Director, Corporate Tax Policy Unit

Treasury

Langton Cres

Parkes ACT 2600

Dear Director,

Thanks for the opportunity to submit a response to the consultation on the proposed legislation relating to Franked Distributions and Capital Raising.

I **strongly object** to the proposed legislation changes for a number of reasons:

- franking credits represent tax paid for and on behalf of the shareholders of a company and all efforts should be made to allow those franking credits to be distributed and not become "trapped" on a company's franking ledger.

- if companies choose to not distribute all their profit in a given period, the complete tax paid should be freely distributable as franking credits at a time of the company's choosing.

- the proposed changes either seek to (or perhaps may unintentionally result in) the distortion of the franking system, causing companies concern, caution and extra costs when raising capital.

- the retrospective nature of the changes is also completely unacceptable, causing people sleepless nights wondering if they will be hit with an extra tax bill for past franked dividends received.

- if you are going to make changes regarding franking credits, please consider allowing ALL company tax paid to be distributed as franking credits even when a company only distributes part of its profit via dividends. In other words, allow "over-franking" to enable excess franking credits to be readily distributed to the shareholders. After all the tax HAS been paid and it is completely unfair not to credit it to the shareholders on behalf of whom it has been collected and forwarded to the ATO.

Please contact me at the supplied email address if you have any questions regarding this submission.

Yours sincerely,

Geoff Robinson