

**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**.

We object to the Proposed legislation changes.

We 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, 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.**

Yours sincerely,

**Dennis & Carmel Kirkpatrick**