The writer has read with interest the speech by Dr Ken Henry (Chair – Australia's Future Tax System Review Panel and Secretary to the Treasury) to the Australian Council of Social Service National Conference.

Dr Henry addressed the question of equity and inequity involved in any adjustment of the present taxation system.

The writer submits to the Review Panel that any change in the present system of dividend imputation would be inequitable to those taxpayers who have set up self-managed superannuation funds on the principles set out under the Simpler Super legislation of 2006.

Such funds were set up under the taxation regulations then pertaining, and the removal of imputation credits would mean (as an example) that, after only three years of the Simpler Super system, the ability of the writer's fund to provide retirement income would be reduced overnight by 27%, based on 2008/09 figures. The writer's retirement investment decisions were based on a system that might no longer exist.

Taxpayers who are beyond the age at which they can be usefully employed will not have the option of returning to work to top up their income or their fund, and are faced with a permanent and annual loss of income. Such taxpayers may be forced to draw the Commonwealth pension, an outcome they had sought to avoid.

In the writer's view, retrospective legislation (as this would effectively be) that causes damage or disadvantage is inequitable to persons who have abided by the original legislation, in this case to taxpayers who have made retirement decisions based on a system which may prove to be superseded after only three years.

BRIAN PRINGLE