

Director
Corporate Tax Policy Unit Treasury
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By [email: frankeddistconsult@treasury.gov.au](mailto: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 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.

This proposal came as a surprise and shock to my husband and myself (and with such short notice) as we were not aware of it until contacted by one of our investing companies. It seems so unfair to most investors in our situation and at such a difficult when all costs of living rising rapidly. We don't know how many retired investors in pension mode will be able to pay past debts if this proposal goes through and is retrospective to 2016.

We have been retired since 2002 and have run our own SMSF. We rely on the franking credits from our investments to live comfortably and so do not receive pensioner payments from the Government.

We **object strongly** to the above proposed legislation changes and do not understand how the present Government can propose to consider retrospective franking credit debts which were given to us at the time in good faith and that we budgeted for in our daily lives.

If this legislation goes through we will have to consider very seriously whether we vote for Labor again in the next election. We have been surprised and happy with their conduct so far but this proposal is diabolical! Mr Chambers has misled the voting public of Australia by stating in pre election speeches that Labour would not be pursuing changes in the franking credit system!

We do hope these objections are considered seriously.

Yours sincerely,

Ngairé Wright