

Tax Policy Report: Table – Tax Working Group recommendations

Date:	6 March 2019	Report No:	T2019/610 IR2019/128
		File Number:	

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	Read before your meeting on 7 March	Thursday 7 March
Minister of Revenue (Hon Stuart Nash)	Read before your meeting on 7 March	Thursday 7 March

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Jordan Ward	Team Leader, The Treasury	s9(2)(a)	
Emma Grigg	Policy Director, Inland Revenue		✓

Actions for the Minister's Office Staff (if required)

Return the signed report to the Treasury
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Note any feedback on the quality of the report

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Enclosure: No

Tax Policy Report: Table – Tax Working Group recommendations

1. We understand that you are meeting on Thursday 7 March to discuss options for a package of tax reform.
2. In order to support that discussion, attached to this report is a table containing the 99 recommendations made by the Tax Working Group (TWG) in their Final Report. This is the same table we provided to you on 14 February (T2019/243, IR2019/062 refers), however, we have included the revenue impacts for each recommendation (if known). If the revenue impact has not been determined, the general impact has been provided.
3. We have also included a column for you to provide comments if you so desire.
4. The revenue impacts of the recommendations that could be considered for inclusion in a mid-year package of tax reform are provided in the joint report, *Information on revenue-negative tax measures* (T2019/616 refers).

Recommended Action

We recommend that you:

- a **Read** this report before your meeting on Thursday 7 March.

Jordan Ward
Team Leader
The Treasury

Emma Grigg
Policy Director
Inland Revenue

Hon Grant Robertson
Minister of Finance

Hon Stuart Nash
Minister of Revenue

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RECOMMENDATIONS OF THE TAX WORKING GROUP

The table below lists all 99 recommendations in the Tax Working Group’s Final Report, with the following columns:

- **Status:** Indicates the status of the recommendation as per the table key below.
- **Officials’ comment:** Officials’ views are provided on an on-exceptions basis (for example, where officials have a different view to the TWG). This reflects officials advice provided to the Tax Working Group. Supporting analysis is typically contained in relevant Secretariat papers. We have also noted where you have already received advice relating to the recommendation, as well as links to other work programmes.
- **Revenue impact:** Indication of revenue impact. Note that the revenue impact for many of the recommendations has not been determined and therefore only general impacts are given (excludes administrative costs).
- **Comment:** Space for you to indicate if you would like to receive further advice on particular recommendations or would like to make a comment.

Table key:

No further work (NFW)	A decision has been made and/or no further work is required.
Work underway (WU)	Work is already underway in the Treasury/Inland Revenue or another agency.
Mid-year package (MYP)	Could be considered for inclusion in a mid-year package announcement.
Work programme (WP)	Could be considered for the Tax Policy Work Programme (a refresh is scheduled for mid-2019)/other agency work programme and/or require further advice

Rec	TWG Final Report Recommendation	Status	Officials’ comment	Revenue impact (over 5 years)	Comments
Extension of Capital Gains					
1	The majority of the TWG recommends a broad extension of the taxation of capital gains.	MYP	See <i>Tax Working Group final report – officials’ companion advice</i> (T2019/113, IR2019/041 refers).	Revenue positive, \$8.3 billion	
2	If a broad extension of capital gains taxation was adopted, the TWG recommends that it have the characteristics detailed in Volume II of their report.	MYP			
Capital and wealth					
3	Do not introduce a wealth tax.	NFW	In responding to the Interim Report, the Government confirmed it is comfortable that no further work is undertaken on wealth and land taxes.	N/A	
4	Do not introduce a land tax.	NFW		N/A	
Environmental and ecological outcomes					
5	Adopt the TWG’s framework for taxing negative environmental externalities.	WP		N/A	
6-8	<p>Greenhouse gases</p> <p>a) Support for a reformed Emissions Trading Scheme (ETS) as the centrepiece of emissions reduction efforts, but there should be greater guidance on price and auctioning emission units to raise revenue.</p> <p>b) Periodic reviews of the ETS to ensure it is fit for purpose.</p> <p>c) Emissions should face a price, including from agriculture, either from ETS or a complementary system.</p>	WU	ETS reforms are currently being considered as part of the Climate Change Response Act Amendment Bill. The Interim Climate Change Committee (ICCC) is considering the treatment of agricultural emissions in the ETS and will make a decision by April 2019.	Revenue positive, but depends on the design of any changes.	

