

Director  
Corporate Tax Policy Unit  
Treasury  
Langton Cres  
Parkes ACT 2600  
5<sup>th</sup> October 2022

By email: [frankeddistconsult@treasury.gov.au](mailto:frankeddistconsult@treasury.gov.au)

Dear Director,

This is a response to the proposed legislation relating to Franked Distributions and Capital Raising.

We OBJECT to the proposed legislation changes.

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) (which we employ) 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.

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

The proposed legislation would burden us; we who have planned our retirement, placing stress on us and on the Australian pension system.

The dividend imputation system has not fundamentally changed for over 20 years and implementing change now, and retrospectively, on people we who are already retired and

cannot return to work, will burden us, our family and in turn the economy, all of which will face economic uncertainty.

We note the retrospective application to 19 December 2016 would unfairly prejudice franked dividends paid out to we shareholders of Australian companies and leave us with unexpected tax bills for dividends they have since received, to be paid at a time of economic uncertainty, high inflation, high cost of living, and high mortgage repayment rates. This is particularly concerning for us as we rely on fully franked dividends as income.

Tax laws should not be allowed to change retrospectively when Australians have budgeted for and paid their lawful tax assessment based on existing tax law in place at the time.

Please contact us should you require clarification of our reasons against these proposed changes to the franking distribution system

Richard and Brenda Thomas

Yours faithfully

Richard and Brenda Thomas.