

Recording Dividends in Quicken

Aim

The aim of this paper is to show straight forward recording of dividends in Quicken. Dividend Re-investment plans will be covered in a separate paper.

Versions

This paper was written using Quicken Home and Business 2008. The same procedures apply to Quicken Personal Plus 2008, and the same principals apply to earlier versions.

Recording Dividends - Fully Franked

Flight Centre declared a Final Dividend for the year ending 30 June 2007 of \$0.46 per share. The dividend was 100% franked at the 30% company tax rate. The record date was 21 September 2007 with a payment date 12 October 2007.

Assume I hold 500 shares. I am paid \$230.00 plus get a Franking Credit of \$98.57.

Record an Income Event

Enter transaction: Record an Income Event Record an Income Event - Dividend Imputation.

Record an Income Event:

Transaction date: 12/10/2007 Security name: FLT Flight Centre

Account: E*Trade Investments Unfranked Dividend:

Transfer account: E*Trade ANZ Online A TFN Amounts Deducted:

Memo: FLT Final Div \$0.46 Fully Franked Franked Dividend: 230.00

Imputation Credit: 98.57

Interest/Coupon:

Category for Miscellaneous: Requires 'Misc' Amt Fund/Trust Distribution:


Miscellaneous:

Total proceeds: 230.00

Buttons: Cancel, Clear, Help, Enter/New, Enter/Done

To enter the transaction, go to the Account List (Ctrl - A), then double-click on the Investment Account (in this example, E*Trade Investments). Select the button at the top of the register, then select "Record an Income Event" from the Drop-Down list

In the above screen, ensure that the correct source of funds is chosen in the "Transfer Account" box:

Transfer account: 

... and that the Franking Credit is recorded in the "Imputation Credit" box:

Imputation Credit: 

... and finally that Total proceeds shows the amount you were paid.

Total proceeds: 230.00

The transaction looks like this in the Investment Register:

Transaction List						
Date ▲	Action	Security	Description	Inv Amt	Cash Amt	Cash Bal
12/10/2007	Div	FLT Flight Ce...			+230.00	230.00
12/10/2007	MiscIncX	FLT Flight Ce...	Imputation FLT Flight Centre AU\$98.57		Transfer	230.00
12/10/2007	XOut		FLT Flight Centre		-230.00	0.00

The transaction is recorded as 3 transactions in the Investment Register. Note the zero Cash Balance. If the Cash Balance shows the value of the transaction, then you probably haven't selected the correct source of funds in the "Use cash for this transaction"

... and this in the cheque account.

Date ▲	Num	Payee	Payment	Clr	Deposit	Balance
		Category	Exp			
12/10/2007		FLT Flight Centre [E*Trade Investments]			230 00	32,035 41

... and this in the Imputation Credit account (created automatically by Quicken).

Date/▲	Ref	Payee/Category/Memo	Decrease	Clr	Increase	Balance
12/10/2007		FLT Flight Centre [E*Trade Investments]			98 57	98 57
		FLT Final Div \$0.46 Fully Franked				

... and, finally, this in the Security List (Investing > Security List > Double-click on security). The last 2 lines are for this transaction.

Transaction History					
Date	Account	Action	Shares	Amount	
10/08/2007	E*Trade Investments	BoughtX	500	8,786.31	
12/10/2007	E*Trade Investments	Div	0	230.00	
12/10/2007	E*Trade Investments	MiscIncX	0	98.57	

You should also run reports to check the transaction. This is from Reports > Investing > Investment Income.

Investment Income	
Date range: Custom dates	Subtotal by: Don't subtotal
12/10/2007 through 12/10/2007 (in Australian Dollars)	
Category Description	12/10/2007-12/10/2007
INCOME	
_DivInc	
_DivIncFranked	230.00
_ImpInc	98.57
TOTAL _DivInc	328.57
TOTAL INCOME	328.57
TRANSFERS	
TO Imputation Credit	-98.57
TOTAL TRANSFERS	-98.57
OVERALL TOTAL	230.00

The categories beginning with an underscore (ie _DivIncFranked) are hidden categories used by Quicken for Share transactions.

Note that the Imputation Credit occurs twice. This is because it represents both an income and a tax credit.

In the above example, you are being distributed \$328.57 in income (this is called the "grossed-up" dividend). The company has paid 30% tax on this amount ($= \$328.57 \times 30\% = \98.57), which comes to you as a Imputation or Franking Credit. It also gives you the remaining 70% as cash ($\$328.57 \times 70\% = \230.00).

Recording Dividends - Partially Franked

National Australia Bank declared an Interim Dividend for the year ending 30 Sept 2007 of \$0.87 per share. The dividend was 90% franked at the 30% company tax rate and 10% unfranked. The record date was 7 June 2007 with a payment date 12 July 2007.

Assume I hold 250 shares. I am paid a Franked Dividend of \$195.75 plus an Unfranked Dividend of \$21.75 for a total of \$217.50. I also get a Franking Credit of \$83.89.

Record an Income Event

Enter transaction: Record an Income Event Record an Income Event - Dividend Imputation.

