

Director Corporate Tax Policy
Unit Treasury Langton Cres
Parkes ACT 2600

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 strongly object to the proposed legislation changes. We believe the draft legislation is inequitable to Australian shareholders and companies.

We are totally self-funded retirees, and what we receive in franking credits on our investments is considerably less than what others receive on a government pension. With changes to franking Credits legislation, we and others like us, will be penalised for a lifetime of hard work and disciplined savings.

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

Yours Sincerely,

Ronald & Catharina van Aken