



Project:	Franking credit disclosures	Meeting:	M194
Topic:	Cover memo	Agenda Item:	7.0
		Date:	20 February 2023
Contact(s):	Maggie Man mman@asb.gov.au Kim Carney kcarney@asb.gov.au	Project Priority:	Medium
		Decision-Making:	High
		Project Status:	Draft project plan

Background and objective of this agenda item

- 1 During consultation on Invitation to Comment ITC 46 *AASB Agenda Consultation 2022-2026*, some stakeholders suggested that the Board consider developing additional disclosure requirements for franking credit disclosures.¹ In particular, some stakeholders consider that further guidance or disclosures should be developed:
 - (a) to show the reconciliation from the actual franking accounting balance at the reporting date to the adjusted franking account balance using the guidance in AASB 1054 *Australian Additional Disclosures*;
 - (b) about the future impacts of deferred franking debits on future franking credits available from:
 - (i) declared dividends that have not been recognised as a liability in the financial statements; and
 - (ii) the receipt of the research and development refundable tax offset; and
 - (c) to show how much franking credit is available for distribution to shareholders of the consolidated group separately from franking credits available for distribution to the parent entity.
- 2 At its June 2022 Board meeting, the Board decided to add a project on imputation franking credit disclosures as a medium priority to the standard-setting work program. This decision is reflected in the Agenda Consultation Feedback Statement.²
- 3 The objective of this agenda item is to:
 - (a) consider the literature review on academic research relating to imputation (franking) credit disclosures; and
 - (b) consider the draft franking credit disclosure project plan.

Attachments

- Agenda paper 7.1 Draft franking credit disclosures project plan
Agenda paper 7.2 Literature review on franking credit disclosures

¹ Agenda Paper 8.2 to the June 2022 Board meeting provides a summary of the stakeholder feedback from the 2022-2026 Agenda Consultation.

² Refer to the [minutes](#) of the June 2022 Board meeting.

Next steps

- 4 Subject to the Board's consideration of the draft project plan, staff will gather further evidence, obtain further stakeholder feedback about possible disclosure requirements for Board discussion, and decide on the next steps at a future board meeting.