

Director Corporate Tax Policy Unit Treasury Langton Cres Parkes ACT 2600

By email to frankeddistconsult@treasury.gov.au

Dear Director,

Thank you for the opportunity to submit a response to the consultation on the proposed legislation relating to Franked Distributions and Capital Raising.

I object to the proposed legislation changes as I believe the draft legislation is inequitable to Australian companies and shareholders. I suggest an unintended consequence is the inappropriate impact on legitimate company operations.

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.

If passed, its application will burden Australian investors unfairly with retrospective tax debts, to be paid at a time of economic uncertainty.

Please contact me by return email if you wish to clarify any details included in this letter.

Kind regards,
Jennifer Antulov