

October 4th, 2022

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 and it could inadvertently impact situations of legitimate company operations.

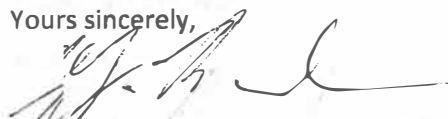
The draft legislation fails to recognise the fundamental principle underlying the franking regime and the reason for its creation, the avoidance of double taxation on company earnings.

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.

The lack of growth in productivity in our country is of great concern to me and it is important that investors have no restrictions on investing capital where it will most benefit the country in growing productivity. Our family has personally retained profits to reinvest in our business and as such have built up significant Franking Credits. Without the ability to raise equity it will be very difficult to pay profits to the owners of the business (The shareholders) via dividends. Restricting the ability of profits to be paid to business owners is **unconscionable** particularly after they have taken significant risk investing in our great country and growing real GDP.

Yours sincerely,



Robert Baumber