

Committee Secretary  
Standing Committee on Economics  
PO Box 6021  
Parliament House  
Canberra ACT 2600

Dear Sir/Madam

Submission regarding the necessity of receiving Franking Credits on dividends  
received on retirement.

My wife and I are self funded retirees aged 71 and 81 with only one Superannuation Fund between us. This Fund has a current balance of \$1,000,000 and generates a total income of \$90,000 per year, including approx. \$27,000 from refundable company tax in the form of franking credits.

Should there be a change of Government at the next Federal Election the Labor Party proposes to remove our right to receive credit for this \$27,000 resulting in our income being reduced to \$63,000 in the first year.

As all our income is used to meet our current living expenses the shortfall will have to be met by selling shares. I anticipate that within three years with this reduction in our capital we will qualify for a small pension in the first instance and the amount of this pension will progressively increase throughout future years.

We would also like to point out that this Labor policy is most unfair to persons who have a SMSF as it will not apply to members of Industry Superannuation Funds nor to persons currently in receipt of any portion of a government funded pension.

J and Y Howie  
22<sup>nd</sup> September 2018

# Terms of Reference

The Standing Committee on Economics will inquire into and report on the use of refundable franking credits, their benefits and the implications of their removal, including:

- analysis of who receives refundable franking credits, the opportunities it provides to offer alternative savings and investment vehicles to low and middle income earners, and the impact it has on lowering tax bills
- consideration of how refundable franking credits support tax principles, particularly implications for tax neutrality, removal of double taxation and fairness
- if refundable franking credits are removed; who it would impact and how and the implications from expected behavioural change by investors, including for
  - increased dependence on the pension
  - stress and complexity it will cause for Australians, including older Australians to adjust their investments
  - if there are carve outs applied, what this might mean for additional complexity, uncertainty and fairness
  - reduced incentives to save and distortions to which asset classes are invested in and funds are used, and
  - the reliability of providing a sustainable revenue base over the longer term.

## **Committee Secretariat contact:**

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