

Be thankful for a frank-full

Forgetting tax credits for shares can cost plenty, writes **Anthony Keane**

RETIREES risk missing out on a welcome cash windfall by failing to claim back tax credits they receive for shares.

As dividends start landing in millions of bank accounts across Australia after last month's profit reporting season, there are concerns that some retirees and low income earners do not realise how much money they may be giving up.

Investors who own shares

receive tax credits worth up to 30¢ for every dollar of dividends they receive. When the investor has a low or zero tax rate, these franking credits can be refunded, delivering up to \$300 for every \$1000 of franked dividends received.

The Australian Taxation Office says last year 4.3 million taxpayers claimed \$25.2 billion of franking credits from \$59 billion of dividends.

Robert Falconer, a private client adviser with ipac, says people may incorrectly think they have to lodge a tax return to get franking-credit refunds.

"Not having to lodge a tax return does not exclude investors from being able to claim franking credits. The ATO provides a simple one-page form for investors to fill in to claim the refund," he says.

Financial strategist Theo Marinis (pictured) says the ATO form is "like a very short tax return" but a lot of people don't know they are missing out these franking credits.

"More and more people are getting to retirement and don't understand what benefits they are entitled to," he says.

Marinis says a single retiree can earn \$32,279 a year without having to lodge a tax return while each member of a retiree couple can earn \$28,974.

He says most clients of financial planners would be getting their franking credits refunded because their adviser would check for them, but only about 20 per cent of Australians use a planner.

"A lot of people don't know what they are missing out on."

Marinis says another area that catches out retirees, particularly widows who have assumed control of household finances for the first time, is forgetting to declare their Tax File Number, which results in the companies withholding tax from dividends they pay out.

"Technically you get it back when you lodge a return, but if you're a retiree and not lodging a return you may not realise it, he says"

A tax office spokeswoman says people can submit an application for

refund of franking credits if their total dividend income is \$18,500 or less, they were an Australian resident for tax purposes all year, and they don't have to lodge a tax return – which can be checked by calling 13 28 61.

"The ATO's job is to create a fair playing field for all,"

She says "That means that people pay their fair Share and people get back their fair share. We're delivering more support to help taxpayers do this."



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