

Director
Corporate Tax Policy
Unit Treasury
Langton Cres
Parkes ACT 2000

Dear Director,

Thank you for providing me with the opportunity of to submit a response to the consultation on the proposed legislation relating to Franked Distributions and Capital Raising.

I strongly object to the proposed legislation changes.

I believe that the draft legislation is inequitable to Australian companies and shareholders and it will probably affect instances 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 that issue new shares under a Dividend Reinvestment Plan 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, which the Australian economy experiences from time to time.

If passed, its application would also unfairly burden Australian investors with retrospective tax debts, to be paid at a time of economic uncertainty.

Yours faithfully,

Quentin Roger Tomes (B Econ)