



ATO NOTE

Issue date: 9 May 2018

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

Subject: Franking account balance – tax of time series data from Taxation Statistics

Background

The AER has sought input from the ATO regarding the use of Taxation Statistics data to reconstruct the franking account balance.

Key Points

The ATO is of the view that the Taxation Statistics data should not be used for detailed time series analysis of the imputation system.

It would be difficult to use this data to reconstruct franking accounts due to the dynamic nature of the tax system as it impacts on business. Factors such as entries and exits, churn within consolidation groups, and other complexities such the rules relating to life insurance companies would affect any macro analysis.

Consequently, we would not recommend using Taxation Statistics data as the basis of a detailed macro analysis of Australia's imputation system.