

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

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**.

We object to the proposed legislation changes.

We believe the draft legislation is inequitable to Australian companies and shareholders and it could inadvertently adversely 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.

In addition to the inequity of the proposal itself, it speaks to the lack of integrity of the Labour Party, who have clearly shown themselves to be "misleading and deceptive" in their conduct in introducing this proposed legislation now, whilst being extra careful to avoid even a mention of it in the Election campaign.

The concept of avoidance of double taxation on company earnings, was introduced by your visionary leaders Paul Keating and Bob Hawke, which vision contributed to a prosperous and egalitarian Australia. Your proposal now flies in the face of the intent of its Labour authors and will rightly taint your legacy with lack of vision and short-term thinking.

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Yours sincerely,

Thomas M. and Patricia A O'Keeffe