06-December , 2022

Director

Corporate Tax Policy Unit
Corporate and International Tax Division

Treasury

Langton Cres

Parkes ACT 2600
.
.
Dear Director,

Thank you for the opportunity to submit a response to the consultation of the Treasury Laws Amendment (Off-Market Share Buy-Backs) Bill 2022.

We STRONGLY object to the proposed changes and believe the draft legislation is unfair to Australian companies and all shareholders like us !

Treasury Laws Amendment (Off-Market Share Buy-Backs) Bill 2022, if applied, will weaken the franking system.

Off-market share buy-backs and selective reductions of capital are important and established capital management tools for Australian companies and their boards. Any changes to these proven practices will negatively impact Australian companies' capital management choices and have unintended consequences.

Under the proposed amendments to off-market share buy-backs, companies would no longer be able to pay fully franked dividends to participating shareholders as part of the buy-back consideration paid. In addition, the government is also proposing to eliminate franking credits permanently to the extent it would have been paid out in a fully franked dividend to shareholders, should a company wish to conduct an off-market share buy-back in the future. So, not only is the government limiting a company's ability to distribute franking credits to shareholders, it is now proposing to permanently take those franking credits away from companies, in turn denying them the ability to distribute legitimate tax payments made on behalf of their shareholders. The above changes were added to the legislation and were not announced in the Federal Budget on 25 October 2022. It is a significant negative addition which looks to further disenfranchise Australian companies and investors.

We implore the government not to look at this proposal in isolation, but rather to view it in conjunction with the submission on Franked Distributions and Capital Raising (which closed for submission to your office on 5 October 2022). Together, these proposed changes undermine a system that has supported Australian

companies and investors through more than three decades of economic stability and growth. During that time, the world has experienced a number of major macroeconomic events such as the global financial crisis and the current system has protected Australian companies, and in turn their shareholders, through these times of economic instability, reducing companies need to take on unnecessary debt. It has encouraged Australian companies to invest in and pay corporate tax in Australia and emboldened Australians to invest locally. This, in turn, has created more jobs for Australians and provided the additional income tax revenue that Treasury and Government are currently seeking.

We believe that both the proposed changes fail to recognise the fundamental principle underlying the franking system and the reason for its creation, being the avoidance of double taxation on company earnings. If passed, the proposed changes will unfairly target retail investors, low-income investors and superannuation beneficiaries, while limiting companies' abilities to effectively manage their own capital.

We are patriotic Australians and support the principal of Australian ownership of Australian Industries and enterprises , with the profits returning to Australia , in the form of dividends and taxes.

The concept seemed admirable and eminently sensible as a practical and profitable way to support "our" country and it's enterprises , employing Australians and helping build a better Australia for the future.

Accordingly , we incorporated as many AUSTRALIAN SHARES into our portfolio as practicable......and felt that we were making a worthwhile contribution in doing so !

HOWEVER , each and every time that one of these proposals to weaken , if not destroy , the franking credits concept appear it causes us great consternation as we have built our SMSF on the basis that we would continue to receive the
benefits of OWNERSHIP of AUSTRALIAN COMPANIES in the form of
franked dividends. ..... as these dividends provide the bulk of our "income"
in our retirement .

Should our SMSF income prove inadequate then there is every possibility that
we would become PENSION RECIPIENTS , by necessity , and that would
defeat BOTH our purpose of "self sufficiency" and your purpose in encouraging superannuants TO NOT BE A FINANCIAL BURDEN on the state !

It seems to me that you fail to recognise the harm and financial costs you will inflict on us and many more like us , and in fact the DAMAGE you WILL
INFLICT on the entire concept of SUPERANNUATION !

If you take every opportunity to DISMANTLE the Superannuation concept ,
then WHY would anyone bother ?
WHY NOT just spend the lot , take the pension and live off the tax-payer !

What a wonderful LEGACY you are creating for yourselves !

.
We believe Treasury and Government are underestimating the long lasting and broad-reaching impact these changes will have on Australia and we ask you to re-consider making any changes.

STOP this nonsense NOW before you destroy our SOCIETY !!

Yours sincerely,

Suzanne Ridgway and Trevor Ridgway JP