

John Church

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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 object to the proposed legislation changes especially the retrospective aspects .

I 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, could lead to the demise of the franking system.

It could 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. This should be clarified in the legislation

If passed, its application would also unfairly burden Australian investors with retrospective tax debts, to be paid at a time of economic uncertainty.

I note that the Treasurer public statements do not coincide with the proposed legislation are you able to explain this ?

A particular concern of mine is a deceased estate of a person who died in 2019 which the Executor has completed the administration of the Estate and obtained ATO clearance for the Estate. Who will the ATO seek to recover the moneys if any are due .This situation is not covered in the draft which reflects poorly on this proposed legislation.

It would be proper for you to identify companies that this legislation applies to. You are able to estimate the moneys raised by this legislation Why have you failed to do this ?

Yours Faithfully,

John Church

4th August,2022