
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 wish to lodge our objection to the proposed legislation changes and the detriment it would cause to our wellbeing.

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.

In addition, the retrospective application to 19 December 2016 would unfairly prejudice franked dividends paid out to shareholders of Australian companies and leave them with unexpected tax bills for dividends they have since received, to be paid at a time of economic uncertainty. Tax laws should not be allowed to change retrospectively when Australian shareholders have budgeted for and paid their lawful tax assessment based on existing tax law in place. This is particularly concerning for many retirees like us who rely on fully franked dividends as income.

There are more important issues of fairness, which need to be addressed and we should appreciate your comment. Not everybody was in a position to establish a superannuation fund by the due date. In our case, our location overseas without access to competent advice and the lack of sufficient funds prevented us from establishing a self-managed superannuation fund. Also, as the Royal Commission exposed, the integrity of investment advice did not inspire confidence in superannuation funds managed by incompetent and at times dishonest operators. We continue to be disadvantaged by not having returns protected from taxation through superannuation fund status while wealthy investors in self-managed funds have the great benefit of not paying taxes on their share trading.

Please contact us by email or by our mobile phones if you have any questions on the below submission.

Yours sincerely,

Ian Crawford

Catherine Crawford