

Chairman  
Australia`s Future Tax System Review

cc. Treasurer, the Hon. Wayne Swan MP  
cc Annette Ellis, Member for Canberra

I understand that the Treasury review of the Australian taxation system may be considering negative changes to the existing Australian dividend imputation or franking credit system.

My wife and I are users of a Self-Managed Superannuation Fund and believe that an Australian tax system should support self-reliance in retirement saving because of the competition such SMSFs introduce into the Australian Superannuation System.

Australian companies that provide retirement income through dividends including franking credits need to be supported by retiree investors and this is highly desirable during the present global economic environment.

In our case, and I suspect in many other retiree cases, franking credits are a large part of limited discretionary spending monies during the twilight years of our lives. As the costs of goods and of services rises we have increasing expenditure on such items as house maintenance, transport, foodstuffs, and general living. A consequential reduction in our income would have a direct affect on retail sales, GST revenue, unemployment and cascading on throughout the general economy.

I am concerned that an Australian Government could contemplate such an unfair, unnecessary and retrograde course of action that penalises retirees who rely on diminishing dividends and franking credits as their income.

Thank you for considering our concerns,  
Ray and Joy Milbourne  
26 April 2009.