

Director  
Corporate Tax Policy Unit  
Treasury  
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By email: [frankeddistconsult@treasury.gov.au](mailto: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.

I believe that the draft legislation is inequitable to Australian companies and shareholders and it could inadvertently impact situations of legitimate company operations.

The Franked Distribution and Capital Raising draft legislation, if widely applied will lead to the demise of the franking system in Australia. 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 we have just experienced during the coronavirus pandemic.

If passed, its application would also unfairly burden Australian investors with retrospective tax debts at a time of economic uncertainty. This is particularly concerning and for those who rely on fully franked dividends as income.

As a couple approaching retirement age, we have actively participated in the share market as part of our superannuation strategy in an effort to plan for our retirement and thus reduce the burden on the Australian pension system. The dividend imputation system has not fundamentally changed for over 20 years during which time we have invested in Australian companies in readiness for our retirement and to ensure that we are not a burden on our family or the economy later in life.

While I appreciate Treasury is trying to deal with tax avoidance and franked dividend distributions, the proposed legislation, as drafted will fundamentally change the nature of how Australian companies operate and negatively impact Australian shareholders.

Yours sincerely

Toni-Louise Cockburn

