Director
Corporate Tax Policy Unit
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.

My wife and I are in our eightees and have managed our SMSF since 1996. We have been PAYE taxpayers for our entire working life and our SMSF is modest (well below the allowed $1.6M) compared to other fund holdings that I have read about.
Our SMSF was set up to provide Retirement Income Streams, so the Franking Credits have been of great assistance to us for some 26 years since retirement.
The Franking Credits also attract us to invest our SMSF in Australian Companies, which we have done exclusively since commencing the SMSF, so Franking Credits are a great help to Australian companies when raising capital.

I therefore **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, **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.

Yours sincerely,

Brian L. Scorgie