

Director
Corporate Tax Policy Unit Treasury
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By email: 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 support the proposed legislative changes except of the plan to make the changes retrospective.

I believe the draft legislation is proportionate for Australian companies and shareholders and it should do little to impede legitimate company operations.

The draft legislation corrects the flawed 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 improved tax receipts. It will stop Australian companies structuring their activities to avoid paying taxes

I do believe that the legislation should not be retrospective as this may unfairly burden Australian investors with unexpected retrospective tax debts, to be paid at a time of economic uncertainty.

I appreciate Treasury is trying to deal with situations involving tax avoidance and franked dividend distributions and I commend these actions. An equitable tax system is needed to ensure that we continue to fund a society that is peaceful, healthy and provides opportunity for all its members.

Therefore I support the intention of the proposed changes, with the exception of the retroactivity provision which I do not support.

Yours sincerely,

Paul Bibo