

Dear sir/madam

By way of background Plato Investment Management Limited is an Australian shares specialist fund manager with a particular focus on after tax investing. We believe it is important to maintain the integrity of the current dividend imputation system which has served Australia well for the past 25 years.

General questions:

- Which option/s would best prevent dividend washing from occurring?

We prefer approach 3.2, modifying the holding period rules.

- Would the options canvassed have unintended consequences for legitimate trading activities?

We don't believe so, but we do believe 3.2 is the simplest method to administer.

- Would the options canvassed create undue levels of uncertainty or complexity for taxpayers?

We are happy with option 3.2 but believe options 3.3 and 3.4 create some uncertainty and complexity and so are least desired.

Specific questions:

- If modifications to the holding period rules were made, would the description of their application in this discussion paper provide taxpayers with enough certainty?

We believe the stated modified holding period rules are quite easy to understand and promote sufficient certainty for investors to understand their consequences.

- If modifications to the holding period rules were made, should they be targeted to the period after a share goes ex-dividend on a time basis or concept basis?

We are not entirely sure what your definition of concept basis is, but we believe it is reasonably clear what "the purchase of the cum-dividend shares would be taken to have occurred immediately before the shares went ex-dividend". Perhaps it might be simpler to say "if a shareholder purchases cum-dividend shares on or after the relevant ex-dividend date, for taxation purposes the date of purchase of the cum-dividend shares will be deemed to be the last official cum dividend business day prior to the relevant ex-dividend date".

- Should adding a criterion to the anti-avoidance rules be adopted as a complementary measure to modifying the holding period, a substitute measure, or not be adopted at all?

We don't believe any criteria should be added to the anti-avoidance rules.

- Would it make more sense to modify the holding period rules or insert a specific double franking credit integrity rule to the general anti-avoidance provisions?

We believe it makes most sense to modify the holding period rules. The anti-avoidance provisions are general by nature, not specific, so why add a specific rule to them.

Should you want any further clarification of these issues, please do not hesitate to contact me directly by email or telephone.

regards

Don Hamson | Managing Director

Plato Investment Management Limited

Level 35

60 Margaret St

Sydney NSW 2000 Australia

Phone +612 8970 7900 | Mobile 0419 703 728

don.hamson@plato.com.au | www.plato.com.au



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