Director
Corporate Tax Policy Unit Treasury
Langton Cres
Parkes ACT 2600

4 October 2022

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.

We object to the proposed legislation changes.

We believe the draft legislation is inequitable to Australian companies and in particular retired persons who are shareholders who receive up to one-third of annual income in franking credits.

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.

My wife and I depend as well as on a part-pension, on income from shareholdings which carry a franking credit of up to one third of the dividends.

No franking credit means a huge loss of income and thus greater dependency on the aged pension. Which further burdens the scheme.

It is hardly a case of making the rich richer, by denying us franking credits.

Yours sincerely,

David Griffiths