Australian Government

Australian Accounting Standards Board

Franking Credit Disclosures

Draft Project Plan

Technical Director: Nikole Gyles

Acting Deputy Technical Director: Kim Carney

Project Manager: Maggie Man

ENDORSEMENT/VERSION CONTROL

CURRENT VERSION NUMBER	V1	DATE	20 February 2023

AUTHORS

Maggie Man	Project Manager	03 9617 7639

APPROVAL

[approver's name]	[approver's position]	[approved/not approved]	[date]

TABLE OF CONTENTS

1 PROJECT PROPOSAL/EXECUTIVE SUMMARY

WHAT IS THE OBJECTIVE AND OUTCOME OF THE PROJECT

1 The objective of this project is to develop additional disclosure requirements to provide users with information about how an entity's closing imputation (franking) credits balance was calculated[1] applicable to private for-profit entities preparing Tier 1 general purpose financial statements (Tier 1 GPFS). This project was added to the Board's workplan following feedback collected during the Board's 2022-2026 Agenda Consultation.[2]

2 During the Agenda Consultation process, some stakeholders suggested that the Board consider developing additional disclosure requirements to reconcile the opening and closing balance of franking credits available for use in future reporting periods (see paragraphs 13- 16 for further information).[3] It was also suggested the Board work closely with the New Zealand Accounting Standards Board (NZASB) on this project to maintain trans-Tasman harmonisation for for-profit entities.[4]

3 To inform possible Board decisions about additional franking credit/debit disclosures, this project will investigate the information needs of users. This includes conducting further evidence gathering to better understand the inconsistencies in current franking credit disclosures.[5] That is, to understand how often entities are providing additional franking credit disclosures.

2 BACKGROUND

4 The requirements to disclose franking credits are set out in AASB 1054 *Australian Additional Disclosures* for Tier 1 GPFS.[6] Entities are not required under the Australian Accounting Standard to disclose how the franking credits balance available for use in future reporting periods is determined. The current franking credits disclosures in AASB 1054 are as follows:

---

1 The project plan refers to imputation credits and franking credits interchangeably as these terms have the same meaning. This project plan also refers to imputation debits and franking debits interchangeably.

2 Refer to the **minutes** of the June 2022 Board meeting.

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

4 Paragraph 27 of the *AASB For-Profit Entity Standard-Setting Framework* requires that differences between Accounting Standards issued in Australia and New Zealand for for-profit entities should be minimised wherever possible to reduce the costs for entities operating trans-Tasman.

5 For the purposes of this project plan, "inconsistencies in disclosures" refers to the fact that some entities only disclose what is required by AASB 1054 and other entities voluntarily disclose additional information.

6 Whilst AASB 1060: *Simplified Disclosure for For-Profit and Not-for-Profit Tier 2 Entities* contains the same disclosure requirements for franking credits for Tier 2 financial statements, the Board agreed at its June 2022 meeting that only listed entities may be impacted by these additional disclosure requirements (refer to **meeting minutes** and **Agenda Paper 8.2** presented in June 2022). As such, staff have only focused on the disclosure requirements in AASB 1054.

Imputation Credits

12 The term 'imputation credits' is used in paragraphs 13-15 to also mean 'franking credits'. The disclosures required by paragraphs 13 and 15 shall be made separately in respect of any New Zealand imputation credits and any Australian imputation credits.

13 An entity shall disclose the amount of imputation credits available for use in subsequent reporting periods.

14 For the purposes of determining the amount required to be disclosed in accordance with paragraph 13, entities may have:

(a) imputation credits that will arise from the payment of the amount of the provision for income tax;

(b) imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(c) imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

15 Where there are different classes of investors with different entitlements to imputation credits, disclosures shall be made about the nature of those entitlements for each class where this is relevant to an understanding of them.

What is a franking credit?

5 Franking credits arise for shareholders when certain Australian-resident companies pay income tax on their taxable income and distribute their after-tax profits through franked dividends. These franked dividends have franking credits attached.

What is a franking account?

6 A franking entity is any entity that is, or has ever been, a corporate tax entity with a franking account. A franking account records the amount of tax paid that can be passed on to an entity's members as a franking credit.

7 A franking account is a rolling balance account, which means that the balance of the account rolls over from one income year to another. The franking account can be either in surplus or deficit at any time.

