

Attention : The Director, Corporate Tax Policy Unit, The Treasury, Langton Cres. Parkes ACT

We object to the proposed legislation changes relating to **Franked Distributions and Capital Raising**.

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.

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 such as the start of the coronavirus pandemic. If passed, its application would also unfairly burden Australian investors with retrospective tax debts, to be paid at a time of economic uncertainty.

We are both 80 years old self-funded retirees who have diligently provided for our retirement during our working life. To impose a retrospective tax back dated to 2016 is unfair and there is no justification to seek redress over self-funded who have acted in good faith during this time. The legislation should be applied with grandfathering conditions applied to self-funded retirees.

We also strongly object to the short notice available for submissions and the lack of publicity given to the proposed legislative changes.

Maxwell & Rae Barton