

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.

I note the retrospective application to 19 December 2016 would unfairly prejudice franked dividends paid out to shareholders of Australian companies and leave me with unexpected tax bills for dividends I have since received, to be paid at a time of economic uncertainty. This is particularly concerning for those of us who rely on fully franked dividends as income.

The draft legislation appears to inadvertently target situations of legitimate company operation making it difficult to form a conclusive judgement as to the legitimacy of historical and future payments of fully franked dividends by Australian companies. Tax laws should not be allowed to change retrospectively when I have budgeted for and paid my lawful tax assessment based on existing tax laws in place.

If passed, its application could also **unfairly burden** me with **retrospective tax debts**, to be paid during economic uncertainty.

Yours sincerely,

Mike McIlwaine