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Rec	TWG Final Report Recommendation	Status	Officials' comment	Revenue impact (over 5 years)	Comments
9-11	Water abstraction and water pollution a) Tax instruments could be considered to address water pollution and water abstraction challenges. b) Further develop tools to estimate diffuse water pollution. c) Introduce input-based tax instruments, including on fertiliser, if significant progress is not made in the near term on output-based approaches.	WU	The Water Taskforce is working to achieve improvements in water quality as well as efficient and fair allocation of freshwater and nutrient discharges. Initial consultation on discharge approaches is expected in mid-2019.	Revenue positive, but depends on the design of any tax instrument.	
12-15	Solid waste a) Supports the Ministry for the Environment's review of the rate and coverage of the Waste Disposal Levy. b) Expand the coverage of the Waste Disposal Levy. c) Reassess the negative externalities associated with landfill disposal in New Zealand to ascertain if a higher levy is appropriate. d) Review hypothecation of the Waste Disposal Levy to ensure funds are being used in the most effective way to move towards a more circular economy.	WU	The Ministry for the Environment is currently reviewing the Waste Disposal Levy and is due to report to Ministers by October 2019. In respect of (d), officials consider the use of funds should not be restricted to circular economy initiatives.	Revenue positive, but the impact depends on decisions on the rate of the levy.	
16	Transport Supports current reviews by the Government and Auckland Council into introducing congestion pricing.	WU	The Congestion Question project's Phase II report is due to Ministers mid-2019.	Revenue positive, but has not yet been quantified.	
Concessions					
17	Costs associated with the care of land subject to a QEII covenant or Ngā Whenua Rāhui be tax deductible.	WP	If this measure was to progress, the concession should not be overly broad such that it would allow deductions for expenses that have no connection to a business or other taxable activity.	Potentially revenue negative, but likely to be minor.	
18	Consider an FBT exemption for public transport.	WP	Officials would need to analyse the benefits of having an exemption for public transport, versus the integrity and fiscal costs. Incentives for purchasing electric vehicles is being progressed as a Budget 2019 bid.	Revenue negative to the extent businesses pay FBT now on public transport, impact expected to be minor.	
19	Review various tax provisions specific to farming, forestry and petroleum mining with a view to removing concessions harmful to natural capital, while also considering new concessions that could enhance natural capital.	WP		Depends on the results of the review.	
Other environmental recommendations					
20	Recycle some or all of the revenue raised by environmental taxes into measures that support the transition to a more sustainable economy.	WP	Officials do not recommend strict hypothecation. Recycling revenue raised by auctioning is an option being considered as part of reforms to the ETS. Revenue recycling already occurs with the Waste Disposal Levy.	Could offset revenue positive impacts of environmental changes described above.	
21	Over the longer term, consider an environmental footprint tax or a natural capital enhancement tax.	WP		Revenue positive, but the impact depends on the design and level of any tax.	
22	The Government should strengthen its environmental tax capabilities, including with the Parliamentary Commissioner for the Environment.	WP		N/A	
23	Commission incidence studies on environmental taxes.	WU	The assessments of distributional impacts of environmental taxes can be carried out as part of consideration of specific environmental tax initiatives.	N/A	
24	Undertake further work to assess how taxes can complement other environmental policy measures and to work through the design principles in the TWG's framework for taxing negative environmental externalities.	WP		N/A	
The taxation of business					

