Franking Account Reconciliation

Franking account reconciliation will be applicable for companies only

Step 1

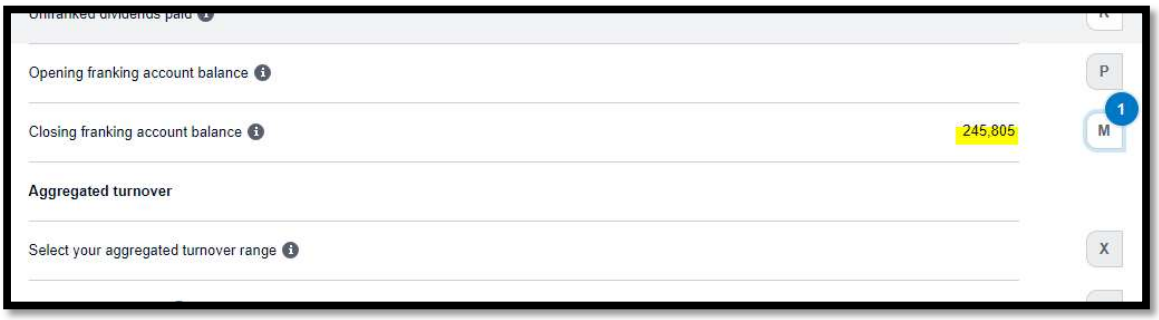
Download ATO-ICA and ATO-ITA reports from ATO portal for the FY for which we are preparing the tax return.

Note: Processed date in ATO statements should be considered for Franking Credit calculation.

Step 2

Take the opening balance of the franking account from the previous year's tax return. It will be in financial information label of income tax return.

Franking Balance in Tax Return:



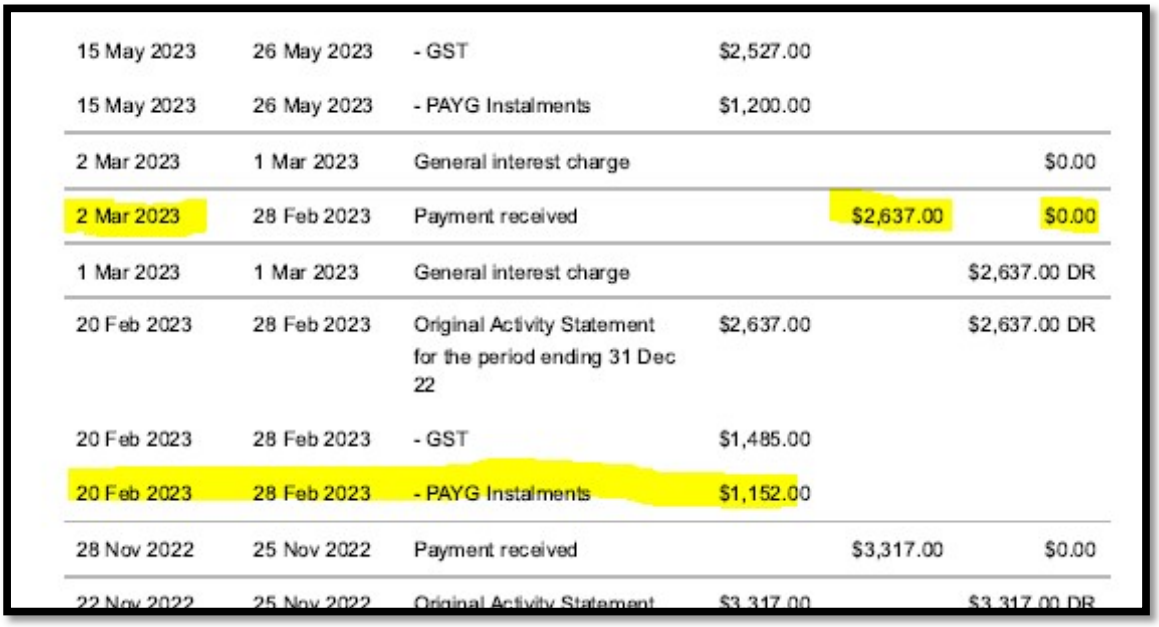
Step 3

From ATO-ICA, take the PAYG instalment amount when it is actually paid

Important: Take the PAYG instalment which is actually paid during the FY

We need to add (credit) the paid instalment amount (with the processed date on which it is actually paid) in franking credit account. So, the franking balance will get increase.

