

The Director
Corporate Tax Policy Unit
Treasury
Langton Cres
Parkes ACT 2600

By email: frankeddistconsult@treasury.gov.au

Dear Director,

Thank you for this 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 on the following grounds:

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1. The draft legislation is inequitable to Australian companies and shareholders and it could inadvertently impact legitimate company operations.
2. The draft legislation fails to recognise the fundamental principle underlying the franking regime and the reason for its creation ie the avoidance of double taxation on company earnings.
3. 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.
4. 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.
5. Retrospectivity is unacceptable. If passed, its application would unfairly burden Australian investors with retrospective tax debts, to be paid at a time of economic uncertainty.

Regards

Tracey McGearey