

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 write as a self-funded retiree.

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.

Not only does the proposed changes to the franking system create anxiety and uncertainty for me and others in a similar situation living solely off their investments, but applying this current proposal retrospectively is unconscionable: The dividends have already been received and spent and any withdrawal of income is frightening in an environment where ones livelihood is already threatened on so many inter-related fronts (pandemic, shortages of staff and supplies, interest rate increases) but especially by the resultant inflation in the prices of goods and services.

Yours sincerely

Irene Swil