
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 completely 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.

I was in strong belief after the 2019 and 2022 federal election campaigns that the Australian Labour Party was not going to modify or dismantle the Australian imputation franking system. I find this proposal extremely disappointing as I had made sound financial decisions to secure my self funded retirement plans, but that all looks in major jeopardy now. I feel that the current government are trying to completely dismantle this system to the detriment of investors.

I request that you seriously consider the burden and consequences that this action will have on my own financial situation and many thousands of others.

Looking forward to hearing a positive response.

Kind regards

Brendan Stolk