

Dear Sir / Madam

My comments on dividend imputation for the panel to consider.

Stopping dividend imputation would be an appalling outcome for self-funded retirees. Dividends usually make up the majority of their income.

Without dividend imputation, the profits that investments generate are being taxed twice, which is clearly inequitable.

The dividend imputation system has been a significant factor in encouraging retail investors to participate in the Australian equity markets. This system is a factor in the ability of Australian companies to produce consistently high shareholders returns. Retail investors are a significant source of long-term equity capital funding for Australian companies. This may well change with the removal of dividend imputation.

One of the arguments in favour of removing dividend imputation is that this will allow corporate tax rates to fall which would then lead to an increase in share prices. Self-funded retirees would have to sell investments in order to benefit from increased share prices.

Yours sincerely,

Colin Macnamara