

Director
Corporate Tax Policy Unit
Treasury
Langton Cres
Parkes ACT 2600

By email: frankeddistconsult@treasury.gov.au

Dear Director,
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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.

My wife and I are self funded retirees who have been fortunate enough in life to amass sufficient funds to enable us to retire comfortably in our old age. We are by no means rich; our income derives from shares in Australian companies and hence the surplus imputation credits which we receive each year form a substantial percentage of our available income. Imputation credits are in fact our own money; they do not belong to the government and company tax has already been paid on them, so relieving us of these credits is a form of punitive taxation aimed specifically at aged people such as ourselves. It is, in my belief, a form of theft.

We believe That 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.

John and Janene More 4th October 2022