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30 Apr 2009

Dr Ken R. Henry
Chair
Australia's Future Tax System
The Treasury
CANBERRA

Dear Dr Henry,

**PUT AN UPPER LIMIT ON ELIGIBLE PRIVATE HEALTH REBATES
REVIEW MEDICARE GAP
ASSETS TO BE HELD FOR 3 YEARS BEFORE ELIGIBLE FOR CAPITAL GAINS
CONCESSION
RETAIN IMPUTATION CREDITS
SLIGHTLY REDUCE COMPANY TAX**

I write as a retiree aged [removed for privacy reasons] who was a [removed for privacy reasons] so I have a modest self funded defined benefit pension. I also saved to hold a modest investment portfolio. As a recipient of the former government's over generous benefits to middle class Australians the times require that some of that has to be capped so that those at the bottom can be helped and move us to a just society.

The private health rebates are important but should be for basic and significant health issues rather than some of the more fancy options offered by Health Funds which the poor can not afford in any case. It seems to me to be a benefit for the rich to get subsidies for add ons which they can afford but which the needy can not realistically consider. Similar arguments seem to apply to much of the Medicare Gap. Specialist doctors are the beneficiaries and statistics indicate that patient beneficiaries come from well off postcodes. The idea was good but the execution has failed.

My view is that capital gains concessions should be available only where there is evidence of a moderate term investment in the asset. The easiest test of moderate investment span is time. While equity may suggest a tapered run off over, say 5 years, that adds a complication to an already complex tax system. I think 3 years would be a reasonable compromise.

Many self funded retirees have based their independence on imputation credits and invested in Australian companies. If these are a disincentive to international company to invest in Australia, then I suggest a modest reduction in company tax to, say 25%, which improves attractiveness to international companies but also reduces, a little, the cost of imputation credits in the budget.

These are the views of an average tax payer who does not have the capacity to cost his suggestions.

Yours sincerely,

ROBERT M FELS