



PARLIAMENT of AUSTRALIA

MEDIA RELEASE

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS
New inquiry: the implications of removing refundable franking credits

Chair: Mr Tim Wilson MP
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Economics Committee to inquire into the implications of removing refundable franking credits

The House of Representatives Standing Committee on Economics has announced an inquiry into the implications of removing refundable franking credits.

The Chair of the committee, Mr Tim Wilson MP, said ‘the ability for investors, including individuals and superannuation funds, to claim their full credits is an established feature of our tax system and is core to the financial security of retirees.’

Mr Wilson remarked ‘there has been legitimate community concern about proposals to remove cash refunds for their full allocation of credits for individuals and superannuation funds, and that it amounts to a tax on the savings of retirees.’

‘The committee is examining what impacts the removal of refundable franking credits would have, particularly on retirees who have made long term retirement saving decisions based on their ability to claim refunds on their franking credits and whether it will compromise their financial security’, Mr Wilson said.

The **Terms of Reference** for the inquiry are for the committee to 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.

Submissions are being sought by Friday, 2 November 2018 although submissions will be received throughout the inquiry. Submissions can be made online or by emailing economics.reps@aph.gov.au.

For information about the inquiry visit the committee’s webpage at: www.aph.gov.au/economics

Inquiry updates, submissions and public hearing transcripts will be published as the inquiry progresses.

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For background information: House of Representatives Standing Committee on Economics

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