

I am a Trustee of a Self-managed Super Fund: it has come to my attention that the Henry Tax review is considering recommendations to remove or change the dividend imputation scheme.

Clearly, such a move would have the most deleterious effects on the following:

1. The share market – already under stress, this move would simply compound the problems for Australian companies by causing investors to flee the market – at the very time that the Government wants to stimulate the economy! The recession would head for Depression.

The stimulus package was designed to get people to spend more, and thus encourage the retail sector: what about folk like me who have saved for [removed for privacy reasons] or more years, and now cannot spend, because you have imposed an extra tax burden on us? The idea is ludicrous.

2. For retirees, the ability to become self supporting, instead of relying on the government pension would become problematical – to say the least. The rationale for creating a favourable tax environment for retirees would be thrown out if retirees like myself can't obtain sufficient income from dividends - we will simply have to fall back on the public purse. The current economic crisis was not of the Government's making, but to exacerbate the situation with such an ill-conceived recommendation, goes counter to every sensible move the government has taken thus far.

I believe that you are aware of the power - the ever-growing power - of the grey vote? Well, don't underestimate it. You should warn your colleagues that cutting our income in this fashion will have two effects: a much greater burden on the State to support us and as a result, we will throw you out of government at the next Federal election.

Apart from retirees, you will of course affect the investment community at large: so the voting lobby against the government will not be confined to us, but be much more widespread. The measure, if created, will be short-lived (until the next election)!

We have already been let down badly by the incompetence of ASIC , which allowed thousands of us to lose our homes because we relied on the oversight and protection of the so-called regulator (as in the case of Storm Financial and many others). Is the government now trying to recoup its losses by gouging the most vulnerable, who have worked all their lives and paid taxes throughout? Forget it.

Thank you.

Stanford Lifschitz

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