

Director

Corporate Tax Policy Unit

Treasury

Langton Cres

Parkes ACT 2600

By email: frankeddistconsult@treasury.gov.au

Dear Director,

Thankyou for the opportunity to submit a response to the consultation to the proposed legislation relating Franked Distributions and Capital Raising.

I 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.

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 uninhibiting effective capital raising during challenging economic periods.

If passed its application would also unfairly burden Australian investors with retrospective tax debts to be paid at a time of economic uncertainty.

This would greatly effect me in my retirement and increase my reliance on government welfare from the aged pension.

A far better proposal would be to look at the negative gearing tax concessions given to investors in the residential property market, which raises house prices and locks out first home buyers.

Yours Sincerely

Dr Robert R Paterson,