

Treasurer, the Hon. Wayne Swan MP:

We are members of a Self-Managed Superannuation Fund, and are concerned to read reports of several proposed or possible changes to Australia's future tax system, being considered by the current Tax Review chaired by Treasury Secretary Ken Henry.

Of particular concern is the report by Alan Kohler that the Review is considering winding-back or eliminating Australia's dividend imputation, or franking credit, system. This would have a severe negative impact on share income, and particularly on retirees such as us. We have been encouraged to set up a SMSF to be self-sufficient in retirement, but with a reduced dividend income there would be less incentive to invest in Australian companies. The removal or change in the dividend imputation scheme would, we believe, be an unfair and retrograde step.

A separate, but also very serious, issue is the suggestion that there could be a reconsideration of the newly introduced ruling that income from Superannuation schemes is not now included in taxable income. Adding this component back into the total taxable income would of course have a huge effect on the income of retirees, which is already seriously reduced by the current financial crisis.

Yours faithfully,
Sheila and Stewart Turner
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