

Attention: AFT Submissions

Dear Sir/Madam

We are contacting you in regard to 'Australia's Future Tax System Review', chaired by Treasury Secretary Ken Henry, which some media have reported as considering plans to wind-back or eliminate Australia's dividend imputation, or franking credit, system.

We are users of a Self-Managed Superannuation Fund (SMSF). We strongly believe the tax system should be supporting self-reliance in retirement saving and therefore supporting the choice and competition that SMSFs bring to Australia's superannuation system.

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

We are writing to highlight our concern for Australian investors who rely on dividend income, especially retirees. We planned our retirement carefully, with an SMSF, and to now find that the government we voted for is considering changes to Australia's dividend imputation will mean that our funds will not support us for our lifetime and, like many others, we will have to depend on an aged pension. This will definitely be an additional drain on government coffers.

If the Review does go ahead with recommendations to remove or change the dividend imputation scheme, to prolong our SMSF for as long as possible we will not invest in companies that are affected by changed legislation, i.e. Australian companies. We will assuredly not be alone in this decision.

We have both considered ourselves as life-long supporters of the Labor Party and happily celebrated what we considered was a long-overdue and necessary victory at the last Federal Election. Sadly we now find ourselves in a position where this current Review could completely change our mindset. **We regard the above issue as serious enough to affect our voting decision at the next Federal Election.** As such we fervently hope that the Henry Tax Review does not remove or change the dividend imputation scheme.

Yours sincerely

Tony Pelling and Barbara Trewin

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