Tax Working Group Public Submissions Information Release

Release Document

August 2018

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

[1] 9(2)(a) - to protect the privacy of natural persons, including deceased people;

[2] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage;

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [1] appearing where information has been withheld in a release document refers to section 9(2)(a).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Submissions Included

Simon Holdsworth
Steve Laurence
Joe Higgins
David Miller
Clare Brown
Stein Dando
Alison Salmons
Ian Breeze
Beryl Curreen
Lesley Lord
Bevan McCabe
Vinnie Steenkamp
Kevin Varney
Matt Hew
Faith Baillache
Rahul Darbari
Lynette Ellison
Pete Kemp
Malcolm McGill
Andrew Hunt
Craig Stuart
Laurie Wright
Mark Wilkins
Matt Paulin
Michael Boissard
Richard Maher
Eric Bennetto
Greg Cuttance
Chis Hawkes
Kerry Hart
David Weikart
Matthew Newman
Rick Cameron
Wally Plank

Jarred Tatham
Chris Steptoe
Chris Rapson
Mark Hubbard
Ray Olsen
Donald Rennie
Catherine and Ian Lindsay
Paul Magill
Pam Graham
Dharan Longley
Susan Davis
Adam Dowsett
John Bonallack
Mike Diggins
James Baker
Roy Wilson
David W. Scott
Michael Norris
Sarah Carr
Robyn Carey
Mark Cant
Martin La Grange
Alastair Robertson
James Warner
Nick Jackson
John Trezise
Geoff King
Dan McGuire
Adrianne and Christopher Rush
Rowen de Vries
Anna McKee
Simon Louisson
Hugh Petchell
Corin Lanser
Jeff Ashby
Ray Hellyer
Peter McCully
Sue Hammond
Graeme Poole
Mira Markovic
Steve Laurence
Gretel Toleafoa
Jae Ellis
Andrew Fergus
Marcel Spencer
Sarah Russell
Lachlan Scown
Vani Elkhishin
William Vernon
Blair McCarthy
Marcel Spencer

From: Simon Holdsworth [1]
Sent: Sunday, 25 March 2018 10:46 AM
To: TWG Submissions
Subject: Future of Tax submission

Tax Working Group Secretariat;

I am motivated to submit on this initiative mainly due to my concerns around the efficiency of the tax system in New Zealand. We are very fortunate to have a tax system which is far simpler and easier to both comply with and administer than that of many countries. Compliance costs, although not a prominent talking point in the mass media, are real and significant and should be a very important consideration in any proposed tax reform. Simplicity and a tax system which is both easy to understand and hard to avoid are very much good things.

To speak to a more specific example, my concern is around modifications to GST to encourage or dissuade the consumption of certain products; aka 'sin taxes'. Examples include fresh vegetables, women's sanitary products, sugary drinks, fast food and so forth. My fear is this will open a Pandora's box of corporate interest groups lobbying to have their products treated more favourably, as well as self-interested 'health experts' looking to bolster their own reputations and legacies by lobbying to have certain products treated less favourably. Over time this will lead to an increasingly complex and difficult to understand tax code, increasing compliance costs, and leading to absurd categorizations of different products into different tax brackets as we have seen overseas - very similar products being taxed at different rates due to the arbitrary decision of a bureaucrat. Once this Pandora's Box is opened I fear it will only get worse and worse over the years as various exemptions and sin taxes accumulate, and once established will be almost impossible to simplify and reform.

As to the other points raised in the Future of Tax working group, I am in favour of broad, flat, low and simple tax system - I am a libertarian at heart. Having said that however I recognize that there are important trade offs that must be considered here in consultation with many people across the community. My main concern, as stated, is the retention of the relatively simple and efficient tax system which New Zealand currently enjoys - complexity and high compliance costs benefit no one.

Thank you for taking the time to read and consider my submission.

Sincerely
Simon Holdsworth

From: Steve [1] [1]
Sent: Sunday, 25 March 2018 6:21 AM
To: ^DailyNews: Editor
Cc: TWG Submissions
Subject: Taxation Proposal

Taxation proposal

In response to Stuff News question “Should NZ have a wealth tax”, I choose option 2; “No way, keep your hands off”.

Because of an aging work force it has been suggested that government be more reliant on taxing capital gains and less reliant on taxing wages. In this 21st century it has become more critical to stop government borrowing and to minimise credit creation by modernising money and taxation.

Government bonds can never be assets if the debt is never repaid. It does not matter whether credit (money) is created as debt or debt-free as both cause inflation and reduce the purchasing power of our currency (invisible taxation). But debt-free money has three immediate benefits. It stops the payment of interest to banks, allows the modernisation of taxation and controls inflation by being spent into the economy not lent. By stopping the diversion of tax revenue away from consumption and tangible capital investment allows personal income tax to be abolished and goods and services tax to be upgraded (20-25%) to tax the economy fairly as it was designed to do (no loopholes). There would be no need to consider inheritance tax, capital gains tax or wealth tax.

Only the wealthy would say the poor are disadvantaged by such a proposal but really it would be the wealthy that would be disadvantaged as they have more wealth and income to spend.

The “ wealthy experts” must stop thinking of themselves.

Steve Laurence
[1]

From: eyewazear . [1]
Sent: Saturday, 24 March 2018 11:55 PM
To: TWG Submissions
Subject: Pure Democracy

Dear The New Zealand Government

My name is Joe Higgins. I'm a rebuild worker living in Christchurch. While I write this message I'm living in a tent and about to be unemployed, with no job prospects as yet.

I've proposed a new political party called Eco NZ. My intention is to run for Government in 2026. Until then I'll be making a name for myself growing gardens in the Christchurch CBD, as well as setting up permaculture gardens and hemp farms. I think New Zealand will be ready for a landscape architect-rebuild worker by 2026.

Here are some of my ideas- http://www.ecoisland.co.nz/EcoNZobjectives.html

I'd like to ask the Tax Working Group to look into the costs of setting up the political system of Pure Democracy-

Community Politics

The political system of Pure Democracy, as proposed by EcoNZ, includes people voting for a national government, regional council and a residents association. People will vote for a chairperson of their local residential area. These areas will be based on suburbs or rural areas.

Pure Democracy also includes a system of direct democracy, where people can propose a law change or policy change, which can be put to a public vote, which if successful will be enacted into law. People wanting to propose a law or policy change will vote via submitting 350 signatures to their Residents Association Chairperson. This submission will be then put on a public forum, such as a website, for all people to see. Each Residents Association Chairperson in the country will then vote on the submission. If the results of the submission are 77% or more in favour of the submission, then the submission will be put to a public vote in the form of a postal-referendum. The votes will be tallied by independent people. If more than 50% of the country vote in favour of the submission then the submission is enacted into law.

Pure Democracy also includes the provision that Residents Associations operate the function of all arable-public-land within their area. The Residents Association Chairperson will be responsible for deciding which areas of public land are to be used for agriculture and horticulture. Residents Association Chairperson's will be voted on once a year.

Residents wanting to use public land for agriculture or horticulture will apply to their residents association to be allocated land. The total amount of land available will be divided by the number of residents wanting to use land, thus each resident will be given an equal portion of land to use.

Resident Associations will work alongside local councils and the government organising funding for activities such as garden-bed construction, education and other activities. Pure Democracy includes a provision that a nutritionist-nurse be employed in each residential area. Both the Chairperson and the nutritionist-nurse will be paid for via government-taxation.

Regards, Joe Higgins.

From: David [1] Miller [1]
Sent: Saturday, 24 March 2018 4:05 PM
To: TWG Submissions
Subject: Submission - DG Miller

ATTENTION: THE TAX WORKING GROUP

A. FIF REGIME

1. The submission concerns the FIF taxation regime as it applies to small investors, and specifically to "ineligible" foreign shares.
2. The present FIF tax regime does not allow carry forward of losses. It is based on the assumption that there is an even, sine wave type movement in ineligible shares over time.
3. Contrary to the sine wave assumption, a well-known principle of sharemarket behaviour is that shares "go up the escalator and down the elevator".
4. Having invested in a number of (primarily Australian) mining shares for many years, sadly a number of them have performed very badly. The practical implications of the FIF tax regime on such shares can be exemplified as follows:
    a. I buy a share for $1.
    b. In a particular year, it suddenly falls from $1 to 5 cents.
    c. For the year concerned, I have no tax obligations under the FIF regime.
    d. The following year, the share price improves to 15 cents.
    e. I am immediately taxed on the 10 cent increase.
    f. The share price is still 85 cents less than my purchase price. I face a substantial loss, but am paying tax on “incremental improvements”.
5. If this were a health tax designed to tax people for improving their health status, the analogy would operate something along the following lines:
    a. I suffer a serious accident and end up covered in bandages and immobile in a hospital bed.
    b. The IRD representative arrives and assures me that I will not face any health tax obligations for the year concerned. So far so good.
    c. The following year, I improve to the point where I can move about in a wheelchair.
    d. The IRD representative again arrives and tells me that I have a health tax obligation on the grounds that my health status has improved. I protest to no avail.
    e. The following year, I improve to the extent that I can now walk on crutches.
    f. I get the same news from the IRD representative and again protest to no avail.
    g. It is possible that I face no prospect of ever returning to my original health status but will continue to face further health tax obligations because of incremental improvements.
6. I trust that the inequity of the above situation is painfully obvious, both for the health tax analogy and for ineligible shares. I have previously written to Minister Peter Dunne when he was Minister of Inland Revenue about this matter and received what I can only describe as a pathetically argued response.
7. It is time that carry forward of investment losses on ineligible shares is permitted under the FIF regime.

B. HEALTH AND DENTAL CARE PROVISION

1. I would like to draw the Tax Working Group's attention to two broad areas of national social expenditure.
   Illness and Accident Victims – Inequitable Differential Rights
2. First, I referred to the differential rights of those seriously disabled as a result of illness and accidents. I think the time has come to address at least the worst cases, so that those disabled through illness receive the same benefit rights as those disabled as a result of accidents. I appreciate that the cost of such a change will be very considerable which is why I think that the Tax Working Group should in the first instance seek to reduce the most outstanding inequities. It is of course likely that these will be the most expensive to address. Even an attempt to partially "closie the gap" in the differential rights between victims of accidents and illness would be an improvement over the present inequitable situation.

Inclusion of Essential Dental Care in Publicly Funded Healthcare

3. Second, I am extremely concerned about the inability of many lower income citizens to afford dental care. There are large numbers of people with missing, poorly maintained and seriously uneven teeth. It is not equitable that treatment for serious dental problems are only available to higher income people. I believe that the time has come to include dental treatment (excluding non-essential cosmetic dental care) within the definition of healthcare that is made available free of care to the public.

I would be happy to discuss any of the above points with members of the Tax Working Group or relevant officials.

Your sincerely

David Miller
[1]

From: Clare Brown [1]
Sent: Saturday, 24 March 2018 3:56 PM
To: TWG Submissions
Subject: Possible capital gains tax on houses

I would like to make a submission that the exemption from any capital gains tax already confirmed for owner-occupied homes is also extended to homes owned by the Trustees of a family trust and occupied by beneficiaries of the trust. There are up to 500,000 family trusts in New Zealand. Each one has been set up for legitimate reasons and not necessarily by affluent people. In each case the family home will probably be owned by the Trustees and occupied by beneficiaries. To impose a capital gains tax on those homes would mean that Trustees may transfer those homes back to beneficiaries, forgoing asset protection to avoid a tax.

The issue does need to be addressed to avoid uncertainly and inequity.

As an aside, middle income New Zealanders pay a HUGE percentage of their income in various forms of tax (income tax, tax on interest, GST, rates, excise duty on petrol etc.) Tax cannot be constantly be increased otherwise where is the incentive to work hard and be productive.

Clare Brown

Virus-free. www.avg.com

From: Stein [1] Dando [1]
Sent: Saturday, 24 March 2018 9:36 AM
To: TWG Submissions
Subject: Submission/on Kiwisaver Employer Contribution's

Kia Ora,

My proposal is that we stop taxing employer contribution's to the members kiwisaver account.
I believe we will get the following benefits from this.

1. A bigger kiwisaver account for members giving more funds to access in retirement.

2. A bigger pool of funds for investment.

3. More money for member's to access under the first home scheme.

4. Another incentive for staying in the kiwisaver scheme. Which means potentially more New Zealanders with funds to access in their retirement.

5. A happier kiwisaver member as they see their account grow through bigger contribution's.

Thank you for giving me the opportunity to submit an idea to the group.

Regards
Stein Dando

From: Alison Salmons [1]
Sent: Friday, 23 March 2018 7:14 PM
To: TWG Submissions

Dear Tax working group,
I would like to make a submission.

I am very pleased that there is a tax working group at the moment.

The things I would most like to see change are these:

I want very strong behaviour changing pollution taxes. The current holocaust on nature is ruining everything. The environment taxes are THE most important task for the tax working group, I believe. To anyone who argues against this, it is unrealistic that we can have a slither of a hope of solving our horrific pollution problems without utilising tax incentives to the full. I believe that the government must pull out all the stops now, bravely. The Arctic was above zero degrees for 8 days this winter in February, which was completely new crazy crazy weather. Is this not enough to fly ibto action??!! Hurry hurry. Please pull all those tax levers now, if we are going to survive. Droughts and floods will lead to war.

I want big multinationals to pay tax properly, and for NZ to take a strong stand on this. This is one the biggest causes of many social problems.

Specifically, I want the removal of GST on fully electric cars for EVs of under $40,000, so as to help NZers on average wages be able to afford to convert to EVs

I want capital gains tax. It was very upsetting that the next door apartment to mine 2 years ago sold for $398,000 then 1 year later sold for $620000 and that the speculators paid no tax on about $200000 profit, while I slaved away working about 48 hrs a week that year, contributed something to society in my work, and paid tax on all my earnings and managed to save only $10,000 on a teacher salary. Not fair! NB: I do not want people to be able to claim tax rebates if property prices fall!

I want free public transport, funded by taxes elsewhere. For people in cars, they gain too by getting clear roads. Those using public transport should not have to pay as they already get seriously taxed with time and inconvenience, whilst car drivers cause so much noise, belch pollution and CO2, take up space, cause loss of fitness and generally cost in many ways that they do not properly pay for. In Melbourne the roads were empty during the Commonwealth games because public transport was free. So that is how NZ can solve Auckland's clogged roads, surpass our stingy levels of reduction in the Paris agreement, help poorer people etc. Please raise car licensing fees to Oz levels to fund public transport.

Thank you,
Alison Salmons

From: Ian Breeze [1]
Sent: Friday, 23 March 2018 5:16 PM
To: TWG Submissions
Subject: Putative tax submission

I would like to make a submission to the tax working group. I am a retired consultant general surgeon age 68 and I take an interest in nutrition and health.

I recommend the introduction of a sugar tax aimed at reducing sugar consumption. Sugar has been regarded by some as the "new tobacco". Tobacco taxes have been effective in New Zealand in reducing consumption and I consider that a sugar tax could similarly modify behaviour.

Opponents of the sugar tax opine that it is ineffective citing the 10% tax in Mexico as evidence. A 10% tax is a "Clayton's" tax designed to placate public health officials and at the same time not alienate "Big soda" (the former employer of a recent Mexican president) I understand that 75% of the cost of cigarettes is tax , equating to a tax rate of 300%. Obviously a sugar tax has to be set at a high enough rate to reduce consumption, whatever that rate is. A reduction of the salt content of food has historically been successful and beneficial.

The reason we need a sugar tax in New Zealand is that we have an epidemic of "diabesity". We have a third fattest nation globally after the US and Mexico, 7% of our population have type II diabetes and 25% are prediabetic. The health effects of "diabesity" are in some ways worse than those of cigarette smoking.. Approximately half of cigarette smokers die from smoking related illness and those half die on average 14 years prematurely, Death from the ill effects of smoking, coronary artery disease, stroke and various cancers, it is usually quite swift, and this reduces the cost of treatment. In contrast long-term survival occurs in "diabesity" and its complications, particularly renal failure are huge drain on health resources. Adult obesity is a contributing factor to the need for expensive joint replacement surgery,

Once established, obesity is very difficult to reverse. Auckland diabetologist Robin Toomath now recognises that counselling patients to lose weight is waste of time. Therefore prevention is the key i.e. targeting the potential future generations of "Diabesity"- children and teenagers. This group can not immediately vent its displeasure at the ballot box!! I recommend that initially a tax be levied on all sugary drinks and sugary foods, including confectionary and biscuits and perhaps eventually also include those foods that have sugar 'smuggled"into them such as canned baked beans and sauces. This will target primarily low income families but their socio-economic status will increase the potency of this tax. This should result in an prompt reduction in the incidence of dental care is in childhood. I am aware of the huge number of New Zealand children with such advanced dental decay that they required dental treatment under general anaesthetic in public hospitals. I am aware of the primary school in Hamilton with childhood obesity has been virtually eliminated by a focus on diet and sport.

As New Zealand is an island nation the introduction of tax could not be defeated by black-market importation of sugar from overseas.

We have a health service in New Zealand that is greatly in need of increased funding and the general public would be readily receptive receptive of a sugar tax if the revenue was targeted at health care. New Zealand has led the world in many initiatives, and I see this as another opportunity. Type II diabetes is a societal problem that requires a societal solution. Not consuming excess sugar needs to become the default option.

I also support any initiatives whereby tax can be used to clean up our environment and reduce inequality.

Thank you for considering my submission.

Yours sincerely,
Ian Breeze
FRACS MBChB

From: [1] [1]
Sent: Friday, 23 March 2018 12:46 PM
To: TWG Submissions
Subject: Re: Submission

I suspect a submission on tax change will be nothing but a farce if the submissions do not line up with the already decided agenda. A quick perusal of 'the questions to be answered' does not allow for the free interchange of ideas and opinions. I hold much doubt that what I have to submit will make a difference but I take this opportunity to voice my opinion.

The perception of those 'that have not' seems to be that... it is the fault of 'those that have' This appears to be the opinion of the politicians also.

Most of the 'haves' own their own home. Have what they consider necessary and are able to afford what some may consider are 'luxury items'. As such things are unattainable by the 'have nots', these 'haves' are somehow blame for the plight of the 'have nots'.

Life is all about choice. Consider this. Choices are made not only this year, nor just the last decade but through the whole of life ….and is the reason for 'the haves' perceived wealth. Installed in the psych of generations past was the need to be responsible**.**

Perhaps they were fortunate in that with no such thing as welfare, the base from which they, [most of them] sprang from was….although not apparent at the time…. was of great benefit.

The depression WW1 and WW2 made that generation the responsible people they are today. There was no 'sense of entitlement' back then.

The taxes paid by them built New Zealand's infrastructure. Taxes were high, no one complained. Laziness was frowned on as was accepting charity. There was absolutely no sense of entitlement or grievance. about one's plight….but now, there is. That should change, must change and throwing more and more money via broadening the tax base will do nothing but divide. Govt. policy should aim at encouragement to attain but it is my observation that Govtt
governments policy instead encourages discontent.

What needs to be realized is that those that have strived to have a little above the pension will find quitting the industry an attractive option and who could blame them with the proposed changes in NZ? Clobber them, via more taxes and what will happen to the many in need of houses?

Australia offers a far better choice. Considering the damage caused to rental property via 'methamphetamine' damage and in some cases just downright disgusting behavior by some of those that are at this time being championed as needy and homeless. It seems the proposed tax changes is encouragement enough to flee the country. Exiting honest taxpayers will leave, leaving this govt with the burden of those responsible for huge welfare payouts, many who are where they are because of poor choices.

Beryl Curreen

From: [1]
Sent: Friday, 23 March 2018 10:27 AM
To: TWG Submissions
Subject: Submission

Taxing activities that impact negatively on the environment will not only provide an incentive for industries etc. to clean their act up (financial penalties are often the only action that works), but it will have positive results for the entire country.
This will benefit the tourism industry and all end users of horticulture and water businesses.

Regards,
Lesley Lord

From: Bevan McCabe [1]
Sent: Thursday, 22 March 2018 8:53 PM
To: TWG Submissions
Subject: some tax recommendations

Hi,

the principle of using tax to discourage things we don't want to happen is a good one.

1) Please recommend a sugar tax.

This will cut down on obesity.
The proceeds can be used to subsidise free dental care.

2) Also a Tobin tax on foreign currency transfers.
https://en.wikipedia.org/wiki/Tobin_tax

The NZ dollar is over-traded compared to its economic power.
This will help cut down on speculation which does not directly aid the economy.
Investments can then be redirected into more productive areas.

3) Taxes to protect the environment.

Thanks,
Bevan McCabe
[1]

From:	Vinnie Steenkamp [1]
Sent:	Thursday, 22 March 2018 4:19 PM
To:	TWG Submissions
Subject:	Tax review submission

I am Vinnie Steenkamp.
As a way of introduction and qualifying myself I am a 57 year old male New Zealand born European. I am a stay at home parent in a defacto lifetime relationship.
I am a qualified cabinet maker with advanced trade. I spent 27 years in the New Zealand police, 20 yrs as sworn and 7 years as a non sworn. 9 of those years as a crime analyst as well as a supervisor for extended periods of time.
In 2010 I suffered a major stroke which a left post side effects. We are a single income family earning under 50k per annum. I am not entitled to any benefits due to this figure.

SUMMARY

- A new financial class of citizen emerging
- Employment environment changing more quickly as technology advances
- Less skilled need a purpose
- Sources of tax revenue need to be readdressed
- Rewards for better financial and environmental management by the population (1st family home buyers and 1st time family home builders need to be encouraged)
- Social conscience needs to be encouraged
- GST

As time goes on and traditional form of taxing continue the largest group being taxed, in financial terms, is the middle class. This is to be expected at a central government level.
But it should also be recognised that other tax regimes also impact on this group, Local and regional council rates, petrol taxes etc.
Because the financial pressures on the middle class is increasing the lower half of that class is now finding it harder to cope therefor are considered the upper lower class.

The biggest change in recent history is the internet and the means to convey technology through this means. Hand in hand with this is ever quickening pace of technology improvement.
With this improvement the employment opportunities for unskilled workers is being restricted year by year. Technology is making certain academic qualifications void of value. I know of several examples where those with multiple degrees are unemployed, still. The resonbeing technology ha taken over the positions that they may have held.
In the future I see a emerging business sector of keeping people occupied in their free time.
I believe that those with skills both practical and academic, will be employed from contract to contracts. Contracts will last for the work needed to be done at that time. Once done the contractor will move onto next contract. The scenario will be that contractors will have to plan for down time between contacts.
It is inevitable the the Traditional 40 hr week will disappear.

With change, as seen throughout history, will come a part of society that will either be left behind or feel disenfranchised. These groups often feel the options available to them are either unsuitable or not wanted. These groups will need a purpose or they will cause a greater burden on govt finances.
The form this purpose takes my not be traditional work for cash schemes. But I do believe a community based practical skill education scheme where people are required to choose and attend these courses to learn practical skills which then can be channelled into local compulsory work skill schemes where skills learnt are put into practice in the local community.

