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**From:** [REDACTED]  
**Sent:** [REDACTED]  
**To:** OMSBB Public Consultation  
**Subject:** Treasury Laws Amendment Bill 2022

Director

Corporate  
Tax Policy Unit

Corporate and International Tax Division

Treasury

Langton Cres

Parkes ACT  
260

[OMSBBpublicconsultation@treasury.gov.au](mailto:OMSBBpublicconsultation@treasury.gov.au)

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.

I object to  
the proposed changes and believe the draft legislation is unfair to Australian  
companies and all shareholders.

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.

[I/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.

I 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.

[I/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

Please contact me on [enter number / email address] if you have any questions on the below submission.

Yours  
sincerely,

Jeffrey  
Whyte

[REDACTED]