

Director
Corporate Tax Policy Unit
Treasury
Langton Cres
Parkes ACT 2600
By email: 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 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.

I understand the need to chase up on tax avoidance schemes, but I fail to understand that the chasing up of Mum and Dad Australian investors such as myself and all to raise the sum calculated to be Ten Million dollars annually whilst multinational companies who you should be chasing are laughing all the way to the bank.

I listened to Paul Keating the treasurer at the time , advising Australians not to be reliant on the Government for your age pension, and instead to be self reliant.

I heeded his advice and set up my own SMSF, and was grateful to use the reduced tax payments on funds I contributed to enable me to build up my funds.

I understand that nothing is set in stone, but I wonder at the statements that come out of the mouths of so called intelligent people, apparently with no forward thinking of how this latest statement will be viewed by the taxpayers !! surely some kind of think tank is needed to air the proposals and discuss the merits and pitfalls of such statements before they even become public.

The franking system as it is has been working out ok for a good number of years and we should be governed by the maxim "If it aint broke, then don't fix it"

So lets hope that some common sense will prevail. The Labor party and also The Treasury department should be guided by the last time Franking Credits were an item re the upcoming election, and the resounding defeat that ensued as the public were not in favour of such moves.

Yours sincerely,
Ron Edmond.