Director
Corporate Tax Policy Unit Treasury
Langton Cres
Parkes ACT 2600

By email: frankeddistconsult@treasury.gov.au

5 October, 2022

Dear Director,

In response to the consultation on the proposed legislation relating to Franked Distributions and Capital Raising. I wish to **object** to the proposed legislation changes.

I 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 which is the avoidance of double taxation on company earnings.

The Franked Distribution and Capital Raising draft legislation, if widely applied, could 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 time of economic uncertainty. Retrospectivity is anathema in these circumstances.

There may be a case for review of providing franking credits in respect of buy back of shares but the other foreseen proposals are inappropriate.

Yours faithfully,

B M G REMOND