



PARLIAMENT of AUSTRALIA

MEDIA RELEASE

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

Chair: Mr Tim Wilson MP

Report presented: implications of removing refundable franking credits

Issued: 4 April 2019

Franking credits inquiry report presented

The House of Representatives Standing Committee on Economics today presented the report of its inquiry into the implications of removing refundable franking credits. The Chair of the committee, Mr Tim Wilson MP, said 'the committee has considered the case for removing refundable franking credits for individuals and SMSFs and is of the view the policy is inequitable and deeply flawed.'

Mr Wilson said 'in particular, abolishing refundable franking credits will unfairly hit people of modest incomes who have already retired, and who are unlikely to be able to return to the workforce to make up the income they will lose.'

'It will force many people, who have saved throughout their lives to be independent in retirement onto the Age Pension. This undermines any objective that it may raise revenue and reduce dependence on taxpayers resulting from an ageing population.' Mr Wilson said.

In its submission to the inquiry, the Alliance for a Fairer Retirement System claims that, in 2014-15, over half of those receiving cash refunds for their franking credits had incomes below the \$18,201 tax-free threshold of the time, and 96 per cent had taxable incomes of less than \$87,000.

Mr Wilson said 'some have argued that the intention to scrap refundable franking credits is designed to tax the wealthy. This is an unfair characterisation of the 900, 000 Australians who will be affected and could lose up to a third of their income.'

'Australia has a tax free threshold of \$18,200 for workers, yet the abolition of refundable franking credits would apply an effective 30 per cent tax from the first dollar earned. This is fundamentally regressive.' Mr Wilson said.

'In consideration of the evidence received during this inquiry, the committee strongly recommends against the removal of refundable franking credits.' Mr Wilson said.

The committee also recommended that any policy that could reduce Australian retirees' income by up to a third should only be considered as part of an equitable package for wholesale tax reform.

The report is available [here](#).

A total of 1777 submissions have been published and are available on the committee's webpage at: www.aph.gov.au/economics.

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For background information: House of Representatives Standing Committee on Economics

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