

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 the time of economic uncertainty.

On a personal note, I am a self funded retiree who in the present financial climate is finding it necessary to live partly on savings as my interest and dividends do not even add to the present pension. I am just above the criteria to receive a part pension and the more my income is diminished the sooner I will be eligible for a part pension. There will be numerous citizens in a similar position and reducing income by abolishing Franked Distributions will increase Pension Payments considerably.

Yours sincerely,
JILL FLANAGAN