

Director,

Corporate Tax Policy

Unit, Treasury,

Langton Cres,

PARKES ACT 2600

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.

We believe the draft legislation is inequitable to Australian companies and shareholders and it could inadvertently impact situations of 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 implied, will lead to the demise of the franking system. It will stop Australian companies who issue new shares under a dividend reinvestment plan 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 WOULD ALSO UNFAIRLY BURDEN AUSTRALIAN INVESTORS WITH RETROSPECTIVE TAX DEBTS, TO BE PAID AT A TIME OF ECONOMIC UNCERTAINTY.

The labour party stated they were not going to look at this legislation before going to elections, WHY NOW.

As a 79 Year Old Retired Couple with a Small Share Portfolio, the Proposed Legislation to Cease payment of Franking Credits, Especially Retrospectively will have a Large Impact on Our Ability to Maintain a Reasonable Quality of Life. Taking into Account that Interest Paid on Deposits in Banks is Virtually NIL.

Having WORKED all our lives, PAID TAXES and SAVED for our retirement, we consider this proposed Legislation AS BEING EXTREMELY UNFAIR.

Yours sincerely

Ian Bruce and Cynthia Ellen Fulton