

I wish to object to the proposed legislative changes in respect of Franked Distributions and Capital Raising

At the very least - any changes should not be retrospective

Further - any changes should very clearly spell out the alleged mischief which the changes will prevent

In the vast majority of cases to which the amendments may apply - there is no mischief and the company is simply raising capital for future use. Discouraging such a benign activity could seriously impact companies and their shareholders.

The proposed changes will also degrade the original intentions for franked distributions - especially regarding the elimination of double taxation on company earnings.

Please do not proceed with the proposed changes

Regards

Jon Kirkwood FCA

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.

[Add your own story if you wish]

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