
From: [REDACTED]
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To: OMSBB Public Consultation
Subject: Franking Credits

Members of Treasury: The system of franking was introduced to remove double taxation and incentivize businesses to grow

Both domestically and internationally. It is that system introduced by Paul Keating that has kept the Australian economy solid

For the past 30 years. All public servants benefited personally as their parents were able to earn additional income via dividends

On shares with franking attached which help pay for school fees, holidays and even the home mortgage. Remember those things

And the thousands of families that generate extra income that is spent each year for which we all benefit. The government benefits

As well as they reduce the drag on welfare that would otherwise eat into the budget. To argue it is revenue forgone is patent nonsense

As the government receives the tax from companies in the first instance, then secondly a benefit from the GST when it is spent in the economy.

Thirdly it lowers the cost of capital which allows the companies to grow more quickly expanding the economic pie that creates more jobs and

Tax revenue for the government. In other words a virtuous cycle of prosperity.

Removing the benefit of buybacks to distribute franking credits will have the opposite effect and put into place a negative cycle slowing

Business and hence the consumer will spend less and lower tax receipts will be the outcome. Redistribution of wealth needs to be pragmatic not

Ideological and it entails creating a virtuous outcome for everyone. Keating understood this at the time he introduced it, we should continue

Its operation as is into the future.

Sincerely

Simon Forbes