

Director
Corporate Tax Policy Unit
Treasury
Langton Cres
Parkes ACT 2600

4 October 2022

By email: frankeddistconsult@treasury.gov.au

Dear Director,

Proposed legislation relating to Franked Distributions and Capital Raising.

I object to the proposed legislation changes. I believe the draft legislation is inequitable to Australian companies and shareholders and it could inadvertently impact situations of legitimate company operations.

I am an independent fully self-funded retiree, previously self employed and never required welfare. Almost 50% of my assets are in Australian shares and part of my annual income is from franking credits. I am a long term investor and rely on dividends and franking credits for my income which is just enough for me to live a comfortable life.

The loss of some franking credits and repaying any franking credits retrospectively would cause hardship.

The Treasury has forecast, franked distributions and capital raising will raise a modest \$10 million a year. This is madness as the administration cost would far exceed this amount.

The draft legislation fails to recognise the fundamental principle underlying the franking regime and the reason for its creation, the avoidance of double taxation on company earnings.

The Franked Distribution and Capital Raising draft legislation, if widely applied, will lead to the demise of the franking system. It will stop Australian companies who issue new shares under a Dividend Reinvestment Plan (DRP) from paying franked dividends and significantly increase the cost of capital for all franked dividend paying Australian companies. It will also risk the stability and integrity of the Australian banking system by inhibiting effective capital raising during challenging economic periods such as the start of the coronavirus pandemic.

Yours sincerely

Sandra Acheson