

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 and 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.

My wife and I worked in paid employment (including 35 years in Defence) for almost 60 years each and are very proud that we have been able to fully-fund our retirement.

However, it is with these franked dividends that enable us to continue and not become a burden on the over-taxed Welfare System. If double-taxing is reinstated, the wisdom and ingenuity of former Treasurer Paul Keating will be trashed and the effective function of the franking system will be permanently extinguished.

If you have any questions in regard to our submission, please feel free to contact us.

Yours sincerely,


Robert and Beverley Bowtell

