

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.

**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.

**The retrospective nature
of the proposed changes are my major concern.**

Arthur Simpson