ATO ICA :



15 May 2023	26 May 2023	- GST	$2,527.00		
15 May 2023	26 May 2023	- PAYG Instalments	$1,200.00		
2 Mar 2023	1 Mar 2023	General interest charge			$0.00
2 Mar 2023	28 Feb 2023	Payment received		$2,637.00	$0.00
1 Mar 2023	1 Mar 2023	General interest charge			$2,637.00 DR
20 Feb 2023	28 Feb 2023	Original Activity Statement for the period ending 31 Dec 22	$2,637.00		$2,637.00 DR
20 Feb 2023	28 Feb 2023	- GST	$1,485.00		
20 Feb 2023	28 Feb 2023	- PAYG Instalments	$1,152.00		
28 Nov 2022	25 Nov 2022	Payment received		$3,317.00	$0.00
22 Nov 2022	25 Nov 2022	Original Activity Statement	$3,317.00		$3,317.00 DR

Franking Credit Worksheet :



14			
15	**ADD: Income Tax Paid**		
16	PAYG Instalment - Quarter 4 (previous year)	26 Aug 22	1,133
17	Balance of previous year's liability	12 May 23	30,741
18	PAYG Instalment - Quarter 1	28 Nov 22	1,304
19	PAYG Instalment - Quarter 2	2 Mar 23	1,152
20	PAYG Instalment - Quarter 3	29 May 23	1,200
21	Other -		
22	-		

Step 4:

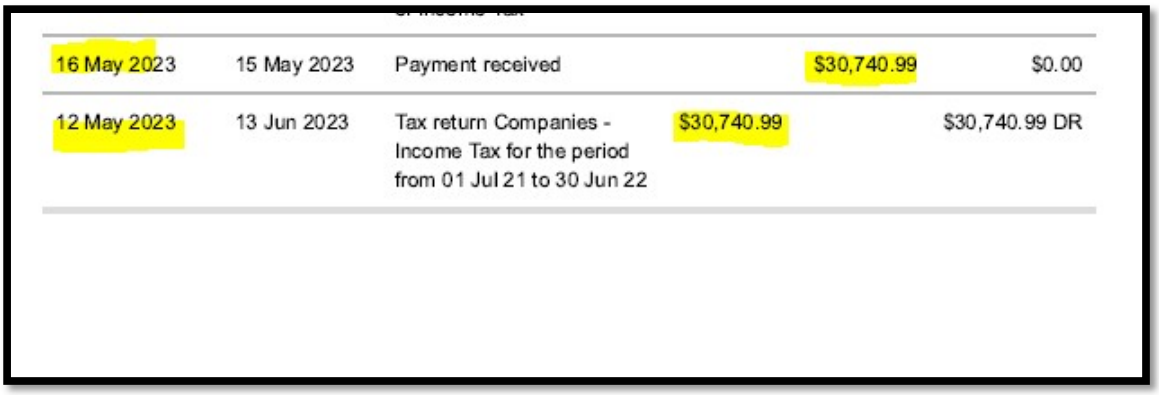
From the ATO -ITA account

We have to take the information of previous year's income tax actually paid / refund received during the year

If we have paid any previous year’s income tax liability during this year, we have to add (credit)it in the franking account.

If we have received any income tax refund during this year. We have to debit/deduct it from the franking account. so franking balance will get decrease

ATO ICA:



16 May 2023	15 May 2023	Payment received		$30,740.99	$0.00
12 May 2023	13 Jun 2023	Tax return Companies - Income Tax for the period from 01 Jul 21 to 30 Jun 22	$30,740.99		$30,740.99 DR

Franking Credit Worksheet:



Not applicable		
ADD: Income Tax Paid		
PAYG Instalment - Quarter 4 (previous year)	26 Aug 22	1,133
Balance of previous year's liability	16 May 23	30,741
PAYG Instalment - Quarter 1	28 Nov 22	1,304
PAYG Instalment - Quarter 2	2 Mar 23	1,152
PAYG Instalment - Quarter 3	29 May 23	1,200
Other -		
-		

Note: We should not add the amount which is paid/received as an **interest or penalty or remission of interest to ATO**.

Step 5 (applicable for few companies)

If the company is receiving any dividend from any other company

We have to add the franking credit from that dividend received to franking account

Franking Balance in Tax Return:



Opening franking account balance

Closing franking account balance 245,805

Date	Transaction details	Debit	Credit	Balance
30 Jun 2022	Imputation Credits on Dividends Received	0.00	245,805.00	245,805.00

Step 6:

