

Director
Corporate Tax Policy
Unit Treasury
Langton Cres
Parks 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 object to the proposed legislation changes.

We believe the draft legislation is inequitable to Australian companies and shareholders and 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 and is particularly concerning to those of us who rely on fully franked dividends as income that enables us to stay off government pensions.

If passed it will lead us to seek some recompense in at least the age pension which appears to be self-defeating to the government's aim.

Whilst it appears to always be government policy to minimise payments to seniors it should be abhorrent to all Australians to make any legislation retrospective let alone this proposal.

While we appreciate Treasury is trying to deal with situations involving tax avoidance, the proposed legislation will fundamentally change the nature of how Australian companies manage their capital, increase their costs and negatively impact our shareholders.

We can be contacted on the above email address if required

Yours sincerely,

Richard and Del Wallwork