



04 October 2022

Director
Corporate Tax Policy Unit
Treasury
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By email: frankeddistconsult@treasury.gov.au

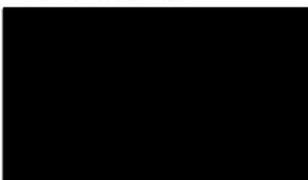
Dear Director,

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 as follows:

- 1 The time frame is way too short. Few people would understand the possible impact on their finances. Given the current financial planning fiasco in Australia, where the bulk of small investors have been disenfranchised from obtaining financial planning, few will have the opportunity to even consider let alone understand this. A detailed explanation needs to be provided to investors so they can properly consider this and comment accordingly.
- 2 Back dating of legislation is unconscionable behaviour and it is unacceptable. The recent trust distribution fiasco is a good example of unthinking legislation. For innocent investors to suddenly receive a tax bill for some retrospective event that was beyond their control or understanding is reprehensible. It is disingenuous to argue that it was announced several years ago. The reality is that these changes were not applied.
- 3 I believe the draft legislation is inequitable to Australian companies and shareholders and it could inadvertently impact situations of legitimate company operations.
- 4 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.
- 5 The Franked Distribution and Capital Raising draft legislation, if widely applied, may 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.

Yours sincerely,



David Jeffery