

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2016 - 2017

Division/Agency: Corporate and International Tax Division

Question No: 261

Topic: 2016-17 MYEFO measure – Tax integrity – franked distributions funded by capital raising

Reference: Written

Senator: Ketter, Chris

Question:

1. What is the assumption for the amount of times franking credits are distributed when they are funded from capital raising activities?
2. How many companies in 2015-16 distributed franking credits that were funded from capital raising activities? Provide a list of these companies.

Answer:

1. The measure is estimated to raise \$10 million per annum from 2017-18. This represents the estimated value of franked distributions funded by capital raisings, and is based on the level of activity occurring prior to the ATO's Taxpayer Alert, TA 2015/02 (issued on 7 May 2015).
2. The ATO is aware of one company that distributed franked dividends which were funded from capital raising activities of the type identified in Taxpayer Alert TA 2015/2, in the 2015-16 financial year. Naming the company could breach the confidentiality provisions of the tax law.