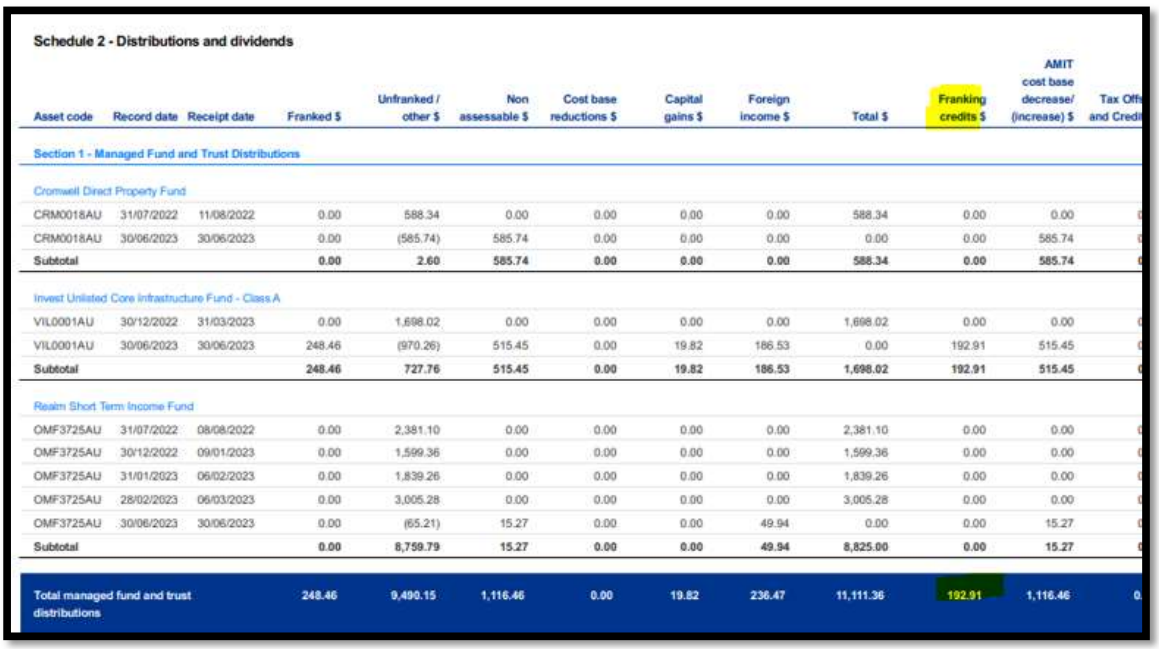
If the company is receiving any distribution means, we have to qdd the franking credit from the franked distribution received during the year to franking account.

Franking Credit Worksheet:



ADD: Other amounts		
Imputation credits on dividends received		-
Imputation credits on distributions received	30 Jun 23	192
Other -		
-		
TOTAL:		35,722

Annual Tax Statement:



Schedule 2 - Distributions and dividends

Asset code	Record date	Receipt date	Franked $	Unfranked / other $	Non assessable $	Cost base reductions $	Capital gains $	Foreign income $	Total $	Franking credits $	AMIT cost base decrease/ (increase) $	Tax Offs and Credi
Section 1 - Managed Fund and Trust Distributions												
Cromwell Direct Property Fund												
CRM0018AU	31/07/2022	11/08/2022	0.00	588.34	0.00	0.00	0.00	0.00	588.34	0.00	0.00	
CRM0018AU	30/06/2023	30/06/2023	0.00	(585.74)	585.74	0.00	0.00	0.00	0.00	0.00	585.74	
Subtotal			**0.00**	**2.60**	**585.74**	**0.00**	**0.00**	**0.00**	**588.34**	**0.00**	**585.74**	
Invest Unlisted Core Infrastructure Fund - Class A												
VIL0001AU	30/12/2022	31/03/2023	0.00	1,698.02	0.00	0.00	0.00	0.00	1,698.02	0.00	0.00	
VIL0001AU	30/06/2023	30/06/2023	248.46	(970.26)	515.45	0.00	19.82	186.53	0.00	192.91	515.45	
Subtotal			**248.46**	**727.76**	**515.45**	**0.00**	**19.82**	**186.53**	**1,698.02**	**192.91**	**515.45**	
Realm Short Term Income Fund												
OMF3725AU	31/07/2022	08/08/2022	0.00	2,381.10	0.00	0.00	0.00	0.00	2,381.10	0.00	0.00	
OMF3725AU	30/12/2022	09/01/2023	0.00	1,599.36	0.00	0.00	0.00	0.00	1,599.36	0.00	0.00	
OMF3725AU	31/01/2023	06/02/2023	0.00	1,839.26	0.00	0.00	0.00	0.00	1,839.26	0.00	0.00	
OMF3725AU	28/02/2023	06/03/2023	0.00	3,005.28	0.00	0.00	0.00	0.00	3,005.28	0.00	0.00	
OMF3725AU	30/06/2023	30/06/2023	0.00	(65.21)	15.27	0.00	0.00	49.94	0.00	0.00	15.27	
Subtotal			**0.00**	**8,759.79**	**15.27**	**0.00**	**0.00**	**49.94**	**8,825.00**	**0.00**	**15.27**	
Total managed fund and trust distributions			**248.46**	**9,490.15**	**1,116.46**	**0.00**	**19.82**	**236.47**	**11,111.36**	**192.91**	**1,116.46**	

Step 7

If the company is declaring any dividend means, We have to calculate the franking credit to deduct it from franking account balance.

A company can declare a franked dividend based on the franking credit balance available.

If the company is a Base rate entity, the franking credit calculation will be Dividend amount * 25% / 75%

If the company is a not a Base rate entity, the franking credit calculation will be Dividend amount *30% / 70%

After calculating a franking credit, we have to deduct it from franking balance account.