

4 October 2022

The 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.

We object to the proposed legislation changes.

We believe the draft legislation is inequitable to Australian companies and shareholders and it 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.

We are most concerned about the impact on Australian companies who issue new shares under a Dividend Reinvestment Plan (DRP) from paying franked dividends. However we generally agree with the specific goal of preventing manipulations of raising capital from investors for the sole purpose of streaming franking credits to certain parties. We would encourage more deliberate and direct legislation that targets wrongful doing and is not so broadly written as to capture innocent and sensible corporate behaviour.

We object to the proposed retrospective application and believe this unfairly punishes everyday Australians who have budgeted for and paid their lawful tax assessment based on existing tax law in good faith. If the government has a specific scheme they are trying to target then there should be another avenue to punish the offenders.

Please contact me on _ if you have any questions on the below submission.

Yours sincerely

Scott Barrett
Company Secretary
FLAGSHIP INVESTMENTS LIMITED