

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.

I 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,

Rex Saunders