# Tax Working Group Public Submissions Information Release

# Release Document

# August 2018

**taxworkingroup.govt.nz/key-documents**

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

Don Kerr
Andrew Yeoman
Sam Judson
Heather Heron-Speirs
Rob Lock
Elizabeth Aaron
Ben Wylie-van Eerd
Glenys Woollard
Alastair Bell
A O'Sullivan
Derek Reeves
Roy Hopkins
Cecily Jean Thompson
Graham Creamer
Clare (Tuesday Home and Beauty)
Joy & Bill
Kylie Turgis
Linda Grace
Donald Rennie
Kathleen Murdoch
Graeme Axford
Jane Rosalenawave
Amen Singh
Charles Drace
Terrence Gorst
Peter Mayes
Bruce Mauchline
Janine Leighton
Richard Goord
Linda Askin
Geoff Stainer
Graeme Trainor
Gary Wills
Fred Smith

Grant Collingwood
Michael Penman
John Edwards
Fred Rose
Nigel Bowen
Pauline R
Michael Harding
Simon Field
Graeme Cocks
Matt
Sandra Otto
Steve Baron
Kathryn Marshall
Dimitri Aloupis
Vicky Forgie
Tim Cole
Vikkihaar
Samuel Coutts
Don Richards
David Robinson
Bruce Truman
Warren Edgecumbe
Sukhdeep Singh Sandhu
Cheryl Taylor
Max Shierlaw
Sax Dearing
Stuart D Robertson
Simon Waugh
Richard Christie
Tyron Phillips
Stephen Bishop
Joseph Corbett-Davies
Kevin Morland
Kyle Sutherland
Valerie Rowe-Mitchell
Philip de Montalk
Peter Diver
Jonno Smith
Hilda Halkyard-Harawira
Mark Kokich
Andrew Hunt
Dr Iain Wilson
Bevan Lewis
Chris Perera
Peter Lynch
John Perera
Patrick Farrelly
David Norris
Paul Elwell-Sutton
Daniel Lincoln
Neil McDonald
Neil Pritchard
Murray Hunter
Eddie Mann
Jeremy Medlin
Martin Brook
Grant Collingwood
Roydon Griffiths

**From:** don [1]
**Sent:** Tuesday, 17 April 2018 8:25 AM
**To:** TWG Submissions
**Subject:** Submission

There have been recent discussions about the possibility of a predator free New Zealand. The Government's declared ambition is to achieve this by 2050. This is a laudable ambition - extremely aspirational in its scope and, as NZ Forest and Bird has proposed, akin to New Zealand's own Apollo mission of placing humans on the Moon. However, and as expected, vast sums of money will be required to deliver on this ambition.

Given the vagaries of politics and economic performance, a critical question is how
might we ensure for the necessary investment over the very long term ?

I believe we have a huge opportunity to fund the required investment for Predator Free New Zealand (PFNZ) AND at the same time provide for the necessary investment in tourism infrastructure. This would be through the introduction of a tourist surcharge at point of entry. If you like, a tourist tax.

Say … $100 per person, irrespective of duration of stay, frequency of entry/exit, or intended activity. And it should be charged at point of entry.

Accumulation of funds should be to a specific account and therefore protected cf. into consolidated funds. Funds are then be used to support three things, namely 1) tourism infrastructure (e.g. clean water, toilets and sanitation, recycling, etc), 2) emergency services such as when visitors need rescue which seems to happen repeatedly when inexperienced individuals or groups go into the bush woefully uninformed and unprepared and get into trouble, and 3) predator eradication.

As progress is delivered in predator eradication, we begin to intensify the future benefits of eco-tourism as our bird-life recovers and flourishes.

It's possible such a surcharge will serve to dissuade a number of visitors from coming. But this may be no bad thing given current tourist numbers are already swamping our capacity and given the alarming predictions for growth in visitor numbers. That said, we should not underestimate the relative inelasticity of demand for our tourism product. And besides - it already costs visitors a LOT of money to come to Aotearoa - another $100 is very marginal on top of that.

This is a much more efficient approach than incidental charges imposed at any point of use or via a 'room tax'. It negates the need to set up some complex system of excusing residents from charges for use of a product, service or activity than would be necessary under a user pays system.

Regards
don

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Don Kerr
[1]

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|---|---|
| **From:** | Andrew Yeoman [1] |
| **Sent:** | Tuesday, 17 April 2018 6:30 AM |
| **To:** | TWG Submissions; [1] |
| **Subject:** | Ring fencing losses proposal |

To whom it may concern,

I am writing regarding the proposal to 'ring fence losses for property investors' that is going through the Tax Working Group currently.

By way of background, our company built more homes in Hamilton than any other company last year. We focus on the more affordable end of the new housing market with our homes being sold for between $399k and $749k with an average of about $550k. A large percentage of these homes were purchased by investors for long term rentals – and the majority of these were 'mum and dad' investors purchasing their first investment property.

