



Information sheets

Information sheets about franking credit refunds for not-for-profit organisations for specific years.

Refund of franking credits information 2018–19



Information on the refund of franking credits 1 July 2018 to 30 June 2019.

Refund of franking credits information 2017–18



Information on the refund of franking credits 1 July 2017 to 30 June 2018.

Refund of franking credits information 2016–17



Information on the refund of franking credits 1 July 2016 to 30 June 2017.

Refund of franking credits information 2016



Information on the refund of franking credits 1 July 2015 to 30 June 2016.

Refund of franking credits information 2015



Information on refund of franking credits 1 July 2014 to 30 June 2015 (NAT 6716).

Refund of franking credits information 2014



Information on refund of franking credits 1 July 2013 to 30 June 2014 (NAT 6716).

Refund of franking credits information 2013



Information on refund of franking credits 1 July 2012 to 30 June 2013 (NAT 6716).

QC 46420

Refund of franking credits information 2018–19

Information on the refund of franking credits 1 July 2018 to 30 June 2019.

Last updated 19 June 2024

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Eligibility for a refund

Applying for a refund of franking credits

Anti-avoidance rules

Franking credits attached to franked dividends paid to your organisation, or attached to an entitlement to a franked distribution, are refundable. This is provided you meet certain eligibility criteria and your organisation is any of the following:

- a charity registered with the Australian Charities and Not-for-profits Commission (ACNC) and endorsed by us as exempt from income tax
- an income tax exempt deductible gift recipient (DGR) endorsed in its own right. It's 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
- an income tax exempt DGR listed by name in the tax law
- an income tax exempt relief fund declared by the Treasurer to be a developing country relief fund
- a prescribed income tax exempt institution that is eligible for a refund under relevant regulations
- an income tax exempt institution that is eligible for a refund under a Commonwealth law other than the income tax law.

Franking credits generally occur for shareholders when certain Australian-resident companies pay income tax on their taxable income and distribute their after-tax profits by franked dividends. These franked dividends have franking credits attached.

Franking credits can also occur as a result of an entitlement to a franked distribution, such as when the organisation is a beneficiary of a trust.

Organisations receiving a dividend from a New Zealand (NZ) company with Australian franking credits attached to it will be able to obtain a refund of those Australian franking credits.

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

See also:

- [Completing your application for refund of franking credits 2018–19](#)

- Refund of franking credits for not-for-profit entities

Eligibility for a refund

Endorsed charities that are eligible

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

- satisfy the residency requirement
- be a charity registered with the ACNC and endorsed by us as exempt from income tax.

Deductible gift recipients that are eligible

To be eligible for a refund of franking credits, an income tax exempt DGR must meet all of the following requirements:

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

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 tax exempt DGR listed by name must meet all of the following requirements:

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


Residency requirements

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

Use the Australian Business Register's [ABN Lookup](#)  tool or phone us on **1300 130 248** to check if your organisation is:

- a DGR
- endorsed as a charity exempt from income tax

Developing country relief funds

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

Applying for a refund of franking credits

Eligible organisations can apply for a refund of franking credits annually.

In the last week of June of each year, we send a personalised refund application package to eligible organisations that applied for and received a refund in the previous financial year.

Next steps:

To apply for a refund of franking credits, refer to:

- Application for refund of franking credits 2018–19
- Completing your application for refund of franking credits 2018–19

Your rights

From 1 July 2013, changes to the tax law mean your claim for (or an amendment of) a tax offset refund will be subject to an income tax assessment.

These changes apply to franking credits attached to dividends, and attached to an entitlement to franked distributions, for the year ended 30 June 2014 onwards.

The changes also mean your organisation now has objection rights and time limits in which to amend its claims for tax offset refunds (here being a refund of franking credits).

We cannot amend an assessment if the time limit has passed.

See also

- Decisions you can object to and time limits

Notices of assessment

If your organisation is a:

- trust or a government entity – we will issue a notice of assessment
- company – a notice of assessment will be deemed to have been issued at the time the form is lodged.

