. Send your letter to us by either:

- mail to
Australian Taxation Office
PO Box 1032
ALBURY NSW 2640

- fax to **1300 730 298**.

Your letter must be signed and dated by the authorised person of your organisation and include your organisation's:

- full name
- postal address
- contact phone number
- ABN.

If you have already submitted an application that you have made a mistake in, do not lodge another application.

Notice of assessment

Your organisation will receive a notice of assessment if you are a:

- trust or a government entity – we will give you a notice of assessment
- company – a notice of assessment will be deemed to have been given when you lodge your form.

Amendment of your refund

You can request an amendment of your assessment of refund of franking credits. For example, if you did not include certain franked dividends or franked distributions in your application and you have now received your assessment.

There are **time limits for requesting an amendment to an assessment**. We cannot amend an assessment if the time limit has passed.

If an amendment is made to any original assessment, we will give you a notice of amended assessment.

A notice of assessment or a notice of amended assessment will include the:

- amount of your organisation's taxable or net income (or that the amount is zero)
- amount of the tax payable on that taxable or net income (or that the amount is zero)

- total of your organisation's tax offset refunds (or that the amount is zero).

Objection to your refund

You can object to income tax decisions made in respect of your assessment of refund of franking credits. There are **time limits for making objections**. You will need to notify us of your objection in writing, detailing your reasons.

Send your letter to us by either:

- mail to
Australian Taxation Office
PO Box 1032
ALBURY NSW 2640
- fax to **1300 730 298**.

QC 16343

Rules on claiming a franking credit refund

See rules for not-for-profit organisations on franking credit trading, qualified persons, and integrity.

Last updated 15 November 2024

On this page

Franking credit trading rules

Qualified person test

Integrity rules

Franking credit trading rules

Your not-for-profit organisation's entitlement to a franking credit refund may be affected by the holding period rule and related payments rule.

These rules require taxpayers to meet certain criteria before they qualify for the benefits of franking. They ensure that only the true economic owners of the shares (or an interest in shares) have entitlement to the franking credits.

One of the underlying principles of the imputation system is that the true economic owners of the shares should receive the benefits. They are exposed to both the risks of loss and opportunities for gain in respect of the shares.

Holding period rule

Your organisation must hold shares (or an interest in shares) at risk for at least 45 days (or 90 days for preference shares) during the primary qualification period to be eligible for a refund of franking credits. If your organisation is under no obligation to make a related payment, this rule only needs to be met once for each purchase of shares.

The primary qualification period starts on the day after the day the organisation acquires the shares (or the interest). It ends on the 45th day (or 90th day for preference shares) after the day on which the shares (or the interest) go ex-dividend.

Related payments rule

This rule applies if your organisation has made, or is under an obligation to make, a related payment for a dividend. Your organisation must hold shares (or the interest) at risk for at least 45 days (or 90 days for preference shares) during the secondary qualification period to be eligible for franking credits. This rule must be met for all dividends and distributions where a related payment will be made.

The secondary qualification period begins on the 45th day before, and ends on the 45th day after, the day the shares (or the interest) became ex-dividend (or 90 days before and after if the shares are preference shares).

Qualified person test

To be entitled to a franking credit refund, your organisation is required to be a 'qualified person' in relation to the franked dividend. The qualified person test ensures that the true economic owners of the shares benefit from franking credits.

If your organisation receives franked dividends as a shareholder, you will meet the qualified person test if you satisfy both the:

- holding period rule
- related payments rule, where applicable.

If your organisation receives franked distributions as a beneficiary of a trust, where the trust is not a widely held trust or not a family discretionary trust, you will satisfy the qualified person test only if you have a fixed interest in the shares the trust holds from which the dividends are sourced.

This means that if your organisation is a beneficiary of a testamentary trust, you must have a vested and indefeasible interest in the shares held by the testamentary trust to be entitled to claim the franking credits on the franked distributions from those shares. An interest is vested when the holder has an immediate fixed right of present or future enjoyment. An indefeasible interest, also known as an absolute interest, is one that is not subject to any condition.

If your organisation is a beneficiary of a trust estate who is entitled to income only (and not the capital or corpus of the trust) you are not entitled to franking credits as you are deemed not to have sufficient economic interest in the shares that generate the franked dividends.

If your organisation receives franked dividends as a beneficiary of a trust, before making claim for franking credits, you should:

- confirm your interest in the trust and whether, for example, it includes an entitlement to income and to the capital or corpus of the trust estate
- obtain advice, where necessary, on the nature of your interest and whether you are eligible to claim franking credits on the income from the trust estate.

Integrity rules

If you are an exempt institution that is eligible for a refund, such as a registered charity, there are integrity rules that apply in certain

situations to determine your eligibility for a refund of franking credits.

The integrity rules can apply to situations where the:

- payment or receipt of a franked distribution results in a detriment to the recipient exempt institution
- payment or receipt of a franked distribution results in a benefit to the entity making the distribution, or any other entity
- terms and conditions for making the franked distribution of property restrict the recipient exempt institution from obtaining full ownership of that property
- terms and conditions for making the franked distribution result in the recipient exempt institution, or any other entity, acquiring money or property in addition to the distribution
- exempt institution is a beneficiary of a trust and receives franked distributions that do not match the trust share amount.

Where the integrity rules apply, an exempt institution will not be eligible for a refund of franking credits.

QC 16343

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

Copyright notice

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).