Attention: Director, Corporate Tax Policy Unit

I am writing to inform you that I object to the proposed legislation changes. They are grossly inequitable, and are likely to impact legitimate company operations.

- The proposals fail to recognise the fundamental principle underlying the franking regime, i.e. that franking credits represent tax that has been paid by a company on behalf of its shareholders as owners of that company. Just as the after-tax income that is distributed by the company to shareholders is taken into account in determining a shareholder's assessable income, the tax paid by the company on behalf of the shareholder needs to be taken into account, in order to avoid double taxation.

- Given the myriad of sources of company cash inflows and outflows, it is problematic to seek to assign particular cash inflows (such as capital raisings) with cash outflows (eg dividends). This is likely to give rise to disputes and legal challenges. As commercial opportunities arise, a company may choose to reinvest its after-tax profit and/or other available funds in productive assets at a point in time, and subsequently raise capital as part of its normal cash flow and balance sheet management for other purposes (including payment of dividends). It is not the timing of flows that serves the fundamental franking regime principle, it is the amount of tax paid by the company on behalf of the shareholders relative to the income distributed to those shareholders.

- It is grossly inequitable to seek to change the tax law to retrospectively deny franking credits, dating back to 2016. Shareholders have paid their lawful income tax assessment, based on the existing tax law, and in accordance with the fundamental principle of the franking regime. This proposal is likely to result in significant retrospective income tax assessments for individual shareholders, including many retirees who rely on the income from their investments. Those who do not have the capacity to pay the retrospective assessments will likely need to sell assets/property, or borrow to meet the assessments. The proposal is comparable to the Robodebt debacle, from the perspective of the likely financial and psychological impact on individuals.

- There has been no electoral signalling or mandate for this proposal.

Yours sincerely
Geoffrey Ronald Tabe