With an aging population and also a lessening birth rate tax revenue sources will be inadequate. New sustainable tax sources need to be found with overtaxing current sources.
Corporate loopholes need to be addressed, so that multinationals pay their share of tax instead of milking NZ and sending funds overseas.
I also believe that significant land buyers from overseas should not be able to buy land but instead have long term leasehold land that can be returned to owners or forfeit to owners if the leaseholder abandons land for any reason. Lease payments should be based on a 1 to 5 year period with a minimum of 10 yr lease with a maximum lease of .(x) amount and a right of renewal. Whatever activity is carried out on that land would be taxed under normal NZ tax law
I also believe that .charities should pay tax. The definition of a charity, charity income should be revisited.

Housing will remain a contentious issue. I believe that property developers are necessary and the tax status quo should remain, unless as stated above the developer is an overseas investor.
I believe that first home buyers and first home builders (IE family decides to build their own home rather than buy existing), should be encouraged.
I think school leavers should be encouraged to join a first home save and buy scheme where the more they save the more the govt contributes, similar concept to those in the 1980s.
Those who decide to build and use renewable energy, resources etc should be rewarded through a % tax drop for a specified period.
Also there could be room for a scheme where the concept is that keeps the land and allows those who build and agree to build and maintain that build to certain specs (incl use renewable energy, resources etc) join a scheme where the govt agrees,after a period agreeable to both parties, That the govt buys the house off the build partner. That house then goes into state stock and the build partner may the have enough to deposit on another purchase out of the scheme in the normal real estate market.

At the moment in current rental market there is not enough reasonably priced rental stock. Being a landlord I believe that Landlords need a social conscience. Not only in quality of rental but also the price thereof. From my own experience we never increase rental prices because of a tenants anniversary. We have not increased our rents for two years and do not foresee a rent increase in the next year. We also work with our tenants when financial times are hard for them through no fault of their own. In return we get the loyalty and consideration from our tenants.
I also believe that overseas landlords are a mistake as their values differ as the saying goes 'out of sight out of mind'.

I believe an environmental rating system on rentals needs to be linked to tax. Better the rental lower the tax.
I also believe that a lot more families are forced, through lack of opportunity due to age and other social influences, to have a parent stay at home. This is becoming less of a choice and more of a necessity. These families need support.

GST is now an integral part of NZ tax.
GST Influence on incomes for the population of New Zealanders is significant. If GST removed from fresh food items I do not believe it would make significant benefits for the population in general. But, remove GST from fresh food items and increase GST for food items that cause significant health issues could work.
The concept of forgiving GST for first home buyers may work.

In general society is changing and is changing quicker than we think. As the population ages the cost of maintaining services will increase. Tax revenue may not unless we as a country truly and honestly place value on what NZ has. Not what it wants.

Thank you for reading this submission.

Sincerely

Vinnie Steenkamp
[1]

From: Kevin Varney [1]
Sent: Thursday, 22 March 2018 8:17 AM
To: TWG Submissions
Subject: Submission Online revenues

If a profit is made in NZ it should be taxed in NZ.

Big technology firms face paying more tax under plans announced by the European Commission.

It said companies with significant online revenues should pay a 3% tax on turnover for various online services, bringing in an estimated €5bn (£4.4bn).

The proposal would affect firms such as Facebook and Google with global annual revenues above €750m and taxable EU revenue above €50m.

The move follows criticism that tech giants pay too little tax in Europe.

EU economics affairs commissioner Pierre Moscovici said the "current legal vacuum is creating a serious shortfall in the public revenue of our member states".

He stressed it was not a move against the US or "GAFA" - the acronym for Google, Apple, Facebook and Amazon.

According to the Commission, top digital firms pay an average tax rate of just 9.5% in the EU - far less than the 23.3% paid by traditional companies.

From: Matt hew [1]
Sent: Thursday, 22 March 2018 7:37 AM
To: TWG Submissions
Subject: Submission

I believe that the poor are currently proportionately overtaxed and the rich are undertaxed.

The fact that financial transactions and property trading (speculation) aren't taxed at all is a major contributor to this.

Historically, in New Zealand, only imports and land use were taxed, until 1891 when income tax was introduced. It was previously believed that it was immoral and wrong to tax a person's labour - You owned your labour and it was untaxable. When income tax was introduced in 1892 it was only paid when a person earned over £300 (the equivalent $50,000 in 2008).

Earning money from financial transactions and capital gains is earning money without contributing anything to society and it should not be tax free. It should be taxed rather than taxing people's contributions to society (their labour).

Introducing a Robin Hood or Tobin Tax and Capital Gains Tax while at the same time not taxing the first $30,000 - $50,000 any person earned would be a good way to bring proportional balance to the amount of tax the poor paid compared to the rich. The tax break given to very low income earners would give them the opportunity to improve their situation and raise them out of poverty.

From:	faith baillache [1]
Sent:	Wednesday, 21 March 2018 10:52 PM
To:	TWG Secretariat
Subject:	Re tax

I would like to know why people are not taxed for taking home stays
There are some taking up to 5 home stays
Which is $1000 + a week
Get Outlook for Android

From:	[1] [1]
Sent:	Wednesday, 21 March 2018 9:03 PM
To:	TWG Submissions
Subject:	Tax Working Group Submissions

To whom it may concern;

My submission is split in two parts - the first, an outside-of-the-box suggestion for *supporting* tax reforms (whatever they may be), and then also my brief opinions on particular aspects of a tax reform. I apologise that it's not very formal, but better something than nothing. I'm happy for you to contact me further if you wish.

Section 1: better uses of technology to support future tax reforms

Speaking as a data scientist, the key factor in most 'disruptive' changes to a business is good data. My proposal is that the Tax Working Group should consider recommending a further working group into what technical solutions could be implemented such that better data could be collected, which would enable a) more efficient tax administration, and b) make it much easier to trial and test different approaches.

A possible example is as follows. Currently, the fundamental economic unit transferred is a portion of money - be it in cash, internet transfer, etc. - but there is no inherent 'purpose' for the attached data (e.g. "[1] paying for petrol"). Of course, this can be inferred - if money was transferred from an employer to an employee, it was probably income tax. However, doing this inference is often very hard to do well, and very expensive - and relies in large part on the honesty of those reporting the data. Put another way, the tax system would be considerably 'better' (to be defined soon) if one had perfect knowledge about the purpose of a particular monetary transaction, in an easily consumable/processable format.

I propose that, in the modern digital economy, this is a relatively soluble problem. Retailers already have POS systems, an can elucidate every line item, so it'd be little work to provide this meta-data for each transaction. Online retailers already capture a lot of metadata (think how much Amazon learns about me from the content of what I purchase, not just the value). All employer to employee payments could have the payslip included as meta-data. When I pay the plumber a bill, information about me, his business, and the particular invoice, could all be attached as meta-data.

Why would this be useful? Firstly, tax administration could potentially be much more efficient. For income tax, just sum all things categorised (automatically) as 'income'. Want to exclude GST on fruit and vegetables, and implement a tax on sugary drinks? Trivial. Administer capital gains taxes? Ignore income tax on retirement savings? Tax on financial transactions? All straightforward. Basically any tax on the flow of money (i.e. not something like a land tax, where no money flows) is feasible.

Secondly, one could very easily implement new tax policy. Want to remove GST from bread too? Or now include the family home in a capital gains tax? Easy. In addition, one could even get really smart and carry out A/B testing, or simply run trials - try a tax reform for a few months, and if it fails, just switch back. Easy.

Of course, I've glossed over some significant details:

- the key hurdle will be what metadata to store, and how to obtain that - in most situations, transactions (and goods and services) will need to be categorised in some way, which may be painful for business and individuals. That said, it won't be too onerous for businesses, as most will already do this to some degree (especially as more and more online accounting is used).

- there'll need to be a lot of technical integration work regarding how this information is sent. Many forms of payment already collect some form of data (online banking: reference etc.; credit card: card number, merchant and terminal, etc.), so it's really a matter of extending the amount of data to be collected. Some of the hardware is already there (e.g. POS systems), but there'd be a fair bit of re-configuring. And other non-trivial matters like, standardizing the format of what an invoice is (so that it includes all the relevant metadata that can be used by IRD in a standard way).
- the identity of the sender and receiver must be recorded. This also shouldn't be hard, and is done in most situations already.
- cash would require some thinking, being non-digital, but is probably feasible, to some degree. (If all monies were individually identified, this could be transmitted too, and allow for detection of when it's flow hasn't been correctly recorded, i.e. tax evaded.)

There's a lot more to it, and I'm not proposing it's the best solution (or even a good one) by any stretch. However, I believe that something like this should be considered earlier rather than later, even if it doesn't come to fruition for a decade. For a paltry sum, you could get NZ's best and brightest IT professionals together to give this a pretty good going over. Maybe they'd do it pro bono, for the civic good.

As a final comment, blockchain (and it's more mature ilk) should be seriously considered as a platform for supporting this (i.e. recording transactions and metadata). A lot of neat benefits could flow from that.

Section 2: my thoughts on possible tax reform ideas

- For the purpose and fairness of the tax system: I'd place a lot of emphasis on income and wealth equality (or, more aptly, equality of purchasing power). The main caveat is that equality can also be determined by transfers, which is outside the tax system. However, I believe the tax system should at least not worsen equality (and hope that transfers keep up in remedying this). My preference, however, would be to have no transfers - while they may result in the same financial equality, they do not result in equality in terms of social standing and self-satisfaction etc. (In other words, if I were on a low income, I'd prefer to keep all of it and get no transfer, as opposed to being taxed X% of it, and being given that back as a transfer, as it means I'm "below" those who don't need to ask for help, etc.)
- removing GST on particular items is really easy (speaking as a guy in IT). I recommend setting up the infrastructure to support this - and then if successive governments want to change the goods that are included/excluded, so be it. Personally, I'd favour less GST on foods (preferably health and NZ grown), and adding GST to any imported goods (including 'low value' online-purchased ones). It'd also be trivial to, within that same infrastructure, support varying GST rates (as opposed to just all or nothing) - and one could, for example, have higher GST rates for higher value items.
- taxing low-value imports could be easy, with a little technology. Likewise enforcing customs duty, etc.
- in general, I support capital gains tax, including on the family home (since I intend to use it as a home, and never sell it). However, I appreciate that it's excessively messy, and one can easily be unfair and unequal. So, I'd treat carefully, and probably start small. (Which is actually what our current tax system does - in certain cases, you get capital gains tax.) One such that comes to mind is if I'm forced to sell my home as it's grown too small with a growing family - in this case, as long as I buy another house (of equal or higher value) it could be free of capital gains. This concept of 'capital exchange' (i.e. exchanging one non-liquid asset for another non-liquid asset of equal of higher value) being excluded from capital gains could be general, and would possibly be fair. I guess this is equivalent to getting a 'capital gains credit' when I buy an asset - which may be easier to enforce.
- I'm wary of land/wealth tax, in part because most people already get that from local council, and it can be hard on those without the cashflow to support it (especially the elderly). If something is implemented, I'd have reasonably high limits before it was applied (e.g. the 90th percentile, so only 10% of individual pay it).
- I'm somewhat in favour of a blanket tax on any transfer of money as a replacement to all of our distinct taxes, though I admit to not having thought it through much. It'd be very easy to administer, and would also remain unchanged by various governments (who would instead change how they distribute the resulting pot of money - some of which may be to replicate e.g. higher tax on higher incomes). Once could possibly be a little smarter around e.g. a varying tax rate based on certain criteria.

Kind regards,

[1]

From: Rahul Darbari [1]
Sent: Wednesday, 21 March 2018 7:19 PM
To: TWG Submissions
Subject: Capital Gains Tax and Property Tax

Kia Ora,

I would like to make the following suggestions on the capital gains tax on properties and discouraging or imposing a tax on foreigners to buy properties in NZ.

NewZealand is a beautiful country with open minded and warm people. We need foreign capital to grow our economy and build infrastructure. We also want to make sure that our people are not marginalised because of rise in property prices and ideally we want a home for every family in the country. I would like to draw attention to the model of Singapore where I have lived for more than 14 years and worked in Financial Institutions

Singapore in 2010-2012 saw rampant increase in property prices causing a lot of residents unable to buy their first property. This caused a lot of discontentment among the population. Singapore Govt then introduced the Seller's Stamp Duty and Buyer's Stamp duty to curb the speculative activities in the property market. The way it works is seller has to pay a duty if he sells the property within first 4 years of purchase. It is graded slab, maximum stamp duty is for sellers who sell their property in 1 year and it tapers off in 4years. So if a genuine investor who want to invest long term, he would not be affected but it will impose a heavy penalty in terms of taxes for speculators. Everyone(including residents) has to pay that duty. This curbed the speculators who were looking to make a quick buck by buying and selling the properties.

For Foreigners , Govt imposed ABSD Additional Buyers Stamp Duty (In Singapore, every buyer has to pay 3 pct for buying a property). This duty was 10 pct for foreigners who were not residing in Singapore. This curbed a lot of speculative activities from foreigners

The tax collected by Sellers Stamp Duty and Buyer's stamp duty can be utilised to build more houses and infrastructure and subsidise it for residents of NZ. There shall be earmarked fund which is formed by collection of these taxes and spend for housing needs of residents. The residents shall be mean tested before they can apply for getting a house in those projects.

Capital Gains Tax on other investments like equities and other financial instruments

I would strongly suggest that we shall not impose a tax on capital markets. We are a small economy and we don't save enough for our retirement and other needs. As a result govt spends a lot of money on elderly people to provide basic amenities. We shall encourage investments in our capital markets and encourage people to save for their retirement. The more people save, the less money would be required from Govt to support them in old age. This would allow people to build their nest for future.

Just a brief introduction about myself : I have worked in Banks for last 15 years, based out of Singapore where I was global head of Standard Chartered FX Options and Global Head of ANZ FX & Precious metal derivatives. I have moved to NZ 2 years back and start calling it home.

I am available for any discussion on email or you can call me [1]

Regards

Rahul Darbari
Director
[1]
[1]
PRSQUARE INVESTMENT LIMITED

From: [1]
Sent: Wednesday, 21 March 2018 4:28 PM
To: TWG Submissions
Subject: More Tax

If the fine for using mobile phones whilst in the diver's seat, was raised to $350 this would be a revenue gatherer and cut down on road accidents - although I have no proof of that.

Lynette Ellison
[1]

From: Pete Kemp [1]
Sent: Wednesday, 21 March 2018 3:20 PM
To: TWG Submissions
Subject: Submission

Capital

Individuals with capital will naturally invest in whatever investment gives them the best return, in New Zealand that means (as a reflection of reality or perception, doesn't matter) property. This is a contributor to the unsustainable widening of the income to property value ratio. This type of investor is therefore enjoying tax free returns on any capital gain and is placing their capital in a non-productive segment of the economy. This capital is easily handed from generation to generation, keeping wealth concentrated in families, often from a limited set of socioeconomic groups. It is difficult for those who do not have such circumstances to break through the barriers to significant capital accumulation. This creates a disparity, an unfairness, between the pay-as-you-earn tax payer and the pay-nothing capital holder. Tax burden should be distributed in a way that sees income and capital gains in non-productive parts of the economy taxed evenly. Tax equality will enhance socioeconomic equality through improvements in real-incomes for those who need it. **This supports a wider application of the property based capital gains tax - removing the current 'bright-line' test**. The advantage of CGT over a land tax is again a question of fairness; the tax is taken when the gain is realised, not based on a valuation outside of the landholders control. The burden of an annual land tax will present another barrier to home ownership to those on a low-income.

GST

GST is applied to the purchasing population without differentiation of any kind. The tax on food (essential need) is at the same rate as a TV (a non-essential 'want'). A wealthy person is likely to spend a larger proportion of their income on non-essential items than a poorer person, meaning tax is weighted to work against those of lower income. These non-essential items are also often imported, hurting NZ's balance of trade. **GST should be removed from food** (excluding sugary drinks) as a reasonably straightforward solution to this problem. The practices of other countries can be used as examples here.

It is acceptable for the Tax Working Group and the Secretariat to contact me.

I am aware that my submission will be released on this website, with my email address withheld, and have noted the Official Information Act and privacy considerations that apply.

Please add my email address to the Tax Working Group email update list.

Regards

Peter Kemp

[1]

From: Malcolm McGill [1]
Sent: Wednesday, 21 March 2018 10:23 AM
To: TWG Submissions
Subject: RE: Submission sent 19/3/18

I would like to see the burden of tax moved from the labours of the individual and transferred to the economy as a whole.
This would make for a more equitable society and provide many more benefits to both the tax payer and the Government.
The current tax system is extraordinarily complicated, and any legal tax return can only be completed with the help of a professional.
This I believe has made the system un-democratic.

My submission is for the introduction of an across the board, fully automated transaction tax, where every transaction is automatically taxed (at a fixed percentage) through the banking system.
GST would be withdrawn and all incomes at least at (and below) the personal average would be tax free.

The tax would be deducted from the payer in each transaction. The fixed percentage of TTX must be kept as small as possible to avoid spooking the financial markets.
A few things to note on what this would mean if such a system was introduced: -

- Cash withdrawals will deemed to be a transaction.
- Those opting to trade in cash would have to make TTX returns similar to GST now.
- Those trading in bitcoins, livestock/machinery swaps and anything else other than the $NZ would need to make TTX returns.
- All purchases, loans, loan repayments, interest payments, dividends, investment payments, payrolls etc will be subject to TTX.
- Gambling and gifting would be taxed.
- Payments for imports would be taxed. Export income would be TTX free.
- Payments and transfers to overseas accounts would be taxed.
- Markets would have more stability.
- Money laundering will be reduced.
- Tax avoidance will be reduced.
- Non-residents making purchases in NZ from overseas accounts will have to pay an equivalent TTX to keep a level playing field with locals.
- Some means would need to be found where tourists have their transactions taxed when using overseas credit cards.
- User pay taxes can remain as needed.

In conclusion I would like to emphasis that for a TTX to be successful (and acceptable) it must be automatic, simple and the percentage needs to be small and non-varying.

Regards

Malcolm McGill

[1]

[2]

From: Andrew Hunt [1]
Sent: Wednesday, 21 March 2018 8:36 AM
To: TWG Submissions
Subject: Tax Revue

Dear Committee

It's concerned me for some time that low income people who are struggling to make ends meet and have to work two jobs have the second job taxed at a higher rate. It would seem to me that these people should be taxed one rate on total income. I realise you want to find ways to increase the tax take but I don't think this change would cost much in the greater scheme of things and be much fairer for those affected.

With kind regards

Andrew Hunt

ps This wouldn't benefit me personally or anyone I know.

From: Craig Stuart [1]
Sent: Tuesday, 20 March 2018 10:34 PM
To: TWG Submissions
Subject: Submission on taxes and family support.

I am a tradesman and earn enough to support my wife and 5 children at home. Often my wage is described as below the poverty line but as non drinkers, non smokers and non gamblers we can afford everything we need except orthodontist care. But that is a red heering.
I think our current tax system has significant areas that need improvement.
Firstly having family support as a rebated benefit rather than a tax rebate creates extremely high marginal tax rates for working families. The tax on an extra dollar earned is 30% paye plus 30% family support rebate plus 6% ACC plus 15% GST.
That creates a massive disincentive to work. Most tradies struggle to find workers who are willing to work longer hours if some time pressure is on.
Make the family support back into a tax rebate and the effect is to lower the marginal tax rate significantly which will help fix the skill shortages without the negative effects of importing so called skilled workers.
The people who miss out on their full family support entitlement because they don't earn enough are often the very people who need the most incentive to work.
Due to bracket creep the level where the 30% tax rate starts is now the minimum wage if you work 6 days a week. I think a flatter lower tax rate would increase the tax take and boost the economy. Everyone being richer is not a bad thing even if some people gain more than others by working harder. Making income equality the goal rewards the lazy which makes them fat and unhealthy. Making things equitable or fair means that some people do better than others because they work harder and smarter. They then make good role models.
I don't want you to overdose on common sense so I will sign off.
Yours Craig Stuart

From: Laurie Wright [1]
Sent: Tuesday, 20 March 2018 5:46 PM
To: TWG Submissions
Subject: Submission

I am not against tax advantages for Maori for their charitable/philanthropic endeavours, but I am strongly against tax advantages for them for their commercial ventures. This is not a racist thing, since I am equally against the tax advantages that Sanitarium enjoy and have enjoyed for some time. I believe that this is also wrong, and gives them an unfair advantage in the market

Regards
Laurie Wright
[1] [1]

Sent from my iPad

From: Mark Wilkins [1]
Sent: Tuesday, 20 March 2018 4:34 PM
To: TWG Submissions
Subject: Income Tax Splitting

To whom it may concern

Will the Tax Working Group be looking at income tax splitting as a concept? This would benefit families with stay-at-home mums or dads but also help in households where one partner is underemployed, not through want of trying to find full-time employment. Supposedly rosy employment statistics don't take into account this large group of underemployed. Couples without children are particularly hard hit through the lack of any support such as from Working With Families.

Regards

Mark Wilkins

From: Matt Paulin [1]
Sent: Tuesday, 20 March 2018 3:09 PM
To: TWG Submissions
Subject: Submission

The current tax system is way too complex, providing loopholes and outs for many, especially larger companies and corporates. It takes way too many resources to administrate, which is wholly unproductive. It is incredibly inefficient to tax the general public, then provide some of that money back to those who need it to survive.

So, it's time to think out of the box. If, for example, we abolished PAYE, company taxes, and GST, how would we start with a clean slate? And a system with the lowest possible overheads to operate..

It seems to me that a flat rate, say 5%, on ALL financial transactions, no exceptions, would provide a larger tax base, more evenly spread, than what we currently have. We could regulate it, so the banks must take the 5% and pay it directly to the Government. They will complain, of course, but it its across the board for all banks wishing to operate in NZ, then they will comply. After all, it's a simple calculation for a computer, and the banks could easily incorporate this into their systems, whatever they say.

If this were the case, there would be no need for virtually all of the IRD dept, except a few staff to ensure the banks follow the rules. This is a major cost saving to the Government. Accounting services for Business would be much easier, and reduce costs of doing business – no GST returns, no provisional or other tax, and no complicated wages with various tax rates to calculate.

Yes, there would be a move towards a cash and black-market economy, but this could be addressed to a large extent by making the cash rate a bit higher (want to be paid in cash, maybe 7.5% for a cash deposit or withdrawal?). Most payment days are electronic anyway, so would be caught. Perhaps even a cashless society?

No exceptions, for anyone.

Simple is best, and fairest. Is this not a least worth consideration?

