Solution:

(1)

The total amount of money that is given to the automatic reinvestment shareholders is:

$$Amount\ of\ money\ (potentially) = 0.15\ \times 6.2\ \times \$0.42\ billion = \$0.39\ billion$$

The shares that are hence, traded for this amount of money is given by:

$$Shares\ that\ are\ issued = \frac{\$0.39\ billion}{\$50\ /share} = 7.8\ million\ shares$$

Thus, the investors get 7.8 million shares instead of dividends.

The journal entries for the same are as follows:

Additional Paid-in Capital Dividends Payable To Cash (Being payment of dividends and automatic re-investment, amount are in billions of $)	0.39 2.22	 2.61

(2)

No, I do not agree with the statement. The income tax that is said to be levied on stocks is not actually levied on them, until they are thereupon sold to the market or any other person. This is actually a great plan, because it can help to increase the share of the re-investors in the company and can ensure greater dividends for the same.