

Director
Corporate Tax Policy
Unit Treasury
Langton Cres
Parkes ACT 2600

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 support fully the points made in the pasted email below. In particular the very suggestion that there may be retrospective changes is too horrific to contemplate and no reasonable person would see it as anything other than grossly unfair.

As a self funded retiree aged 78 I count on franking credit refunds to support our modest lifestyle. It also means that we do not need any Centrelink support. I get that the national debt requires a restructure of taxation so that the burden can over time, be paid down and if franking credits are to be part of that restructuring mix .I believe

1. there should be no retrospectivity as a matter of principle.
2. There should be a long lead time prior to implementation so retirees (and working people who have planned on retiring and similarly structured their finances) like us have time to reorient our financial affairs.
3. Consideration should be given to putting a phased in modest ceiling on franking refunds (say \$10k in today's \$'s) so that the low to middle income self funded retirees are not disproportionately affected or targetted.

I am no economist but surely there are more equitable ways of sharing the load. If the CGT were to be hiked 1 or 2% with compensation for people dependent on government pensions that would be a fairer way and I imagine would bring in much more revenue. Australia lags many comparable countries where the tax mix is too skewed to taxing effort . Surely the emphasis should be moved towards taxing consumption.

My belief is that the franking credit issue is being dealt with in a piecemeal way and what we need is a total overhaul of the tax arrangements. The Henry Review recommendations of a few years ago maybe should be dusted off and re-examined.

I am happy to be contacted if any elaboration of my views would be helpful.

Gary Buchanan

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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/we] object to the proposed legislation changes.

[I/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.

[Add your own story if you wish]

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

Yours sincerely,

[Add your name and contact details]