Record an Income Event:

Transaction date: 12/07/2007 Security name: NAB - National Aust Bank

Account: E*Trade Investments Unfranked Dividend: 21.75

Transfer account: E*Trade ANZ Online A TFN Amounts Deducted:

Memo: NAB Interim Div \$0.87 Franked @ 90% Franked Dividend: 195.75

Imputation Credit: 83.89

Interest/Coupon:

Category for Miscellaneous: Requires 'Misc' Amt Fund/Trust Distribution:

Miscellaneous:

Total proceeds: 217.50

Cancel Clear Help Enter/New Enter/Done

In the above screen, ensure that the correct amounts are in the correct boxes:

Unfranked Dividend: 21.75

TFN Amounts Deducted:

Franked Dividend: 195.75

Imputation Credit: 83.89

... and that Total proceeds shows the amount paid.

Total proceeds: 217.50

The transaction looks like this in the Investment Register:

Transaction List						
Date ▲	Action	Security	Description	Inv Amt	Cash Amt	Cash Bal
12/07/2007	Div	NAB - Nation...			+195.75	195.75
12/07/2007	MiscIncX	NAB - Nation...	Imputation NAB - National Aust Bank AU\$83.89		Transfer	195.75
12/07/2007	XOut		NAB - National Aust Bank		-217.50	-21.75
12/07/2007	DivUF	NAB - Nation...			+21.75	0.00

The transaction is recorded as 4 transactions in the Investment Register. Note the zero Cash Balance. If the Cash Balance shows the value of the transaction, then you probably haven't selected the correct source of funds in the "Use cash for this transaction"

... and this in the Security List (Investing > Security List > Double-click on security). The last 3 lines are for this transaction.

Transaction History				
Date	Account	Action	Shares	Amount
1/02/2007	E*Trade Investments	Added	250	10,033.28
12/07/2007	E*Trade Investments	Div	0	195.75
12/07/2007	E*Trade Investments	MiscIncX	0	83.89
12/07/2007	E*Trade Investments	DivUF	0	21.75

You should also run reports to check the transaction. This is from Reports > Investing > Investment Income.

Investment Income		
Date range:	Custom dates ▼	Subtotal by: Don't subtotal ▼
12/07/2007 through 12/07/2007 (in Australian Dollars)		
Category Description	12/07/2007-12/07/2007	
INCOME		
_DivInc		
_DivIncFranked		195.75
_ImpInc		83.89
TOTAL _DivInc		279.64
_DivIncUnFranked		21.75
TOTAL INCOME		301.39
TRANSFERS		
TO Imputation Credit		-83.89
TOTAL TRANSFERS		-83.89
OVERALL TOTAL		217.50

Recording Dividends - Unfranked

Reckon Ltd (the people who bring you Quicken!) declared an Interim Dividend for the year ending 30 June 2007 of \$0.025 per share. The dividend was unfranked*. The record date was 27 August 2007 with a payment date 10 September 2007.

(* It was actually franked at 50% -but for the purposes of demonstration...)

Assume I hold 10,000 shares. I am paid an Unfranked Dividend of \$250.00.

Record an Income Event

Enter transaction: Record an Income Event Record an Income Event - Dividend Imputation.

Record an Income Event:

Transaction date: 10/09/2007 Security name: RKN Reckon Ltd

Account: E*Trade Investments Unfranked Dividend: 250.00

Transfer account: E*Trade ANZ Online A TFN Amounts Deducted:

Memo: RKN Interim Div \$0.025 Unfranked Franked Dividend:

Imputation Credit:

Interest/Coupon:

Category for Miscellaneous: Fund/Trust Distribution:

Requires 'Misc' Amt Miscellaneous:

Total proceeds: 250.00

Cancel Clear Help Enter/New Enter/Done

The transaction looks like this in the Investment Register:

Transaction List						
Date ▲	Action	Security	Description	Inv Amt	Cash Amt	Cash Bal
10/09/2007	XOut		RKN Reckon Ltd		-250.00	-250.00
10/09/2007	DivUF	RKN Reckon ...			+250.00	0.00

The transaction is recorded as 2 transactions in the Investment Register. Note the zero Cash Balance. If the Cash Balance shows the value of the transaction, then you probably haven't selected the correct source of funds in the "Use cash for this transaction"

... and this in the Security List (Investing > Security List > Double-click on security). The last line only is for this transaction.

Transaction History				
Date	Account	Action	Shares	Amount
1/03/2007	E*Trade Investments	Added	10,000	11,033.28
10/09/2007	E*Trade Investments	DivUF	0	250.00

You should also run reports to check the transaction. This is from Reports > Investing > Investment Income.

Investment Income	
Date range: Custom dates	Subtotal by: Don't subtotal
10/09/2007 through 10/09/2007 (in Australian Dollars)	
Category Description	10/09/2007-10/09/2007
INCOME	
_DivIncUnFranked	250.00
TOTAL INCOME	250.00
<hr/>	
OVERALL TOTAL	250.00

A Note On Editing Transactions.

If you make a mistake entering a transaction, go into the Investment Register and delete all lines of the transaction (normally between 2 and 4), then reenter the transaction as a new transaction. This will ensure you don't leave "bits" of the transaction behind.

Franking Credits - End Of Year Check

You can check that Imputation Credits have been entered correctly by doing the following calculation: $_DivIncFranked \div 0.7 \times 0.3 = _ImpInc$.

In the report below covering a number of company dividends, $\$425.75 \div 0.7 \times 0.3 = \182.46 which equals $_ImpInc$.

INCOME	
_DivInc	
_DivIncFranked	425.75
_ImpInc	182.46
TOTAL _DivInc	608.21
_DivIncUnFranked	271.75
TOTAL INCOME	879.96

--- End ---