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Rec	TWG Final Report Recommendation	Status	Officials' comment	Revenue impact (over 5 years)	Comments
25	Retain the imputation system.	NFW		N/A	
26	Do not reduce the company tax rate at the present time.	NFW		N/A	
27	Do not introduce a progressive company tax.	NFW		N/A	
28	Do not introduce an alternative basis of taxation for smaller businesses, such as a cash flow or turnover taxes.	NFW		N/A	
29	Retain the 17.5% rate for Māori authorities.	NFW		N/A	
30	Extend the 17.5% rate to the subsidiaries of Māori authorities.	WP		Revenue negative, but has not been quantified.	
31	Consider technical refinements to the Māori authority rules, as suggested by submitters, in the Tax Policy Work Programme.	WP		Unknown	
32	Change the loss continuity rules to support the growth of innovative start-up firms.	MYP	See <i>Tax Working Group final report – officials' companion advice</i> (T2019/113, IR2019/041 refers).	Revenue negative, \$0.2b	
33	Reform the treatment of black-hole expenditure by spreading such expenditure over five years with a \$10,000 safe-harbour threshold of upfront deducts for feasibility expenditure.	MYP		Revenue negative, \$0.1b	
34	Consider restoring depreciation deductions for buildings if there is an extension of the taxation of capital gains (subject to fiscal constraints). To manage the fiscal costs, the Government could reinstate building depreciation on a partial basis for: <ul style="list-style-type: none"> a) seismic strengthening only; b) multi-unit residential buildings; or c) industrial, commercial, and multi-unit residential buildings. 	MYP		Revenue negative Depreciation for: <ul style="list-style-type: none"> • commercial buildings (1% dv rate), revenue negative s9(2)(f)(iv) • industrial buildings (1% dv rate), revenue negative s9(2)(f)(iv) • multi-unit residential buildings (1%dv rate), revenue negative s9(2)(f)(iv) • seismic strengthening (up to 67% of new building standard, 30 year straight-line deductions), revenue negative s9(2)(f)(iv) 	
35	Consider tax measures that encourage building to higher environmental standards.	WP	Officials' do not support these measures.	Revenue negative could be significant but depends on the design of any tax measures.	
36	Consider developing a regime that encourages investment into nationally-significant infrastructure projects.	WP		Revenue negative could be significant but depends on the design of any tax measures.	
37	Examine the following options to reduce compliance costs: <u>For immediate action:</u> <ul style="list-style-type: none"> a) Increasing the threshold for provisional tax from \$2,500 to \$5,000 of residual income tax. b) Increasing the closing stock adjustment from \$10,000 to \$20,000 - \$30,000. c) Increasing the \$10,000 automatic deduction for legal fees, and a potential expansion of the automatic deduction to other types of professional fees. d) Reducing the number of depreciation rates, and simplifying the process for using default rates. <u>Subject to fiscal constraints:</u> <ul style="list-style-type: none"> e) Simplifying the fringe benefit tax, and simplifying (or even remove) the entertainment adjustment. f) Removing resident withholding tax (RWT) on close company-related party interest and dividend payments, subject to integrity concerns. g) Removing the requirement for taxpayers to seek the approval of the Commissioner of Inland Revenue to issue GST Buyer Created Tax Invoices. h) Allowing special rate certificates and certificates of exemption to be granted retrospectively. i) Increasing the period of validity for a certificate of exemption or special rate certificate. j) Removing the requirement to file a change of imputation ratio notice with Inland Revenue. k) Extending the threshold of 'cash basis person' in the financial arrangement rules 	MYP	s9(2)(f)(iv)	s9(2)(f)(iv)	

