Director
Corporate Tax Policy Unit
Treasury
Langton Cres
Parkes ACT 2600

Proposed Franking Credit Changes

Objection

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.**

We object to the proposed legislation changes.

We 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.

We are "Fully Self Funded Retirees" and do not receive any Centre Link Benefits or government support.
And as such believe that any dilution of "Franking Credits" could cause us to become reliant on a Centre Link Benefit, thus reduce our self-esteem and respect for the Labour Parties ability to govern this country.

Yours sincerely,

Alan & Catherine Morgan