From: [redacted]
Sent: [redacted]
To: OMSBB Public Consultation
Subject: Treasury Laws Amendment (Off-Market Share Buy-Backs) Bill 2022

Director

Corporate Tax Policy Unit
Corporate and International Tax Division
Treasury
Langton Cres
Parkes ACT 2600

By email: 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 both Australian companies and shareholders and if applied will negatively impact Australian companies' capital management choices and have unintended consequences. Under the proposed amendments :

- companies would no longer be able to pay fully franked dividends to participating shareholders as part of the off-market buy-back consideration paid; and
- franking credits will be eliminated permanently if they have been paid out in a fully franked dividend to shareholders, should a company choose to conduct an off-market share buy-back in the future.

Moreover, not only is the government limiting a company's ability to distribute franking credits to its shareholders, it is now proposing permanently to take those franking credits away from companies, denying them the ability to distribute legitimate tax payments made on behalf of their shareholders.

I implore the government not to look at this proposal in isolation, but rather to view it in conjunction with submissions on Franked Distributions and Capital Raising. Together, these proposed changes undermine a system that has supported Australian companies and investors through a prolonged period of economic stability and growth. It has encouraged Australian companies to invest and pay corporate tax in Australia and Australians to invest locally which has created more jobs and provided additional income tax revenue.

I believe the proposed changes, if passed, will unfairly target retail investors, low-income investors and superannuation beneficiaries, while limiting companies' abilities to effectively manage their own capital and both 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.

As a self-funded retiree, I take both comfort and pride in the knowledge that because of the franked dividends I receive on the investment in Australian companies, I do not need to burden the taxpayer to fund my retirement and this unexpected proposal, along with earlier changes proposed by the government, causes me to pause and reflect whether it is now time to consider other options to secure my future potentially at a cost to the public purse. In the past I have occasionally participated in off-market share buy-backs, the most recent being Woolworths Limited, and consider them to be a legitimate capital management choice for Australian companies particularly where there are retail investors with small shareholdings, and I believe the proposed changes are a retrograde and unnecessary step likely to lead to unintended consequences.

Please contact me on [redacted] or by email at [redacted] if you have any questions on the below submission.

Yours sincerely,

Keith Hewitt

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