



MEDIA RELEASE

25 July 2018

Small business owners alerted to ALP franking credit proposal

The Alliance for a Fairer Retirement System and the Council of Small Business Organisations Australia (COSBOA) are working together to highlight concerns about the Labor Party's proposal to disallow refunds of excess franking credits.

These franking credits are better described as company paid tax credits because, in all cases, tax has been paid already on behalf of Australian shareholders.

Alliance spokesperson Professor Deborah Ralston said: "The Alliance has been ensuring that millions of Australians who are shareholders in Australian companies, including self-funded retirees and self-managed super fund members, are aware of the impacts of the proposed policy.

"However, there are many thousands of small business owners who are not aware that the proposal could severely damage their retirement plans and that's why collaborating with COSBOA is so important."

COSBOA CEO Peter Strong said: "Small business people need to be aware of how these changes may impact their income and that is why we are working closely with the Alliance.

"It's unfair for a person who has reinvested income back into their business in good faith, planning their retirement while doing so, to have their plans changed by a decision they couldn't predict.

"Small business owners who take their income from their company and are either in retirement or have lower incomes may be in danger of losing franking credit refunds that could substantially reduce their income," he said.

The Alliance recently highlighted a clear example of how a small business will be impacted by this franking credit policy.

Arthur Smith, a small business cabinet maker in Brisbane, will expect his retirement income to drop by up to one-third if Labor's proposal was implemented. The franking credits paid to him alongside income from the business will no longer be refundable if the policy proceeds, substantially impacting his income.

"With around 25 per cent of small businesses being in a company form (about 550,000 businesses), many small businesses needed to check if their future plans were going to be disrupted by this proposal, especially if they were nearing retirement. We are in dialogue with the Labor Party on this issue," Mr Strong added.

Professor Ralston said that this was another example of how Labor's franking credit proposal was affecting people's retirement planning.

She added that the Alliance would be hosting its inaugural Fairer Retirement Summit in Sydney in September to help raise awareness about retirement system issues.

This will include immediate issues such as the franking credits proposal, and longer-term issues that the Alliance believes will require reform over next few years to achieve its policy goals of adequacy, certainty, sustainability and fairness for the retirement income system.



The Alliance
for a Fairer
Retirement
System

Both the Government and the Federal Opposition have been invited to address the Fairer Retirement Summit to ensure that both sides of the debate are given a fair hearing. The Summit will hear from a number of leaders from the retirement and small business sector, including Peter Strong, discussing important issues regarding fairness of the retirement system.

For further information on the Fairer Retirement Summit, please refer to updates that will be available on the [Fairer Retirement website](#).

About the Alliance:

The Alliance for a Fairer Retirement System is a group formed to represent millions of senior Australians, shareholders, self-funded retirees and those planning a sustainable retirement, including over one million members of self-managed super funds. The Alliance was formed in response to Labor's proposal to disallow refunds of excess franking credits for a range of retirees and shareholders. The Alliance's focus is to explore options to fix problems with the existing superannuation taxation, Age Pension means testing and broader retirement income systems.

The organisations that form the Alliance include:

- Australian Shareholders' Association
- Australian Listed Investment Companies Association
- National Seniors Australia
- SMSF Association
- Self-managed Independent Superannuation Funds Association
- Stockbrokers & Financial Advisers Association
- Association of Independent Retirees
- Australian Investors Association
- Association of Financial Advisers

Contact for interviews:

Professor Deborah Ralston
Alliance Spokesperson
E: dralston6@bigpond.com
www.fairerretirement.com.au

Peter Strong
CEO, COSBOA
E: ceo@cosboa.org.au
<https://www.cosboa.org.au/>