

**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/we] object to the proposed legislation changes.

[I/we] 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.

My wife & I have been retired for 15 years and have our own Self Managed Superannuation Fund and the Franking Credits within the fund amount to 15% of the income that we moderately live on without having a Government Pension.

We are against the proposed changes being considered that amount to double taxation. We would not vote for any political party that would bring in such changes'

You may remember in 2019 a similar change was proposed by Labor and they were soundly beaten in the Federal Election.

Please contact me on [enter number / email address] if you have any questions on the below submission.

Yours sincerely,

John L & Catherine A Harris