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

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

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

Eligible organisations that want to apply for a refund but have not received a refund package by the end of the last week of June should phone us on **1300 130 248**.

Paying the refund directly into your account

Complete the electronic funds transfer (EFT) section of the application form, so we can deposit the refund directly into your organisation's Australian bank, credit union or building society account of choice. It is faster to have the refund paid directly to your organisation's financial institution account.

If you have outstanding tax liabilities

If your organisation has any outstanding tax liabilities or other debts that are collected by us, the amount of any refund will be offset against those tax liabilities and debts. Any remaining amount will then be refunded to your organisation.

Limits on claiming refunds

Rules apply to prevent an organisation from receiving a franking credit on a distribution which is attributable to a franked dividend through another eligible organisation. This ensures multiple tax offsets cannot be claimed in respect of the same franked dividend.

Example

A charitable trust, Charity, is an eligible organisation. It is paid a fully franked dividend of \$5,000. Attached to the dividend is a franking credit of \$2,575 which Charity claims from the ATO. As a consequence of the dividend, Charity makes a distribution of \$5,000 to Benevolence another charitable trust that is an eligible organisation. Benevolence's entitlement to the distribution arose in its capacity as a beneficiary of Charity. Benevolence is not entitled to any franking credit in relation to the distribution from Charity. This means it has no entitlement to a tax offset.

The following rules also prevent the unintended use of franking credits:

- specific anti-avoidance rules for eligible organisations
- franking credit trading rules.

In addition to the above, the general anti-avoidance rules can apply.

Anti-avoidance rules

A franking credit refund will not be available to an eligible organisation on payment of a franked dividend directly from the company, or indirectly through an entitlement to a franked distribution (for example, through a trust), if it results in any of the following:

- the organisation obtains a reduced benefit from the franked dividend (or notional trust amount)

- the organisation, or another entity, provides a benefit or incurs a detriment
- the entity that pays the dividend or trust distribution (or their associate) obtains an advantage
- failure to pass full, unconditional ownership of property comprising the dividend (or trust distribution) to the organisation at the time of payment.

Franking credit trading rules

Your organisation's entitlement to a franking credit refund may be affected by the holding period rule, the related payments rule or the dividend washing integrity rule. The Commissioner may make a determination to deny imputation benefits where your organisation has entered into a scheme for the purpose of obtaining franking credit benefits.

Holding period rule

Under the 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). If the organisation is under no obligation to make a related payment, this rule only needs to be met once for each purchase of shares (or an interest) subject to the 'last in-first out' rules.

It's also important to note the 45 day period (or 90 day period for preference shares) doesn't include the day your organisation acquired the shares or the day the shares were disposed.

Related payments rule

The related payments rule applies if your organisation has made, or is under an obligation to make, a related payment – that is, to pass on the benefit of a franked dividend to someone else. Under the related payments rule, your organisation must hold shares (or an interest) at risk for at least 45 days (or 90 days for preference shares) during the secondary qualification period to be eligible for a refund of franking credits. This rule must be met for all dividends and distributions where a related-payment will be made.

The secondary qualification period starts on the 45th day before, and ends on the 45th day after the day the shares (or an interest) became

ex-dividend (or 90 days before and after if the shares are preference shares).

Dividend washing integrity rule

The integrity rule applies to prevent you from claiming franking credits where you have received a dividend as a result of dividend washing.

Dividend washing occurs where:

- you, or an entity connected to you, sell an interest in shares that you hold while retaining the right to a dividend, then
- by using a special ASX trading market, you effectively repurchase an interest in shares, generally in the same company, and receive an entitlement to a second dividend.

If the dividend washing integrity rule applies, you are not entitled to claim the franking credits for the second dividend. However, if your interest in the second parcel of shares exceeds the interest in the first parcel, you may be entitled to claim a portion of these additional franking credits.

The ATO's view is that the general anti-avoidance legislation may be applied to dividend washing transactions not impacted by the integrity rule.

