

The Director

Corporate Tax Policy Unit Treasury  
Langton Crescent,  
Parkes. ACT. 2600.

By [email: frankeddistconsult@treasury.gov.au](mailto:frankeddistconsult@treasury.gov.au)

Dear Director,

As self-funded retirees, we object to the draft legislation re Franking Credits and Capital raising, as inequitable to Australian companies and shareholders and it could inadvertently impact situations of legitimate company operations.

Indeed, with the current financial and economic uncertainties in Australia, this is the very worst time to float such ideas, especially retrospective ones. 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. This proposed legislation will handicap how Australian companies invest and manage their businesses.

Australians who in good faith have planned for their retirement should not suddenly have to face those plans being affected, and retrospectivity smacks of desperation at any time. Retrospectivity is never a good look for policy makers, and makes a mockery of Australians who have always acted under the taxation and corporate rules of the day. Self funded retirees have no chance of adjusting for such an unwelcome proposed scheme. This proposed legislation is a bad one, poorly thought out as to consequences and creating negativity for all Australians at any time, more so at this time of economic flux.

Please contact me at our email address should you have any questions on the below submission.

Yours sincerely,

Robert and Judy Goodsell