

Director
Corporate Tax Policy Unit
Treasury
Langton Cres
Parkes ACT 2600
By email: frankeddistribconsult@treasury.gov.au

Dear Director,

I object to the proposed legislation changes relating to Franked Distributions and Capital Raising.

As a female (paid less than men in my profession)self funded retiree on a low income the threat of repaying franking credits from the last 5 years is a nightmare which will require a sell down of my existing equity portfolio thereby reducing my future income.

The draft legislation is inequitable to Australian companies and shareholders and it would negatively affect 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.

Yours sincerely,

Rosalie James