Matt Paulin
[1]

Virus-free. www.avast.com

From: Michael Boissard [1]
Sent: Tuesday, 20 March 2018 1:17 PM
To: TWG Submissions
Subject: Submission

Thank you for the opportunity to send a submission on this very important issue. Whatever changes are made to the tax system will not affect me for long as I am already in my seventies, but they will affect my children and my grandchildren. So please accept my comments as those from a disinterested individual, albeit one with some training in economics and one with a lifetime's experience of governments and politics in many different countries.

1. While government budgets are always under pressure, much of the pressure is generated by ever-increasing costs and ever-increasing demands to help the less fortunate. Of course we should support those who cannot help themselves, either mentally or physically – no question. However "the poor are always with us". In this country there are third generation unemployed and 92,000 young people between the ages of 18-25 are unemployed and are not in any form of training. It is quite wrong that hard-working tax-paying New Zealanders are forced to support these people who are not prepared to work for themselves. The third generation unemployed, for example, get the same superannuation as those who have paid tax all their lives, even though they have never done a day's work. The inequity of this situation will be obvious to any thinking person.

2. The tax system must be set up in such a way as to give every encouragement to those who want to work. Taxing all income from the first dollar earned gives little incentive to those who want to get ahead. As an employer of 23 years' experience in this country I was always saddened by the very high deductions that I had to make from employees' wages for PAYE.

3. There are thousands of small businesses in New Zealand that have to pay the same company tax rates as the big corporates. Company taxes for **all** businesses should be substantially reduced to a flat rate. The result will be a massive boost to the economy as companies will be able to pay better wages and take on more staff to expand in due course. Just look at the immediate difference to the US economy in the wake of a substantial reduction to the company tax rate. In popular parlance this is a "no-brainer".

4. The New Zealand Government, of whatever stripe, needs to undertake a comprehensive review of how it spends the tax-payer's money. At present all political parties have been content to look at the ever-increasing demands and just raise taxes to try to balance the books. This is quite wrong. There is huge waste in government spending. Concentration on provision of essential services and rigid efficiency must be the way ahead. Government spending must be substantially reduced - and with the right people in charge it would not be difficult. As an aside there are too many levels of government here and far too many civil servants contributing very little.

5. This country was built by hard-working men and women who took responsibility for themselves and their families, people who did not need a "nanny state' to tell them what to do or to spend their hard-earned money for them. While it may not be possible to turn the clock back that far, the Tax Working Group should seize this opportunity to revise Government spending sharply downwards, roll-back the tax take allowing those who work to keep more of what they make and provide incentives for the *voluntary* beneficiaries to provide for themselves – a hand up not a hand out.

6. Should you have difficulty with any of the foregoing I would be delighted to explain it to you in person.

   Michael Boissard

From: Richard Maher [1]
Sent: Tuesday, 20 March 2018 12:10 PM
To: TWG Submissions
Subject: Submission

Dear Group Members

I wish to submit that I strongly believe that lower and flatter taxes are the preferable approach to incentivising wealth creation and lifting prosperity for all New Zealanders.

Tax policy is primarily about gathering revenue in a fair and equitable manner without destroying the incentives for wealth creation. Social objectives should not be confused with revenue raising rather any proposed social objectives should be debated separately under appropriate government spending initiatives.

The New Zealand tax base as a percentage of GDP is currently too high and programmes should be pursued to lower it to a target level of ~ 25%. Most developed and democratic countries around the world are pursuing policies to lower tax rates and this should be seen as a priority for this Group.

Regards
Richard Maher CA, DipCM, MBA

MAAL Properties Ltd
[1]

From: Alex Tollenaar [1]
Sent: Tuesday, 20 March 2018 11:09 AM
To: TWG Submissions
Subject: Submission: We need to lower and simplify the TAX rates to support wealth creation

People want to create wealth through business and be rewarded for that. This is basic human nature. The level of taxation for these creators is directly proportional to their creativity – more taxes less creative, less taxes more creative. I believe a wealthy and happy business community will gladly pay their 25% flat-rated tax forever! With a stronger economy comes more businesses, more businesses equals more employment, which equals more tax-take for the government. But overall, governments should be looking at REDUCING taxation in every way possible, by making a simpler and flat-rated taxation system.
The capital gains system as it is now is perfect for THIS country. We are not Australia or the UK – where left-wing governments always look to, and without thinking, try to copy what they are doing. We are a small country that desperately needs more wealth-generating skilled people here. **Capital gains is the reward** for these wealth creators – let them have it! The whole country benefits from this!

Alex Tollenaar
[1]

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From: Eric Bennetto [1]
Sent: Tuesday, 20 March 2018 10:37 AM
To: TWG Submissions

As you work through the new tax reform a suggesting would be to drop income tax to a bear minimum and then rise GST to a higher level helping the poor and also catching everyone even the crims of this world as they have to spend there ill-gotten gains

From: Greg Cuttance [1]
Sent: Tuesday, 20 March 2018 8:50 AM
To: TWG Submissions
Subject: Submission

Really simple
Abolish all current taxes and only have one tax ,GST and increase this to 20%.
Allow no tax exemptions for anyone .
Then sit back and watch our economy grow giving everyone a great share.
It's already been modelled by a previous labour government and it will work guaranteed !!!!
When people spend money it creates jobs !!!

Sent from my iPhone

From: [1]
Sent: Tuesday, 20 March 2018 8:32 AM
To: TWG Submissions
Subject: Submission

We are strongly opposed to any higher taxes and higher spending by the government, which usually means [from the Labour government] more hand outs to the non-performing sector of the population and all the Maori land claims. Why not give tax breaks to the business sector, who create the jobs for those who want to work, and who's taxes pay the no hopers!!
Thanks,
Ruth

From: [1]
Sent: Tuesday, 20 March 2018 8:18 AM
To: TWG Submissions
Subject: Submission

Good Morning

This submission is being made by a 'run of the mill retired New Zealander

I have worked hard (worked 2 jobs at once to meet living /family commitments, taken a couple of major financial risks that have cost me in personal relationships and financially.
Have through this ended up with a couple of investment rental properties to help with retirement cost of living.

I and a number of similar like minded people have never expected nothing from nothing and the need to self sustain ourselves and families through all stages of life.

A wealth tax or capital gains tax , other than what is in place now, will undoubtfully curtail efforts by New Zealanders to work toward, by extra effort, to support themselves in retirement

Not being qualified in any manner my comments are based on personal experience, observation, and general discussion within various peer groups.

A flat tax rate , higher gst rate and a tax on products that are sold primarily for capital gain as per current property capital gains tax but net cast wider to include share trading or similar financial activity would hold wider appeal.

Chis Hawkes

From: Kerry Hart [1]
Sent: Tuesday, 20 March 2018 7:37 AM
To: TWG Submissions
Cc: [1]
Subject: Submission on Tax Reform

I have serious concerns about the direction that the Working Group is taking because of the following:

1. Everything that the Working Group is doing is underpinned by the chairman's belief that those people on the right are "rich pricks" and therefore his philosophy will shape the outcomes of the review so the recommendations are going to be highly political, favouring the supporters of Labour (a minority in parliament).
2. Wealth redistribution should be carried out through the policies of the elected government after strong debate in the House, where it can be scrutinised and the representatives of the people have a say in its final shape. As a person who has worked extremely hard all my life I totally object to the wealth that those endeavours have produced being taken off me and given to those people who are not willing to work at all but sit on their bums on Queen St and put their hand out to passersby. There is plenty of work in this country that is available to them if they change their attitude, clean themselves up, get off the addictive substances and act responsibly. Government spending needs to be kept at or lower than 25% of GDP and taxation needs to encourage citizens to put in the hard graft to earn that income that is taxed. That will be achieved by lowering taxes not increasing them.
3. This paper indicates that there will be additional taxes that will be introduced by stealth. Over the years, tax reviews have eliminated sales tax, excess retention tax, land tax, estate duty, stamp duty, gift duty and cheque duty; and they have rejected financial transaction taxes, wealth taxes, and capital gains taxes. However, under the guise of public concern about inequality, Chairman Cullen now intends reversing the trend, by politicising and complicating the tax system: "The tax system can play a major role in combating inequality both through taxing people with higher incomes at higher rates, and through redistribution and spending." It is obvious that the goal of the review is to find new ways of increasing taxes to pay for higher levels of Government spending and so the level of taxation will need to **increase**. That is not the objective of tax reform. Any thinking person knows that a good tax system should be simple, with a broad base and as few exemptions and incentives as possible, Dr Cullen wants the system to become more redistributive, business taxes to become progressive, Maori to be given further tax breaks, and he wants to see a raft of new taxes introduced, including environmental taxes and taxes designed to change people's behaviour.

4. I find the current tax regime that gives Maori tax breaks totally repugnant because it is **racist**. Why should the "Maori economy" get benefits that non-Maori can't? Michael Cullen's Labour Government not only introduced the discounted Maori Authority business tax rate (now 17.5 percent), but also changed the law to enable billion-dollar tribal corporations to register as charities and avoid paying tax. This anomaly - which gives wealthy Maori businesses a significant competitive advantage - must be rectified, by requiring corporate profits not used for charitable purposes to be taxed at the normal rate. My concern is that additional tax benefits and exemptions are being planned that will further entrench racism in tax laws, instead of eliminating racism. Maori have been handed out billions of taxpayer dollars - why do they need a further handout. The treaty settlements haven't made a tad of difference to their failures, shown by their continuing high representation in all of the worst social statistics.

5. I totally disagree with the view that income inequality needs to be addressed by any government. If the Working Group takes the attitude that a **fair society** is one where everyone

earns the same regardless of effort and skill then we are looking at a communist state driven by Karl Marx philosophies. What is **fair** about rewarding somebody who hasn't taken the time and effort to get a decent education and using that to lift themselves by their own bootstraps? What is **fair** about taking away earnings from the diligent and conscientious and giving it to those who couldn't be bothered paying attention at school, getting a good job, putting in extra hours to get ahead, taking risks in business? **Fairness** is recognising that this country has been built by those people who put everything on the line and worked incredibly hard to succeed. Any attempt to take away the fruits of those endeavours will cause a huge backlash I promise you.

Kerry Hart
[1]

From: [1]
Sent: Tuesday, 20 March 2018 6:52 AM
To: TWG Submissions
Subject: Submission

From: David Weikart, [1]

1. The argument, usually re Capital Gains Tax, that "*all other countries do it*" confounds me. Does no one recognise that being different from "everybody else" can be shaped to advantage for the country's growth and prosperity. One theme might be to attract smart innovative people to live here to do technical or medical research capitalising on our first-world infrastructure, attractive living conditions, liberal *sensible* politics, good education system, and protected natural environment. An important added incentive could be the advantage of local commercialisation of original work under an established tradition of NO CAPITAL GAINS TAX.

2. The best example of Michael Cullen's narrow, I would almost say vindictive, mentality is embodied in his "*Fair* Dividend Rate" on offshore equities. I think of Sir Michael every time I write a cheque to my accountant for the extra complication and cost of unravelling my obligation to pay tax on *unrealised* gains on foreign shares on the theory that I might otherwise be amassing an *unfair* degree of personal wealth. RECIND THE FOREIGN INVESTMENT FUND (FIF) REGIME.

The current government lacks the intellectual depth necessary to transcend the 'politics of envy' in the interest of creating a genuinely unique modern economy. This will take more than simply encouraging a furniture-building industry in the interest of 'adding value' to our timber exports.

Kind regards,

David Weikart

From: Matthew Newman [1]
Sent: Tuesday, 20 March 2018 5:59 AM
To: TWG Submissions
Subject: Submission

Good morning

I wish to make a brief statement with respect to the tax working group established by this new government

1. It's evident from the government's brief and subsequent comments from the chairman of the working group, that a range of new taxes are a 'fait accompli' . So the term 'review' is somewhat disingenuous .

2. The range of new taxes which will be recommended by this group, will doubtless, be presented at very low levels, initially, so as not to scare the electorate. Those of us capable of looking beyond one electoral cycle know once in place, future governments will readily lift rates to satisfy their desire to increase spending, in their forlorn attempt to address any number of real, or imaginary societal ills

3. I am concerned that the proposed ceiling for government activity at 30% of GDP is too high. By its very nature, much of government spending lacks accountability, as its not 'personal money' . I would encourage an alternative perspective, which focuses on accountability and efficiency, rather the soft option of continuing to raid the long suffering tax payer of his or her hard earned income and as now proposed, wealth

4. A brief comment on the prospect of expanded environmental taxes, in particular, carbon. Be assured that no amount of taxation will influence climate or the weather . Sadly the net result of such taxes will be 'waste on an unprecedented scale'. Neither the tax working group, this government nor me, will be here to witness the onerous consequences of such waste

5. With respect to water, the tax working group should be acutely aware that the imposition of a broadly based tax or levy on the commercial use of water will inevitably trigger a significant new treaty claim, with its potential for further expansion of divisions in society. Similarly, in the attempt to 'punish' commercial enterprises for their use of water, be very aware of the law of 'unintended consequences', including risks to future productive investment. Also be aware, business' increased costs will be passed on to the consumer by way of higher prices.

6. Lastly, for any new taxes proposed, I would encourage the tax working group to recommend reductions to taxation elsewhere in the system, so as to, firstly, limit the impact of such taxes on the community, and, secondly, signal the importance of efficiency and accountability as essential precepts in effective government.

I would like to be heard on this submission and can be contracted on my cell phone number

[1]

Matthew Newman
[1] March 20th 2018

Chs

Matthew Newman
CEO South Auckland Motors/CEO Southern Autos - Manukau

From: Rick Cameron [1]
Sent: Tuesday, 20 March 2018 3:56 AM
To: TWG Submissions
Subject: Submission

Dear Team,

If considering a capital gains tax, inflation should be a legitimate offset expense as should be a capital loss and their credits claimed.

If considering any more land taxes, credit should be given for increasing the carbon sequestration

Regards,
Rick Cameron
[1]

From: Wally Plank [1]
Sent: Tuesday, 20 March 2018 3:38 AM
To: TWG Submissions
Subject: Submission

General Submission.
A country's tax system should have as broad a base as possible, include minimum exemptions and not be raced based.
A lower minimum tax rate coupled with a flat tax would improve working New Zealanders prosperity, lift their wealth creation enabling them to enjoy a comfortable retirement without additional government assistance.

Wally Plank

From: Jarred Tatham [1]
Sent: Monday, 19 March 2018 8:02 PM
To: TWG Submissions
Subject: tax

Hi there,

1. The future of tax to me looks like it rewards those who work hard with less tax % deducted from wages AND with more of these $$ going toward rewarding those who work i.e. creating an environment where not working is not an option!
2. The purpose of tax is to pay for core community services that reward those, who pay it, with a better quality of life and also cover the cost's of those who ***legitimately*** cannot work
3. Taxing the right things? – we pay enough tax we don't need to be taxing anymore things! We especially don't need to be taxing any gains we've made using our already taxed income to make these gains! Initially we've foregone the enjoyment of spending the invested $$ in ***hope*** of it paying off later i.e greater reward down the track. Paying tax twice for this just isn't on!
4. Tax will not make the housing market more affordable just make less homes available to the market. Besides it hasn't worked in other countries.
5. Tax issues that matter most – health, social order, quality community services, creating a tax environment where tax rewards those who work hard by taxing them less for their efforts

With Kind Regards

Jarred

From: Chris Steptoe [1]
Sent: Sunday, 18 March 2018 4:36 PM
To: TWG Submissions
Subject: Business tax submission

Hi,

This submission is to encourage business to continue to hire people (as opposed to investing in automation).

I see a large proportion of the working population that are at risk of automation.
Where companies are competing at a national level (e.g. Retail, call centres, tansportation), capex that is automation related should not be eligable as a taxable expense. This will either encourage companies to keep using humans or provide the government with additional tax to provide a saftey net for these individuals.

Where companies are selling goods overseas, this tax rule would not apply.

An example of automation is the self service checkouts or robots that stack shelves at super markets. The capex (depreciation) for these machine would not be a taxable expense. As all supermarkets in NZ are on a level playing (ie. not competing with overseas), this would not make the supermarkets less competitive. It may possible make the supermarkets less profitable, but in the long run, it is important that all citizens are able to contribute to society by having a job.

Kind Regards,
Chris

From: [1] [1]
Sent: Saturday, 17 March 2018 6:48 PM
To: TWG Submissions
Subject: Submission

I suspect a submission on tax change will be nothing but a farce if the submissions do not line up with the already decided agenda. A quick perusal of 'the questions to be answered' does not allow for the free interchange of ideas and opinions. I hold much doubt that what I have to submit will make a difference but I take this opportunity to voice my opinion.

The perception of those 'that have not' seems to be that... it is the fault of 'those that have' This appears to be the opinion of the politicians also.

Most of the 'haves' own their own home. Have what they consider necessary and are able to afford what some may consider are 'luxury items'. As such things are unattainable by the 'have nots', these 'haves' are somehow blame for the plight of the 'have nots'.

Life is all about choice. Consider this. Choices are made not only this year, nor just the last decade but through the whole of life ….and is the reason for 'the haves' perceived wealth. Installed in the psych of generations past was the need to be responsible**.**

Perhaps they were fortunate in that with no such thing as welfare, the base from which they, [most of them] sprang from was….although not apparent at the time…. was of great benefit.

The depression WW1 and WW2 made that generation the responsible people they are today. There was no 'sense of entitlement' back then.

The taxes paid by them built New Zealand's infrastructure. Taxes were high, no one complained. Laziness was frowned on as was accepting charity. There was absolutely no sense of entitlement or grievance. about one's plight….but now, there is. That should change, must change and throwing more and more money via broadening the tax base will do nothing but divide. Govt. policy should aim at encouragement to attain but it is my observation that Govtt
governments policy instead encourages discontent.

What needs to be realized is that those that have strived to have a little above the pension will find quitting the industry an attractive option and who could blame them with the proposed changes in NZ? Clobber them, via more taxes and what will happen to the many in need of houses?

Australia offers a far better choice. Considering the damage caused to rental property via 'methamphetamine' damage and in some cases just downright disgusting behavior by some of those that are at this time being championed as needy and homeless. It seems the proposed tax changes is encouragement enough to flee the country. Exiting honest taxpayers will leave, leaving this govt with the burden of those responsible for huge welfare payouts, many who are where they are because of poor choices.

Beryl Curreen

From: Chris Rapson [1]
Sent: Saturday, 17 March 2018 2:11 PM
To: TWG Submissions
Subject: Submissions which do not fit under the "five key questions"

To whom it may concern,

The following are a collection of thoughts and opinions related to the ideas raised by my reading of the Tax Working Group's background paper. As they did not fit well under the "five key questions" format, I submit them below as a free-form submission.

The simplicity of NZ's tax system is a huge advantage. Please keep things that way (i.e. no exemptions to GST, no progressive corporate tax rate). In some cases, I believe the system could even be simplified, and it would be beneficial to do so:
- there should be no exemptions on carbon tax, as is currently the case for dairy. (I am relatively ambivalent on whether it should be a carbon tax or a cap-and-trade system.)
- while I have not dealt with the spending or "transfers" side of the ledger directly, benefit payments seem to be incredibly complex. This is an attempt to improve fairness, but may actually achieve the opposite by making it hard for those in need to receive what the need and are entitled to. Obviously, it also drives up costs.

I would welcome a higher priority on enforcement of existing laws. Tax fraud costs the country far more than benefit fraud, but enforcement seems to be relatively under-resourced. New technology should make it far easier to process large amounts of data to identify cases which need further investigation (keywords: big data, machine learning).

Aspects of tax on foreign income seems unfair e.g. gains from forex fluctuations or share value increases are taxed but losses are not. Gains/losses as well as foreign/domestic income should be treated consistently.

I am generally in favour of stamp duty (or tax on transfer of property ownership). Even a small (e.g. 1-2%) tax would be a valuable source of revenue, would be simple to collect, would not distort the market and would discourage speculation. However I accept that this will not be popular in NZ society at this time.

Since local rates are already effectively a land tax, I think it would be redundant for central government to add a similar levy.

Yours Sincerely,
Dr. Chris Rapson

From: Chris Rapson [1]
Sent: Saturday, 17 March 2018 1:44 PM
To: TWG Submissions
Subject: Submission to "Are we taxing the right things?"

The following was intended as a submission to the question "Are we taxing the right things?" However it exceeded the 1000 character limit.

I feel strongly that exempting Capital Gains from taxation is extremely inequitable.

Capital Gains Tax should apply to any asset appreciation, including shares and the "family home". Exclusions will lead to loopholes. I do not see how it is fair to differentiate between money obtained from a wage or salary, and money obtained by selling an asset for more than it was bought for. If anything, an individual should have less right to money from arbitrage than what is earned by working.

Since a capital gains can be accumulated over many years and then realised at one time, it is likely to have large year-to-year fluctuations, which make it not well suited to a progressive tax system. A flat rate is more appropriate. The increase in value which is the basis for a CGT can be compared to the "value added" which is the basis for GST. This suggests to me that GST should be the benchmark rate for CGT i.e. 15%. If CGT is not charged at a flat rate, then it should be ring-fenced.

It is difficult to define which assets should be subject to CGT. As noted above, my preference would be for all land, buildings and shares to be included. Otherwise the tax revenue should be balanced against compliance costs, either by class or by de minimus. Offshore assets should be subject to CGT and double tax agreements, as is the case for income tax. The reverse should be true for non-residents, i.e. assets in NZ should be taxed at NZ rates (perhaps a reduced non-resident rate) with the remainder subject to tax in their country of residence. Kiwisaver should be subject to CGT. Roll-over relief would be an unnecessary complication.

Since new tax laws should not penalise decisions made before the laws were in place, CGT should only apply to purchases made after it is passed into law (post introduction). As a compromise, the valuation at the date of inception could be used, however this would add significant costs.

Wealth Tax would be an extremely effective measure against inequality. Although it is out of scope for this review, I still think that the easiest form of wealth tax would be an estate tax/inheritance tax/death tax. This would have to be combined with a gift tax, otherwise wealth transfer would simply be achieved by gift. People should not feel entitled to money which they have not earned. Of course, the tax should not give wealthy people too much incentive to move their wealth offshore, and providing for their children should still be a strong motivation for people to work hard. I believe a relatively moderate 5% flat rate would be appropriate.

CGT and estate tax should be revenue neutral, i.e. compensated by a reduction in personal income tax.

From: Mark Hubbard [1]
Sent: Saturday, 17 March 2018 12:49 PM
To: TWG Submissions
Subject: Submission - Tax working group: abolish RWT on interest income & reinstate child rebate.

Submission to the Tax Working Group.

16 March 2018

To the Members of the Committee.

It will be pointless me advocating less tax and the need for a smaller state to this committee, so I won't try. I long ago realised that society is once again on the road to its big state serfdom (this iteration via taxation, securities, and our monstrously expensive and intrusive anti-money laundering legislation), and that individuals like myself with the quaint belief that freedom is an end unto itself are a dying breed whose graves will soon enough be jackbooted over by these awful social justice warrior clowns demanding their entitled ransom of flesh from the free and self-reliant… which brings me back to tax.

