

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 object to the proposed legislation changes believing 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.

For many years it is well known the Taxation system is in dire need of overhauling, but it needs to be done in a fair and equitable manner. That is all tax payers have a pension entitlement. Having worked in welfare on comparably lower income for 48 years, living frugally and paying tax while investing and saving for my retirement I now find I am penalised. And, the government now wishes to penalise investors like myself further. I believe all tax paying persons have an entitlement to a pension, it taxable as in New Zealand, a fairer treatment. Some people purposefully use the system, they spend and gift wealth in order to be eligible for the pension. My registered partner also has separate investments which are

his and his alone, preventing me a Commonwealth health care card and Carer benefit – he having stage 4 cancer requiring care.

What encouragement has an individual to invest and save; retrospective penalties a further insult and an unfairness – not at all Australian!

Yours truly, Warren John CHAMBERS.