

Director

Corporate Tax Policy Unit, Treasury

Via 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 as individual investors and Superannuation Fund directors OBJECT to the proposed legislation changes and believe the draft legislation is inequitable to Australian companies and shareholders. In a broad sense if applied in its current form it could inadvertently impact situations of legitimate corporate operations. It potentially could also risk the stability and integrity of the Australian Banking system by inhibiting effective capital raisings during challenging economic periods, such as recessions, energy crisis and pandemics.

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.

We also note the retrospective application to 19 December 2016 would unfairly impact franked dividends paid out to shareholders of Australian companies and could potentially leave them with unexpected tax bills at a time of economic uncertainty. This is particularly concerning to shareholders like us who rely on fully franked dividends as our retirement income rather than going on a Government funded pension.

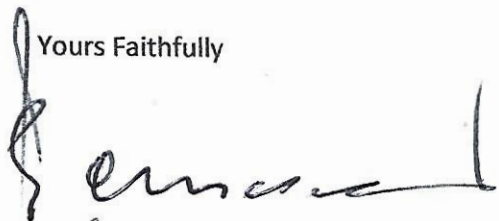
Tax laws should not be allowed to change retrospectively when Australian citizens have budgeted for or paid their lawful tax based on existing tax law in place.

Whilst we appreciate that Treasury is trying to deal with situations of potential tax avoidance, the proposed legislation as drafted is too broad and will impact many innocent Australian citizens like us. It may also change the nature of how Australian companies manage their capital, increase their cost of capital with a negative impact to all Australian shareholders.

The ALP came to government with a PROMISE that changes to legislation that involved Franking was DEAD AND BURIED. The proposed legislation in its current form appears to clearly break that

promise and put the issue of FRANKING clearly back on the table. When will the ALP learn the lesson!

Yours Faithfully

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Mark Thomsen

A handwritten signature in black ink, appearing to read 'Janetta Thomsen', with a stylized, cursive script.

Janetta Thomsen