

To:

Director

Corporate Tax Policy Unit

Treasury

Langton Crescent

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Dear Director

I appreciate the opportunity to submit a response to the consultation on the proposed legislation to franked distributions and capital raisings.

I strenuously object to the proposed changes to legislation.

I believe that 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 recognize the fundamental principle underlying the franking regime and the reason for its creation. **The avoidance of double taxation.**

If this draft legislation finally becomes law it will lead to the demise of the franking system and will stop companies who issue shares under a dividend reinvestment plan (DRP) from paying franked dividends causing a large increase in the cost of capital for all Australian companies who pay franked dividends.

Retrospective legislation is bad policy and if passed would place an unfair burden on Australians who invest in Australian companies. Asking investors to disgorge certain franking credits back to 19 December 2016 is totally unfair and should not be contemplated under any circumstances.

Australians have paid their taxes based on existing tax law and as I have already pointed out it would be grossly unfair to force them to part with money which has been legitimately earned.

Yours sincerely

Syd Cutmore