The only point I would 'plea' for among the otherwise damage you will be recommending, is the abolition of resident withholding tax (RWT) on interest income.

A decade after the GFC we have had central banks around the world, including RBNZ, move us to command economies whereby in an act of insane hubris bureaucrats have destroyed the price discovery of free markets by commanding for themselves the pricing of that most basic commodity of all: money. Worse, over this decade they immorally decided to price money, via interest, artificially low to grow historic speculatory asset bubbles in financial assets, including property, at the expense of, and the sacrifice of, prudent savers such as myself and the elderly, whom wisely won't touch these stimulunatic markets – modern portfolio theory be damned – and have confined ourselves to term deposit investments in investment grade banks, (having also learned from the junk grade finance company collapses pre-2008): this investment strategy has been made costly for us.

All my wife and I savings are in such deposits that were saved almost solely from our earnings over the last 30 years on which we both paid the top personal rates of tax. Now we are effectively being taxed a second time on those same earnings, and we are the investor class earning least of everyone: why are conservative, and in our case, high tax paying people, the ones being victimised by the state through this immorally disproportionate burden of tax? My wife is adamant our returns are so ludicrous we may as well just drink our bloody savings. And we are, to some extent, doing that, despite the cost due to the excise taxes on alcohol – (side-line note, taxing fun is pathetic, and Mr Cullen's stated aim on using the tax system to change lifestyle choices is totalitarian. Not on at all.)

Not only do we need a microscope to see our real return on investment, which across all our PIE deposits is currently 0.15% after tax and inflation, but the RWT thus plays havoc with the otherwise magic of compounding – (noting at least we have PIEs to cap our tax at 28%, but that is still over a quarter of our measly interest income). Further, people like myself look at farmers growing hugely rich on tax free capital gains in land they've filled with shit ponds, due in big part to this decade's cheap funny-money credit, and at perhaps one in twenty share traders/investors paying tax on capital gains in their NZX/ASX sharemarket investments, and are justifiably pissed off at RBNZ having sacrificed our returns to the speculators of this loose monetary policy from the asylum. Albeit, please note, the answer is not to tax their wealth, which is communist: the answer is to stop taxing my wealth, thereby punishing myself and my wife, and fellow savers, for taking conservative, prudent investment decisions. The financial world currently is turned on its head, and is lunatic, frankly.

Given savings are the powerhouse of properly functioning free economies – and okay we are far from those with the lunacy we've seen of QE (every governor of the BOJ should be in a straitjacket) – it defies sense for any government to tax and disincentivise such saving. We need to encourage saving, but for the reasons given above, given such pathetic interest rates, RWT on top of inflation makes prudent investment imprudent, and I suspect many elderly have been forced to move their term deposits into inappropriate riskier class assets which will, on the coming Great Collapse of Keynesian economics and this laughable price stability by central banking, be beyond sad. It will be tragic for them. Many would not have made this switch, had they been left with the tax deducted from their interest income - it could have made all the difference.

And that's it, other than one final point, small, but necessarily symbolic of the free society over the command state we voted in at the emoting booth: reinstate the child rebate that the miserable bastards in National cancelled; let a kid do a paper round without being fleeced by an out-of-control state and allowed to live with the illusory vision of a free life and volition up until at least their late teens.

Signed with very little respect given what I know this committee will be coming out with,

M D Hubbard

PS: just remembered I think Geof Nightingale is on this committee: hi Geof!

[1]

From: Ray Olsen [1]
Sent: Saturday, 17 March 2018 12:19 PM
To: TWG Submissions
Subject: fairer tax for all

Mr Nash has referred me to your group with a tax idea which could be a help to a fairer tax for all New Zealanders. My idea is a simple deduction of tax from every dollar earned at source regardless whether the entity is an individual or a business. The Reserve Bank would be responsible for collection of the taxes. The Inland Revenue would not be needed because tax returns would be unnecessary. There would be no need for tax claims. Under the counter deals would not escape tax payments because the money they bargain with would have already been taxed at source. GST should be abolished as total tax collected should increase substantially because no one would escape paying tax. Pensions, share dividends and all business transactions will still pay a tax. I believe that stages of income limits should pay stages of tax fair to the income earned. Eg $1 to $100,000 pays 15 cents in the dollar; $100,001 to $250,000 pays 20 cents in the dollar, and $250,001 on pays 25 cents in the dollar. You may consider different rates and even an exempt rate for the poor. This system would eliminate all tax evasion. Businesses and entities employing personnel would be required to channel payments through the Reserve Bank for taxing and return to the payees bank accounts so no tax evasion can take place. Furthermore, If we had a cashless society, the drug dealers could have problems. For your perusal, thank you

From:	Donald Rennie [1]
Sent:	Saturday, 17 March 2018 10:00 AM
To:	TWG Secretariat
Subject:	ACC Levies - A Compulsory Tax

An area which does not appear to to be under consideration by the TWG is the issue of ACC levies payable by employers, the self-employed and "earners" in respect of "earnings" as defined in the legislation.

The ACC is not an insurance scheme. It is a statutory legal system introduced in 1974 to replace the common law right of accident victims to sue to recover damages for their injuries.

The Woodhouse Report, following the principle of community responsibility, recommended funding the ACC scheme by a flat levy rate based on a percentage of the national payroll. The levy would be collected by IRD under the normal tax collection provisions. This recommendation was never adopted and variable risk based levies have been struck each year for different industries prescribed by regulation. The levies payable on this risk based principle, is a form of compulsory tax collected in advance by the ACC.

In 1998 the then Minister for ACC the Hon Nick Smith, persuaded his colleagues and the public, that the ACC was running out of money and it was necessary to build up reserves to pay the ongoing cost of current claims. That is clearly an insurance principle based on the fact that insurance companies sometimes go out of business leaving the ongoing cost of claims to be dealt with from a premium reserve. The then government also decreed that each account should be fully funded. The result has been that the ACC has accumulated reserves which, according to the 2017 Annual Report, now total over $36 billion. These funds are managed by an investment committee of the ACC which prides itself of regularly exceeding the financial industries investment bench mark.

The funding system has meant that over the last 20 years, $36 billion has been withdrawn from the economy for investment by the ACC . Since the ACC is a Crown Entity the funds are regarded as "government funds" and feature in the Government Accounts. They must be invested as if the Corporation was a trustee and are invested in a number of areas both in New Zealand and overseas. ACC is now one of the largest investors in the NZ Stock exchange next to the Superannuation Fund.

It is important that the TWG does not ignore ACC levies, a compulsory tax which has a direct impact on employers and the income of the self-employed and earners.

Don Rennie LlB
[1]

From: Catherine Lindsay [1]
Sent: Friday, 16 March 2018 4:59 PM
To: TWG Submissions
Subject: Trusts - Charitable or Otherwise

Folks, Honourable Chairman,

Both Cathy and I voted Labour to make a difference to the growing gap between rich and poor.

We want the tax law reformed to:

1.Reduce and eventually eliminate the greed and callousness of landlords, property investors

2. Completely remove the tax advantages of Trusts, having people (mainly farmers and small business people) frequently brag to me that they pay almost no tax and send their children to private schools is literally disgusting

Pour vous encourager .....We will certainly vote for TOP at the next election if Labour does not have a clear and active plan to accomplish the above changes.

Letting you know what is expected.

Regards

Ian and Cathie Lindsay

From:	Paul Magill [1]
Sent:	Friday, 16 March 2018 3:46 PM
To:	TWG Submissions
Subject:	Submission

Hi There,

Congestion is killing Auckland.
We need a Congestion Tax on car's so people use public transport or move house to where they work.
You also have a great chance to improve congestion and the use of public transport in NZ.
Especially in Auckland where it costs the country Billions of dollars.
Have congestion charges on motorways and regular tolls along the motorways and busy routes for the users to pay the cost of this.
And that will actually push more people into using Public Transport.
This improves road conditions by reducing traffic where there are congestion problems, increases use of public transport.
And provides funds for general taxation and to improve public transport, or subsidise it.
Help the workers.

My submission on Land Tax is that we already have a Land Tax or Capital Tax.
And that is "Council Rates" which go up significantly each year and pay for a lot of services throughout New Zealand.
This is a tax on land owners that is paid whether they are a true investor or a speculator.

That hurts investors more than speculators, as they are not trying to make a profit, just hold and flip for x amount of years.
So a new Land Tax would kill investors, but not really hurt speculators.
What you should have is a robust capital gains tax on speculators, in addition to the Bright Line test.

You should have a Capital Gains tax on Speculators who hold a rental properties with the real intention of just selling them to make a capital gain and huge profit in the short and medium term.
It takes about 10 years for a rental property to start making any sort of return.
The Bright Line test increased from 2 to 5 years is excellent, and will stop some Speculators, especially Chinese funded (through NZ residents) speculators.
Have a Capital Gains Tax for Speculators who hold for 2 to 5 years and then sell in that 5 to 10 year gap, maybe even up to 15 or 20.
Have it at a lower more reasonable rate so it's not too onerous to pay, and you won't have the accountants working overtime on avoidance methods and loop holes.

But for the true investor who pass's his rental properties on to his children.
I would make sure that is not treated as a sale, if done correctly through a trust system.

You should also make sure that Overseas Buyers are not able to buy houses in NZ as per this new rule coming in.
But you should let them be able to buy land and build houses.
As then overseas money will help the supply of houses in NZ, which is a win win.
Making them sell them, as per current legislation, will kill the usefulness of this new law.

Other changes to tax etc:
- Ramp up the tax on anti-social goods that cost the country money, such as junk food, cigarettes, and alcohol, and petrol.
- Implement a zero tax schedule on a core basic food items to help poor people – Bread, Rice, Flower, Margarine, Milk, apples, Potatoe's, Seeds, Fishing lines etc.
- Implement a sugar tax and a strong tax on junk food such as Coke and other fizzy drinks.

- Make medical marijuana legal and collect the tax from that.
- Tax on share trading – why on earth do they not pay tax
- Tax on all imported products
- Supply people on govt support with seeds to grow vegetables and fishing line instead of money
- Instead of planting 100 million native tree's each year – plant fruit tree's close to or in towns, within half an hours bike ride.

Cheers Paul Magill
[1]

From: Mark Withers [1]
Sent: Friday, 16 March 2018 2:19 PM
To: TWG Submissions
Subject: Taxation of Speculative Transactions in New Zealand

CB 4 Personal Property acquired for purpose of disposal.

An amount that a person derives from disposing of personal property is income of the person if they acquired the property for the purpose of disposing of it.

Defined in this Act: amount, income, personal property

Compare: 2004 No 35 s CB 3

Dear Sir

Background

I am a chartered accountant in public practice and have been so since 1996.

My firm files approximately 3000 tax returns every year and has done so for the last 20 years.

I am a life member of the Auckland Property Investors association having served as its treasurer for 10 years.

I am the author of the book, Property Tax in New Zealand an investor's guide.

My Submission.

My submission focuses on the inconsistent approach of taxation of speculative transactions in New Zealand's taxation system and the selective enforcement of existing law.

Legislation.

Sections CB4 expressly tax gains from sale of personal property where property is acquired for disposal. Section CB5 extends this to those in the business of speculating in personal property.

Sections CB6 – CB 15 contains similar provisions dealing specifically with land.

My Observation

Personal property includes shares and equities.

In recent times we have seen significant resourcing of IRD to enforce the existing law as it relates to land, specifically , the legislation contained in CB6 – CB 15. This saw significant increases in government funding announced in successive budgets that was directed specifically to enforcement of tax law relating to land. This resourcing even enabled the IRD to establish the "property compliance division" which was a team focused specifically on enforcement of laws designed to tax speculation in the property market.

The increased focus on " land" seems to have been driven principally by a political concern over rising property prices and in an environment where no capital gains tax existed, enforcement of the existing law was given priority.

The intense focus on the enforcement of the land tax rules though sits in stark contrast to the complete lack of enforcement of sections CB4 and CB5 that tax speculative gains in the stock market.

In twenty years as a tax practitioner filing 3000 returns per year I can never recall ever having had a client called to account for tax on a speculative transaction in the share market. Not one !

The equity markets function to enable quick and easy purchase and sale of stocks and shares and as such facilitate and make possible a culture of rampant speculation that is far more extensive and fluid than anything in the property sector.

Whilst participants in the stock market may include those that purchase purely for dividend yield there is a significant portion that care little for dividend yield and participate purely on a speculative basis. Yet virtually none of the income that should be declared on these speculative transactions in personal property under CB 4 and CB 5 is ever declared and no enforcement of these provisions is undertaken.

A quick review of the volumes of transactions flowing through the NZX and observations on the volatility in the market to external shock factors paints a picture of widespread speculation and accumulation of wealth through this speculation yet no enforcement of tax on these gains is undertaken.

Reflect for a moment on the manner in which fund managers of stock and share portfolios are remunerated and the contrast with their colleagues in the property sector.

Fund managers fees are typically charged as a percentage of funds under management, so as the value of funds under management increases so to do the fees the manager generates. Their fees are not linked at all to the dividends their funds generate. By contrast a property managers fees are generated relative to the rental income they collect from the asset and are not impacted by the movement in the assets capital value. The point being that the way the entire fund management sector operates is to place emphasis on the increasing capital value of the shares under management which in turn promotes and rewards speculation in the sector, but despite this, tax law that taxes these gains is universally ignored and not enforced.

One might ask , why ?

We now have a specific bright line test of 2 now 5 years to remove the ambiguity of “intent” at acquisition from the taxation of land transactions but yet we have no such bright line test to strengthen the CB 4 taxing provisions that require declaration of speculative gains from the stock market. Why ? Taxpayers can rightfully conclude that the government seems only interested in taxing one type of speculative transaction, land, and that this can only be because land is politically problematic but this seems to then undermine the tax system and allows different outcomes for speculation in shares than can be expected from speculation in property.

Conclusion

The intense political spotlight on the price of residential property has led to a targeted enforcement of tax laws that are designed to tax speculation in the property sector. I submit that these enforcement measures have been very successful and that there is now a very high degree of compliance with tax law across the property sector.

I believe this sits in stark contrast to taxation of speculative gains in the equities sector, presumably because increasing equity values that are in part driven up by speculative behavior are not politically problematic.

I submit though that taxation of all speculative transactions under existing law should be enforced with an even hand and this is not occurring currently. This leads to taxpayers becoming cynical about the taxation system and how it is used, is it being properly used to generate the revenue needed to fund government expenditure or is it simply being used as a political lever to alter certain behaviors and achieve political outcomes ?

I ask that the working group consider the fact that existing laws that tax speculative transactions are not enforced consistently or fairly and that the bias toward property speculation is causing vast tracts of taxable income from speculation in the share market to go undeclared and that this lackluster or “cherry picking” approach to enforcement potentially undermines the fairness of the systems and the perception that the system is not equitably administered.

So as the working group seeks to examine even more initiatives designed to tax the property sector, like land taxes for instance,   spare a though for all the speculation in other sectors that goes untaxed and what perception that lack of enforcement creates for those that actually seek to comply with all of our existing tax law.

Ask yourselves also why we would seek to introduce a capital gains tax that would presumably include capital gains on stocks and shares when we are not willing now to enforce existing law that imposes taxation on speculative gains on personal property that includes shares and equities.

Kind Regards,

Mark Withers

Partner
Withers Tsang and Co Limited
Chartered Accountants

[1]

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From: Pam Graham [1]
Sent: Friday, 16 March 2018 10:35 AM
To: TWG Submissions
Subject: submission to tax working group

Hi,
The following is a submission to the tax working group from Pam Graham. Thanks

Don't stuff it up Michael.

I am 57 years old and the place I am working at is closing down, which is the second time this has happened to me. I have white hair, don't sleep well because of the surgical menopause and I am stiff and sore, possibly from going to the gym and golfing too much. My fault, I accept that.

I look rich because I own a house worth a lot and have savings in the bank as well as a bit of KiwiSaver. But I'm actually up shit creek because my money earns next to nothing in the bank, even the one owned by New Zealanders. I have several university degrees but from here on in I could be earning the minimum wage.

I have a lot of expenses. These include a very expensive dog – have you seen what vets charge?

I also have to pay for healthcare because even though I have had cancer twice the public system has chucked me out. My GP only refers privately so I am saving a bit of money currently by not bothering to go to see her. Because I am fat I find the pretentious doctors trained at the Otago Medical School look down on me and will only treat me if I pay. They seem hell bent on Americanising the New Zealand health system. Nice for them but not so nice for patients.

My plan is to rent my house out and live in either a very cheap house in the middle of nowhere or in a motorhome for the eight years until I qualify for super. At the age of 65 I expect to be living the life of larry on $315 a week. It should easily cover the $750 for rates and $750 for insurances that went out of my account last week. That happens every three months.

So my "home" will be used to support me to get through to retirement and I won't be living in it.

I look comfortably off but I'm not.

Don’t stuff it up Michael.

From: Dharan Longley [1]
Sent: Friday, 16 March 2018 10:15 AM
To: TWG Submissions
Subject: Submission

Nelson

Hello

I’m 66 years of age, and despite receiving Super (which I’m grateful for, despite being inadequate to live on), I need to continue working to earn enough to live.

As an ordinary NZ'er who has worked hard and put savings into one extra property as a nest egg to supplement Super, it is absolutely essential that whatever outcome the Tax Working Group decides, that it **DOES NOT** tax ordinary Kiwi’s minimal extra assets like one or two rental properties.

Any extra tax should be on those who have such excess that it won’t affect their ability to survive financially. Tax the wealthy, on high incomes, **NOT** the large majority of us who just want enough to live comfortably in retirement.
Its about fairness and genuinely supporting people.

Adding new taxes just discourages savings and investment. We are already taxed excessively. PAYE plus GST is too much.

The government needs to provide tax cuts for young NZ’ers so they can have hope that they can own a home, not be burdened for most of their lives paying off student debts and just managing.

With a government tax revenue of $78.2B this year and projected $93B in 2021, the government CAN afford to reduce ordinary kiwi’s tax and actually support our people to have a comfortable life, not a more ‘taxing' one.

And it is right that you consult widely, not just ”interest groups”, such as those who want to maximise their tax avoidance through loopholes.

I warmly recommend you place ads in all major newspapers, and organise road shows where Kiwis are invited to attend and express their views, to alert us that our views are valued, will be listened to, and more importantly acted upon, and that they can make a submission.

Thank you

Dharan Longley
[1]

From: Susan Davis [1]
Sent: Friday, 16 March 2018 10:17 AM
To: TWG Submissions
Subject: Fwd: GCT and/or Land Tax is Sexist, Ageist and Will Destroy Relationships

I had not heard about the abysmal "value capture" tax when I put in my original submission.

("This is a process under which a special tax is levied on property owners deemed to have benefited from the building of infrastructure." https://www.stuff.co.nz/business/102122026/finance-minister-grant-robertson-considering-property-value-capture-tax-to-fund-rail)

Please add this to my submission:

7. A Value Capture Tax will drive people from their homes

Only income should be taxed, because low-earning home owners, including pensioners, would not be earning more just by happening to own a property 'deemed to' have higher value, and could be driven out of their homes by higher rates or tax.

If landlords are earning more rent due to better infrastructure, then they will automatically be paying more tax from the rental income. As an area will gradually gain higher density from being nearer a transport hub it will also gain more rates without having to hit locals with a 'value capture' tax.

Regards, Susan Davis

---------- Forwarded message ----------
From: **Susan Davis** [1]
Date: Tue, Mar 6, 2018 at 3:39 PM
Subject: GCT and/or Land Tax is Sexist, Ageist and Will Destroy Relationships
To: submissions@taxworkinggroup.govt.nz

1. CGT or Land Tax on home businesses is SEXIST and AGEIST.
2. CGT or Land Tax in home businesses destroys Auckland's aim of reduced commuting.
3. CGT or Land Tax on home businesses will destroy relationships.
4. CGT or Land Tax on rental investments or 'wealth' is really taxing inflation and discourages people from saving for retirement.
5. CGT or Land Tax on rental investments is AGEIST.
6. CGT or Land Tax on rental investments will destroy relationships.

Introduction

If developers or speculators aren't paying their tax (already required by current tax laws), the bill should not be picked up by small investors, home business business people and 'Mum and Dad' rental property owners who have worked hard and scrimped and saved for retirement.

In the past Labour has threatened CGT for home businesses despite the claim that family homes are exempt (see evidence at end of this email). A Land Tax would be even worse: a huge annual fee, not feasible for many small home business and rental property owners.

A Land Tax on top of rates would also be a very unfair double dipping Property Tax. Auckland City Council has now stated that rates are really Property Tax: I quote Debbie Acott, Radio NZ 21 November 2017 said that rates are "basically a property tax," and that Aucklanders "wouldn't get any extra services."

Many small home businesses will close or instead rent commercial spaces and commute to them. Many small home business owners can't earn enough to make up for huge Land Tax or so called 'capital gains', which are really just housing inflation anyway.

Encourage long-term small rental and shares investors who have tried to save up for retirement. Don't punish them for working hard, saving and investing over the years.

1. CGT or Land Tax on home businesses is SEXIST and AGEIST.

Small home businesses are often run by women and by people in semi-retirement.

Charging CGT or land tax on small home businesses will prevent many women and semi-retired people from starting a business. Such a tax would be extremely sexist and ageist.

2. CGT or Land Tax in home businesses destroys Auckland's aim of reduced commuting.

Working from home policies are part of Auckland’s Draft City Plan. However, Land Tax or CGT on home businesses will destroy Auckland's aims of reduced commuting, as people will be discouraged from working from home.

3. CGT or Land Tax on home businesses will destroy relationships.

There will be serious disputes between spouses/partners if one wishes to start a home business and the other may resist if Land Tax and CGT are threatened.

4. CGT or Land Tax on rental investments or 'wealth' is really taxing inflation and discourages people from saving for retirement.

A house in 2018 is no better than it was in 1990 - worse, in fact. The so-called 'capital gain' is nothing but inflation. If someone's home business property or rental investment has to be sold, they should be able to afford to buy a similar property, but if CGT is charged, they won't be able to.

Long term rental property owners are often small 'Mum and Dad' investors, including retirees have no way of paying annual Land Tax from the rental returns, when just maintenance and rates are difficult enough. And a CGT upon sale would mean that they would never be able to buy a similar property.

The same will apply to so-called 'wealth'. There are already extremely low returns on investments. Charging on so-called 'capital gain' is really just taxing inflation.

5. CGT or Land Tax on rental investments is AGEIST.

Small rental property holdings are the way many middle-aged and elderly Kiwis have invested. Charging Land Tax or CGT on these will deprive them of their retirement income.

