

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.

I object to the proposed legislation changes.

I 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 applied, will lead to the demise of the franking system. It will stop Australian companies who issue new shares under a Dividend

Reinvestment Plan (DRP) 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.

Further from the financial management of companies and system, on personal sphere, the effect of this proposed legislation on me is profound. I am a self-funded retiree whose 55%, approximately, of income is from my allocated pension, being my own lowest “safety net”, the balance is from investments in Australian companies for their dividends. Franking

credits received annually form a vital part of of my income package. Without this franking credit, government aged pension for me, becomes certain and sooner.

Please contact me on my email address hereunder if you have any questions on this submission.

Yours sincerely,

Hop Ba Duong