

To The Director
Corporate Tax Policy Unit Treasury
Langton Cres
Parkes ACT 2600

By [email: frankeddistribconsult@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.

If Passed the legislation would unfairly burden Australian investors with retrospective tax debts. I am one such investor, as is my wife and our Superannuation fund. Where one makes investment decisions with the current laws in place at the time and then is subsequently hit with a tax liability that is applied retrospectively is appalling to us and will mean we will have to substantially reduce our ongoing spending. We can do this, although by doing so, we and people in our situation will cause a contraction in discretionary spending leading to further adverse effects on the economy.

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.

Yours sincerely,
David Dann