

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, Lambros Makas, object to the proposed legislation changes.

I, Lambros Makas, 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.

It is highly disrespectful to make your proposal retrospective, just because Mr. Morison was talking about it back then. Furthermore, you continue to pull the wool over the Public, who do not know or understand anything about dividends; that is, the franking credits are not yours, they belong to the shareholders – it is a forgone part of their dividend, taken by the government in order to help those that cannot manage their tax obligations. It is as simple as that. And, one last thing that you recognize, but do not want to divulge to all the normies out there, is that, the companies that this affects will find a way around the idea; namely, they will probably turn into listed investment trusts, where all the distributions are paid out to the investor, and you won't see any of it, until tax return time. So what would be the point of all the changing and disruption ?

One thing I know, is that you won't be getting my vote, for interfering where you should not.

Yours sincerely,

Lambros Makas