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Rec	TWG Final Report Recommendation	Status	Officials' comment	Revenue impact (over 5 years)	Comments
	<p>which would better allow for the current levels of personal debt.</p> <p>l) Increasing the threshold for not requiring a GST change of use adjustment. <i>The Government should also review and explore opportunities to:</i></p> <p>m) Adjust the thresholds for unexpired expenditure, and for the write-off of low value assets.</p> <p>n) Help small businesses reduce compliance costs through the use of cloud-based accounting software.</p> <p>o) Consider compensation for withholding agents if additional withholding tax obligations are imposed.</p> <p>p) Review the taxation of non-resident employees.</p> <p>q) Review whether the rules for hybrid mismatches should apply to small businesses or simple business transactions.</p>			s9(2)(f)(iv)	
38	Give favourable consideration to exempting the New Zealand Superannuation Fund from New Zealand tax obligations.	WP	See <i>Further Information on TWG issues raised</i> (T2019/175, IR2019/031 refers).	Broadly neutral	
International income taxation					
39	New Zealand should continue to participate in the OECD discussions on the future of the international tax framework.	WU		N/A	
40	The Government should stand ready to implement a digital services tax if a critical mass of other countries move in that direction, and it is reasonably certain New Zealand's export industries will not be materially impacted by any retaliatory measures.	WU	Cabinet approval is being sought to release a discussion document for public consultation on options for taxing the digital economy, including a digital services tax, (T2019/171, IR2019/038 refers).	Revenue positive, digital services tax is expected to raise \$30-\$80m	
41	New Zealand should actively monitor developments and collaborate with other countries with respect to equalisation taxes.	WU		N/A	
42	Ensure, to the extent possible, that our double tax agreements and trade agreements do not restrict our taxation options in these matters.	WU		N/A	
Retirement savings					
43	<p>Consider encouraging the savings of low-income earners by carrying out one or more of the following:</p> <p>a) Refunding the Employer Superannuation Contribution Tax (ESCT) for KiwiSaver members earning up to \$48,000 per annum. This refund would be clawed back for KiwiSaver members earning more than \$48,000 per annum, such that members earning over \$70,000 would receive no benefit.</p> <p>b) Ensuring that a KiwiSaver member on parental leave would receive the maximum member tax credit regardless of their level of contributions.</p> <p>c) Increasing the member tax credit from \$0.50 per \$1 of contribution to \$0.75 per \$1 of contribution. The contribution cap should remain unchanged.</p> <p>d) Reducing the lower PIE rates for KiwiSaver funds (10.5% and 17.5%) by five percentage points each.</p>	MYP	<p>Officials recommend a broader range of measures (including non-income tax measures) be considered to assist low-income earners to achieve distributional objectives.</p> <p>Officials recommend delaying any design decisions on personal tax and welfare settings until later in 2019 to allow time to consider the Welfare Expert Advisory Group's (WEAG) recommendations and to develop an integrated personal tax and transfer package.</p> <p>See <i>Tax Working Group final report – officials' companion advice</i> (T2019/113, IR2019/041 refers).</p>	<p>Rebated ESCT exemption, revenue negative \$1.7b</p> <p>Full member tax credit for KiwiSaver members on parental leave, revenue negative \$70m</p> <p>Increase member tax credit to 0.75c, revenue negative \$2.6b</p> <p>Decrease lower PIE rates by 5 percentage points, revenue negative \$.7b</p>	
44	Consider ways to simplify the determination of the PIE rates (which would apply to KiwiSaver).	WP		Revenue impact depends on design of rules concurrent measures	

