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Director Corporate Tax Policy Unit Treasury Langton Cres Parkes ACT 2600

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 object to the proposed legislation changes. I 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.

I have been a member of an SMSF since 2011. I rely on franked dividends for a large part of my income since I don't qualify for a pension (as I have put money away for many years to save the Govt. from having to pay me a pension.) I certainly don't want to be burdened with retrospective tax debts especially at this time. I will then probably have to just go on a Centrelink Pension like most others. I have paid taxes all my working life. The possibility of this happening when introduced as a policy by Chris Bowen and Bill Shorten is the reason why I refused to vote for the Labor Party in the last two elections.

Yours sincerely,
George Livingstone