The rental market in Hamilton is in dire need of more houses with the vacancy rate (according to the two largest rental agencies in Hamilton with approx. 5,000 rentals between them) of less than 0.5%.

An effect of ring fencing losses, will be that these 'mom and dad' investors will have their cashflow worsened by between $150 and $300 per week. But the effect on these current landlords wont be the main effect. The main effect will be that the future 'mom and dad' investors of next year and the year after, quite simply, will not be there. This proposal to change their taxes will have the effect that this investor market for buying new homes will completely disappear. Yes, there may still be the professional investors that continue to buy homes for rentals; but it is no secret that the majority of rental homes in NZ are owned by 'mom and dad' landlords that own only one or two rental properties.

If these 'mom and dad' investors are no longer purchasing new homes, the effect will, quite simply, that we will build up to 80% less houses than we did the year before.

If the proposal to ring fence landlords losses goes through, this will happen:

1) We (and I am sure a significant number of other builders and developers) will build significantly less houses
2) The lack of new rental houses will cause rents to skyrocket
3) The HNZ waiting list will increase dramatically
4) Homelessness will increase as people are unable to afford (or even find) houses to rent

Conversations I've had with other builders and developers indicate that they will be far less likely (or able) to take on new projects if this 'mom and dad' investor market isn't there.
This would be extremely damaging to the housing market

Please take this into consideration before making a final decision.

Regards,

| Andrew Yeoman | Managing Director
| Yeoman Property Group

[1]

| www.yeoman.co.nz

*Proud winners of the Property Council of New Zealand (Waikato Branch) Urban Design & Architectural Merit Award 2015 and 2016*

**From:** Sam Judson [1]
**Sent:** Monday, 16 April 2018 8:53 PM
**To:** TWG Submissions
**Subject:** Submission on tax

Firstly I would like to state I am happy to be contacted about my submission.

The tax system in New Zealand requires, to my mind, major overhaul. These changes encompass other issues too, such as the legality of cannabis, alcohol regulation, climate change, poverty, tobacco, generational wealth and opportunity.

Tax is New Zealand is progressive. That's a good start. However we can do much better. I would like to see the following changes.

Reduce GST overall, but introduce a tiered approach. Items fall into categories for example high risk or beneficial. High risk goods would be linked to societal, environmental or personal harm if used incorrectly or regularly. Examples of high risk would be alcohol, personal vehicles, tobacco and possibly meat and dairy. Beneficial goods boost public health – fruits, vegetables, public transport, bicycles. And so on. This could be hard to define, but not beyond a framework.

Introduce a progressive inheritance tax to help prevent family 'dynasties'.

Make the corporate/business tax rates tiered and progressive.

Raise the personal tax-free threshold.

Introduce another top-end tier for those earning above $130k and re-calibrate the remaining brackets.

Raise taxes overall – I imagine the top rate being about 50%, and the current highest rate raising from 33% to about 40%.

Legalise recreational cannabis under tight age controls. Don't make the same mistakes we've already made with alcohol. Tax cannabis. Raise taxes on alcohol significantly.

Introduce a capital gains tax, starting with property, but extending to other capital. Wealth breeds wealth. Land-banking, greater private ownership and the decline in owner-occupied homes all impact society as a whole negatively.

Increased taxes on plastics and oil.

Decreased taxes on small business. Tax breaks for efficiency measures, such as business mergers and shared office spaces.

Tax breaks for recycled goods or services – commercial and personal composting, repairs services (including cobblers, clothing repairs, jewelers and IT services).

Tax breaks for civil service jobs such as teachers, nurses, police and elderly care. This would encourage training in these positions.

Obesity tax. Foods and drinks proven to cause or contribute to rising obesity levels should be discouraged via tax. Fizzy drinks and high salt or fat foods would also be candidates.

Green growth tax break. Reduce taxes on new tree planting, sustainable forestry, personal greenery and planting.

Electric vehicle tax breaks. Reduced car registration costs. Reduced GST. Reduced import tax. Tax breaks for business selling a high-percentage of electric vehicles.

Tax free necessities. Tampons and sanitary items, dentistry, nappies, toothpaste. Anything required to live a decent and healthy life should not be taxed.

Repeal tax-exempt status of religious organisations. Profit should be taxed fairly, religious beliefs or otherwise.

The above changes would contribute to a vibrant, sustainable and ethical society. One where everyone, our environment and ecosystems are afforded opportunity to thrive.

Aim high. We can do better for everyone.

Sam Judson

**From:** Heather Heron-Speirs [1]
**Sent:** Monday, 16 April 2018 8:30 PM
**To:** TWG Submissions
**Subject:** Submission regarding land tax and capital gains tax

Dear Sir Michael and TWG members

I have only one brief submission to make, mostly regarding the idea of an annual land tax, but with a note also regarding a capital gains tax. My focus is farming land. I share ownership of a block of dairy-support land in the Horowhenua.