6. CGT or Land Tax on rental investments will destroy relationships. Two people each owning a home may wish to live together, while renting out the other home. But if CGT and Land Tax would then be charged on one of the homes, many middle-aged and older people wishing to live together may well decide that they can't afford to do so.

Regards, Susan Davis

Evidence that Labour wanted home businesses to pay CGT:

In 2014 Labour's website included this pdf : ‘Labour’s Fairer Tax System’.

“Business run from home

Dorothy owns a small gift shop. She owns

the building and lives upstairs with her store

taking up the bottom floor. 50% of the area of the property is used for commercial purposes, and 50% is her primary residence. At 45 she decides to wind up the business and sell the property. She makes a capital gain on the property of $200,000."

"The family home exemption means the portion of Dorothy‟s property that is for the family home will be exempt.
Dorothy is only liable to pay 15% tax on half of the capital gain – as 50% of the area of the property was her primary residence."

Best Regards, Susan Davis

From: Adam Dowsett [1]
Sent: Thursday, 15 March 2018 9:47 PM
To: TWG Submissions
Subject: Tax Working Group submission

Dear Sir/Madam,

Thank you for this opportunity to share thoughts and ideas for such an important future perspective impacting all within our special country.

I'm not an expert on tax, however I believe politicians are properly elected by us - yet continuously consider more tax increases to existing citizens - rather than to those people temporarily enjoying our country. The MBIE predicts that by 2023 we will have more short-term visitors to NZ each year than we have as a natural population; the visitors should therefore be paying more to enjoy our beautiful country.
Why should those NZers who voted the politicians making these important tax decisions, and who already pay income tax/GST, also have to carry the further full tax burden of pressures to infrastructure caused by overseas tourism?

Yet no political party has actively taken the initiative to tax non-Kiwis (tourists and non-residents) to a greater extent;
NZ is a very very desirable country to visit as a tourist, or to be educated in with a potential to live. This attractiveness will always be there, therefore a smart tax initiatives to these groups of people are important opportunities.

Summary of major points:

- Increase taxes to tourists and non-residents: they will still come in increasing numbers
- Tourists will soon outnumber population; this is where to increase percentage point taxes
- Transactional based taxes, highlighted in the Recommendations below, re easier to implement and administer
- Increased numbers of people is a burden to all infrastructure across the country; smart taxing initiatives in key tourist areas/cities will maximise this initiative

Recommendations:

- Hotel taxes (including AirBnB?) to pay for sewerage, water, waste. Such hotel taxes are levied in other major tourist cities across the world
- Local city taxes (also paid at hotel/motel checkout): to pay for roading, policing, hospitals
- Car rental tax for cars & campervans hired by non-NZ (and Australian) drivers' licences
- Water export tax: increasing tax on bottled NZ water sent offshore (and other selected natural resources?)

I'm definitely open to discuss any of the above points in greater detail with the Tax Working Group and Secretariat.

With thanks,
Adam Dowsett

From: John Bonallack [1]
Sent: Thursday, 15 March 2018 6:15 PM
To: TWG Submissions
Subject: Submission to Tax Working Group

Dear Sir Michael and the Tax Working Group

I appreciate the opportunity to make this submission to your group.

I believe that the tax system should remove the tax and investment advantages landlords have when buying investment housing properties. Behind this viewpoint is the conviction that the community, and society as a whole, is enhanced when people are enabled to buy and own their own home – and undermined when they are forced to rent.

My wife and I brought up our family in an older ex-state housing area [1]
[1] We have been here for 35 years. When we arrived, most of the homes were, like ours, ex-state houses that had been sold to others like us who were starting at the bottom of the ladder. When we bought it (for $41,500), the house was an unpainted fibrolite-shingle dwelling on a large bare section. There had been a kitchen fire and the interior was smoke damaged. Since then we have painted and renovated it, built onto it twice, built a detached granddad flat for my father, done a lot of paving and planted several hundred trees and ferns. We are now retired and hope to stay in this house as long as we can.

Others around us also improved their homes and gardens, but over the last ten years as owners moved on, many of the properties were bought by investors as rentals. The tenants have, with a few exceptions, been perfectly decent people, but the landlords tend to live elsewhere in "better" suburbs, and neither they nor their tenants have the level of pride in their properties that home-owners tend to have, nor much interest in their hedges, fences, maintenance or improvements beyond what is absolutely necessary. The landlords are naturally interested in getting maximum rental for minimum input. The tenants I've spoken to have all said they would like to own but can't afford to and, unsurprisingly, have little interest in enhancing the properties for the benefit of the absentee owners.

It seems to me that this reflects an unintended consequence in the tax structure that incentivises those who have a bit of capital or can leverage off an existing property to make themselves comfortable at the expense of not only those who cannot afford a first home, but of the community and society as a whole. I believe that if the tax incentives were removed, investors would be likely to sell their rentals. This would depress house prices and enable more first-home buyers to find affordable homes.

I am also in favour of dated Housing Corp stock being sold cheaply (provided replacement state houses are built). After all, that's how we got into our house. In recognition of an artificially low price, certain caveats on the sale and subsequent sales – perhaps limiting purchasers to first-home buyers with families through a ballot system, and preventing the home from being used in the future as a rental.

I am not experienced in making submissions. If it should be that this is not in the correct form, I'd be grateful if you would let me know so that I can resubmit it correctly.

Yours faithfully

John Bonallack
Marathon Books NZ Ltd
[1]

From:	Mike Diggins [1]
Sent:	Thursday, 15 March 2018 4:40 PM
To:	TWG Submissions
Subject:	Submission on "Future of Tax" - Mike Diggins

Ladies and gentleman
I make no apology for lack of brevity – as a member of both the ageing population and the bastard landlord class, I need to comment. You asked for a summary, please find one at the end.

I want to mention superannuation, capital taxes, consumption taxation and options that will help reduce my inevitable footprint on expenses by delaying the need for them. I want to put some extreme cases so you think about where the lines of decency are. Mainly though, I want to ask a question.

Is your intention to encourage me to make the best of what I am, or to punish me for the position into which I have worked myself?

Let me explain. As an example, the 1986 Fringe Benefit Tax (47%?) was a punishment for trying to help your staff. It created an avoidance industry. The 1968(?) British wealth tax regime put the Rolling Stones into France, which was not where they wanted to be. Not only did it *reduce* tax from that source, it made the government a laughing stock among the young. I was there – I laughed.

I suggest as a principle you wish to avoid the perception of punishment. Let's look at that.

Superannuation makes a great poisoned chalice. Us old farts have nothing to do except go on government-sponsored cruises, right? Wrong. After Sir Rob's promise to the nation was broken, I assumed I would receive no superannuation and acted accordingly to protect and provide for my family. I do not expect to be punished for doing that, but that is my minimum position. If you want to muck about with it, abolish it, and make hardship grants easy to apply for. This is a good option if the National Party wins the 2020 election – I'd love to hear the PM's explanation. But DO NOT TOUCH the savings I have built up as a hedge against that position. Do that, you punish me twice.

Handling superannuation that way might even help. Confused people would need help and there might be a case for a government sponsored 'gig' economy composed of folks like me to provide it from a position of knowledge. Great motivation, helps keeps the brain moving and might keep me out of hospital – so pays for itself. Minimum, sorry living, wage is fine. I work from home, when I want to, and travel after 9am to avoid expense claims.

While on about ageism, very grateful there is no official retirement age – I have no love for the idea of forcing you out of the working "tribe" to die. I was able to leave on my own terms, went past the use by date a bit and knew why I was ready to stop full-time work. I'm in Auckland, I love my HOP card, it gives me freedom and I can choose not to drink and drive by giving up driving. I love the freedom of being able to devote time to doing things I believe important. This is one of them. I love the different, almost loving, approach the MSD takes with seniors – I've seen the same between staff and patients in Auckland Hospital's Oncology department.

The suggestion I made above would make me into a bludger again. I would rather that didn't happen. I would be happy if superannuation was set based on the amount of tax (excluding super) you paid in a year. I volunteer to be part of the gig economy chasing down tax evaders, as above. By the way, thank you for not being slaves to the GDP gods.

I like your example on page 21 about how investment decisions are made, or not. It goes to the heart of my opinions as a residential landlord. Bottom line, tax me too much and you take the consequences of a reduced ability to make investment decisions. There is only so much in the landlord's war chest.

I got into that business 20 years ago. Only a couple of properties but chosen on two principles. One, I wouldn't buy a place I wouldn't live in. Two, we bought for capital gain. This was retirement saving; I expected to take very little out of the properties, trusting them to recognise two decades of labour when they sold. Hence my opinion on capital gains.

In 1998, I expected to realise maybe 200% to 240% of the purchase price at sale (we still have one property). I do not regard the realisation of almost 400% as my fault and I do not expect to be punished for it. If you are going to do that, you need to tax lotto winnings above fifth division, the dogs, the gee-gees and the casino in the same way. I already believe there have been years in which I paid more tax than Fletcher Challenge.

However, you need more money, not least to get the bullshit out of our streams and the death of trees out of our forests before we pay for that in reputational damage. It will cost us to retain the reputation that underpins one of our biggest income earners. There are other reasons, too.

Page 43 makes me rather proud – the removal of all those minnow taxes like stamp duty that were just a nuisance. As a principle, government needs to be seen not to clip the ticket on this sort of business – we've done that by bundling of airport taxes. Example – with stamp duty, let the lawyers charge for it, collect it and pay in bulk. No one cares if you go after lawyers for evasion.

Its particularly good that you are no longer punished for being nice to others when you die. SKIing is one thing – accidentally leaving a legacy that creates the worry of the IRD going after your grand-kids quite another. Stuff like that is not missed.

To property. What the ability to offset losses 20 years ago gave me were two things. Firstly, I could dream bigger if I could do that. Secondly, that rebate at the end of the year gave me something I could use to make capital improvements on properties that needed them. Depreciation did the same and I was grateful for both. Didn't even mind paying the clawback, too much.

Take that away and you take away any motivation to improve the properties. I can honestly say that I derived no personal gain from that rebate – my customers (tenants) did. Maybe that's me, but you have to decide if you want to punish people like me for making improvements on a tight budget, because I have an idea of how much you have to spend in advance and can make that money go further by advance planning.

Capital gains – if I'm taxed on capital gains in Epsom, can I have a rebate for my property in Bexley, East Christchurch, please. Would help offset the legal cost of the insurance claim!

Not true – but if volcano no. 51 goes up in Auckland, it could be. Gains in housing are an assumption that cannot be certain.

What bothers me about CGT is that you haven't told me how it will apply. That goes back to my original directive to you – do not punish me.

Suppose I bought a place in 1997 for $270,000. In November 2018 I sold it for $970,000, completing on January 31st, 2019. On January 1, 2019, you suddenly introduce a 50% CGT, effective immediately. You'll get a note saying IOU $350,000. Is that right? I don't know.

My best option is not to pay and continue not paying until you put me in jail. I get Sky TV, three nice meals a day, as much free education as I can handle, guaranteed reasonable treatment, free hospital care and a nice room I can, within reason, decorate myself. I can sell the family home for ten times what I paid for it because I don't have to buy a retirement unit! And when I've done my time, I can live off the interest of the legal gain. Come to think about it, that's not a bad plan….

I would support a capital gains tax, even on the family home, that I saw as a fair reclamation from unearned income. In other words, an income tax. At introduction, your contribution to that is a free registered valuation (why should I pay for what you demand?) specially to act as a basis for CGT, and government backed as valid and accepted. I pay tax on the income I have earned (or lost, in Bexley) from that point.

I support it as fair – but until you tell me if we are to have that or the option that puts me in jail, I can't trust you. Same applies to the other windfalls – Lotto, the gee-gees, the dogs and my gambling problem. Of course, if I lose, I should be able to claim a capital loss for the session – which may motivate me to have a problem.

Do not mess with my KiwiSaver. I paid tax on the money I contributed, I pay tax on the interest, I contribute a decent wedge to my fund manager who I assume pays tax on their profits. If that's not enough, put me in a nice jail, please.

GST. I helped introduce GST in 1986 and after Thatcher's multi-rate stupidity in 1970s Britain, I loved the idea that you taxed the invoice rather than the invoice line. Selective GST would be a computing nightmare – but maybe good for my gig economy. If you want to do that for staple foods, ask the markets to reduce the cost to the customer by the GST difference (a fixed percentage, applicable through their pricing for special offers) and let them claim a rebate as thanks. No change to transaction systems, minor changes to reporting and submissible online – that's effective.

Sorry, I don't like the "efficiency" moniker. I've worked for local government and seen lots of people running in very small circles very efficiently. Didn't get much done, though.

IN SUMMARY

One guiding principle: taxation must avoid any perception of punishment for achievement.

Superannuation – no support for means testing:

- It is a privilege, not an entitlement – unlike the dole.
- I would rather see it reduced than means tested.
- I would rather see it removed entirely than means tested.
- I would love to see encouragement of seniors to be, in their terms, useful.
- Seniors with spare cash will generate GST when using it – if they have gained that spare cash legally, don't punish them for doing so

Property:

- No support for ring-fencing losses – stifles motivation to improve property
- Limited support for CGT, given that we do not know what is proposed (see notes for possibilities)
- Under some circumstances, I am better off in jail for not paying CGT than free for paying (see above)
- No support for being jailed

GST:

- No support for changes that charge it at line, rather than invoice, level – ICT nightmare
- Support for variation on staple items that uses "special offer" provisions in retail software, then allows claims by the retailer. That should be do-able

If you've read this far, thank you. Some of the above might have sounded flippant but I believe the best way to get points across is to try to be entertaining. My objective was always to enjoy retirement without assuming any Government contribution. I've achieved that objective. Do not punish me as a cash cow for doing so, because an old fart like me has nothing better to do than read about your contradictions and pursue sniping actions. It took Kristine Bartlett twelve years, and I've got more time, I hope (and #metoo as an example).

Thank you for the opportunity to comment, and the general clarity of your documentation. These views are mine, and mine alone.
I have no objection to being contacted for further information.

Contact details:
Mike Diggins
[1]

[1]

From: James Baker [1]
Sent: Thursday, 15 March 2018 3:46 PM
To: TWG Submissions
Subject: Submission

It always seemed unfair to me that Income Tax is applied back to dollar one of income. Economically depressed people should be allowed to earn up to the threshold of the poverty level without incurring an income tax. Of course this would mean that income of higher levels would incur higher tax rates.
Cheers..

Sent from my iPhone

From: Roy Wilson [1]
Sent: Thursday, 15 March 2018 3:41 PM
To: TWG Secretariat
Subject: To the Chairman of Tax Working Group.

Good afternoon Mr Cullen,

I read the article in this morning's NZ Herald with interest. The key point you made was:

'We are not being asked to raise more revenue…but… how to maintain the current level in the face of some major future challenges such as an aging population and new technologies'.

This is all WRONG. Imposing a greater taxation burden is not a valid method of raising more revenue… but…
… rather increased revenue should be obtained by **improving our business performance.**

When you were Minister of Finance you largely stayed away from interfering in business activities; instead had a focus of supporting our very capable business people who have both the training and experience.

The current Prime Minister despite her almost total lack of business experience describes herself as …
……..…an 'interventionist' (surely the first requirement is exceptional proven experience)

Below is a letter I sent some time ago to the Minister of Finance. It is not surprising that I have not received a reply as I believe their all-out attack on ALL our major INCOME EARNING industries simply can NOT be substantiated.

Perhaps the most glaring barrier to increasing our foreign earning is by preventing us from fighting on a level playing field with the rest of the world …through the failure to lower the company tax rate to 25%.

Roy Wilson
[1]

From: Roy Wilson [1]
Sent: Sunday, 17 December 2017 4:12 p.m.
To: roy
Subject: MINISTRY of FINANCE - ARTICLE NZ HERALD - for Attention of Mr. GRANT ROBERTSON.

Good morning Mr. Robertson.

Ever since the election I have been amazed that various commentators have not analysed your programme as follows :

1. Your leaders have negotiated your way into power by promising programmes, handouts, and giveaway (bribes) to the Greens and NZ First using tax payers money … the full amount of which your PM stated **has NOT been costed!!**

2. All these promises/new programmes will have to be funded from taxation from our **income earning industries.**
   Yet instead of incentivising them to increase their revenue you have **actually attacked them** making it more difficult for them to perform well :

   TOURISM. You are cutting off their source of critical immigration staff so essential to maintain our quality service.

   MINING. Stopping some future mining with no regard to any proven reason on a case by case basis.

   FARMING. No more irrigation regardless of the fact that modern schemes are now controlled so as not to damage the environment.

   EXPORTERS. Removing the proposed tax cuts for commercial firms which would bring our rates more in line with the rest of the world with whom we have to compete. (The USA are showing the way… down from 35% to 21%) As you know we are one of the highest trading nations per head of population on the world stage and yet you are deliberately preventing us from competing on an equal basis !

   IMMIGATION. While we are now in a position to gradually cut back on the number of our new residents this needs to be carefully managed to ensure we get the skills we need… plus enough capital to ensure a smooth transition.

3. OBJECTIVES.
   How can you justify your comment “in transition…to a productivity based growth?” . Business confidence has slumped… you have removed all the incentives to encourage productivity… and replaced them with handouts… plus…
   ……… placed obstacles in the way of our most powerful industries.

SUMMARY

It appears we are heading for a period when all the gains we have made over the past few years will be frittered away …with incentives replaced with head winds. It would seem we have an extremely inexperienced government following an ‘interventionist’ policy without the experience and knowledge to understand the full consequences… as they rush headlong into one reckless action after another.

I hope that you will be able to show me that the picture is not as bad as I have painted.

Roy Wilson.

From:	David W. Scott [1]
Sent:	Thursday, 15 March 2018 1:27 PM
To:	TWG Submissions
Subject:	Tax changes perspective from late 40s good income earner

The following changes I'd like to see are from the perspective of someone I consider to be trying to be environmentally conscious, a solo parent, modest home owner, well educated, decent salary owner in the technology industry, and an aspiring business starter.

Primarily I would like to see less taxation on personal income generated and a rapidly increasing ratio and a greater emphasis on taxes that are placed on "consumption" which I see as basically the root of most of the ills in the environment, population health and mega-wealthy excess.

For example, GST is charged on everything (other than specific exceptions) that people want to buy, as such, it is very hard to avoid. Most wealthy people would naturally end up paying a greater fair share of this tax due to the expensive purchases they make. In addition, there is a built-in encouragement to be environmentally-conscious with their wealth e.g. choose to live in 'small footprint' ways to reduce their tax burden.

Similarly, with lower income people, they also pay a lower fair share on their purchases, with some additional exemptions for non-processed foods, and the same built-in encouragements to live in environmentally-conscious ways, avoid junk food, etc., to reduce their tax burden.

In line with gradual increases on GST, there should be a commensurate reduction in income taxes (and fewer brackets but very high earners still paying a higher rate). I'd also like to see tax-free bracket maybe increasing eventually to $10,000 p.a. which would greatly benefit those on or close to the poverty line.

I would also expect eventually that, as more and more automation and AI takes peoples jobs, this tax-free bracket could also gradually become a universal basic income bracket and likely removing or reducing the need for income support/job seekers allowance etc.

I'd would think these GST/Income Tax "levers" could be extremely useful and able to be adjusted "on a dime" to maintain the current overall tax take required to provide services, and also help drive down costs of many services such as the health system.

I would definitely support a capital gains tax on financial services and property, other than the main family home (not additional baches etc) and certainly not investment properties.

Corporate tax could be reduced somewhat but I would like to see it always above that of personal income tax.

Carbon tax or emissions trading should be implemented on all industry, including farmers and energy generators and fossil fuel extractors... however, farmers for example should also have this bitter pill sold to them with new support to reduce their emissions and also offer greater financial support for the increasing extreme weather events and droughts.

Similarly, highly polluting equipment and vehicles should have this tax applied.

Carrots and sticks. Encouragements to live healthily and for environmental benefit of future generations and NZ's image.

I have a very bright 19 year old son, who has recently left school, has no hope of owning a home and was struggling to find work. So much so that he has decided to give Australia a try despite the inherent big hurdles kiwis get over there.

We need to do better for our kids.

I would see all of the above as a great opportunity to increase income equality, future prospects, encourage healthier eating and environmental choices, encourage affordable home ownership and a small eco-home building boom, support/improve NZ's clean green image, and make NZ the progressive forward-thinking nation that we were born to be, again!

This could be the defining moment to show the way in the 21st century just as we were with women's right to vote, anti nuclear policy, etc., in the 20th.

I would be happy to make these submissions in person or available to the public.

Good luck

Regards

David Scott

From:	Mike [1]
Sent:	Thursday, 15 March 2018 1:24 PM
To:	TWG Submissions
Subject:	Tax working group

My submissions with this future of tax;
I believe that any tax reform should encompass local govt rates as well,
Local Govt rates keep on increasing on a yearly basis, they are a cost regardless of ones
Ability to pay and the increases are just compounding.
Taxes should be based on disposable incomes and should take into account a taxpayer ability to maintain a reasonable standard of living. Retirees should have their situation noted, the effects on their savings, particularly with rates.
Taxes and rates should be treated as one item.
GST being an all embracing tax does affect the lower income people more than those on high incomes and does contribute to the difference between the rich and poor. GST should not be such income earner for Govt, direct taxes are a better option.
Governance money should include both rates and general taxation and the people’s ability to cope with this should be factored in.
Michael Norris
[1]

From: David King [1]
Sent: Thursday, 15 March 2018 12:15 PM
To: TWG Submissions
Subject: Submission 2

No expense deductions on residential property.
Free up residential property for owner occupiers. Housing is not an investment class. There are too many negative social outcomes attached to investing in residential property. these are not investors, they are just speculators getting cash flow relief until they sell and bank their untaxed capital gains. You can still buy a house as an investment if you want and pay no capital gains tax if you are outside of the brightline timeframe. But instead of getting a tax refund you pay tax on your rental income with no relief from deductions like interest, rates, insurance, accounting fees, maintenance.
It will capture the land bankers, house speculators hiding as investors, Airbnb and bach owner deductors.

David King

[1]

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From: [1]
Sent: Thursday, 15 March 2018 10:31 AM
To: TWG Submissions
Subject: Submission

Re possible changes to taxes regarding investment properties.

Please carefully consider the possible implications of making changes to how investments properties are taxed. Currently the majority of landlords in this country are what is termed as “Mum and Dad” investors, I believe around 80%. They are not necessarily wealthy but are trying to build a nest egg for retirement as the superannuation will not be sufficient to live on. Nor was there an incentive or any such schemes like KiwiSaver around hence investment properties as the vehicle for some sort of life at retirement.
We are one of those investors who has a property that is not cash flow positive, we have tried to keep the rent at a sustainable level for our tenants and have now owned this property since 2011. So we are not in this for a quick capital gain but the long term.
In keeping the rent at an acceptable level we have to top up the mortgage and outgoings to the tune of $200 per week. This we have been prepared to do as we are in it for the long game not shot term gain. Any changes to the tax system that increase the amount of tax we need to pay purely because we have a rental property will mean that we seriously will need to rethink this as a proposition either in terms of increasing the rent or selling the property. Neither is an option we want to be forced into and neither option will benefit the housing market.
The property will not likely become a rental on sale nor would first home buyers be able to afford to buy this property.

