

Dear Sirs,

I am deeply concerned about the rumours that the Henry Tax Review is considering recommendations to remove or change the dividend imputation scheme. The Dividend Imputation System in Australia is one of the most advanced and progressive elements of our tax system. The avoidance of double taxing provides actors in the Australian economy the ability to make more efficient decision without the concern of suffering from a double taxation. Of paramount importance it puts a strong incentive on companies to pay our their profits to shareholders, supporting the primary functions of an efficient capital market where investors contribute their capital to allow companies to deploy it toward profit making ventures, and subsequently return the profit (or share there of) back to shareholders. It is of great concern that the removal or change to the existing scheme would result in significant negative impact on Australian's desire to invest in our own companies, and hence the productive capacity of our economy, and in particular the share that ordinary Australians own of our productive capacity.

I believe the removal or change to the scheme is an unfair, unnecessary and retrograde step.

Steps have also been taken to incentives Australians to provide for their own retirement. Australia has the highest rate of saving for retirement of any country, however as a nation it would be a fool who suggests we have saved "too much". Australians need to continue saving more, and the dividend imputation is of fundamental importance to making superannuation an attractive scheme for the majority of ordinary Australians. The effect on our retirement savings rate by the removal of dividend imputation would be devastating, and a detriment to the country.

I am writing to you to highlight my significant concern for Australian investors, retirement savers and retirees who rely on dividend income. I have spoken widely on this issue, and the views I have canvassed have agreed that the removal of dividend imputation would be seen as a terrible decision for our country.

Any government would be foolhardy to assume that this issue would not be instrumental to Australians forming their view on where they vote. It is certainly the case that I regard this issue as serious enough to affect my voting decision at the next federal election.

Best Regards,

Chris Duffield  
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