

Dear Director

Thank you for the opportunity to submit a response to the consultation of the proposed legislation relating to the Franked Distribution and Capital Raising.

I strongly object to the proposed legislation changes.

I believe the draft legislation is inequitable to Australian companies and shareholders and could inadvertently adversely impact situations of legitimate company operations.

The draft legislation fails to recognise the fundamental principles underlying the franking regime and the purpose of its creation, the 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. I will stop Australian companies who issue new shares under a dividend reinvestment plan from paying Franked dividend 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.

If passed would also unfairly burden Australian investors with retrospective tax debits to be paid at a time of economic uncertainty.

Retrospectivity is grossly unfair. Surely actions carried out within the law of the day cannot subsequently become unlawful.

Yours sincerely,  
Ron McLean