The landlords will one or two properties are the backbone of most rentals in this country penalise us will penalise those that need a rental as prices will defiantly increase.

So please consider any proposed changes carefully and what implications they may have.

Thank you
Sarah Carr
[1]

Sent from my iPad

From: [1] [1]
Sent: Thursday, 15 March 2018 9:07 AM
To: TWG Submissions
Subject: Fwd: My ideas

Sent from my iPad

Begin forwarded message:

> **From:** [1] [1]
> **Date:** 15 March 2018 at 8:59:17 AM NZDT
> **To:** submissioms@taxworkinggeoup.govt.nz
> **Subject: My ideas**
>
> From [1] , [1]
> [1]
>
> Firstly my apologies because I am not sure of the expected format, however, I hope that doesn't make my ideas less valuable than those who understand these things.
>
> GST:
>
> Apply the KISS principle. No exemptions -they just cause bureaucratic nightmares and administration costs and endless arguments.
>
> INTRODUCE AN APT TAX:
>
> I know this is usually applied at a flat rate but to me it would make more sense to have at least two rates. One rate for transactions within NZ (a circulating ATP, if you like) and this should be the lowest rate.
>
> Then a second higher rate on transactions where money goes overseas. This would help offset the loss of a consumption tax for people buying goods overseas by mail order. Buyers of foreign currencies would also pay this tax.
>
> And if you are really brave an even higher rate on larger sums sent overseas by foreign owned businesses repatriating their profits to tax havens etc.
>
> SOME SORT OF TAX ON EXTRA PROPERTIES:
>
> By extra properties, I mean any residential building which is not the family home. Only the well off can afford a holiday house. It is time people owning rental properties were taxed on those extra assets too. Like all taxes it would have to be watertight and I have no idea how it would be implemented.
>
> GET RID OF WORKING FOR FAMILIES AND RENTAL SUBSIDIES:
>
> These returns of tax just skew the market keeping wages low and rents high. In some ways

too, they disincentivise people to strive to better themselves because they don’t want to go into the bracket where they lose the subsidy.

INCOME TAX:

Income tax is also a type of disincentive. It is the one tax everybody sees and thinks about. It should be kept as low as possible once new taxes replace the revenue flow.

Thank you for this chance to submit.

Yours sincerely,

[1]

Sent from my iPad

From: Robyn Carey [1]
Sent: Thursday, 15 March 2018 8:44 AM
To: TWG Submissions
Cc: Robyn Carey
Subject: Submission - additional point

Hi,

I have already made submissions via your standard 5 question format.

I have an additional point to stress:

Generally it doesn't seem to me that a capital gains tax (as opposed to a wealth tax, which I strongly oppose) has any less ethical basis than a PAYE tax. Why should unearned gains not be taxed? In fact, a capital gains tax seems even more justified than a PAYE tax. However, note that the capital value of a property prior to sale would include any value added improvements including owner labour costs, with the provision of relevant receipts etc. Any capital gains tax must also be balanced by the ability to claim capital losses.

A capital gains tax cannot apply simply to one asset class, that is, property. A capital gains tax must apply to all asset types, including businesses. Why should companies such as Trade Me, sold for $700million and Sistema, sold for $600million, not have a capital tax applied? It may be that these businesses provide jobs, but property investment provides homes. Providing homes is no less important than providing jobs. The sale of small to medium sized businesses is to provide for retirement, and therefore should not be subject to a capital gains tax, some would say. However, the sale of rental properties by mum and dad investors is also to fund retirement, so the same argument applies.

So, apply a capital gains tax if you wish. However, the ability to claim capital losses must be included and the tax must be equitably applied against all investment assets, including businesses. In addition, this new stream of tax revenue must be offset by a decrease in tax in some other area, e.g. PAYE.

The government needs to think hard about creative ways of supporting new income streams that don't increase the tax burden on its citizens, which is attempted by the SOEs and sale of electricity and other assets.

Robyn Carey

From: Cant, Mark [1]
Sent: Thursday, 15 March 2018 5:30 AM
To: TWG Submissions
Cc: Mark Cant [1]
Subject: Submission to TWG

Hi

I have some suggestions that would meet the Tax Working Group (TWG) objectives, the problem, which I am sure will be considered, and reported on, however I think we all know they are not politically advisable. Perhaps the TWG could suggest ideas to make implementation of these ideas more politically feasible or suggest ideas that “reduce the macro impact of significant changes to tax policy”.

Suggestions:
Capital gains tax (CGT) (on non-primary residence property) this would be expected to have an impact on the housing market, ie increase supply.
Stamp duty again on non-primary residence property would also help. this would be expected to have an impact on the housing market, ie increase supply.
ISA (tax free savings accounts on cash, equities and other investments) could be introduced, capping the amount to be invested each year that’s tax free.

Examples of reducing political obstacles could include.

Stamp duty could be avoided if the property is sold to the current tenants
CGT could have a pre-set marginal rate increase over time, i.e. starts in 2 years’ time, the rate will start at 2% and increase by 2% each year for 5 years until the taxpayers marginal rate is applicable or whatever.

Examples to entice people that have (and people that aspire to have) investment properties to accept a CGT:
Set up a government backed home loan bank to lend to those people that traditional banks will not. Capital can be raised via ISA other investments scheme and have a much higher threshold for the tax free threshold.

Further explanation of above point: With regards to ISA other investments above, you could potentially investigate creating a fund that lends to kiwi’s (low quality borrowers) on home loans. Ie if for example you have lots of property investors that decide to sell their properties, this would create a lot supply on the secondary property market. To offset (this macro impact of the tax policy suggested) you could create an investment fund in a government guaranteed bank that loans to those who are unable to or don’t have the deposit required to borrow from traditional lenders. Effectively the people that currently rent (and wish to buy) the homes, can do so and the landlords will receive a tax free return investing in a (possibly government backed / secured, to a limit) fund, instead of hoping for tax free capital gains in the future. With this one you could suggest a much higher limit either per year or initial deposit, or have conditions that if it was capital from an investment property it can all be invested etc etc. This would also have the added benefit of helping reduce possible superannuation payments / hardship payments in the future for those that do not own their own home.

Bit light on detail I know, i.e. rates, thresholds etc, but ideas all the same, and I’m sure you have various models to test the impact of the above ideas if you thought it worthwhile.

Thanks
Mark

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From: Martin La Grange [1]
Sent: Wednesday, 14 March 2018 9:41 PM
To: TWG Submissions
Subject: My Submission - Future of Taxation, 2018 onwards

To the Secretariat,

Thank you for allowing this submission to the Tax Working Group. I would like to submit my views on the future of taxation, in the following areas :

Capital Gains Tax, Housing Real Estate Bubble

As most New Zealanders are aware, the prices of houses in New Zealand are out of kilter with the earning potential of its population. Previous governments, despite having the power, have not worked to address this bubble, with the result that a working Kiwi family cannot buy a home - **ever**.

While taxation of capital gains on sale of the house is off the table - might I venture to suggest there is a very good way of taxing the house on sale, not by *capital gain*, but rather from profit.

This is a mechanism for tackling the bubble, and bursting it very effectively.

Lets take the following example : A three bedroom house was built in say 1982, and bought for the then-price of $70,000, in a decent suburb of a major city. If we then extrapolate the growth in value *if there had been no bubble*, then then house price today would be a not-unreasonable $300,000 for purchase, well within the means of the working family. The same house today if sold is probably north of $1.2 Million.

The solution, to me, is relatively simple. There should be no taxation on the *inherent value* of a property calculated with its inflationary growth in line with the consumer price index of all other goods. that is fair an amicable.

However, it is within the Government's power to then tax the *profit* of the example house, at a value of $1,200,000 - $300,000 = $900,000 at the IRD's Income Tax Rate of 38% to yield $342,000 in taxation.

In addition, the imposition of a stamp duty of 10% on the value of the profit made in the sale, would therefore also take the heat out of the market.

There is a good consequence with this - greedy homeowners will suddenly be massively disincentivised from attempting to profit from inflating the value of a house by 300% over its intrinsic value.

These are only suggestions, but I believe very good ones.

Allocation of Taxes
I would absolutely love to see the following, if it were possible :

- Petrol and Diesel Taxes spent on roads & transport systems only.
- Food taxes spent on food production and bringing the price of food down
- ACC payments being spent on making healthcare cheaper

While I completely understand that other taxation funds schools and hospitals, given the state of our country's needs in these areas, I would earnestly recommend thinking about doing something about these concepts for the public good.

<u>Petrol & Diesel Tax - Allocation for roads</u>
In every major city centre, and indeed across the country, the condition of New Zealand roads is **MONUMENTALLY AWFUL** and forgive me for emphasising it - in South Africa, for instance, a 3rd world country, the road condition is considerably better.

I would like suggest re-investment into roading infrastructure directly by using revenue for petrol and diesel tax sales to rebuild the inner city roads (which are a disgrace) and highways (which are very dangerous) to a British Standard, which is *desperately needed* to <u>save lives</u>.

<u>Food Taxes - To increase local food production</u>
While Fonterra gets a tax break on export of milk, would it not be better to instead tax them for shipping food away from hungry people in this country ? Our food is so expensive children go hungry - here, every day !

I would like to suggest re-investing taxes on foodstuffs into our primary agriculture industry to make food cheaper and easier to get - by building greenhouses and encouraging fruit growing. We have all the capacity to feed ourselves, needing perhaps only wheat in import..and then, only selling food that is in excess for export, instead of making food so expensive that children starve. I would love to see my taxes spent on agriculture and bringing the cost of food down for the poorest among us.

With my very great thanks for accepting my submission, and considering it among many others.

My earnest prayers are for you all, that you can succeed in finding balanced solutions to help the poorest among us all, and to reformatting our taxes to improve our lot, and save lives and give dignity to us all.

With warmest kind regards,

Martin La Grange, BSc.,
[1]

From: Alastair Robertson [1]
Sent: Wednesday, 14 March 2018 4:55 PM
To: TWG Submissions
Subject: Climate change - company tax deductions

I would like to propose that in order to discourage the use of fossil fuels that the purchase of any fossil fuels not be deductible as an expense for business purposes.

Perhaps as a transition measure it should be restricted to only those vehicles that have a complete and accurate log book of all journeys made including the purpose and goods transported.

I realise that it is out side the scope of your review, but I'd also suggest that the tax deductibility of any payment to an entity in a tax haven also be restricted. Allowing payments to an entity in a tax haven to be deductible for tax in New Zealand provides an implied support for tax avoidance.

From: [1]
Sent: Wednesday, 14 March 2018 3:39 PM
To: TWG Submissions
Subject: submissions-Secondly tax

Hello

Secondly tax on students and beneficiary's is outrageous , if someone needs to clam a Accommodation Supplement the are change "Secondly tax"
on any work they do or there hours are top up to a livable level in order to pay the rent .
The outcome of this policy is people are trapped in poverty and are unable climb out of this situation

thank you

From: James Warner [1]
Sent: Wednesday, 14 March 2018 3:23 PM
To: TWG Submissions
Subject: Future of Tax: Submissions Background Paper

Hello,

Firstly, thanks for the opportunity to make this submission. I am a young (under 30yrs) kiwi working in Chch and welcome the discussion paper around tax reform, especially the following important issues:
* Ageing population & affordability of superannuation.
* Rising inequality.
* Changing technologies.

It is important that the govt has healthy books & lower debt for issues such as natural disasters (future earthquakes) & economic downturns. Unfortunately it is politically unacceptable/suicidal for any parties to consider raising income taxes, so taxes need to be diversified. Also, no government is willing to address the rising cost of superannuation (because it costs votes); the problem is ignored and deferred to the future.

A large loophole at the moment is a lack of capital gains tax on real estate which has fed through to:
* Unaffordable house prices
* Rising inequality between homeowners & renters
* Social dysfunction for children having to move schools when parents are renting
* Higher personal debt levels
* A belief that the only way to get ahead in life is to purchase more property and leverage off existing property in full knowledge that future capital gains will become tax free income (excl. the minimal "brightline test").

I believe the best new methods of meeting future tax obligations include:
1. Means testing superannuation on a sliding scale. For example, no superannuation when wealth (incl. real estate) exceeds a certain multiple of the minimum wage. For example, no superannuation if you have wealth exceeding 30 times the annual minimum wage ($32K x 30 = $960K).
2. Crack down on tax avoidance, and deport people who have been convicted of medium/serious offences. There are too many people coming into NZ, and we definitely don't need the ones who wont conform to our laws.
3. Introduce a stamp duty on a sliding scale similar to Australia to discourage speculation & distortion in the property market. This is easy to administer.
4. Introduce a CGT on all real estate sales, including the family home. Alternatively, an increase in the "brightline test" to 20 years plus may be more politically acceptable! Excaluding the provisions of the "brightline test", it is currently accepted to buy/sell (or "flip") real estate for a profit and not pay any income tax on those gains. This is grossly unfair to those people who earn income in other ways, that are arguably more productive (e.g. Business sale, share, company & PAYE).
If I put my money in the bank, I am taxed on the interest earnt; I accept that is fair. Why is it fair that I can buy real estate including a "family home", sell this for a profit and pay no taxes on that income? I have still earned money either way, but one class of investment has a massive advantage over the other. As evidenced by the news nearly every day, this clearly leads to market distortion, inequality, and rising house prices.

Kind Regards,

From: Gary P Stephenson [1]
Sent: Wednesday, 14 March 2018 3:20 PM
To: TWG Submissions
Subject: Submission

Dear Sirs

My submission to the Tax working group:

Capital Gains tax should be implemented on all second homes when sold. This will help eliminate the use of second homes as retirement income.
There should be no tax on shares, stocks or bonds. This will enable people to use the share market and kiwisaver for their retirement income and at the same time providing working capital to companies.
A reduction of GST on hybrid and electric vehicles to drive the growth from combustion engines to cleaner vehicles.
Retirement age should remain at 65.
Income tax base level reduced by 1% and no increase or reduction in the top rate.
General superannuation rate should be linked directly to the superannuation of a member of Parliament whose base salary is currently $160,000.
Taxes should not be used to benefit one group and should only be used if it benefits all New Zealanders as a whole.

Regards
G Stephenson

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From: Nick Jackson [1]
Sent: Wednesday, 14 March 2018 3:15 PM
To: TWG Submissions
Subject: Tax in NZ

To whom it may concern,

The tax system in New Zealand is backwards and needs to be completely redesigned from the ground up. There are many ways to improve the collection of revenue in this country.

- Tax tourists more. It is very rough making the NZ public fund tourism ventures that most will never see or use. Taxing international visitors as they come in/out of the country (via Airlines) and on key attractions like DOC walks and government funded projects is key,
- Have an income tax bracket of 0% for maybe <$10,000/year. People who are earning less than this shouldn't be forced to give 10%+ of their money away to the government.
- Be more restrictive on government spending, there is so much unnecessary spending on bureaucracy that should be cut, and when it is you will not need to go looking for more tax money.
- Make the tax system more accessible to everyday kiwis. It is ridiculous that we are in 2018 and the IRD still requires physical paper forms to be filled out and sent around the country, this is something that could easily be done online. It not only takes valuable time that individuals only have so much of but it also has a massive impact on the environment in terms of paper forms and emissions from postage.
- The retirement age is one of the key reasons why the government will need more money in coming years and can also be easily solved by raising the age now. This age hasn't been adjusted 1898. This just absolutely bonkers and I can't understand how the government isn't doing anything about it. That is over 100 years ago and over that time the life expectancy has raised from ~60 to 80+. It is time to stop giving people a free ride as soon as they reach 65 when the vast majority are still capable of working.
- Get rid of fees free education. I am currently studying in University and I know for a fact it is possible to work to support yourself through uni. It means working 60-70 hours a week over summers and 10-20hours a week during Uni time but it is possible. Students don't need to be given this free ride it is something that should be earned and if they don't feel up to doing earning at the time, let them borrow but charge interest. The NZ taxpayers shouldn't be funding student's binge drinking habits and overseas holidays.
- Petrol tax is one tax that I think needs to be increased in cities across the country. People within cities shouldn't be driving. Cheap petrol encourages this and disincentives against using public and other alternative forms of transport. Potentially on top of this a tax credit could be offered to those who bike/use buses and trains. This would also be hugely beneficial to the environment. As evident in Christchurch when the smog descends over winter due to the cars driving everywhere.

These are just some of the key changes that need to happen to improve New Zealand holistically.

Kind regards,
Nick Jackson

From: David King [1]
Sent: Wednesday, 14 March 2018 2:58 PM
To: TWG Submissions
Subject: Submission

No expense deductions on any land zoned residential.
Use the zone of the property within the RMA to free up residential property for owner occupiers. Housing is not an investment class. There are too many negative social outcomes attached to investing in residential property. By using the zone of the land, anyone who wants to invest in property (residential or otherwise) will be attracted to commercially zoned land thus increasing the supply of housing stock through greater intensification allowed on the commercially zoned land. Bingo! Lots of investors buying apartments and none buying villas, these are not investors, they are just speculators getting cash flow relief until they sell and bank their untaxed capital gains. You can still buy a house as an investment if you want and pay no capital gains tax if you are outside of the brightline timeframe. But instead of getting a tax refund you pay tax on your rental income with no relief from deductions like interest, rates, insurance, accounting fees, maintenance.
This wont touch the family home, farmer, commercial property investors, house builders, renovators.
It will capture the land bankers, house speculators hiding as investors, housing investors, property investors who have a commercial operation in a residential location such as a childcare facility, Airbnb and bach owner deductors, some retirement village operators(currently rorting the tax system).
This tax policy increases the supply and availability of housing and will attract capital to other investment classes. It will also make residential property more affordable. Increase the tax take a little.
Easy to implement with no new legislation required.

David King

[1]

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From: [1]
Sent: Wednesday, 14 March 2018 11:47 AM
To: TWG Submissions
Subject: Submission to reduce tax unfairness between home ownership and other investment

John Trezise
[1]

14 March 2018

SUBMISSION TO THE TAX WORKING GROUP ON HOME-OWNERSHIP EQUIVALENCE

One of the goals of tax reform is, one assumes, to arrest and if possible reverse the increasing inequality in New Zealand between the haves and the have-nots. The obvious course would be to introduce wealth taxes. But the terms the Government has laid down for the Tax Working Group specifically forbid it to entertain inheritance taxes, or taxing the family home or the land beneath the family home.

Since the Second World War, the gradual elimination in New Zealand of land taxes, inheritance taxes, and gift taxes has increasingly quarantined real property, especially the family home, as a safe tax-free haven for the growth of family wealth.

The introduction of any form of wealth tax that excludes the family home or the land beneath it, and that also excludes inheritance tax (and presumably gift tax), is fundamentally unfair to all who are not yet home-owners, or who are home-owners in an area where housing has little value. It also seems likely to continue and increase the incentive to invest in the family home rather than other forms of investment. This will push prices higher, ever further beyond the reach of those who do not have the means to buy into the housing market.

I submit that a person who does not own, or part-own, and occupy a "family home", should be allowed a tax-free investment of an amount equivalent to, say, the value of the average inner-city Auckland house; say $1 million. To be fair to the hapless owner-occupier of the $100,000 house in Raetihi or Mataura, let's say every taxpayer is entitled to tax-free savings or investment (in any vehicles in New Zealand or overseas) of $1 million minus the value of their owner-occupied-home investment. So the single person who owns no home would be able to grow his or her savings tax-free till it reached $1 million; the married half-owner of the $100,000 home in Raetihi would be able to invest $950,000 and pay wealth and income tax only on the capital above that; the half-owner of the $3 million house in Remuera would incur wealth tax on every dollar invested elsewhere, as his or her $1.5 million share surpasses the tax-free investment allowance.

Such a tax-free allowance would reduce the disparity between the capital-growth advantage of investing in the family home and the land beneath it (excluded from the tax reform group's consideration) and other forms of investment. This would encourage New Zealanders to look beyond the family home to more productive investments, which would help to reduce the rate of price increase in homes, and people who did not yet have enough money to buy a house, or who did not want to own a house, would enjoy tax advantages similar to home-owner-occupiers.

The obvious disadvantage is that the lauded simplicity of New Zealand's tax system would disappear: the Inland Revenue Department would need to know the value of each taxpayer's share of ownership of the house in which he or she lived, then assess how much tax from the taxpayer's investments to collect or reimburse. However, the increased cost of a more complicated inland revenue collection might be a price worth paying to reverse the growing inequality among New Zealanders, with its unhappy social consequences.

From: Geoff King [1]
Sent: Tuesday, 13 March 2018 9:54 PM
To: TWG Submissions
Subject: Submission On Foriegn Investment Funds

My situation, I believe is common among those providing for or living off retirement savings.
We are retired and have moderate investments in equities. Prudently more than half of these are in other than NZ equities.

Up to 2008 I prepared my own tax returns. The introduction of FIF taxation rules I found too complex for one without an accountancy qualification, and so have paid an accountant to furnish our tax returns since then. Given that we have marginally more than the $50,000 exemption, the income these FIF's receive is significantly reduced by accountancy costs.

This is a disincentive for small investors saving for retirement. It steers them into solely New Zealand equities which does not provide a balanced portfolio.

The remedy I would like to see is anything that would make it possible for an average individual (One not having tertiary accounting qualifications and only moderate investments) to furnish their own tax return. This might be either or both increasing the $50,000 minimum or simplifying the FIF rules for tax purposes.

From: [1]
Sent: Sunday, 11 March 2018 7:49 AM
To: TWG Submissions
Subject: submission on tax revision

It is surprising that the tax working group is considering a wealth tax, in view of the destructive effects on business and investment that such a tax has had in countries that have adopted such a tax.

A comprehensive capital gains tax is sensible, which works very well in countries like the United States which has one.

Any wealth tax which targets accumulated capital that has already been taxed when earned is going to discourage saving, and investment. Such a tax would result in many people attempting to put their money overseas or under the mattress. As we know from experience overseas, people are willing to pay taxes that are seen as fair. But once government oversteps that mark, there is active resistance.

Dan McGuire
[1]

From: Chris Rush [1]
Sent: Friday, 9 March 2018 5:58 PM
To: TWG Submissions
Subject: Taxation of iwi and some relgious commercial operations

Dear Tax Working Group Members

Our submission concerns:

1. Taxation on businesses owned by Religious and Iwi/Hapu Charitable Trusts

2. Taxation privileges extended to Maori commercial operations.

Adrianne and I wish to know if as part of your review you will be considering the issue of charitable trusts who operate commercial businesses and the question of whether or not taxation should be paid on their operation and the advantageous tax privileges presently extended to iwi companies and corporations?

