Investments, credits and refunds

Your not-for-profit (NFP) organisation may be eligible to claim credits and refunds.

Franking credits

Franking credits attached to franked dividends received by the following organisations may be refundable, provided the eligibility criteria are met; registered charities that are exempt from income tax, deductible gift recipients (DGRs), developing country relief funds, and exempt institutions that are eligible for a refund under a Commonwealth law other than the income tax law.

Not-for-profit investment income withholding

PAYG withholding applies if a not-for-profit organisation does not provide its ABN or TFN to its investment body. Under the PAYG withholding requirements, investment bodies (such as banks, building societies, unit trusts or public companies) must withhold an amount from the interest or dividends they pay unless you have quoted your ABR or TFN, or have claimed an exemption from quoting your TFN.

Fuel tax credits - business

Information about fuel tax credits for business use of fuel.

Expecting a refund?

If you're due a refund it will usually be paid into your nominated bank account.

QC 46361

Franking credits

Franking credits attached to franked dividends received by the following organisations may be refundable, provided the eligibility criteria are met; registered charities that are exempt from income tax, deductible gift recipients (DGRs), developing country relief funds, and exempt institutions that are eligible for a refund under a Commonwealth law other than the income tax law.

Last updated 24 June 2024

The following organisations may be eligible for franking credits:

- registered charities that are endorsed as exempt from income tax
- income tax exempt deductible gift recipients (DGRs)
- income tax exempt developing country relief funds
- entities that are prescribed as exempt institutions and eligible for a refund under the regulations
- income tax exempt institutions that are eligible for a refund under a Commonwealth law other than the income tax law.

Franking credits arise for shareholders when certain Australian-resident companies pay income tax on their taxable income and distribute their after-tax profits by way of franked dividends. These franked dividends have franking credits attached. Franked dividends are received either directly as a shareholder or indirectly as a beneficiary of a trust.

Organisations that receive a dividend from a New Zealand company with Australian franking credits attached to it can obtain a refund of those credits, if they would have been able to claim the credits had the dividend been paid by an Australian company.

New Zealand franking credits cannot be claimed.

If the New Zealand company that paid the dividend has not specified that the franking credit is Australian, you should contact the company to work out whether the franking credit is an Australian or New Zealand franking credit. In most cases, if it is not specified as Australian, it will be a New Zealand franking credit.

Endorsed charities

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

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

Deductible gift recipients

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

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

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, an income exempt 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*.

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 the concession.

See also:

- Franking credit refunds

QC 16988

Not-for-profit investment income withholding

PAYG withholding applies if a not-for-profit organisation does not provide its ABN or TFN to its investment body. Under the PAYG withholding requirements, investment bodies (such as banks, building societies, unit trusts or public companies) must withhold an amount from the interest or dividends they pay unless you have quoted your ABR or TFN, or have claimed an exemption from quoting your TFN.

Last updated 20 July 2015

Investment bodies (such as banks, building societies, unit trusts or public companies) must withhold an amount from the interest or dividends they pay.

However, this rule does not apply to your not-for-profit (NFP) organisation if you have done either of the following:

- quoted your organisation's ABN (where it holds the investment in the course of running an enterprise) or TFN to the investment body
- claimed an exemption from quoting your organisation's TFN to the investment body.

Quoting your organisation's ABN or TFN to your investment body is not compulsory. However, TFN withholding may apply if you don't.

You can quote your organisation's ABN or TFN by visiting, or writing to, your investment body.

Claiming an exemption from quoting a TFN or ABN

Your organisation may be able to claim an exemption from quoting ABN or TFN if it is not required to lodge income tax returns.

Your organisation is not required to lodge an income tax return if it is either of the following:

- a non-profit company that is resident in Australia and whose taxable income (not just interest or investment income) is $416 or less per annum
- an NFP organisation such as a charity, club, society or association whose income is exempt under tax law.

You must advise the investment body in writing that your organisation is claiming an exemption from quoting a TFN. We do not provide a specific form for this purpose, so your written advice to the investment body should include:

- your organisation's name and address
- details of the accounts and investments your organisation is claiming an exemption for
- the reason your organisation is not required to lodge an income tax return.

If your organisation is not required to lodge an income tax return because it is a non-profit company that is resident in Australia whose taxable income is $416 or less per annum, you can state the following reason:
The organisation is claiming an exemption from quoting a tax file number because it is an NFP organisation that is not required to lodge an income tax return.

If your organisation is income tax exempt under tax law, you can state the following reason:
The organisation is claiming an exemption from quoting a tax file number because it is an income tax exempt organisation that is not required to lodge a tax return.

The advice you provide should be signed by an eligible representative of your organisation, such as the public officer, your secretary or, if you are not an incorporated association, another office holder.

The income tax law does not require you to produce a statement or certificate from us to prove your status to your investment body. Stating the reason for the exemption in writing is sufficient.

You must advise your investment body as soon as possible if both of the following apply to your organisation:

- it previously claimed an exemption from quoting a TFN on a bank account or investment
- due to a change in its tax status, it had to lodge an income tax return.

Your organisation can incur a penalty of $1,000 if you do not inform your investment body about your organisation's change in tax status within two months after the end of the year of income in which the change occurred.

See also:

- If you are unsure whether your NFP organisation is required to lodge income tax returns, refer to **Do you have to pay income tax?**

Refunds

Refund or credits for amounts withheld

Refunds can be claimed directly from either your investment body or us, depending on the circumstances.

Refunds from an investment body

If your investment body withholds an amount in error, you can apply to them to refund it. They must refund this amount if:

- you apply for a refund by 30 June of the financial year in which the amount was withheld
- they become aware of the error by 30 June of the financial year in which they withheld it.

Refunds from us

If your organisation is required to lodge an income tax return, you can claim a credit for the amounts withheld in its tax return for the year in which the amount was withheld.

If your organisation is not required to lodge an income tax return, you can claim a refund directly from us where either of the following applies:

- amounts were withheld in error and your organisation did not apply to the investment body for a refund within the prescribed time
- amounts were withheld correctly and your organisation is entitled to claim an exemption from quoting a TFN but had not done so.

Next steps:

- To claim a refund from us, complete the form **Australian resident investor - Refund application for tax file number (TFN) amounts deducted**.

See also:

- For more information on whether your organisation needs an ABN or TFN, see **Registering**.

QC 16410

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.