

To:

Director
Corporate Tax Policy Unit Treasury
Langton Cres
Parkes ACT 2600
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/we] object to the proposed legislation changes.

[I/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.

For us personally we have recently retired and made financial plans for the future on the current rules. Relying on these franking credits enables us to be independent from ALL govt pensions and we are proud to be able to self fund our own retirement until we die.

We have worked hard all our life and planned our retirement to be self sufficient. We would be devastated if this changed.

We sincerely hope our perspective is considered.

Many thanks,

Debbie & Stephen Trestrail