

The dividend imputation system works when an Australian corporate tax entity distributes profits to shareholders and can pass on a credit for company tax it has paid via a franking distribution.

Most resident shareholders that are individuals or superannuation funds can then claim a refundable tax offset equal to the amount of the franking credit.

Treasury has set a three-week consultation period on the exposure draft legislation, between September 14 and October 5, for stakeholders to provide feedback.

I have a "SMSF", I wish to point out some inequalities. I refer to capital raising by companies. A share issue or rights issue, the resultant shares become capital of the company. Expanded company capital and the shares are generally ranked equally after listing. The company operations and tax status remain subject to the taxation laws. I refer specifically to some examples of recent years. MyState, (MYS) Westpac, (WBC). The capital raisings would fall under scrutiny of this legislation. The viability of these companies and their ability to be an employer and a tax payer is due to the success of capital raisings.

How would convertible reset preference shares be treated under the proposed amendments? These are a regular typical financial instrument used by many companies to raise capital.

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