

Director  
Corporate Tax Policy Unit  
Treasury  
Langton Cres  
Parkes ACT 2600

4 October 2011

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.

Generally, I support the proposed legislation changes. I believe the draft legislation is one step towards producing a long-overdue adjustment to the inequity of the Australian taxation system which massively favours Australian companies and shareholders at the expense of ordinary taxpayers and younger generations.

Whilst I do support the principle of avoiding double taxation on company earnings via the franking credits system, this system has been over-extended beyond what is fair and reasonable.

As a principle I don't think the benefit of franking credits should apply where a company has raised capital which has then been used to pay franked dividends. However I don't believe this principle should apply to funds "retained" by companies via a Dividend Reinvestment Plan (DRP) – those funds retained are not the same as new capital raised. I hope that makes sense.

Generally I am profoundly concerned about the inequity of the current tax system in Australia which bolsters and over-compensates multiple property owners and self-managed superannuation funds at the expense of investment in non-property based productive Australian enterprises. As such, the system as it currently stands is over-generous to older generations at the expense of younger generations and contributes significantly to 'intergenerational inequity' (intergenerational theft in some ways). I say this as the owner of an SMSF.

Please contact me at [ccpmlaw@iinet.net.au](mailto:ccpmlaw@iinet.net.au) if you have any questions on the below submission.

Yours sincerely,

Clair Medhurst