
Dear Director

As one of millions of Australians with a pension fund membership, and my comments apply to any type of fund, the fairness of the franking credit scheme, as it has existed since introduction by the Hawke-Keating Labor government in 1987, seems self evident: **it avoids double taxation.**

The proposal being put forward by the current Labor government is unacceptable on two counts:

- It is insufficiently tightly worded to address the situation where franking credits would not apply when a capital raising has occurred, ostensibly to pay a dividend, and to be confined to this objective
- Making any action retroactive is just a cash grab. If some companies were doing what the proposal seeks to address, back to 2016, they were not acting illegally. Why should pension funds be penalised?

Quite simply, if a company pays a dividend out of its profits, which have been taxed and that dividend is less than the taxed amount on the companies' books, the problem has been addressed. Raising new capital, as long as this condition is satisfied, is a separate matter entirely and should not be hampered by any element of this new Labor proposal.

As I am addressing the Treasury, I will not delve into the political side of this proposal, except to say that the public, from all walks of life, made their feelings very clear back in 2019, when Mr. Bowen wanted to eliminate cash payments to funds, primarily SMSF's, where no offset against income tax obligations was possible. This new proposal invites the comment "Here they go again.". My concern is that this new proposal is the thin end of a larger wedge.

I am sure that the proposal will mean a lot of extra work for your department, if enacted in its present form. I urge you to bring your influence to bear on the Treasurer and other MP's in favour of this proposal, to think again.

Yours sincerely

Warwick Bartle