

DIVIDEND IMPUTATION.

As a Self Funded Retiree I refer to:

1. Some comments in the media and
2. Dr Henry's address to the Australian Business Tax Reform in Retrospect and Prospect colloquium on 23rd February 2008.

These lead me to believe that the panel is seriously considering changes to the Dividend Imputation system. The DI system is very important to self funded retirees like myself and other conscientious investors who are trying to provide for their retirement.

I retired some [removed for privacy reasons] years ago (now aged [removed for privacy reasons]) having accumulated sufficient funds to provide for my wife and myself in retirement. Our retirement investment strategy is based, to a very large extent, on dividends being fully franked dividend. We maintain this strategy despite the significant drop in our superannuation capital during the past 16 months. Reduction or removal of the franking credits on dividends will significantly our retirement and may result in us having to apply for the pension. This is a scenario that would not benefit the country. Throughout my working life I have saved to fund our retirement.

I do not agree with the view that abolishing the dividend imputation system would attract increased foreign investment. Overseas investors will invest based on fundamentals of companies. I worked and lived overseas for much of my working life. I had to save and invest for my retirement. Being an overseas resident meant that my investments were in my name not in a superannuation fund. I was not entitled to franking credits. Accordingly, my investments were made on the basis of fundamentals and I found that investing in Australia was better than investing in the countries where I lived. On retirement I transferred my investments to a self managed super fund. My strategy was to get the benefit of franking credits in retirement.

Courting foreign investment by penalizing Australian resident investors does not make sense to me.

I have always encouraged my [removed for privacy reasons] adult children to invest in companies with good fundamentals and franked dividends.

I appeal to the panel to make no changes to the dividend imputation system.

Yours faithfully

Patrick Doyle

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