

Director  
Corporate Tax Policy Unit  
Treasury  
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By email: [frankeddistconsult@treasury.gov.au](mailto: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 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.

Given my wife and I are self-funded retirees who rely heavily on the refunding of excess franking credits into our superannuation fund to ensure we remain not reliant on the government funded pension system, we believe this proposed legislation will have unintended consequences on both ourselves and thousands of taxpayers like us.

The fact that this proposed legislation has a significant retrospective element is totally abhorrent! No government should propose such legislation, as taxpayers are entitled to organize their affairs based on the legislation as it stands at any given point in time.

Finally, it is not the government's place to meddle in a company's handling of its funding and capital management decisions. Many growth companies that are the lifeblood of innovation and research and development in our capitalist system, may be adversely impacted by this proposed legislation.

Please contact me on [REDACTED] if you have any questions on the below submission.