

We are writing to you because of concerns we have that dividend imputation may be either wound back or removed.

We are both fully retired and our income comes from a Self managed Superannuation Fund. We believe that the tax system should be encouraging us to be self supporting in our retirement and therefore supporting the choice and competition that SMSF's bring to Australia's superannuation system.

We are greatly concerned at reports that the Henry Tax Review is considering recommendations to remove or change the dividend imputation scheme. The current scheme supports our desire to invest in Australian companies. We believe a removal or change to the scheme is an unfair, unnecessary & retrograde step & will negatively impact the value of Australian companies we have invested in & which provide us with dividend income that includes franking credits.

As self funded Australian retirees we rely upon dividend income which includes franking credits. Without this income we will have to start eating into our capital & hence become eligible for a part Australian old age pension, which we had hoped never to do.

In fact, we both regard any changes to the current dividend imputation system as so serious that our voting decision in the next Federal Election will definitely be affected.

Yours sincerely

*Joe & Judy Mellis*