8 A franking credit is most commonly recorded in the franking account if an entity receives a franked distribution, pays income tax or a PAYG instalment, or incurs a liability for franking deficit tax (FDT)[7].

9 A franking debit reduces the available franking credits and is most commonly recorded in the franking account if an entity pays a franked distribution to its members or receives a refund of income tax. The debit is equal to the franking credit attached to the distribution or the amount of tax refunded.

10 An entity's franking account may also be affected by the research and development (R&D) refundable tax offset if the entity is eligible. As R&D refundable tax offsets could have the effect of reducing an entity's franking account balance below zero (because the refund would be a debit to the franking account), to avoid an entity being liable for FDT, special rules apply (i.e., R&D refundable tax offsets are deferred). Entities eligible for the R&D refundable tax offset will not record any franking credits in their franking account for either future PAYG instalments, or

7 FDT arises where an entity's franking account is in deficit at the end of the entity's income year or when the entity ceases to be a franking entity.

payments of income tax until such time as these types of franking credits effectively offset any prior deferred franking debits.

Franking accounts and tax consolidation

11 While a consolidated group is consolidated for tax purposes, the head company of a tax consolidated group (or a provisional head company (PHC) of a multiple entry consolidated (MEC) group), maintains and operates a single franking account for the group as a whole. The franking accounts of subsidiary members continue to exist with a nil balance but become inoperative. Any activities that would have caused a franking credit or debit in the franking account of a subsidiary member will instead give rise to a franking credit or debit in the franking account of the head company (or PHC of a MEC group). Only the head company or PHC of a MEC group can frank distributions payable during the consolidated period.

Trans-Tasman rules

12 Special rules allow a New Zealand (NZ) company to maintain an Australian franking account and attach Australian franking credits to dividends it pays to its Australian shareholders. For Australian income tax purposes, the tax treatment of dividends paid by an NZ franking company to Australian resident shareholders is the same as dividends received from Australian franking entities. Reciprocal rules apply in NZ, allowing an Australian company to elect into the NZ rules too.

Question 1 to the Board

Do Board members agree with the staff recommendation that the scope of this project will only be entities preparing Tier 1 GPFS as per footnote 4?

If not, do Board members prefer staff to also consider entities preparing Tier 2 GPFS as part of this project?

2.1 WHAT IS THE ISSUE

13 As part of feedback collected from the 2022-2026 Agenda Consultation, some stakeholders suggested that more disclosures about an entity's franking account are required in the financial statements. In particular, **a reconciliation of franking credits available for use in subsequent periods showing**:

(i) the reconciliation from the actual franking account balance at the reporting date to the adjusted franking account balance using the guidance in AASB 1054.14; and

(ii) additional narrative or other disclosures about the impact of future franking debits on future franking credits arising from:

(a) declared dividends that have not been recognised as a liability in the financial statements; and

(b) receiving R&D refundable offset.

14 These stakeholders consider it would be beneficial for Board to consider developing disclosure requirements on franking credits because:

(i) it is often difficult to reconcile the movement between reporting periods for entities that only disclose the franking credit balance available for use at the end of each reporting period;

(ii) some entities have chosen to provide additional voluntary disclosures on franking credits in the form of the reconciliation to show the movements of the opening and closing franking credit balance; and

(iii) additional disclosures would allow users to gain a more comprehensive understanding of the possible frankability of future distribution.

From staff's preliminary analysis, there are entities that disclose more information voluntarily than what is required by AASB 1054. See paragraph 18 below for additional discussion.

15 Some users from the User Advisory Committee observed that it is also unclear, based on consolidated financial statements, how much of the franking credit disclosures are available for distribution to shareholders. These users observed that there might be scenarios where franking credits may be attached to a special dividend, but it is difficult to determine how much franking credits will be attached based on the consolidated franking credit balance figure only. As such, these users consider that some additional disclosures within the consolidated financial statements about the amount of available franking credits that are distributable to shareholders would be useful.

16 Stakeholders also suggested to work with the NZASB given New Zealand accounting standards require the same disclosures as the current Australian franking credit disclosures and because of the trans-Tasman harmonisation initiative.[8]

17 Other than the feedback collected from the limited outreach with the User Advisory Committee and one submission to the Agenda Consultation, staff have not yet had the opportunity to discuss the issues identified above with other stakeholders to understand the extent of the issues. Staff intend to gather more evidence via stakeholder outreach and conduct further analysis to understand the significance and prevalence of the issues as discussed in section 2.1.

