



ATO NOTE

Issue date: 15 December 2022

To: Warwick Anderson, General Manager Network Finance and Reporting,
Australian Energy Regulator

Subject: Australian Energy Regulator - Franking account reconciliation

Distribution to non-residents/non-lodgers

The ATO does not have data on franking credits distributed to non-residents. As per previous advice, we have used a residual approach to provide an estimate.

Assumed imputation credits distributed to residents vs non-residents/non-lodgers as a percentage of imputation credits distributed

<i>Income Year</i>	<i>Residents</i>	<i>Non-residents/non-lodgers</i>
2012	61%	39%
2013	62%	38%
2014	62%	38%
2015	66%	34%
2016	63%	37%
2017	64%	36%
2018	63%	37%
2019	64%	36%
2020	62%	38%

We estimate around 35-40% of total franking credits paid out by companies per year are not clawed back through the tax system.

Franking credits claimed through the tax system, excluding companies

<i>Income Year</i>	<i>Net franking credit usage</i>
2012	50%
2013	56%
2014	53%
2015	59%
2016	52%
2017	55%
2018	53%
2019	55%
2020	52%

Of the net franking credit distribution (net of franking credits received by companies) we estimate that 40-50% are not clawed back through the tax system. These franking credits are potentially distributed to non-residents or non-lodgers. The “net franking credit usage” is the proportion of *franking offset used* by individuals, superannuation funds, Self-Managed Super Funds and charities compared to the **net** franking credits distributed.