Australian Taxation Office

www.ato.gov.au

Franking account tax return 2001

return and explanatory notes

NAT 1382—3.2001

Franking account tax return notes

1 Conversion to class C franking accounts

As a result of the reduction in the company tax rate from 36% to 34% from 1 July 2000, companies with a franking year that starts on 1 July are required to convert their franking account balances to a class C account balance based on an underlying tax rate of 34%.

All existing class C franking account balances that are based on an underlying tax rate of 36% are to be converted to a class C based on the new company tax rate of 34% from 1 July 2000. Where existing franking accounts are based on another company tax rate, the balance of those accounts are to be converted to a class C balance based on the 34% rate.

If, after conversion, franking debits or credits arise that are based on an underlying tax rate other than the 34% rate, those debits or credits are to be converted to equivalent debits and credits based on 34% rate.

Class A franking debits and credits based on a 39% company tax rate are converted into equivalent class C franking debits and credits by multiplying the class A debit or credit by the following factor: 39/61 X 66/34.

Class B franking debits and credits based on a 33% company tax rate are converted into equivalent class C franking debits and credits by multiplying the class B debit or credit by the following factor: 33/67 X 66/34.

Class C franking debits and credits based on a 36% company tax rate are converted into equivalent class C franking debits and credits by multiplying the class C debit or credit by the following factor: 36/64 X 66/34.

2 Lodgment requirements

The *Franking account tax return* must be completed for all companies, corporate limited partnerships and corporate trust estates treated as companies for the purpose of Part IIIAA of the *Income Tax Assessment Act 1936*, that have a liability to pay franking deficit tax. If no franking deficit tax is payable, lodgment of this tax return is not required. The tax return should be lodged at the tax office where the company would normally lodge its tax return. This Franking account tax return should be lodged by the last day of the month following the end of the franking year.

3 Franking deficit tax

A liability to franking deficit tax will arise where any franking deficit exists at the end of the franking year, that is, franking debits exceed franking credits.

4 The franking year

This is ordinarily the financial year ending 30 June. However, for early balancing companies, that is, companies with a substituted accounting period ending on or before 31 May in lieu of the following 30 June, the franking year will ordinarily be the substituted accounting period. For some companies the Commissioner of Taxation will have specified a substituted franking year.

5 Date due and payable

The due date for payment of franking deficit tax is the last day of the month following the end of the franking year.

6 Penalties

Late lodgment penalty—the law imposes a penalty on a company that does not lodge this return by the due date.

Overfranking penalty—the law imposes a penalty on a company which is liable for franking deficit tax from overfranking frankable dividends in the form of franking additional tax. Where the franking deficit at the end of the franking year is more than 10% of the total amount of franking credits arising during the year, the company is liable to pay penalty tax equal to 30% of the franking deficit tax payable, or $20, whichever is the greater.

The Commissioner can remit any penalty in whole or in part. If the company considers the penalty should be remitted, a statement should be attached to this tax return explaining why remission should be granted.

Late payment penalty—the law imposes a general interest charge on a company that fails to pay franking deficit tax or franking additional tax by the due date.

7 How to pay

Payment for the franking deficit tax must accompany this tax return. The calculation of the tax payable is set out on the front page of this tax return. Cheques or money orders should be made payable to the ‘Deputy Commissioner of Taxation’ and crossed ‘Not Negotiable’. Do not send cash by mail.

NSW, QLD & ACT

Australian Taxation Office
Locked Bag 1793
Penrith NSW 1793

VIC, TAS, WA & SA

Australian Taxation Office
Locked Bag 1936
Albury NSW 1936

Australian Taxation Office
www.ato.gov.au

Imputation of company tax
Franking account tax return 2001

1 July 2000 to 30 June 2001

Day Month Year to Day Month Year

or specify period if part year or **approved** substitute period

Tax file number

This tax return is to be completed for all companies and corporate trust estates treated as companies for the purposes of Part IIIAA of the *Income Tax Assessment Act 1936*, that have a liability to pay franking deficit tax. Reference on the tax return to a company includes a corporate trust estate. Please read the attached explanatory notes before completion. The *Company tax return instructions 2001* may also be of assistance regarding debits and/or credits to your franking account.

Name of entity and Australian Business Number (ABN)

ABN

Current postal address
If the address has not changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

Suburb or town State Postcode

Postal address on previous tax return
If the address has changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

Suburb or town State Postcode

Dividend franking account

Fill in full details of the account(s) overleaf and show the end of year franking deficit in the space(s) below.

Class A franking deficit

$ X $\frac{39}{61}$ = **A** **$**

Class C franking deficit

$ X $\frac{34}{66}$ = **C** **$**

Total of A and C → Franking deficit tax payable **$**

Declaration: I declare that the particulars shown in this tax return and in the accompanying documents are true and correct in every detail.

Optional: Hours taken to prepare and complete this return

Public officer's signature

Date
Day Month Year

IN-CONFIDENCE–when completed

Australian Taxation Office
www.ato.gov.au

Payment advice
Franking deficit tax - 45

Tax file number

Name of company

ABN

$

ATTACH PAYMENT TO THIS REMITTANCE ADVICE
IN-CONFIDENCE–when completed

Details of dividend franking account

Complete full details of account(s) below. If not enough space, attach a schedule containing the required details.
Enter the end of year franking deficit in the space provided on the front of this tax return.

Class A franking account

Date	Transaction details	Debit	Credit	Balance

For life companies transfer the end of year deficit to Class A franking deficit box overleaf

Class C franking account

Date	Transaction details	Debit	Credit	Balance

Transfer the end of year deficit to Class C franking deficit box overleaf