

To the Director
Corporate Tax Policy Unit, Treasury.
Langton Cres
Parkes ACT 2600

Sent via this email address:- frankeddistconsult@treasury.gov.au

Dear Director,

We wish to thank you for the opportunity to submit our concerns and our response to the consultation option regarding the proposed legislation relating to Franked Distributions and Capital Raising.

We strongly object to the proposed legislation changes.

We believe the draft legislation is unfair and inequitable to Australian companies and particularly long-term investors and shareholders in Australian companies (like us). We believe it could restrict and disadvantage long-term investments in Australian Companies.

The draft legislation fails to accept or recognise the fundamental principle underlying the franking regime and the reason for its creation, ie: “the avoidance of double taxation on company earnings”.

The Franked Distribution and Capital Raising draft legislation, if widely applied, will lead to the death of the franking system. It will stop Australian companies that 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.

The Labor party in their wisdom proposed a policy to stop Franking Credit Rebates and lost what they thought was an Election they thought was impossible to lose – I think that says it all. Many retirees rely on franking credits to help supplement their limited Superannuation incomes. Why would any Government Labor or Liberal want to deprive, retirees, and elderly people on limited fixed incomes, of the, added financial safety net of fully franked dividends? We would be pleased to hear your response to our real and valid concerns. We are both retirees.

Yours sincerely,

Stan and Julie Hogan