2.2 WHAT EVIDENCE IS AVAILABLE TO DEFINE THE ISSUE

18 Staff performed a limited preliminary review of the listed entities' disclosures, observing inconsistencies in the disclosures (see Appendix A for further details). For example, some entities disclose:

(a) the franking credits available for use in subsequent reporting periods that meet the disclosure requirements of AASB 1054. However, other entities disclose more information about franking credits available for use in subsequent reporting periods than what is required by AASB 1054. This includes a reconciliation of the opening and closing balance plus movements arising from the payment of dividends/receipt of dividends or payment of income tax;

(b) the impact on franking credits of dividends declared but not yet recognised as a liability in the financial statements. This disclosure is not currently required by AASB 1054, and is therefore being made voluntarily; and

(c) the receipt of the R&D refundable tax offset in their profit or loss statement but there are no disclosures about the potential impact of receiving these R&D refundable tax offsets on future franking credits. Disclosure about the effect of R&D refundable tax offsets is not currently required by AASB 1054.

19 From the 30 financial statements observed, 28 entities presented franking credit disclosures at the consolidated group or tax consolidated group level.

8 An equivalent disclosure is required for New Zealand entities by FRS 44 *New Zealand Additional Disclosures* (FRS-44).

20 Staff conducted a literature review where several academic research papers were identified (see Agenda Paper 7.2 at this meeting). These papers link franking credits and their impact on market equity, specifically improving information usefulness for resident shareholders that can benefit from those franking credits accumulated by the company. While staff could not identify any academic research specifically addressing the impact of franking credit disclosures, some research papers noted inconsistencies in the disclosure of franking credit balances across companies. This suggests there is a need to develop further guidance on the disclosure requirements relating to franking credit balances. There is also research that suggests users may need information on the parent entity's dividends and franking credit balances, if they differ from the consolidated information.[9]

2.3 WHAT ADDITIONAL EVIDENCE IS NEEDED, AND WHY?

21 As noted above, staff have conducted a preliminary review of franking credit disclosures in the financial statements of a sample of Australian listed entities. Staff suggest that further evidence is required by expanding the sample of financial statements to be reviewed to better understand the current disclosures related to franking credits amongst Australian listed entities and the extent to which entities have made additional voluntary disclosures.[10] The evidence gathering will also aim to identify the type of information being disclosed by entities.

22 Additional information is required from key financial statement users to understand their information needs and to assist in determining the additional disclosure requirements for franking credits and debits. Staff suggest additional outreach is required to gain this understanding.

Question 2 to the Board
Do Board members support for staff to conduct further evidence gathering on franking credit disclosures as outlined in paragraph 21?

2.4 WHO ARE THE IMPACTED STAKEHOLDERS?

23 If the additional disclosures are developed for franking credits or franking debits, then the following stakeholders could be impacted:

- Preparers and users of financial statements (for-profit private sector)
- Regulators: ASIC, ASX and ATO
- Professional Services Firms
- Auditors

2.5 WHAT ARE THE EXPECTED CHANGES AND BENEFITS?

Issue (in brief)	Possible change	Expected benefits
Insufficient disclosures provided to users about the calculation of the entity's closing franking credits	Additional disclosure requirements providing the reconciliation of the movements between the opening and closing	Improved transparency and consistency of financial reporting.

9 Refer to AASB Research Report ***Relevance of Parent Entity Financial Reports*** (2003).
10 In accordance with the ***AASB For-Profit Entity Standard-Setting Framework***, Australian specific Standards including amendments can be made if users require additional disclosures regarding Australia-specific issues that are not likely to be provided voluntarily (paragraph 37(c)).

	franking credit balance available for use in future reporting periods (depending on project outcome).	Users are expected to be able to make more informed investment decisions.

2.6 URGENCY/IMPORTANCE?

24 Staff consider that feedback from the 2022-2026 Agenda Consultation and our limited preliminary outreach with the User Advisory Committee provides preliminary evidence that there is demand for additional disclosures about an entity's franking account.

