

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.

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 depend on these credits to live on, since the government took away our pension payments because of the capitol threshold allowed which is \$862,500 for a part pension

Please contact me on [enter number / email address] if you have any questions on the below submission.

Yours sincerely,

Brian and Pamela Birrell

The block contains two handwritten signatures in black ink. The first signature, on the left, is 'B. Q. Birrell' and the second, on the right, is 'P. J. Birrell'. Both signatures are written in a cursive, flowing style.