Depending on the rate charged, of course, a land tax would very likely be unaffordable for my farm owning partnership. This is because the capital value of our land is completely disproportionate to the income that we derive from it, under our lease. Our annual lease income (ex GST) as of 1 June 2017 is $162,285. The govt valuation on the leased portion of our land, as at October 2016, is $5,539,283. This means our income – *before* accounting for expenses or other taxes – is under 3% of the value of the land.

If a land tax of any meaningful percentage was imposed, it would therefore seem likely that we would not be able to afford it and would have to sell the land. We are the third generation of our family to own this land, and we have a vested interest in its care, accordingly, as well as in the local community, and the block of native bush on an un-leased portion of it. Sale of the land would therefore have a number of detrimental effects, and not only for our family, but for the community and the environment. I believe the present land use is responsible, in terms of land care and sustainability, and that a more intensive approach would be more damaging, and may still not produce enough profit to pay a land tax.

I think a similar scenario would affect a great many farming families. And I believe that intergenerational farming – whether family or iwi based – is the most healthy for the land, as it incentivises long term sustainability and improvement. I therefore oppose a land tax on the grounds that it would likely put a lot of family farming arrangements out of business, replacing them with corporates with short-term goals, and/or force a level of intensification that is not healthy and sustainable for the land.

I would prefer a capital gains tax, which can be paid upon sale of the land. However, in the structuring of that tax too, I urge that provision be made to enable/encourage intergenerational retention of land by families, in the interests of the land itself. The health of the land is increasingly vital as pressures from population and climate change mount, and the people who are most strongly incentivised to care for the land are those who intend to pass it on to future generations.

Thank you for your consideration of these points.

Heather

Dr Heather Heron-Speirs
LIB(Hons), MA(Hons)(Psych), PGDipPP, PhD
Registered Psychologist, MNZPsS

heron-speirs psychology
**Chrysalis** RESEARCH AND PRACTICE
data to ideas | growth and change

[1]

*Do all the good you can. By all the means you can. In all the ways you can. At all the times you can. To all the people you can. As long as ever you can.* John Wesley.

**From:** roblock [1]
**Sent:** Monday, 16 April 2018 5:19 PM
**To:** TWG Submissions
**Subject:** Submission

The only fair tax is a transaction tax.
The Tax would apply to every transaction made by all private individuals, companies, cooperatives ,corporations and all and every entity involved in transactions with monetary value without exception. eg. All purchases, returns on investments including stocks and shares, private and commercial real estate, internal transfers of stocks, shares, capital expenditure, transfers of capital etc. This tax is a tax on all and every transaction with a monetary value without exception.
The value of monetary transactions in New Zealand is substantial and a tax applied to every Dollar transacted would also be substantial. All current taxes could be abolished such as GST, Income tax, company tax ( that many companies avoid ),
fuel tax and road user tax. A great deal of revenue is lost to the Government due to smart tax lawyers and accountants that find many loopholes in the current tax rules and regulations. These rules and regulations can also be abolished as there will be only one Tax. Overseas companies profiting by smart accounting practices of only providing enough resources to run their NZ operations and exporting produce at cost do not pay tax. These companies will at least have to pay transaction tax on all revenue in and resources purchased for production. At the moment the stock market, gambling, some real estate investment, used cars to name a few do not attract tax but would pay the tax indirectly through a transaction tax.
This form of taxation is simple and fair, it taxes every dollar, does not discriminate from whom or where, there are absolutely no loopholes, it cannot be avoided.
This form of taxation should be seriously considered as it is fair, is simple to understand and simple in its application.
By knowing the Dollar value of National transactions made annually and the amount of tax revenue received by the Inland Revenue annually it is possible to arrive at cents per dollar
Tax rate, this could probably then be fixed for quite some time.

**From:** [1] Elizabeth Aaron [1]
**Sent:** Monday, 16 April 2018 4:40 PM
**To:** TWG Submissions
**Subject:** Submission

A SOCIETY WHICH HAS AN UNFAIR TAX REGIME IS NOT CIVILISED.
REGRESSIVE TAXATION IS NOT FAIR.

Elizabeth Aaron

**From:** Benjamin Wylie-van Eerd [1]
**Sent:** Monday, 16 April 2018 4:00 PM
**To:** TWG Submissions
**Subject:** Submission to tax working group

To the members of the tax working group,

I have read the Future of Tax Submissions Background paper published by the tax working group, and would like to make a submission. I will structure the submission according to the Questions for submitters in guideline 3, but first I will provide a summary of my most important recommendations.

