

14/4/09
The Chairman,
Australian Government Review of Taxation Committee
Canberra

Dear Sir,

There are rumours circulating that your committee has signalled that it is targeting the share dividend imputation system and that you are examining the possibility of recommending abolition of the imputation system.

In the event that these rumours are correct I write to argue that you should not recommend to the Government that they abolish the Imputation system on the following basis: -

- Abolition of the system would have far reaching negative ramifications for shareholders in Australian Listed Companies.
- It would make capital raising harder for Companies
- The effect would be detrimental to the Superannuation industry and particularly self-funded retirees such as myself as I derive the majority of my income from the current system.
- Abolition of the imputation system is likely to cause many self funded retirees to access the Social Security System causing additional pressure on governments funds.
- Tax has already been levied on Franked Company Dividends and abolition of the Imputation system would then subject these dividends to double taxation.
- I believe that a part of your deliberation is that the Imputation system gives a bias to investment in shares over Interest Bearing Accounts and Government Bonds, however I do not see any correlation as the investment income from Interest Bearing Accounts and Bonds is not taxed prior to receipt by the investor in the same way as Company Franked Dividends.

I trust that my point of view will be given consideration in your deliberations.

Yours Faithfully

Andy Savas
Trustee - A N Savas Superannuation Fund