See also:

- Dividend washing integrity rule

QC 59435

Refund of franking credits information 2017–18

Information on the refund of franking credits 1 July 2017 to 30 June 2018.

Last updated 20 June 2018

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Applying for a refund of franking credits

Anti-avoidance rules

Introduction

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- an income tax exempt deductible gift recipient (DGR) endorsed in its own right. It's 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
- an income tax exempt DGR listed by name in the tax law
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Franking credits generally occur for shareholders when certain Australian-resident companies pay income tax on their taxable income and distribute their after-tax profits by franked dividends. These franked dividends have franking credits attached.

Franking credits can also occur as a result of an entitlement to a franked distribution, such as when the organisation is a beneficiary of a trust.

Organisations receiving a dividend from a New Zealand (NZ) company with Australian franking credits attached to it will be able to obtain a refund of those Australian franking credits.

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

See also:

- [Completing your application for refund of franking credits 2017–18](#)
- [Refund of franking credits for not-for-profit entities](#)

Eligibility for a refund

Endorsed charities that are eligible

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

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Deductible gift recipients that are eligible

To be eligible for a refund of franking credits, an income tax exempt DGR must meet all of the following requirements:

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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.

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- have an ABN


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- be a DGR listed by name in the *Income Tax Assessment Act 1997*
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Residency requirements

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

- it has a physical presence in Australia
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Check if your organisation is eligible

Use the Australian Business Register's [ABN Lookup](#)  tool or phone us on **1300 130 248** to check if your organisation is:

- a DGR
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Developing country relief funds

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

Applying for a refund of franking credits

Eligible organisations apply for a refund of franking credits annually on the **Application for refund of franking credits (NAT 4131)**.

In the last week of June of each year, we send a personalised refund application package to eligible organisations that applied for and received a refund in the previous financial year.

Next steps:

To apply for a refund of franking credits, refer to:

- **Application for refund of franking credits 2017–18**

- **Completing your application for refund of franking credits 2017–18**

Your rights

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These changes apply to franking credits attached to dividends, and attached to an entitlement to franked distributions, for the year ended 30 June 2014 onwards.

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We cannot amend an assessment if the time limit has passed.

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Notices of assessment

If your organisation is a:

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Paying the refund directly into your account

Complete the electronic funds transfer (EFT) section of the application form, so we can deposit the refund directly into your organisation's Australian bank, credit union or building society account of choice. It is faster to have the refund paid directly to your organisation's financial institution account.

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If your organisation has any outstanding tax liabilities or other debts that are collected by us, the amount of any refund will be offset against those tax liabilities and debts. Any remaining amount will then be refunded to your organisation.

Limits on claiming refunds

Rules apply to prevent an organisation from receiving a franking credit on a distribution which is attributable to a franked dividend through another eligible organisation. This ensures multiple tax offsets cannot be claimed in respect of the same franked dividend.

Example

A charitable trust, Charity, is an eligible organisation. It is paid a fully franked dividend of \$5,000. Attached to the dividend is a franking credit of \$2,575 which Charity claims from the ATO. As a consequence of the dividend, Charity makes a distribution of \$5,000 to Benevolence another charitable trust that is an eligible organisation. Benevolence's entitlement to the distribution arose in its capacity as a beneficiary of Charity. Benevolence is not entitled to any franking credit in relation to the distribution from Charity. This means it has no entitlement to a tax offset.

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Holding period rule

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Dividend washing integrity rule

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Dividend washing occurs where:

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The ATO's view is that the general anti-avoidance legislation may be applied to dividend washing transactions not impacted by the integrity rule.

See also:

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Refund of franking credits information 2016–17

Information on the refund of franking credits 1 July 2016 to 30 June 2017.

Last updated 6 June 2017

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See also:

- Instructions for refund of franking credits: NFP endorsed entities 2016-17
- Refund of franking credits for not-for-profit entities

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The ATO's view is that the general anti-avoidance legislation may be applied to dividend washing transactions not impacted by the integrity rule.

See also:

- Dividend washing integrity rule

QC 52420

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.

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