



9 April 2019

PRELIMINARY COSTING NOTE

Franking credits received by individuals, APRA-regulated superannuation funds, and self-managed superannuation funds (SMSFs) would no longer be refundable.

PROPOSAL DESCRIPTION

For detail on the proposal please see MS18-001797 dated 7 June 2018.

- Announcement at 1 June 2019.
- The proposal would apply to franked dividends and distributions paid from:
 - 1 July 2019, option A
 - 1 July 2020, option B

With limited time available, it has not been possible to provide updated costings against the 2019-20 Budget baseline, as such these costings do not take into account the latest parameters or measures announced in the Budget (including the expansion of the Personal Income Tax Plan). As a result this costing should be treated as indicative in nature and not a budget quality costing against the current budget baseline.

The indicative costing provided in MS19-000922 (with the 1 July 2019 start date) has a minor update below to account for model refinements, which we were previously not able to complete in the limited time available.

INDICATIVE FINANCIAL IMPLICATIONS (UCB, \$M)

Revenue	2018-19	2019-20	2020-21	2021-22	2022-23	Total over FE
Option A - 1 July 2019	0.0	..	4,800.0	5,000.0	5,200.0	15,000.0
Option B - 1 July 2020	0.0	5,100.0	5,300.0	10,400.0

.. Not zero but rounded to zero, * Unquantifiable.

INDICATIVE FINANCIAL IMPLICATIONS BEYOND the forward ESTIMATES (impact on UCB, \$M)

Revenue	Projected total, 2023-24 to 2029-30*
Option A - 1 July 2019	41,800.0
Option B - 1 July 2020	42,800.0

Revenue	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Option A - 1 July 2019	5,400.0	5,600.0	5,800.0	6,000.0	6,100.0	6,300.0	6,600.0
Option B - 1 July 2020	5,500.0	5,700.0	5,900.0	6,100.0	6,300.0	6,500.0	6,800.0

*Projections beyond the forward estimates have a higher degree of uncertainty.

Matthew Brine
Division Head
Tax Analysis Division
Ext: x4417