



ENews

Shareholder Loan Accounts (companies only)

If your company has paid bills or made advances to a shareholder or their associate the ATO may deem the outstanding amount to be an unfranked dividend paid to that shareholder.

Where an unfranked dividend occurs, the dividend is declared as income on the shareholders personal tax return and taxed at their marginal tax rate (no imputation credit is available). The company's franking account balance is also reduced.

If a shareholder has an outstanding debit loan with your company, it is essential to take action before 30 June 2006. The rules surrounding shareholder loan accounts are complex and if this situation applies to your company, it is important to talk to us as soon as possible to manage your company's requirements.