

Director  
Corporate Tax Policy Unit  
Treasury  
Langton Cres  
Parkes ACT 2600  
By email: frankeddistribconsult@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.

**We, Dennis and Lesley Wheeler strongly object to the proposed legislation changes.**

Both of us believe the draft legislation is completely 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.

Our current position with our Self Managed Superannuation Fund is such that with out the franking credits and ability to reinvest our dividends, we will be able to obtain a pension, putting us and no doubt many others able to draw a pension, along with other benefits, and add unexpected costs to the Federal Government budget.

Maybe this is a good thing, we can get a pension, get all the pension benefits and be a burden on the Federal Government budget/public purse through these side effects of the proposed legislation changes to Franked Distributions and Capital Raising.

This proposed legislation is unnecessary and also goes against the fact Labour had dumped franking credits from their policy platform.

Yours sincerely,  
Dennis and Lesley Wheeler