Dear

**Proposal to abolish refundability of franking credits**

I am writing to protest in the strongest possible terms against the proposal to deny the refunding of franking credits.

I have been saving over many years to ensure that I can fund my own retirement, but this proposal will significantly reduce my income. While Labor has now announced that it will exempt part and full pensioners from its proposed changes, it has not taken account of people like me who have structured our affairs so that we do not need to be a burden on the public purse. I have diligently saved by investing in Australian companies that offer high dividends, where the 30 per cent corporate tax has been paid already to the Australian Taxation Office. As part of my savings plan, I could rely on the excess franking credits being refunded to those individuals who are taxed only on the income that they are supposed to pay.

Labor’s proposed policy undermines the principle of dividend imputation as one group of citizens will not continue to receive a tax credit equivalent to the company tax already paid. Self-managed super fund trustees with only a pension account have no taxable income that can be used to offset the franking credits.

The Coalition government has already limited the amount of tax-free income for retirees with the introduction of the $1.6 million cap on pension accounts as of July 1, 2017. Those reforms also changed the age pension asset test so that 91,000 part-pensioners became ineligible and another 235,000 had their part-pension reduced. The Labor proposal now places a certain group of retirees at a significant disadvantage, despite our having worked and saved hard to be self-sufficient in retirement.

The dividend imputation system was designed to encourage Australians to invest in equities, so that the benefits of corporate prosperity could be spread, and to support the use of our savings to finance equity in Australian companies. Public policy encouraging demutualisations and privatisations in turn also encouraged ordinary Australians to become shareholders. The aim of encouraging ordinary Australians to become shareholders and support the use of our savings to finance equity in Australian companies is undone by Labor’s proposal.

I am opposed to any policy reform of the superannuation and tax systems that ‘moves the goalposts’ and has a retrospective, unfair impact, which this one does. Retirees like me do not have the time to earn more money and restructure our affairs as does a younger cohort. I will continue to speak out against this proposal, which is unfair and inequitable.

Yours sincerely