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Rec	TWG Final Report Recommendation	Status	Officials' comment	Revenue impact (over 5 years)	Comments
Personal income tax					
45	Recommendations on personal tax are dependent on the objectives of the Government: a) If the Government wishes to improve incomes for very low income households, the best means of doing so will be through welfare transfers. b) If the Government wishes to improve incomes for certain groups of low to middle income earners, such as full-time workers on the minimum wage, then changes to personal income taxation may be a better option.	MYP	Officials recommend delaying any design decisions on personal tax and welfare settings until later in 2019 to allow time to take into account the Welfare Expert Advisory Group's (WEAG) recommendations and to develop an integrated personal tax and transfer package. s9(2)(f)(iv)	See joint report, <i>Information on revenue-negative tax measures</i> (T2019/616 refers).	
46	Consider increases in the bottom threshold of personal tax to increase the progressivity of the personal tax system.	MYP			
47	Consider combining increases in the bottom threshold with an increase in the second marginal tax rate.	MYP	s9(2)(f)(iv)		
48	Suggests that if (47) is adopted, consider a reduction of the abatement rate of Working for Families tax credits to offset the impact of the increase.	MYP			
49	Prefer increasing the bottom threshold to introducing a tax-free threshold.	MYP			
50	Consider an increase in net benefit payments to ensure beneficiaries receive the same post-tax increase as other people on the same income.	MYP			
51	Consider changes to tax rates and thresholds alongside any recommendations made by WEAG.	MYP			
52	No reduction in the top marginal tax rate because it is already low by international standards and it would not increase progressivity of the tax system.	NFW			
53	The TWG notes that many submissions called for increasing tax personal tax rates to make a material reduction in income equality through the personal tax system. These increases are precluded by the TWG's Terms of reference and the TWG did not undertake an analysis of the options (and their effectiveness).	NFW	Outside of the scope of the TWG.		
Future of work					
54	Support Inland Revenue's efforts to increase the compliance of the self-employed, particularly expanding the use of withholding tax as far as practicable, including to platform providers such as ride-sharing companies.	WU	Budget funding has been allocated, and this is on the Government's current tax policy work programme.	Revenue positive , but not quantified, also depends on design of any rules.	
55	Support the facilitation of technology platforms to assist the self-employed meet their tax obligations through the use of 'smart accounts' or other technology based solutions.	WU			
56	Continue (through Inland Revenue's current work) to use data analytics and matching information to specific taxpayers to identify underreporting of income.	WU			
57	Review the current GST requirements for contractors who are akin to employees.	WP			
58	Align the definition of employee and dependent contractor for tax and employment purposes.	WP	Will require consultation with the Ministry of Business, Innovation and Employment.		
59	Provide more support for childcare costs, with this support best provided outside the tax system.	WP			Revenue negative , but depends on design.
Integrity of the tax system					
60	A review of loss-trading, potentially in tandem with a review of the loss continuity rules for companies.	MYP	Consider as part of recommendation 32.	Revenue positive , but not quantified, also depends on design of any rules	
61	Inland Revenue should have the ability to require a shareholder in a closely-held company to provide security to Inland Revenue if: a) The company owes a debt to Inland Revenue; and b) The company is owed a debt by the shareholder; and c) There is doubt as to the ability/and or the intention of the shareholder to repay the debt.	WP		Revenue positive , impact unknown	
62	Further action in relation to the hidden economy, including:	WU	See <i>Budget 2018: Self-employed Compliance Initiatives</i> , IR2018/734	Revenue positive , impact unknown	

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Rec	TWG Final Report Recommendation	Status	Officials' comment	Revenue impact (over 5 years)	Comments
	<ul style="list-style-type: none"> a) An increase in the reporting of labour income (subject to not unreasonably increasing compliance costs on business). b) A review of the measures recently adopted by Australia in relation to the hidden economy, with a view to applying them in New Zealand. c) The removal of tax deductibility if a taxpayer has not followed labour income withholding or reporting rules. 				
63	That Inland Revenue continue to invest in the technical and investigatory skills of its staff.	WU	Inland Revenue continues to invest in staff skills and capabilities, and this will be monitored on an ongoing basis.	N/A	
64	Further measures to improve collection and encourage compliance, including: <ul style="list-style-type: none"> a) Making directors who have an economic ownership in the company personally liable for arrears on GST and PAYE obligations (as long as there is an appropriate warning system). b) Departure prohibition orders. c) Aligning the standard of proof for PAYE and GST offences. 	WP		Revenue positive, impact unknown	
65	The establishment of a single centralised Crown debt collection agency to achieve economies of scale and more equitable outcomes across all Crown debtors.	WP	<div style="background-color: #cccccc; padding: 5px;">s9(2)(f)(iv)</div> <p>The establishment of a single debt collection agency for government debt would require significant consultation between government agencies and many of the benefits may instead be realised from additional information sharing.</p>	Unknown	
66	That Inland Revenue strengthens enforcement of rules for closely-held companies.	WP		Revenue positive, impact unknown	
67	Explore options to enable the flexibility of a wider gap between the company and the top personal tax rate without a reduction in the integrity of the tax system.	WP		N/A	
Administration of the tax system					
Tax secrecy and tax transparency					
68	The Government should: <ul style="list-style-type: none"> a) Fund oversampling of the wealthy in existing wealth surveys. b) Include a question on wealth in the census. c) Request Inland Revenue regularly repeat its analysis of the tax paid by high wealth individuals. d) Commission research on using a variety of sources of data on capital income, including administrative data, to estimate the wealth of individuals. 	WP		N/A	
69	The TWG strongly encourages the Government to release more statistical and aggregated information about the tax system (so long as it does not reveal data about specific individuals or corporates that is not otherwise publicly available). The Government could consider further measures to increase transparency as public attitudes change over time.	WP		N/A	
70	The TWG encourages Inland Revenue to publish or make available a broader range of statistics, in consultation with potential users, either directly or (preferably) through Statistics New Zealand.	WP		N/A	
71	The TWG encourages Inland Revenue to collect information on income and expenditure associated with environmental outcomes that are part of the tax calculation.	WP	Officials consider this is best achieved in an overall programme to provide better quality information to Inland Revenue in general. More detailed information on environmental income and expenditure should naturally flow from taxpayers supplying more detailed financial	N/A	

