4 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.

I strongly object to the proposed legislation changes.

I believe the draft legislation is inequitable to Australian companies and long-term shareholders like me. The dividend imputation system has not fundamentally changed for over 20 years and implementing change now, and retrospectively, on people like me who are retired, will lead to stress and financial uncertainty.

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.

It looks like the draft legislation will stop Australian companies who issue new shares under a Dividend Reinvestment Plan (DRP) and DRP underwritten capital raisings from paying franked dividends and significantly increase the cost of capital for all franked dividend paying Australian companies.

If passed, its application would also seem to unfairly burden Australian investors like me with retrospective tax debts on special dividends. Tax laws should not be allowed to change retrospectively when Australians have submitted and paid their lawful tax assessments based on existing tax law in place.

Yours sincerely

Peter Wigg