Director
Corporate Tax Policy Unit
Treasury Langton
Crescent Parkes ACT
2600

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 inevitable 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 the 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.
My wife and I have worked hard to provide for our retirement income. We have a self managed Superfund that depends mainly on the fully franked credits for our income and now after planning this for several years you want to take that away!!
We are an average Australian couple and consider your proposal grossly unfair, furthermore we think that it would create a burden to the pension system.

Graham & Glenda Hendricks