1. We contend that Trusts who own and operate commercial enterprises operate under an unfair taxation regime and compete in a distinctively advantageous way over other New Zealand businesses..

2. Several iwi corporations or / and businesses pay tax at a rate of 17% Presently the company tax rate in this country is 28%

Is it fair to other New Zealand businesses, that this tax privilege which is extended to Maori should continue?

Two examples of tax paid by iwi businesses will suffice here:

Nga Tahu paid $363,636.in tax on their income of $88 million over the past 11 years. This equates to an annual tax rate of 4% on profit.

Waikato Tainui received tax rebates on an average income of $70 million over the past 7 years.

Is is estimated that at this time iwi economy is worth $50 billion and growing rapidly.

It should be perceived by all New Zealanders that there is a taxation regime operating in this country which is treating everyone in a fair and equitable manner.

We believe that presently this is not the case.

We are in danger of creating a set of injustices if the existing commercial tax differentials continue.

Yours faithfully

.

From: [1] [1]
Sent: Friday, 9 March 2018 11:14 AM
To: TWG Submissions
Subject: Tax Review Submission

Please keep my name confidential / anonymous.

I support/endorse Alcohol Healthwatch's submission to you dated 18 January.

I support removing GST from fresh domestically grown produce.

I support some form of sugar tax. But not a fat tax.

I support an inheritance tax (high threshold ie 10 million), mega wealth over generations is dangerous for democracy especially considering the histical circumstances upon 'old money' was obtained.

I support removing taxes on taxes.

I support encouraging and helping savers by adjusting tax on interest, perhaps via kiwisaver .

I support a move towards a land tax.

I recommend tobacco excise tax not continue to be increased. This is highly regressive and is causing too many serious unintended concequences.

I recommend the cannabis market be regulated and taxed (via a not for profit model proposed by Chris Wilkins at Massey University)

Regards

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From: Rowen de Vries [1]
Sent: Thursday, 8 March 2018 7:18 PM
To: TWG Submissions
Subject: Tax Working Group Sbmission

Hi Tax Working Group,

I have a few suggestions,

- Close the tax loophole that owners of capital can exploit – there is no reason why I get taxed on capital in the bank, rather than capital in my house.
- Use the extra capital from closing the loophole to lower the tax rate of PAYE salary earners – there is no way this group of income earner can minimise their tax burden through tax right offs, and hence they bear a large tax burden
- Follow the lead of Britain and Australia and unilaterally deal to the tax avoidance by foreign corporations immediately
- Change the rules for working for families and benefits. Why is it that when a family is considered for working for families that both partners income are assessed together as a combined income, yet when this income is taxed it is taxed on an individuals income. Shouldn't the income be taxed as a combined income?

Those are a few suggestions that I have at the moment, maybe later I will have some more suggestions.

Regard,

Rowen de Vries

Sent from Mail for Windows 10

From: Anna McKee [1]
Sent: Thursday, 8 March 2018 12:11 PM
To: TWG Submissions
Subject: Income Tax Splitting for couples with stay at home parent.

Dear Sir Michael,

I am hopeful that the tax working group will give serious consideration to income tax splitting for couples with a stay at home parent.
As many stay at home parents are women, it is about time that the unpaid, voluntary work that is undertaken mainly by women be acknowledged and valued.

During the 15 years I was at home raising my children I was not in paid employment. However, I contributed many hours per week to my community through my work as a La Leche League Leader, providing telephone counselling, home visits and ante natal classes. I also gave breast feeding classes to Parent Centre. I was active on many committees for organisations in which my children were involved, such as Playcentre, PTA, Pony Club. I was always available to help at their schools and supported teaching staff both in the classroom and on countless school trips.
After returning to the workforce part time, I was a member of the Board of Trustees of our local school for 10 years, 8 of those as Board Chair.

It is this type of unpaid contribution to communities that keeps society functioning healthily. Over the past decades it has become apparent that the financial burden of housing costs requires 2 incomes. This has had a serious impact on parental involvement in communities at many levels. In my work as a Public Health Nurse I witnessed too much misery in our society and it has only become worse. My family is now very comfortable but as a grandparent, I fear for the future of our coming generations. My husband and I would be happy to pay more tax to support better health care and education in New Zealand.

I am aware that former MP Peter Dunne actively promoted the concept of income tax splitting as a way towards a fairer society. By establishing the Tax working group the new Labour Government has signaled that our Tax system is in desperate need of radical change if the ever increasing inequality in New Zealand is to be addressed. Please be bold in your recommendations and take this opportunity to help create a fairer society.

Yours sincerely,

Anna McKee

From:	Simon Louisson [1]
Sent:	Thursday, 8 March 2018 10:34 AM
To:	TWG Submissions
Subject:	One idea for a CGT on houses

This seems sensible from Matthew Whitehead:
let's have a tax on *realized capital gain.* (that is, your net profit from selling capital wealth, like a house. So you'd only pay it if you made an overall profit a year, for most people, by moving from a more expensive house or more expensive housing market, to a cheaper house or cheaper market. Selling a cheaper house and buying a more expensive one would incur zero tax) Genuine landlords could buy properties with the intent of holding on to them for the rent, but speculators and renovators would now pay tax on their income. The Greens propose excluding the family home, but I actually think we could go further and consider whether that's unnecessary- if an exemption is required, we could try a lifetime sum exemption, (eg. your first $100,000 of capital gains are untaxed) but I think we could actually trial a CGT with no exemption at all, and the only people likely to be affected would be those moving to a cheaper home to pay off a mortgage lump sum, those selling a house they're underwater on, or to buy some highly expensive but very necessary item or service. If we do need policy to address those situations, though, we could potentially allow those paying off their only mortgage to consider that a capital loss.

--
Simon Louisson
[1]

From: Hugh Petchell [1]
Sent: Thursday, 8 March 2018 9:59 AM
To: TWG Submissions
Subject: Tax fairness

1. I would like to raise the issue of family income where one partner stays home to raise children. The current tax system does not recognize the immense value to society a stay at home parent provides by nurturing young people to become secure and valuable members of society. Two adults are living off one income source but as a family unit are penalized for following doing so.
2. Another issue is the concept of secondary income tax. The purpose of the tax may have been to discourage people working multiple jobs to share the work around, but I think we have moved on from that position and people now work 2 or 3 jobs a week to get around 40 hours work, in which case secondary tax on the second or third job is iniquitous in that it largely affects lower paid workers who are not fortunate enough to get a job with a decent salary.

Kind Regards,

Hugh Petchell

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From: Corin Lanser [1]
Sent: Wednesday, 7 March 2018 7:24 PM
To: TWG Submissions
Subject: Income Tax - Request for consideration of an NZ Tax Free Allowance set at 20000 NZD

HI,

I'm a kiwi originially from the uk. lived and worked in oz and nz.

Both UK and Australia have a tax free allowance set at similar level - UK about 10,000 GBP, Australia 20,000 AUD.

I've looked at the NZ tax rates and the initial 10.5% income tax bracket is lower than the UK, but due to their initital tax free allowance things balance out roughly to the same when take into account a minimum wage, full time 37.5/40hr week.

However, for those working just part-time, students, those with mild disabilities, or just those who prefer more time off to spend time look after children or spend time with family, etc, 1-3 days a week for example, in the UK and Australia they pay NO TAX on income for the first 20,000 NZD earnt, whereas here we are hammered with 10.5% and then 17.5%.

I propose a simple change to introduction of a tax free allowance, at say 20,000 NZD, which would encourage not only people to take a bit more time to spend with family or on free time and not be penalised, but which would encourage more into the workforce as those earning at the bottom level will keep all they earn (which to be honest is not a lot anyway in this low wage economy in NZ).

My personal circumstances are that I worked in IT earning 100K but now am looking for more life balance and have done a mixture of part-time and full-time, and self-employed work in different areas.

I am trying to learn and pickup new skills. But when I only get a few hours here or there or 10-20 hours a week I am penalised with having to pay tax AND acc on the very little income I receive. Its not easy to put up the amount you charge for manual basic work either in self-employment as minimum wage levels are pretty much the norm.

Please consider these points I make and discuss the merits of this in the coming consultation.

I would suggest this will definitely complement the existing tax system and be a fairer system for all..especially those on low incomes...as in the following review points:

The Government has the following objectives for the tax system:

- A tax system that is **efficient**, **fair**, **simple** and collected

- A system that promotes the long-term sustainability and productivity of the economy
- A system that supports a sustainable revenue base to fund government operating expenditure around its historical level of 30 per cent of GDP
- A system that treats all **income** and assets in a **fair**, **balanced** and **efficient** manner, having special regard to **housing affordability**
- A **progressive** tax and transfer system for **individuals** and **families**, and
- An overall tax system that operates in a **simple** and **coherent** manner.

The Working Group should report to the Government on:

- **Whether the tax system operates fairly in relation to taxpayers, income, assets and wealth**
- Whether the tax system promotes the right balance between supporting the productive economy and the speculative economy
- **Whether there are changes to the tax system which would make it more fair, balanced and efficient, and**
- Whether there are other changes which would support the integrity of the income tax system, having regard to the interaction of the systems for taxing companies, trusts, and individuals.
-

Thanks for your time and consideration.

Regards, Corin.

From: Jeff Ashby [1]
Sent: Wednesday, 7 March 2018 3:12 PM
To: TWG Submissions
Cc: 'Jeff Ashby'
Subject: Tax Working Group Inquiry

Dear Hon Sir Michael Cullen,
Just a quick question?
Will the Tax Working group be looking into a form of Financial Transaction Tax as part of the inquiry.
I have taken an interest in such a micro tax as a way of streamlining government tax compliance.
As most financial transactions are electronic nowadays it is getting increasingly "easier" to administer / collect.
A tax (my estimate ~2%) on ALL financial transactions could, at one end of the continuum, eliminate the need for all other forms of taxation.
One advantage is it would kill non-productive overnight speculation on foreign currency, day trading in shares etc..
It would also encapsulate the "black economy" (drugs etc) by way of being applied to cash extractions from bank machines.
I realise it would be a huge step for a government to take … but was wondering if it may be on your agenda.
Regards,
Dr Jeff Ashby

From: Ray Hellyer [1]
Sent: Wednesday, 7 March 2018 12:37 PM
To: TWG Submissions
Subject: Transaction tax

Is the reason you have not considered a transaction tax because you have been instructed not to because it's a political hot potato and you haven't the guts to consider it in spite of your "instruction"?

Yours faithfully,

R N Hellyer.

From: Peter McCully [1]
Sent: Wednesday, 7 March 2018 10:52 AM
To: TWG Submissions
Subject: Dear Sir/Madam,

I am making this submission on the basis that my work history is very much involved in taxation.

I have worked for Inland Revenue for nearly 20 years, operated our own businesses for about 20 years, and are now a self-employed Accountant.

Over the past 50 years I consider New Zealander's attitude to Inland Revenue has changed significantly. There was a lot more respect and fear of IRD and a lot more self-compliance in the general population. Wages were higher then, and the Government wasn't paying Family Support, which today negates a lot of the tax paid by families.

For a consistant tax take, wage PAYE, income tax on profits and GST have to be the main-stay of the Governments tax package.

I recent years, New Zealands population has changed dramatically, and a lot of small business owners are new arrivals. From first hand experience, many have no fear of the IRD. Inland Revenue must be more vigilant on cash businesses and ensure that penalties/punishments are well publicised.

I consider a low rate Bank Transaction Tax would be accepted by most New Zealanders, and would provide the Government with another income stream.

Extending the Bright-Line Rule to five years should be put in legislation as soon as possible.

Increasing the GST rate will put many high-employment businesses out of business unless wages are included as part of the GST calculation.

Property and wealth taxes are unhelpful and do not provide a steady income stream.

Thank you for this opportunity to contribute.

Peter McCully

From: Sue Hammond [1]
Sent: Wednesday, 7 March 2018 9:59 AM
To: TWG Secretariat
Subject: submission delivery

Hi,

I sent the letter below to the link given for submissions on the working group website, but it has been returned as undeliverable! Can you pass it on for me ?

Hello Tax Working Group,

I'm hoping I'm not the only person to raise this matter, for the unfairness involved seems rather blatant and must surely be widespread!

All individuals, no matter what their relationship status, are taxed at the same (the going) rate. Yet when a person in a married or de facto situation loses his or her job of source of income s/he is not entitled to receive state assistance if his/her partner has an income above some figure around $37,000 (gross) per year. Now, I don't feel means testing is unreasonable, but I do feel that there should be some recognition within the tax system that a married/de facto person is not necessarily entitled to the same benefits as a single person even though their tax contribution is exactly the same. Memory tells me (possibly incorrectly) that, until some time in the (recent?) past, an individual's tax was adjusted when or if that person supported 'dependent' family members. Apparently this no longer applies. Perhaps it should? Certainly the current system is less that fair.

And perhaps I should tell you, from experience, that for a non-professional unemployed person, not receiving state support means that person is virtually excluded from the available job market, since WINZ (quite reasonably I suppose) endeavours to find jobs for only those people on the employment benefit. And WINZ , certainly in the provinces, seems to have a monopoly where the biggest employers are concerned. Not your problem I know, but for some of us, a distressing repercussion of the above tax anomaly.

Thank you for your time,

Sue Hammond

From:	Russell And julie [1]
Sent:	Tuesday, 6 March 2018 5:42 PM
To:	TWG Submissions
Subject:	Submission on land Tax

As a senior with income limited to interest on savings and pension we would be very concerned if a tax on land value was introduced. Property prices have risen over the years and we find ourselves asset rich but very much cash poor.

If a tax was introduced on our land value then I think we would have no option but to sadly sell our home

We feel there are likely to be many seniors with similar circumstances

Russell and Julie

[1]

From: Susan Davis [1]
Sent: Tuesday, 6 March 2018 3:39 PM
To: TWG Submissions
Subject: GCT and/or Land Tax is Sexist, Ageist and Will Destroy Relationships

1. CGT or Land Tax on home businesses is SEXIST and AGEIST.
2. CGT or Land Tax in home businesses destroys Auckland's aim of reduced commuting.
3. CGT or Land Tax on home businesses will destroy relationships.
4. CGT or Land Tax on rental investments or 'wealth' is really taxing inflation and discourages people from saving for retirement.
5. CGT or Land Tax on rental investments is AGEIST.
6. CGT or Land Tax on rental investments will destroy relationships.

Introduction

If developers or speculators aren't paying their tax (already required by current tax laws), the bill should not be picked up by small investors, home business business people and 'Mum and Dad' rental property owners who have worked hard and scrimped and saved for retirement.

In the past Labour has threatened CGT for home businesses despite the claim that family homes are exempt (see evidence at end of this email). A Land Tax would be even worse: a huge annual fee, not feasible for many small home business and rental property owners.

A Land Tax on top of rates would also be a very unfair double dipping Property Tax. Auckland City Council has now stated that rates are really Property Tax: I quote Debbie Acott, Radio NZ 21 November 2017 said that rates are "basically a property tax," and that Aucklanders "wouldn't get any extra services."

Many small home businesses will close or instead rent commercial spaces and commute to them. Many small home business owners can't earn enough to make up for huge Land Tax or so called 'capital gains', which are really just housing inflation anyway.

Encourage long-term small rental and shares investors who have tried to save up for retirement. Don't punish them for working hard, saving and investing over the years.

1. CGT or Land Tax on home businesses is SEXIST and AGEIST.

Small home businesses are often run by women and by people in semi-retirement.

Charging CGT or land tax on small home businesses will prevent many women and semi-retired people from starting a business. Such a tax would be extremely sexist and ageist.

2. CGT or Land Tax in home businesses destroys Auckland's aim of reduced commuting.

Working from home policies are part of Auckland’s Draft City Plan. However, Land Tax or CGT on home businesses will destroy Auckland's aims of reduced commuting, as people will be discouraged from working from home.

3. CGT or Land Tax on home businesses will destroy relationships.

There will be serious disputes between spouses/partners if one wishes to start a home business and the other may resist if Land Tax and CGT are threatened.

4. CGT or Land Tax on rental investments or 'wealth' is really taxing inflation and discourages people from saving for retirement.

A house in 2018 is no better than it was in 1990 - worse, in fact. The so-called 'capital gain' is nothing but inflation. If someone's home business property or rental investment has to be sold, they should be able to afford to buy a similar property, but if CGT is charged, they won't be able to.

Long term rental property owners are often small 'Mum and Dad' investors, including retirees have no way of paying annual Land Tax from the rental returns, when just maintenance and rates are difficult enough. And a CGT upon sale would mean that they would never be able to buy a similar property.

The same will apply to so-called 'wealth'. There are already extremely low returns on investments. Charging on so-called 'capital gain' is really just taxing inflation.

5. CGT or Land Tax on rental investments is AGEIST.

Small rental property holdings are the way many middle-aged and elderly Kiwis have invested. Charging Land Tax or CGT on these will deprive them of their retirement income.

6. CGT or Land Tax on rental investments will destroy relationships. Two people each owning a home may wish to live together, while renting out the other home. But if CGT and Land Tax would then be charged on one of the homes, many middle-aged and older people wishing to live together may well decide that they can't afford to do so.

Regards, Susan Davis

Evidence that Labour wanted home businesses to pay CGT:

In 2014 Labour's website included this pdf : 'Labour's Fairer Tax System'.

"Business run from home

Dorothy owns a small gift shop. She owns

the building and lives upstairs with her store

taking up the bottom floor. 50% of the area of

the property is used for commercial

purposes, and 50% is her primary residence.

At 45 she decides to wind up the business

and sell the property. She makes a capital

gain on the property of $200,000."

"The family home exemption means the

portion of Dorothy"s property that is for the

family home will be exempt.

Dorothy is only liable to pay 15% tax on half

of the capital gain – as 50% of the area of

the property was her primary residence."

Best Regards, Susan Davis

From: Graeme Poole [1]
Sent: Tuesday, 6 March 2018 9:20 AM
To: TWG Secretariat
Subject: TAX REVIEW

TO IT MAY CONCERN PLEASE FIND SUGGESTIONS ON THE TAX REFORM FROM GRAEME POOLE [1]
[1] , MY SUGGESTIONS IS AS FOLLOWING , SCRAP ALL TAXES , HAVE ONLY A TRANSACTION TAX THIS WAS SUGGESTED BY THE LATE JIM ANDERTON WHO RAISED IT , AS BOXING DAY TRANSACTIONS 2017 THE AMOUNT THAT WENT OVER THE 24HOURS WAS QUITE AMOUNT , MORE THEN OVER 12MONTHS BRINGS IN MORE MONEY THEN WAS IS REQUIRED TO OPERATE THE COUNTRY WITH FUNDS THAT IS OVER. SCRAP ALL TAXES TAXES ON TAXES, FUEL TAXES ETC. THINK OUT SIDE THE SQUARE , BE RADICAL ,, TAKE THE PLUNGE GRAEME POOLE

From: Mira Markovic [1]
Sent: Tuesday, 6 March 2018 7:27 AM
To: TWG Submissions
Subject: Option of Applying KiwiSaver contributions from wages to student loans

Dear Sir

I have a reasonable student loan of approximately $20000 although this amount may not seem insurmountable in the grand scheme of things, the repayments from my pay take a large chunk out of my families budget every fortnight. What I find most frustrating, is that I see my KiwiSaver balance going up and up but my student loan never seems to go down very much at all. I would like the opportunity to be able to apply my KiwiSaver and my employers contributions toward my student loans so that I can pay them off faster. I believe many other Kiwis holding student loan debt would also like this choice.

I appreciate that saving for retirement is crucial and the KiwiSaver scheme is a good way of making sure that kiwis do this, however the real threat to my retirement is entering retirement with a debt and struggling for decades to pay off a loan while I am still raising a family, it just doesn't seem logical. I don't want to complain and I respect my elders however I feel like my generation has had the worst of it with the way things currently sit, having had to take student loans to pay for my education when the generations before me gained there qualifications for free. Most of my student loans were grown from the hefty interest charges from the 90's, not the initial amount I borrowed.

Times are tough for your average working class Kiwi, with the additional stresses of entry level house prices where they are and LVR's makes saving for a house deposit nearly impossible for the working generation now. KiwiSaver and home start grants are a good way to contribute to a first home deposit, however servicing the subsequent mortgage and still putting food on the table is harder when you also have student loan repayments and KiwiSaver contributions being withdrawn every pay.

The option to be able to choose where my money goes would be awesome, I could pay off this student loan faster, then continue to contribute toward my future without the fear of another unpaid loan looming on the horizon when I finally can retire, at the current rate it won't be until I'm 90! I don't have extra in the budget to put toward my loans as 'voluntary contributions' but I could cross over my KiwiSaver balance and whack off a substantial amount and with all of my KiwiSaver contributions from my pay reducing the balance, my overall position would be significantly better, faster. I would be able to save more for my first home, save more towards my retirement and have a better standard of living, in the meantime.

Please consider putting this idea into the long term tax changes as I know this is an easy way to help Kiwis to help themselves out of debt and save for their futures better.

Kind regards
Mira Markovic

that many kiwis never had to take doesn't seem logical.

Sent from my iPad

From:	[1]
Sent:	Tuesday, 6 March 2018 7:04 AM
To:	^DailyNews: Editor
Cc:	TWG Submissions
Subject:	Txation proposal

Taxation proposal

In response to Stuff News question "Should NZ have a wealth tax", I choose their option 2; "No way, keep your hands off".

Because of an aging work force it has been suggested that government be more reliant on taxing capital gains and less reliant on taxing wages. In this 21st century it has become more critical to stop government borrowing and to modernise taxation to minimise credit creation.

Government bonds can never be assets if the debt is never repaid. It does not matter whether credit (money) is created as debt or debt-free as both cause inflation (invisible taxation) and reduce the purchasing power of our currency. But debt-free money has three immediate benefits. It stops the payment of interest to banks, allows the modernisation of taxation and controls inflation by being spent into the economy not lent. By stopping the diversion of tax revenue away from consumption and tangible capital investment allows personal income tax to be abolished and goods and services tax to be upgraded (20-25%) to tax the economy fairly as it was designed to do (no loopholes). There would be no need to consider inheritance tax, capital gains tax or wealth tax.

It is logical to say the more you earn the more you spend, so only the wealthy would say the poor are disadvantaged by such a proposal, but the poor have only so much to spend whereas the wealthy have much more!

The "experts" must stop thinking of themselves.

Steve Laurence
[1]

From: Gretel Toleafoa [1]
Sent: Tuesday, 6 March 2018 12:50 AM
To: TWG Submissions
Subject: For Transactional Tax System

Transactional tax is the only fair way to go.

