

5 October 2022

**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**.

We object to the proposed legislation changes.

If passed, its application would also unfairly burden Australian investors with retrospective tax debts. In our particular case it would result in us having to repay franking credit return payments from the Tax Office. We have already spent this money and as self-funded retirees we can ill afford to return money to the Tax Office. We are also concerned that the required return of franking credits could adversely affect the assets held in an industry superannuation fund of which one of us is a member.

We 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.

Yours sincerely,