25 The Board agreed at its August 2022 Board meeting that the project priority is medium.[11] This is reflected in the Agenda Consultation Feedback Statement.

2.7 WHAT ARE THE PROJECT MILESTONES/DELIVERABLES?

26 The expected milestones/deliverables of the project are as follows.

(i) Targeted outreach to obtain initial feedback and gather evidence about current disclosures by listed entities from the review of further financial statements. Develop possible disclosure requirements and recommendations on the next steps for consideration at a future Board meeting, e.g. whether to proceed to the next stage of a standard-setting process.

(ii) Subject to Board decision, issue Exposure Draft.

(iii) Consider and analyse stakeholder feedback.

(iv) Subject to Board decisions, issue an amending Standard with additional disclosure requirements for franking credits and debits.

Link to AASB Strategic Objectives

#	Strategic Objective	Link to this project
1	Develop, issue and maintain principles-based, Australian accounting and reporting standards and guidance that meet the needs of external report users (including financial reports) and are capable of being assured and enforced. For 'publicly accountable' entities maintain IFRS compliance; for others, use IFRS Standards (where they exist), and transaction neutrality (modified as necessary), or develop Australian-specific standards and guidance.	Directly addressing. This project will consider, and develop if appropriate, additional Australian-specific disclosure requirements.
2	With the AUASB, play a leading role in reshaping the Australian external reporting framework by working with the regulators to develop objective criteria on: • who prepares external reports (including financial reports) • the nature and extent of assurance required on these external reports.	Indirectly addressing. This project will consider additional disclosures relating to tax balances, which will require some engagement with the Australian Taxation Office and the Board of Taxation. It will also require staff to work collaboratively with the AUASB to ensure any new disclosure reporting requirements can be assured.

11 Refer to **meeting minutes** of the August 2022 Board meeting.

3	Actively influence IASB, IPSASB standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships.	Directly addressing given the trans-Tasman harmonisation initiatives.
4	Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.	Directly addressing. This project will require engagement directly with stakeholders.
5	Influence initiatives to develop standards and guidance that meets user needs for external reporting integral to financial reporting.	Directly addressing. This project will develop additional disclosures that meets external user needs.
6	Monitor and respond to, or lead on, emerging issues impacting the development of accounting and external reporting standards, including changing technologies.	Directly addressing. This project is responding to the issues raised by stakeholders.
7	Develop guidance and education initiatives, or promote development by others, to enhance the consistent application of accounting and external reporting standards and guidance.	Indirectly addressing. It is expected that appropriate education initiatives will be considered depending on the outcome of the project.

2.8 CROSS-CUTTING PROJECTS

27 This project proposes requiring more disclosure about an entity's franking account, which may contribute to improving corporate tax transparency for public entities.

28 Staff note that there is an existing project considering the Tax Transparency Code managed by the Board of Taxation that aims to develop guidance to assist businesses in meeting the Tax Transparency Code (TTC) recommendations for the suggested tax reconciliation and calculation of the TTC Effective Rate (ETR). The AASB issued draft guidance in the form of a Draft Appendix to the TTC. The Board of Taxation commenced a post-implementation review of the TTC in 2018 and amendments were proposed as part of a TTC Consultation Paper in 2019. However, no further activities have been undertaken by the Board of Taxation.

3 PROJECT TEAM AND RESPONSIBILITIES

Name(s)	Role	Responsibility
Nikole Gyles	Technical Director	• Strategic and technical advice • Reviewing • Outreach with strategic stakeholders (e.g., other regulators, outreach events)
Kim Carney	Acting Deputy Technical Director	• Strategic and technical advice and/or recommendations • Planning and resource oversight • Reviewing • Content expert • Outreach with key stakeholders
Clark Anstis	Technical Principal	• Legal and technical review of amendments
Eric Lee	Research Principal	• Evidence-gathering activities (if required)

Name(s)	Role	Responsibility
Maggie Man	Project Manager	• Technical drafting and recommendations • Project planning and management • Content expert • Outreach with all stakeholders

3.1 WHAT SPECIALIST KNOWLEDGE IS REQUIRED AND HOW TO SOURCE IT?

29 Staff do not consider specialist knowledge will be required.

(i) Staff intend to engage with the ATO as part of the regular liaison meetings and can obtain specialist input via these meetings if any expertise is required.

