
Dear Director

We wish to record our objection to the above proposed legislation.

In our opinion, the proposed legislation is unfair to both Australian companies and shareholders, particularly self-funded retirees who are dependent on dividends for their livelihood. Further the proposals are likely to adversely impact legitimate company activities.

The proposed legislation fails to recognise the principles underlying the franking credit regime (introduced by the Keating Government approx 30 years ago), which was to avoid double taxation of company earnings.

The proposed legislation, if widely applied, will lead to the demise of the franking credit system, to the extreme detriment of all Australian self-funded retirees. It will adversely impact the many Australian listed public companies who operate a Dividend Reinvestment Plan and their dividend distribution policies. It will increase the cost of capital for many Australian public companies and could risk stability for sectors of the Australian economy, particularly the vital banking sector.

In particular, we object to the proposed changes being made retrospective to 19 december 2016 - retrospective changes to tax laws are bad in principle and should only be made to overcome blatant tax frauds (eg the Bottom of the Harbour retrospective legislation introduced by the Fraser Government). There is no similar justification for this proposed legislation being made retrospective for a period of almost 6 years!.

It is a fundamental principle of taxation law that taxpayers are entitled to plan and implement their financial affairs on the basis of the legislation existing at the time and this principle should be adhered to other than in the most extreme circumstances.

If this legislation is passed with retrospectivity to 19 December 2016, many Australian taxpayers (and self-funded retirees in particular) will be hit with new tax debts, the extent to which they do not know.. How can we be expected to plan our financial affairs with such an unknown potential liability hanging over our heads?

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