

Sir

the proposed legislation relating to franked dividends and capital raisings is potentially seriously flawed and could result in very unfair and inequitable imposts as well as negatively affecting the legitimate activities of many prominent Australian businesses.

Many companies pay out the bulk of the cash generated from profits in the form of franked dividends. To finance growth and expansion they then raise additional capital by way of DRP or SPP issues. This legislation would seriously curtail those activities with consequent impact on investment and expansion.

It also could undermine the purpose and intent of the franking legislation, which was to prevent double taxing and destroy the system.

I believe that dividends should be payable from current and accumulated profits and are separate to capital management. Growth cannot be fully funded from operations and requires additional capital.

Furthermore the retrospective aspects are disturbing and might affect the plans of many retirees and planned retirements. That is completely inequitable.

If there is a major problem with abuse of the system which I strongly doubt, they may suggest DIV4 may be a suitable avenue to pursue it..

As it stands the proposal will do far more damage than it solves and requires a different approach. I strongly urge your reconsideration.

yours faithfully

JEFFREY HILMER

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