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Rec	TWG Final Report Recommendation	Status	Officials' comment	Revenue impact (over 5 years)	Comments
			information, especially for larger taxpayers.		
Ombudsman					
72	Any further expansion of the resources available to the Ombudsman should include consideration of provision for additional tax expertise, and possibly support to manage any increase in the volume of complaints relating to the new Crown debt collection agency proposed by the TWG.	WP	We consider the Ombudsman should decide where they would like additional expertise.	N/A	
Taxpayer advocate service					
73	Establish a taxpayer advocate service to assist with the resolution of tax disputes.	NFW	Inland Revenue have reported on this matter and no further work has been requested by Ministers at this point (see IR2018/762).	No revenue impact, but likely to have administrative costs	
74	Consider a truncated tax disputes process for small taxpayers.	WP		No revenue impact, but likely to have administrative costs	
The development of tax policy					
75	The following principles should be applied in public engagement on tax policy: a) Good faith engagement by all participants. b) Engagement with a wider range of stakeholders, particularly including greater engagement with Māori (guided by the Government's emerging engagement model for Crown/Māori relations). c) Earlier and more frequent engagement. d) The use of a greater variety of engagement methods. e) Greater transparency and accountability on the part of the Government.	WU	These principles have been included in a draft engagement framework which officials intend to release, subject to Ministerial approval (T2018/3292, IT2018/654 refers).	N/A	
76	The TWG notes the need for the Treasury to play a strong role in tax policy development, and the importance of Inland Revenue maintaining deep technical expertise and strategic policy capability.	WU	Following a strategic review in mid-2017, the Treasury substantially increased its tax policy capability and it intends to broadly maintain this higher resource level over the medium term.	N/A	
Legislative frameworks					
77a	The TWG encourages the continuing use of purpose clauses where appropriate.	NFW		N/A	
77b	The inclusion of an overriding purpose clause in the Tax Administration Act 1994 to specify Parliament's purpose in levying taxation.	WP	Extensive consultation needed with Crown Law and the Legislation Design and Advisory Committee.	N/A	
Charities					
78	Periodically review the charitable sector's use of what would otherwise be tax revenue to verify that intended social outcomes are being achieved.	WU	The TWG wrote to the relevant agencies in December 2018, directing them to the TWG's analysis and recommendations. Some of these issues are already being considered as part of the review of the Charities Act 2005, or will be considered once the review is complete. Policy decisions from the review are expected to be made later this year and a bill is likely to be introduced in December 2019.	Depends on results of review	
79	The TWG supports the Government's inclusion of a review of the tax treatment of the charitable sector on its Tax Policy Work Programme, as announced in May 2018.	WU	The Government added a review of charities and non-profit organisations to the Tax Policy Work Programme in 2018 focussing on: <ul style="list-style-type: none"> the appropriateness of the tax exemption for significant businesses associated with charities; and the compliance costs experienced by small charities. The review of significant businesses will take place once the review of the Charities Act 2005 is complete, as that also involves a review of certain business activity. Some simplification measures have been included in a legislative bill currently before Parliament.	Depends on results of review	