Gretel Elisiva Toleafoa

From: Jae Ellis [1]
Sent: Monday, 5 March 2018 10:04 PM
To: TWG Submissions
Subject: Submission - Tax Working Group

I believe strongly you should consider a tax free threshold which is available to all. Given there is GST of 15%, and that low earners tend to spend all their income, it would appear far fairer to have a tax free threshold to benefit those at the lower end of the income scale. Currently taxpayers in the lowest tax bracket pay actually in excess of 25% income tax if you combine the lowest 10.5% tax rate and GST payable out of already tax paid funds. Both the UK and Australia have a tax free threshold (and probably a lot of other countries too). It would be a much fairer way to ensure those at the bottom of the income ladder were incentivised to work and those who can only find or do part time would be better compensated.

I also believe a capital gains tax allowance should be available every year so you can either use it (or not) as per the UK system. This ensures smaller gains are not taxed at all and takes many smaller investment returns out of the taxation system, and seems fairer to investors who rely on their investments for income.

Having recently returned from the UK, I have been shocked at the number of ordinary people I know who have amassed large portfolios of property and capital gains under the lax and unfair taxation of this class of asset over the past two decades. They pay little or no money into pension schemes or any other investments and their gains have been made at the expense of tenants unable to save a deposit and ordinary home buyers competing in a distorted housing market. No other investment is so favourably treated. I especially find it extraordinary that (if I understand correctly the FIF rules) a capital gain is realised on overseas funds that 'increase' when valued using an improved exchange rates and yet there is no corresponding offset allowed in a tax year when a poor exchange rate has reduced their value, regardless if any gain or loss has actually been realised. *Any argument that this is an acceptable method of taxation should logically mean annual increases in investment property valuations should also be subject to the same taxation rate as the FIF tax.*

It is also of interest that New Zealanders who live in and are taxed in Australia as temporary residents are not taxed on their overseas income. I presume this means there are NZ property owners who live as temporary residents in Australia but do not pay any tax on income or disposal of them here or in Australia, effectively meaning they are outside the taxation regime of either country. *This loophole should be closed by the NZ Government.*
http://www.beyondaccountancy.com.au/something-every-kiwi-in-australia-needs-to-know/

I look forward to the outcome of the Working Group and trust you will bring innovative and exciting change to the New Zealand taxation regime to encourage a fairer and more productive society.

From: Andrew Fergus [1]
Sent: Monday, 5 March 2018 9:21 PM
To: TWG Submissions
Subject: Tax Suggestions

Hello

I am a NZ tax agent and a qualified accountant. I have three recommendations for the tax working group (TWG).

Introduction
My view is that New Zealand is a not currently a high value economy, as evidenced by the relatively low median wage compared to the more well developed countries in the OECD (18th per here: https://data.oecd.org/earnwage/average-wages.htm). The only country of note behind us is Japan but they have a number of systemic issues that differ to New Zealand. Similarly sized countries like Ireland, Norway, Sweden, Finland and Denmark are all ahead of New Zealand. We also have a relatively low rate of saving being 19th in the OECD. Why? In my opinion it is because the cost of living in New Zealand is expensive. For example, the consumer is expected to pay international prices for locally produced milk products and yet we do not earn international wages! For some years we have had a struggling middle class that cannot get ahead. I believe there are too many middle men adding extra costs onto products and we have 'leakage' in our tax take.

However, New Zealand is in an enviable position of being a net exporter of food products and the Government should be doing all it can to ensure New Zealand becomes a high value economy by supporting high value food production and exportation. I say 'enviable' because not all countries are in such a position of being able to feed themselves. When this is combined with an increasing global population, it provides a very rosy outlook for the country as a whole. Accordingly, Government surpluses, low unemployment, higher wages, robust social services and increasing OECD rankings will become the 'norm'. Investment should be encouraged into such parts of the economy without penalty for succeeding, i.e. penalties such as wealth taxes.

Increased OECD rankings and increased all-round wealth cannot be achieved via wealth distribution by implementing an increased tax burden on, as Sir Michael Cullen says, the "rich pricks". Any such targeted taxes will result in intended consequences. Such individuals have the means, advisers and motivation to avoid any highly targeted taxes and the burden will, once again, be borne by the struggling middle classes who do not have the same means and motivation to structure their affairs to avoid things such as a "wealth tax" (souuce: https://www.stuff.co.nz/business/industries/101970814/new-taxes-could-change-bad-behaviours-suggests-sir-michael-cullen). I believe bad designed taxes will encourage even worse behaviour. There are a number of things that can be done to ensure the tax take is complete, fair and simple.

So what can we do that will make a difference?

1) ALL international companies MUST pay their fair share of tax. I realise this is out of scope for the TWG but this statement is not just limited to the obvious examples like Google and Facebook, but other large multinational companies that tend to fly under the radar within the FMCG industry. These companies often export profits to low tax jurisdictions such as Ireland. How many business are paying over-inflated prices for 'secret' ingredients and consulting services as a method of transferring profits out of New Zealand?

RECOMMEND the TWG advises the Government to "plug all holes" in the international tax take before introducing new taxes on local taxpayers.

2) Secondly, Government should also address it's own spending. Rather than imposing new taxes to cover additional spending, is the Government doing all it can to address inefficiencies in it's own spending? The taxpayer should not have to pay for inefficiencies. Inefficiencies can take a number of forms over and above the obvious frivolous spending and entitlements - it includes areas such as "do we need 120 MP's in a country of 4.7 million?" Why do we need 13 city councils and 53 district councils? I believe taxpayers are paying for inefficiency.

RECOMMEND the TWG insist local and central Government review it's own spending for inefficiencies before introducing any new taxes on local taxpayers.

3) Thirdly, in the interests of transparency and fairness the TWG must recommend the elimination of taxes on taxes & levies. Where a consumer or taxpayer is required to pay a levy or a tax of sorts, then such levies or taxes must be exempt from GST. For instance, GST is levied on property rates - the homeowner has no choice by to pay this levy imposed by local Government, on which another tax (i.e. GST) is then imposed by central Government. From the perspective of the ratepayer this is a tax on a tax. Another example of a tax on a tax is ACC levies. Where the levy is distinct and separately charged then removal of GST will be simple. However, where the levy is buried within other costs (such as fuel taxes and alcohol & cigarette duties) then it would be impractical to do so and I do not recommend the removal of GST on such products.

RECOMMEND the TWG propose removal of taxes on levies.

4) Lastly, I do not support a general capital gains tax (or a wealth tax which is a CGT by stealth) over and above the current provisions for CGT as contained in the Income Tax Act. After all, taxes have been paid through the process of creating this wealth and the country as a whole has benefited from investments made into productive parts of the economy. For example, by investing in farming numerous taxes are paid over many years (PAYE, ACC, Income tax, fuel levies, GST and so forth) but the transfer of the farm from one generation to the next may result in unintended capital gains and, I fear, capital gains tax. If such a risk exists for business owners, who are the backbone of wealth creation for the country, then will such taxes discourage entrepreneurs from establishing businesses in New Zealand?

In some cases the wealth has increased due to the impact of the inflationary policies of central Government. Given the spending power of money diminishes with time due to inflation, if the TWG is going to recommend a capital gains tax then I strongly urge the TWG to recommend that any such gains be adjusted for the effect of inflation over the term of the investment. For example, if an investment (e.g. business, farm, property, shares etc) increased in value at the rate of say 3% per annum and the average CPI inflation over the same time period was say 2% then any CGT would only be imposed on the difference being 1%. For the Government to enact policies that drive up inflation and asset prices, only to then tax such gains is, to put it mildly, no better than daylight robbery.

In addition, if the TWG are to recommend a CGT then it should only be due and payable once the asset has been sold and/or liquidated (i.e. 'realised'). There are a number of taxpayers who are asset rich but cash poor (e.g. retirees) - they will not have the income or cash to pay CGT on unrealised gains. Given banks will not lend to people without an income, who is going to fund CGT on unrealised gains in a non-predatory manner?

Lastly, if the Government is prepared to tax capital gains, then it must give tax refunds for capital losses.

DO NOT RECOMMEND a blanket CGT.

RECOMMEND the TWG apply inflation adjustment to any new capital gains taxes.

RECOMMEND the TWG only apply any new capital gains taxes to realised capital gains.

RECOMMEND the TWG advise the Government to treat capital losses in the same manner as capital gains.

Thanks and Regards
Andrew Fergus

From: Marcel Spencer [1]
Sent: Monday, 5 March 2018 8:21 PM
To: TWG Submissions
Subject: Land Tax - no exceptions

Dear TWG,

Broaden the tax base. Our system is very unfair in taxing total income (including gains in value) from "investment" in land very lightly versus taxing income from work/business. The "Intention" test in section CB6 of the Income Tax Act is one of the most easily avoided tax laws.

I really believe the government should introduce a flat land tax, billed with rates, possibly using different % rates for different land types and/or regions. This could be an adjustable % based on the average annual value rise over the past 5-10 years.
There will be no need to file returns with IRD, and very little work to collect the tax.

No exceptions for family home - lawyers and accountants love exceptions. Reduce income tax and GST a little as part of the introduction.

Over investment in land is a key part of the NZ economy. The main idea behind capitalism is that profits are reinvested in productive enterprises providing more jobs and therefore more income flowing through the economy. The ownership of residential property does not meet the criteria of productive enterprise.

Do you want to continue to encourage a nation of landlords with serious tax benefits from investing in land?

Why not encourage investment in businesses that provide employment by reducing taxes on income?

Refer to the previous tax working groups suggestion in 2009.

So many New Zealanders are obsessed with property investment, a land tax has a captive audience - easy to introduce, easy to collect and easy to administer with the help of QV, as long as there are no exceptions.

Yours sincerely,
Marcel Spencer

From: Sarah Russell [1]
Sent: Monday, 5 March 2018 7:09 PM
To: TWG Submissions
Subject: Submission to the tax working group

Can we break the mold and have a transaction tax on every dollar which changes hands?
This would mean that no one can avoid tax and those who spend the most pay the most tax.
I'm not certain if you would need a higher rate of transaction tax on certain types of transaction but I'm hoping you will look at this. I think the cost of administering the current system, chasing all those who avoid paying tax here or who have a good accountant to reduce their tax obligation, and collecting GST etc, would be greatly reduced by introducing a blanket transaction tax and scrapping all other taxes.
It would appear to take the tax burden off the low/middle income earners, who pay the most tax at present, (like my whole income goes on living and none is saved) and would possibly help create an egalitarian society once again.

While you're at this can you look at how profits are taken out of the country by international firms, and especially Australian Banks (if this is part of your brief?). We allow Billions each year out of the country and I think there should be a limit (or if there is already a requirement, make it a higher one) on the percentage of profit which is allowed to leave. Obviously some would go but can we legislate so that more is reinvested, specifically in creating employment, in this country where the profit is made so we don't leak so much wealth to prop up someone else's country with our hard earned money?
Regards and best wishes in your task (something we have needed for many years).
Sarah Russell.
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"You may never know what results come of your actions, but if you do nothing, there will be no results". - Gandhi

From: Lachlan Scown [1]
Sent: Monday, 5 March 2018 12:38 PM
To: TWG Submissions
Subject: Submission on the Tax Working Group 2018 - Lachlan Scown

Kia Ora,

My name's Lachlan, and I am a 24 year old renter based in Dunedin. I'm a software engineer working for a local Dunedin company PocketSmith.

I'd like to own a house one day soon. Around me I am constantly seeing houses increase in value as housing is traded, speculated on, land banked & undersupplied.

Why are we so keen on having market mechanisms be free for housing? I believe housing is a human right, a right for all NZers to be sheltered and not impoverished. We know that since 1984, house prices have been steadily rising. Supply has fallen, immigration has increased with nowhere to house people. Wealth inequality is rising and it is the worst it has been in New Zealand & climbing.

Housing is now a privilege in New Zealand. Most concentrated wealth in New Zealand is in assets such as houses (and yes, the family home). We must consider a fair way to tax all people, and redistribute the wealth fairly among New Zealanders. An asset tax of some sort must be put in place, so that people who are sitting on their wealth and not earning through traditional income means contribute to the economy. Over 30% of us now rent, with not much hope for home ownership. We need to cut income tax for everyone, introduce a (very small) wealth tax on housing & assets. This will take strain off lower income earners as income tax cuts will affect them most. We shouldn't encourage market bubbles, and where they exist they aren't useful to anyone aside from the people partaking in them.

We need to stop this neoliberal approach to housing, it's unproductive for the economy, and it's corporate welfare for the property investors whom land bank and speculate. Please consider taxing the family home with the tax working group, excluding it is nonsense and extremely ideological. Past tax working groups have proposed such wealth redistribution, but (all) governments have been complicit in the idea of a free market - perhaps because certain ministers own property.

Push away from unproductive and inhumane investments in the housing market, incentivise investment in companies and innovation so we can progress economically.

Please think of the future, this is not a time for shortsightedness.

Thanks for the consideration,
Lachlan Scown

From: Vani Elkhishin [1]
Sent: Thursday, 1 March 2018 9:26 PM
To: TWG Submissions
Subject: Tax review submission

The margin between those earning up to 14,000 and up to 48,000 is 7%, yet the margin between those earning over 48,000 and 70,000 is 12.5% and then those that earn over 70,000, its a difference of 3%? Yet those earning up to $14,000 get some financial subsidies, those in the mid range pay the most tax for the least benefit - no Community services card, low or nil accommodation supplement, reduced FTC (parents). I propose a fairer tax system that does not penalize the middle income band as there is a huge jump from 17.5% to 30% and yet those earning more than 70,000 only pay 3% extra. There needs to be better scaffolding of income/tax brackets to reflect living costs and different living situations i.e. 2 income households vs single income households.

A professional (Uni grad) still paying off student loan who is a single parent is pretty much without adequate financial supplements/supports as FTC and "in work" tax is quickly taken away. this person took a better paying job where the person was earning $11,200 more but is about $75 poorer each week because FTC, Accommodation supplement, in work tax, Community services card have all been pulled away or reduced drastically. This person gets about 815 per week net and 1211 gross after Kiwisaver, PAYE and student loan repayments.

This is why a lot of single parents choose to remain on the benefit- they are financially disadvantaged when they work and are worse off financially. There is little opportunity to better oneself financially with limited resources and owning a home is a pipe dream.

If NZ wishes to minimize benefit dependence, those on a benefit need an attractive incentive but when the difference between working and being on a benefit is negligible, what is the incentive? Those on a benefit get financial aid, those on a high income bracket get tax breaks, those in the middle earning 40,000 - 80,000 are getting the worst deals, which is compounded when it is then a single income household.

I am hoping this tax review would make a meaningful change that is fair for all ratepayers and give New Zealanders' a fair opportunity to progress rather than the lower/middle income earners being in a holding pattern of working to survive.

Thank you.

Income Tax Rate	Income	Ta
Income up to $14000, taxed at 10.5%	$14,000.00	$1,470.0
Income over $14000 and up to $48000, taxed at 17.5%	$34,000.00	$5,950.0
Income over $48000 and up to $70000, taxed at 30%	$15,000.00	$4,500.0
Remaining income over $70000, taxed at 33%	$0.00	$0.0
Total	**$63,000.00**	**$11,920.0**

From: William Vernon [1]
Sent: Thursday, 1 March 2018 5:23 PM
To: TWG Submissions
Subject: Submission

Why we should have a tax on wealth.

Taxation is a necessary evil for co-operative societies to fund government.

At present we tax consumption and income.

But we do not tax wealth.

The wealthier section of society has the greatest capacity to contribute to the common good, but often avoids paying their fair share of income tax by manipulating their assets into trusts and investing in assets which yield untaxed capital growth, with little or negative income. This may be legal, but it is not fair. They pay GST on their consumption, but proportionate to wealth, they pay much less than poorer taxpayers.

The increasing gulf between the wealthy and the poor is socially and politically divisive. A wealth tax would reduce the disparity and be seen as a step to a more equitable distribution of income and wealth.

I propose consideration of the introduction of an annual wealth tax on all residents and trusts at a low rate, such as 0.5%. That would be $5,000 per annum on every net $1 million assets.

A low rate means it is readily afforded with a low incentive for manipulations to avoid it, unlike income tax which is typically sixty times higher at 30%.

Tax would be assessed on net wealth (assets less liabilities) owned by the taxpayer, including assets overseas. For administrative simplicity there could be a threshold or initial exemption of $X million, applicable to individuals, but not to trusts.

If trusts had an initial exemption like real persons, that would allow avoidance of the tax by dissipation of wealth into trusts.

Trusts not having the same exemption or threshold as individuals would mean all trusts would be liable for tax on their net worth. This would, unfortunately, extend the reach of the tax to affect many non-wealthy beneficiaries of family trusts. This is likely to be the greatest source of opposition to this proposal.

But given the low rate of 0.5% this would be affordable to many trusts. And should this prove an intolerable burden, the trust could be dissolved and the assets distributed to the beneficiaries, who would only pay wealth tax if they exceeded the threshold.

Ideally, charitable trusts should also be taxed to discourage pseudo charitable trusts being established to avoid the wealth tax. Charities pay GST at present but no income tax. This is likely to be highly contested and may not be politically acceptable.

The level of the personal threshold/exemption would determine how many taxpayers were liable for wealth tax. A higher level would affect a fewer number, which is easier administratively but yield less tax. I suggest a threshold of about $5 million would be appropriate.

The NZ government statistics show that as at 30 June 2015, the top 10 percent of New Zealand households accounted for around half of total net worth. The top 1 percent of New Zealand households had 18 percent of total net worth.

An argument against wealth tax is that it encourages capital flight. But given the low rate, is it likely that many residents would flee NZ to avoid a 0.5% tax on their wealth?

But capital flight into trusts domiciled overseas to benefit NZ residents is a problem which would need to be addressed.

Valuation of assets would be needed to assess the tax. Bank balances and cash are explicit. Share in quoted companies have daily valuations on the stock exchange. Property has rateable valuations. The problems are likely to be greatest in valuations of shares in private businesses, intangibles, collectibles and consumer durables, but this is not insuperable. When we had estate duties, valuations had to be assessed on all types of assets.

Possibly some NZ domiciled assets held by non-residents could be included in certain circumstances, such as land, without any offset of liabilities to prevent avoidance by borrowing against the asset.

Wealth tax on non-productive assets (such as un-utilised land) held by taxpayers without ability to pay could be accumulated as a debt secured against that asset, similarly to unpaid rates. At 0.5% it would take 200 years to erode the asset to nil value.

A well-constructed wealth tax would be:

- universal (like our GST and Superannuation)
- at a low rate which minimises incentives to avoid and evade
- targeted at the wealthy who have the ability to contribute more to our tax pool but who often pay little tax.

Capital gains taxes, gift duties, stamp duties on property transfers, land tax and death duties are all crude, arbitrary and distortive compared to a tax on significant wealth.

Why not consider a wealth tax? Add a UBI (universal basic income) and we would be a more equitable, prosperous and harmonious society.

William Vernon

[1] [[1] [[1]

From: Blair McCarthy [1]
Sent: Thursday, 1 March 2018 4:06 PM
To: TWG Secretariat
Subject: FAO Andrea Black: Business of Ageing and the Ageing Population

Kia ora,

I was talking to Andrea Black yesterday at a University of Otago Wellington course she spoke at and she was happy for me to pass on a report, The Business of Ageing, that I had previously worked on in the Office for Seniors in 2015. The report was updated last year and was based on projections on the economic Contribution of Seniors to the economy now and into the future.

http://www.superseniors.msd.govt.nz/about-superseniors/office-for-seniors/the-business-of-ageing-2017.html

- seniors' contribution to tax revenue is projected to increase from a total of $5.5 billion in 2016 to $25 billion in 2061 (2016 dollars)
- more seniors will participate in the workforce (around 400,000 or a quarter of over 65 year olds)
- the economic value of seniors' paid and unpaid work is projected to increase from $6.5 billion in 2016 to $31 billion in 2061 (in 2016 dollars)
- the unpaid and voluntary work of seniors is projected to grow from about $11 billion per year in 2016 to an estimated $47 billion in 2061 (2016 dollars)
- consumer spending by seniors is projected to become more important, with spending of about $94 billion in 2061– a rise from about $21 billion currently (2016 dollars).

A technical report can be found here. http://www.superseniors.msd.govt.nz/documents/publications/final-technical-paper-for-boa-update-2017.docx

Hopefully this will be useful for looking at the contribution of seniors and in a more positive light that is often shown.
Thanks
Blair

Blair McCarthy | *Senior Advisor*

Health Promotion Agency
[1]

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From: Marcel Spencer [1]
Sent: Wednesday, 21 February 2018 9:07 PM
To: TWG Secretariat
Subject: Land Tax - attention Michael Cullen

Dear Michael,

You were heavily involved with the introduction of the Foreign Investment Fund rules because (see cut and paste from IRD website):

The previous tax rules for offshore portfolio investment in shares favoured investment in the eight "grey list" countries (Australia, Canada, Germany, Japan, Norway, Spain, the United Kingdom and the United States). Investments in companies resident in these countries were taxed only on dividends if they were held on capital account (which was the case for most individuals). **Dividend-only taxation was, in many instances, an inappropriate tax base because many foreign companies have a policy of paying low or no dividends. The investor could still, however, derive an economic gain from the investment via an increase in the share price. It was therefore quite easy to achieve a low tax or no tax result for direct portfolio investment in shares outside New Zealand. This could give higher income or more sophisticated taxpayers significant scope to minimise their tax burden by investing offshore.**

Residential rental property investment in NZ also achieves the same result for many investors. Refer to the University of Auckland study that shows the annual cash return from properties (especially in Auckland) is way below the risk free rate - so why would you invest other than expected capital gain.

http://www.nzherald.co.nz/university-of-auckland/news/article.cfm?c_id=1503679&objectid=11942765

It is time to introduce a flat land tax on all land in NZ - invoiced with rates. Refer to the 2008/2009 Tax Working Group report on land tax. No exemptions for family home - lawyers and accountants love exemptions.

Use slightly different rates for different land types, or even for different regions. These can be calculated by QV, invoiced with rates so there is not a lot of extra work for IRD to collect them. And no way of avoiding/minimising or evading this tax.

At the same time as a land tax introduction, income tax rates can be reduced and the GST rate reduced a little lower. Broaden the tax base and provide more of a tax incentive to earn money from productive enterprises and more of a tax cost for non productive investment.

GST and the massive market reforms of the 1980's were considered bold and necessary even though they were unchartered territory at the time. A serious change in how we as a society view residential property is needed now.

To reduce the chance of a serious property crash with nasty economic consequences, the land tax rate can gradually be increased over 2-3 electoral terms with corresponding reductions in income tax and GST.

Do you just want to tinker around the edges of this problem with a miniscule extension to the Bright Line Test, or a capital gains tax with a bunch of exemptions, or do you want to make meaningful long term change?

Or are too many politicians so invested in residential property combined with the fear of upsetting the property owning voters for you to make meaningful and necessary change?

I own my house.

Yours sincerely,

Marcel Spencer