(ii) Staff also intend to utilise the User Advisory Committee to obtain specialist feedback from users.

(iii) Staff will also engage with auditors/preparers and any other relevant stakeholders to obtain specialist feedback.

3.2 WHAT ARE THE PROJECT REPORTING REQUIREMENTS?

Report name	Report Preparer(s)	Report Recipient(s)	Reporting Frequency
Priorities and Work Program Reporting	Project Manager	AASB Board	Relevant Board Meeting

Staff will also provide fortnightly internal reporting on the project to the portfolio management team.

4 ASSUMPTIONS, RISKS & OTHER CONSIDERATIONS

4.1 ASSUMPTIONS AND CONSTRAINTS AND RISKS

30 Assumptions made in this project plan are:

(i) No specific modifications for not-for-profit or public sector entities will be required or consulted on.

(ii) No unexpected high-priority projects will arise which will affect resourcing of this project.

(iii) The Board will largely agree with staff recommendations therefore there will be no delay to the proposed timeline.

(iv) Subject to Board decisions, stakeholders feedback will largely support any proposed additional franking credit/debit disclosures therefore there will be no delay to the proposed timeline.

(v) The scope of this project is limited to Tier 1 GPFS disclosure requirements only.

4.2 WHAT ARE THE KEY PROJECT DELIVERY RISKS?

Risk	Risk assessment	Potential impacts	Mitigation strategy	Residual risk
Delay in evidence gathering activities	High	Delay in finding evidence to understand the extent of the identified issues to support any standard-setting activities.	If required, external consultant could be allocated to conduct and finalise the evidence gathering process to mitigate possible delays. This is however subject to budget constraints.	Medium
Other high-priority projects are not completed as expected or unexpected new high priority projects added	High	Resources may have to be reallocated to finish projects which are considered a higher priority.	If required, external consultants could be allocated to this project or other projects to mitigate possible delays. This is however subject to budget constraints.	Medium
Low engagement during outreach	Moderate	Issues may not be identified early in the outreach process or may only be identified at the last minute. This may cause unexpected delays.	Endeavour to seek feedback from relevant stakeholder groups and ensure engagement is not conducted during stakeholders reporting season. Also allow a longer engagement period to ensure stakeholders have adequate opportunity to consider any proposals.	Low
Unexpected feedback/issues requiring additional work which may cause delays	High	Could require additional outreach to understand stakeholder views.	Endeavour to identify key issues early via outreach with key stakeholders.	Low

4.3 SPECIFIC SECTOR CONSIDERATIONS (FP/NFP/PUBLIC OR INDUSTRY-SPECIFIC)

31 This project addresses for-profit private sector entities preparing Tier 1 financial statements. It is not expected to impact for not-for-profit or public sector entities.

4.3.1 Relevant Standards, Legislation and Regulations

AASB Standards

Standard	Reason relevant
AASB 1054 *Australian Additional Disclosures*	AASB 1054 sets out the franking tax disclosure requirements for Tier 1 financial statements.

4.4 INTERACTION WITH IASB

32 There is no direct interaction with the IASB as franking credit disclosures are Australian-specific disclosure requirements.

4.5 INTERACTION WITH AUSTRALIAN AUDITING STANDARDS

33 The AUASB will be consulted to help ensure that the proposals are capable of being assured.

4.6 CONSIDERATION OF NEW ZEALAND ACCOUNTING STANDARDS

34 The project will be discussed with NZASB as the same existing disclosure requirements are required by New Zealand Standard FRS 44.

4.7 CONSIDERATION OF GFS (PUBLIC SECTOR ENTITY PROJECTS)

35 This project will not require consideration of GFS as it does not address the public sector.

4.8 CONSIDERATION OF IPSASB (PUBLIC SECTOR ENTITY PROJECTS)

36 This project will not require consideration of IPSASB as it does not address the public sector.

5 PROJECT TIMELINE

5.1 WHEN ARE THE DELIVERABLES DUE?

	Milestone	Target (Board, stakeholders, other)	Date
1	**Literature review**: franking credit disclosures		Completed To be discussed at March 2023 Board meeting
2	**Project plan submitted to the Board to seek approval**	Seek Board's approval.	March 2023 Board meeting
3	**Evidence gathering and consultation** with stakeholders	Stakeholders including: • UAC (March and June 2023 meetings) • the Disclosure Initiatives Project Advisory Panel • Other stakeholders (e.g., CPA, CAANZ, practitioners)	April – June 2023