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Rec	TWG Final Report Recommendation	Status	Officials' comment	Revenue impact (over 5 years)	Comments
80-81	The TWG notes the income tax exemption for charitable entities' trading operations was perceived by some submitters to provide an unfair advantage over commercial entities' trading operations. The TWG notes, however, the underlying issue is the extent to which charitable entities are accumulating surpluses rather than distributing or applying those surpluses for the benefit of their charitable activities.	WU	A review of the Charities Act 2005 is currently underway, led by the Department of Internal Affairs on behalf of the Minister for the Community and Voluntary Sector. This will include a review of charities that accumulate funds and charities that operate businesses. A discussion document will be released in late February for consultation until late April 2019.	N/A	
82	Consider whether New Zealand should apply a distinction between privately-controlled foundations and other charitable organisations	WP		Unknown	
83	Consider whether the deregistration tax rules could be amended to more effectively keep assets in the sector, or ensure that there is no deferral benefit through the application of these rules.	WU	Some remedial work on this issue is on the Tax Policy Work Programme and is being progressed. The broader question of whether to keep assets in the sector is best considered as part of the Charities Act 2005 review.	Unknown	
84	Review whether it is appropriate to treat some not-for-profit organisations as if they were final consumers, or, alternatively, whether it is appropriate to limit the GST concessions to a smaller group of non-profit bodies such as registered charities.	WP		Revenue positive, depends on the design of the rules	
85	Consider whether the issues identified by the TWG in relation to charities have been fully addressed or whether further action is required, following the conclusion of the review of the Charities Act 2005.	WP		N/A	
GST and financial transactions tax					
86	No reduction in the GST rate.	NFW	In responding to the Interim Report, the Government confirmed it is comfortable that no further work is undertaken on GST coverage.	N/A	
87	No introduction of exemptions to GST.	NFW		N/A	
88	Government monitor international developments in the area of applying GST to financial services.	NFW		N/A	
89	No application of GST to explicit fees charged for financial services.	NFW		N/A	
90	No financial transactions tax at this point.	NFW	In responding to the Interim Report, the Government confirmed it is comfortable that no further work is undertaken on a financial transactions tax at this time.	N/A	
91	The TWG has already reported to Ministers on the issue of GST on low-value imported goods, and the Government recently introduced legislation in December 2018 advancing proposals to address the issue.	WU	The Government introduced legislation in December 2018 to address GST on low-value imported goods.	Revenue positive, expected to raise \$66m in 2019/20, \$100m in 2020/21, and \$112m in 2021/22 and out years -	
Corrective taxes					
92	The TWG supports developing a framework for deciding when to apply corrective taxes.	WP	The TWG wrote to the relevant agencies in December 2018, directing them to the TWG's analysis and recommendations.	N/A	
93	Review the rate structure of the alcohol excise with the intention of rationalising and simplifying it.	WP		Depends on how it is simplified	
94	Prioritise other measures to help people stop smoking before considering further large increases in the tobacco excise rate beyond the increases currently scheduled.	WU		N/A	
95	Develop a clearer articulation of the Government's goals regarding sugar consumption and gambling activity.	WP		N/A	
Housing					
96	That the Productivity Commission includes vacant land taxes within its review of local government body financing.	WP	The Productivity Commission released an issues paper for this review in November 2018, which does not explicitly provide for consideration of vacant land taxes. This could be brought to the Commission's attention through the submissions process.	Revenue positive, but revenue will go to local government	
97	That vacant land taxes are best levied at the local rather than the national level.	NFW		Revenue positive, but revenue will go to local government	
98	Repeal the ten-year rule regarding selling for a gain caused by changes in land use regulation.	WP	Officials support repealing the ten-year rule if capital gains are taxed more broadly. If not, the ten-year rule should be reconsidered in light of	Unknown	

BUDGET-SENTITIVE

Rec	TWG Final Report Recommendation	Status	Officials' comment	Revenue impact (over 5 years)	Comments
			its incentive effects on housing supply.		
99	Require disclosure of the purchaser's IRD number on the Land Transfer Tax Statement when purchasing a main home.	WP		Revenue positive	