

Attn the Director, Corporate Tax Policy Unit, Treasury

Dear Sir

I am writing to communicate my objection to the current proposal relating to franked distributions and capital raising.

Despite what is being said about this proposed change it is inequitable to shareholders and quite contrary to the intent of franking credits. That is to avoid a situation where a company is double taxed on earnings. If this principle able to be overridden through this legislative change then it is reasonable to suspect other franking credits will soon be targeted. Again this requires a wider debate about all franking credits and whether or not they are still considered to be reasonable. Either they are a positive contributor to companies capital raising efforts or they are not. One cannot ring fence one aspect of the principle for convenience.

The idea that the proposed change is also to be retrospective is just not acceptable. It is totally contrary to a fair and just handling of tax matters. If companies knew this change was to be implemented in the years ahead they would have certainly acted differently. You cannot simply change a law today and apply it to yesterday in such a punitive way. Companies were acting perfectly legally within the framework then provided. For any government to propose a change that seeks to make past behaviour subject to laws not yet in existence is the height of arrogance and unfairness. It cannot be seriously considered.

Please add my voice to the many others who I know will oppose this proposed change.

Thanks and regards

Barry West