

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 object to the proposed legislation changes. I believe the draft legislation is inequitable to Australian companies and shareholders. It could inadvertently impact situations of legitimate company operations and be unfairly costly to individuals.

At a fundamental level, the draft legislation once again fails to recognise the basic 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.

If passed, its application has the potential to unfairly burden individuals with retrospective tax debts. I am a case in point. Many years prior to the introduction of the SGC, my father wisely established a modest private company with share market investments to serve as his superannuation fund upon retirement. Shortly before his death earlier this year at the age of 93, he appointed my siblings and me as additional directors of this company. The estate is now being liquidated together with the share portfolio. Both my siblings and I are also now retired and reliant upon our individual superannuation funds for income. None of us are in a position to pay tax retrospectively.

Yours sincerely,

Tammy White