



Superannuation and dividend imputation credits

Overview

The ATO report, Self Managed Super Funds a Statistical Overview 2010 – 2011, confirms that the SMSF sector comprises the largest sector of the Australian superannuation industry, with 99% of the number of funds and 31% of the \$1.4 trillion total super assets as at 30 June 2012.

As at 30 June 2012 it is reported that there were about 478,000 SMSFs with assets of approximately \$439 billion.

Fund allocation

The ATO reports that 32% of SMSF assets were invested in Australian listed shares.

Estimated funds held in Australian listed shares

Total SMSF assets invested in Australian listed shares are estimated to be \$140 billion.

Estimated dividends generated by Australian listed shares

The asx.com website reports that as at 8 December 2012 that the average market value weighted dividend yield for the ASX200 was 3.91%.

Assuming that the SMSF's invested in ASX200 listed company dividends received by SMSF's during the 2011 year are estimated to have been about \$5.5 billion.

Estimated dividend imputation credits

Prefaced upon an assumption that all of the SMSF funds are invested in Australian shares that provide a 30% dividend imputation tax credit total imputation credits are estimated to be \$1.65 billion.

Estimated dividend imputation credits refund

SMSF's are subject to a maximum income tax rate of 15%.

Without regards to the income generated by SMSF's from other investments including cash and property, it is calculated that SMSF's would have received approximately \$800 million in imputation credit refunds from the ATO.

Projected dividend imputation credits refund

The anticipated further increase in the number of SMSF's and their funds under management suggests that the amount of imputation credit refunds will increase substantially over the next five years raising a significant budgetary issue for the Commonwealth Government.

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