

## Australia's Future Tax System Review

We are writing to express our concerns about the possibility of the winding back or elimination of the dividend imputation system and the impact any such changes would have on our retirement income.

As self funded retirees and the user of a Self-Managed Superannuation Fund, we believe;

- 1) That the tax system should be supporting self-reliance in retirement saving.
- 2) We are concerned at reports that the Henry Tax Review is considering recommendations to remove or change the dividend imputation scheme. The current scheme is a major factor in our decision to invest in Australian companies. We believe that the removal or any change to the scheme is an unfair, unnecessary and retrograde step, which will negatively impact on the value of Australian companies. Further, such a change would impact on our income at a time when the Government is encouraging the population to spend to lessen the impact of the global financial crisis.
- 3) We also believe that any reduction in the company tax rate would only serve to provide a basis for directors and senior managers of public companies to further increase their already inflated salaries and bonuses on the basis of an increase in after tax profits. Again this would not help to achieve the Governments objective to stimulate the economy.
- 4) As self-funded retirees the franking credits are put back into the community as part of our day to day spending, thus assisting in the creation and/or maintaining of employment.
- 5) Should any major changes be implemented then we would have to consider other means of retirement income, e.g. Bank deposits or property, as the franking credits make marginal yields viable when grossed up.

Finally, we consider this issue to have such an impact on our income stream that it would be a major factor in our voting decision at the next election.

L & R Beckett.