

I should like to lodge the following submission:

I am concerned that there has been some public discussion that the dividend imputation system should be abolished as part of the reform of the tax system. I think this would be a most retrograde step as this system was only recently introduced to eliminate the iniquitous double taxation of dividends – once by the company and again in the hands of its shareholders. It has been suggested that removing dividend imputation would free up \$20 billion per year of funds. What this really seems to be saying is that recipients of income in the form of dividends would be asked to pay \$20 billion more in taxation which could then be paid out in other areas.

This change would make share investment quite unattractive to many investors, and would encourage more investment in non-productive sectors of the economy such as real estate. One of the major groups that would be affected by this change is self-funded retirees. Removing dividend imputation would represent a huge and unfair shift in the tax burden onto this group that has managed its affairs so that it is not dependent on the state for its existence. Many of these people would no longer be able to support themselves and would be forced to seek government support to survive.

Guy Ward

[removed for privacy reasons]