Dear Sir/Madam

My wife and I are self-funded retirees, living off pensions paid to us by our self-managed super fund. We are very alarmed to read of the possibility that the government may revoke the current practice whereby imputation credits earned from share dividends may be claimed as tax deductions or refunds in the hands of superannuation funds and the like.

Reinstating the previous practice of "double dipping" on taxation paid on company profits would be a very retrograde step and represent the imposition of a substantial increase in taxation by a "back door" method.

The current global financial crisis has caused self-funded retirees such as ourselves to experience very substantial decreases in the value of our funds but, more importantly, we have suffered a big drop in the income generated by our funds and from which we derive our pensions and livelihood.

The reduction in company profits and consequently dividends paid has been further exacerbated by the dramatic reduction (50% or more) in the income we receive from investments tied to the official interest rate. The interest rate reduction has been beneficial to many, but a crippling blow to many others as well.

We, and all other self-funded retirees, are no drain on the public purse at present. If the deductibility of imputation credits were to be disallowed, and possibly additional burdens imposed, it is very conceivable that we and many others would then fall below the minimum income and asset levels to entitle us to claim pensioner benefits – at which time we would become a financial drain on the public purse. The government should consider such potential impacts very carefully – it could cost them more than they save.

Yours sincerely,

Howard Westmoreland