	Milestone	Target (Board, stakeholders, other)	Date
		Evidence gathering from financial statements of listed entities.	
4	**Summary of feedback and Board deliberations:** • Summary of outreach results, including any evidence gathered in identifying the prevalence of the issue. • Recommendations from staff for Board discussion and decide on the next steps, e.g. whether to proceed to the next stage of a standard-setting process and decisions such as issuing an Exposure Draft and if so, what the Exposure Draft will propose	Seek Board decision on next steps.	June 2023 Board meeting
5	**Develop Exposure Draft**	Seek Board approval for the proposals in a Pre-Ballot draft Exposure Draft with a view to approve in-session if appropriate. However, if needed the timeline allows for out-for-session Ballot draft approval if necessary or for staff to bring a pre-ballot draft Exposure Draft to the October 2023 meeting for in-session approval.	September 2023 Board meeting
6	**Exposure Draft – issue for consultation (approx. 90 days comment period)**[12]	Consultation with stakeholders.	October 2023 – January 2024

12 In accordance with the *AASB Due Process Framework for Setting Standards*, the comment period for Exposure Drafts relating to Domestic Standard is generally 90 days unless it is narrow in scope and urgent, then no less than 30 days.

	Milestone	Target (Board, stakeholders, other)	Date
7	**Summary of feedback and redeliberations** • Summary of outreach results • Staff recommendations and Board decisions about whether to issue • an amending Standard	Seek Board decisions on next steps.	January - March 2024
8	**Drafting final pronouncements** • Prepare a pre-ballot draft amending Standard reflecting amendments as required following feedback received and the Basis for Conclusions	Seek Board decision on agreed amendments and approval of final pronouncements in-session if appropriate or out-of-session if needed.	March 2024 However, voting on a final Standard is to expected to occur by no later than April 2024 to allow for in-session or out-of-session voting as appropriate.
9	**Post-issuing pronouncements** • Communication with stakeholders about the new requirements		April 2024

Question 3 to the Board
Does the Board agree with the project plan including the milestones outlined?

6 STAKEHOLDER ENGAGEMENT AND COMMUNICATION

37 Staff consider the following stakeholder engagement and communication will be required:

(i) Engagement with AASB research team – including communication between the AASB Research Principal and the research staff as part of the evidence gathering stage.

(ii) Users' engagement through engagement with the UAC, ATO and Board of Taxation.

(iii) Engagement with other interested stakeholders such as professional bodies, practitioners, preparers and other interested stakeholders.

(iv) Communication with AUASB and the NZASB throughout the project.

APPENDIX A: REVIEW OF A LIMITED SAMPLE OF FINANCIAL STATEMENTS

38 Staff reviewed a limited sample of financial statements of listed entities in Australia to understand the disclosures made in their financial statements relating to franking credits. Based on the review of 30 financial statements staff have made the following observations:

Disclosures	**Number of entities**	**Required by AASB 1054?**
Australian franking credit balance available for use in subsequent periods	30	Yes
Disclosure at tax consolidated group level only	23	
Disclosure at consolidated group level (no information if and whether disclosures relate to tax consolidated group) only	4	
Disclosure at parent entity and consolidated group level	1	
Single entity level	2	
New Zealand franking credit balance available for use in subsequent reporting periods	6	No
Reconciliation of opening and closing balance of franking account adjusted by imputation debits/credits	6	No
Impact of franking debits arising from declared dividends not yet recognised as a liability in the financial statements	7	No
Potential impact on future franking credits from the receipt of research and development tax offset	0	No

39 Based on the observations above, while all entities disclosed franking credit balances available for use in subsequent reporting periods as per AASB 1054, there are some inconsistencies in the level of disclosures made by entities.

40 Only some entities have disclosed the impact of franking debits for dividends declared but not yet recognised as a liability in the financial statements.

41 Only six entities disclosed R&D refundable tax offset in their profit or loss statement, but no further disclosures were made, including the potential impact on future franking credits from the receipt of R&D refundable tax offset.