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

By email: 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 on the grounds that:

- We believe the draft legislation disadvantages Australian companies and shareholders undertaking and financing normal and legitimate company operations. It fails to recognise the fundamental principle underlying the franking regime, including the avoidance of double taxation on company earnings in the hands of shareholders.

- The Franked Distribution and Capital Raising draft legislation will lead to the end 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 adversely affect the Australian banking system by inhibiting effective capital raising during difficult economic periods including those originating from overseas.

- If passed, the bill would also unfairly burden Australian investors with retrospective tax debts at a time of economic uncertainty.

- Many thousands of ordinary shareholders rely on franking credits effectively as part of their usual income, including for their retirement.

We have been investing for many years almost exclusively in Australian companies paying franked dividends, thereby supporting Australian industry and employment. We will invest elsewhere if Australia adopts such retrospective and backward-looking law.

Yours sincerely,

MR and B Ramsay
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