

Australia's Future Tax System Review

Dear [Committee Members](#)

I wish to make the following submission to the review of Australia's Future Tax System.

I am greatly concerned at reports that the Tax Review is considering removal or change to the dividend imputation scheme. I believe my comments below will reflect the concerns of the many thousands of other Australian retirees who rely on dividends and the cash refund of franking credits for their retirement income stream.

As a user of a Self Managed Superannuation Fund (SMSF) I depend on the income generated by the fund to provide for my retirement. This fund like many others, has a high ratio of investment in Australian Shares, the objective being to earn essential income through dividends that include franking credits.

The decline in dividend returns as a consequence of the Global financial crisis, has now significantly reduced retiree's superannuation income. Removal or change to the dividend imputation scheme will further greatly diminish retirement income by placing an additional, severe, unnecessary and unfair burden on the income generating capacity of SMSFs and other industry superannuation funds.

SMSF's and general superannuation investment strategies have been set up in a **framework of dividend imputation arrangements that has been actively supported by the current and previous Federal Governments** so as to provide incentive for Australians to invest in our Australian companies. Removal or change to the scheme will greatly diminish the desire of Australians to make such investments and cause many to reconsider the value of such, with likely detriment to the Australian companies. **It could also be considered a betrayal of trust that Australian superannuants have placed in the Government.**

Further, any removal or diminution of dividend imputation for Australian taxpayers so as to provide an increased revenue base that can be used to reduce Company Tax, is in effect robbing income from Australian retirees and ordinary investors in order to bolster company profits. It is very doubtful whether such increased profits, from especially foreign companies, would necessarily be returned to individual Australian investors.

The Australian tax system should be structured to support self reliance for retirement saving and income generation, and in so doing diminish the need for payment of Federally funded social security. SMSFs provide Australians with investment choice and they bring competition into the Australian superannuation industry. The present dividend imputation scheme underpins the SMSF's capacity to maximize the use of franking credits for the individual and it also supports the Australian superannuation industry's capacity to provide an adequate retirement income stream. These levels of support in many cases enable retirees to survive financially without being a burden on the social security system.

I urge the Review to give careful consideration to the implications of any possible change to the dividend imputation scheme.

I regard this matter with a high degree of seriousness and the position adopted by Federal Members and Senators will greatly influence my voting decision at the next Federal election.

Yours faithfully,

Robert K Waldron

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