

Director
Corporate Tax Policy Unit
Treasury
Langton Crescent
Parkes ACT 2600

4/10/2022

Dear Director,

Thank you for the opportunity to submit a response to the consultation on the proposed legislation relating to **Franked Distributions and Capital Raisings**.

I object to the proposed legislative 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.

The Franked Distribution and Capital Raising draft legislation 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 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 recent coronavirus epidemic.

If passed, it's application would also unfairly burden Australian investors with retrospective tax debts to be paid at a time of economic uncertainty. As a shareholder and a retiree with an SMSF this retrospectivity would cost me dearly in terms of time (due to the administrative burden) and money for the period from 2016 to 2022 despite doing the right thing according to the rules of the day over this period. It is nothing more than a cynical tax grab by a government who does not know how to fairly treat the taxpayers who fund it.

Yours faithfully,
Peter Martin