

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, Judith Anne Macdonald, object to the proposed legislation changes.

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. Remember this regime was instigated by a Labor Government.

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.

I am a self-funded retiree who relies heavily on a modest Franking Credit refund from the ATO each year. I have lived modestly but comfortably for the 8 years since I retired. Should this facility be removed, I will have to draw on the capital in my super fund and then I will need to seek a government pension in a few years' time and will become a burden to the government. My future will feel very uncertain financially. Under the current system, I can easily support myself and am spending money in the Australian Economy helping Australian businesses.

I voted Labor in the last election because the Franking Credit issue was not ever mentioned and you had the best climate and immigration policies. I am very happy, so far with what the Labor government has done in the 6 months since the election, however, if this legislation is passed I will be voting against Labor once again. **This is a critical issue for self-funded retirees and for myself.**

Yours sincerely,
Judith Anne MacDonald
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