1. I recommend that the guiding principle for design of a modern tax system be horizontal equity. Minimum distortion to market signals should be an important basic goal, only trespassed with good reason. I realise and celebrate that governments will want to do things which distort market signals, but this should be done visibly and politically rather than invisibly and in the background by the IRD.
2. I recommend that taxes designed to reduce behaviours detrimental to the environment be introduced. This is despite 1. above - the cost of climate change, loss of biodiversity, pollution etc. is not part of the cost of goods and services right now, and therefore there is good reason to violate horizontal equity for this reason.
3. I recommend that the tax working group consider how they can work together with the welfare system to ensure all New Zealanders enjoy a minimum standard of living, health and wellbeing.
4. Specifically, I recommend that all proceeds of individual investment be taxed equally to individual income from employment. This includes business income, dividends, imputed rent, other non-cash benefits of asset ownership, and also capital gains of assets when sold, and capital gains of assets when a loan is taken out against them. Investment decisions must not be driven by tax settings.

I realise that aspects of these recommendations fall outside the terms of reference of the tax working group, but I nevertheless must stress the importance of taxing assets equally no matter what form they take. Our historical and current special tax treatment of residential land has driven investment in New Zealand away from areas where it is desperately needed, which ironically includes in higher quality and higher density housing itself. The negative consequences are high.

Specific questions from appendix 3, questions for submitters

Chapter 2:

I see the main risks for the tax system over the medium- to long-term as: an increasing share of the economy in assets/speculation compared to wages; increasing tax avoidance activity by global corporations; and increased inequality. The latter is a risk in that the methods of taxation will be seen as increasingly unfair the more unequally income and wealth are distributed. Consent of the governed is an public good worth maintaining.

The tax system can change in response to the identified risks by: increasing the proportion of tax that is collected from non-wage sources; working together with our trading partners to capture easily moved global corporation profits, preventing races to the bottom; providing higher levels of redistribution in total when concentration of wealth is accelerating.

Tikanga Māori, in particular kaitiakitanga but also potentially manaakitanga are good principles to keep in mind, and also langage to use when communicating with the New Zealand public. Preservation of the environment and of society are goals we all share.

Chapter 3:

The principles I would use to assess the tax system are: Are we minimising distortions to the economy in the ways we collect tax?; and does the tax system together with the welfare system ensure acceptable minimum standards of living, health and wellbeing for all New Zealanders?

A fair tax system to me would mean that regardless of the source of income - be it wages, business income, dividends, imputed rent, other non-cash benefits of asset ownership, and also capital gains of assets when sold, and capital gains of assets when a loan is taken out against them - my tax bill would be the same as someone else with the same total income but a different mix of classes. I also consider it fair that those of us whose labour is not being currently demanded by employers in aggregate are supported by those of us who do have jobs or other sources of wealth. However, I realise that this is not the purview solely of the tax system. The welfare system is also of vital importance here.

Chapter 4:

I propose that 'broad-based, low-rate' is a good guiding principle for the future for NZ, but that our current tax system falls short of that goal. In order to improve it, the tax base must be broadened to include things currently excluded, including imputed rent and capital gains.

I believe there should definitely be a greater role in the tax system for taxes to intentionally modify behaviour. These should primarily be used in the case of market externalities such as environmental taxes. I believe that there is also a good argument for using behaviour taxes to nudge people towards the collective optima of various systems where individual optima do not align with collective optima.

Encouraging saving for retirement is one example of where individual optima are not in alignment with collective optima, thus I think it is a possible candidate for a behavioural tax as mentioned above.

Chapter 5:

Ideally I would say that the speculative economy does not need to be supported by the tax system. Investment is what most money wants to do anyway, it can take care of itself, supporting the productive economy is the more important goal. However, as a small country I am aware of the need to compete with other nations over foreign investment, and accept that our tax system will to some degree reflect that.

The New Zealand tax system is already very good at minimising costs on business. The compliance costs are relatively low, and the imputation credits system is a good solution to avoiding double-taxation for owners. No action needed.

The tax system definitely does not do enough to maintain natural capital. Externalities are too rife in this market, and costs are far too often not borne by those who benefit. It would be wise to level some behavioural taxes in this area as already noted.

I don't know enough specifics to answer the third question, except to recommend again that different sources of income all be taxed equally regardless of type.

Chapter 6:

The main inconsistency in the current tax system is the treatment of property, especially owner-occupied property. This is clear from the future of tax submissions background paper. To a lesser extent other kinds of investments suffer from this, such as proceeds of shares 'not bought with the intent of selling'. The future of work trends such as casualisation and automation mean that greater shares of income will come from assets rather than wages in the future, so ensuring that income from capital sources is taxed equally to other forms of income is vital. In particular, taxation of imputed rent in owner-occupied housing is important to consider in order to ensure that homeowners are not paying less tax than owners of other assets.

I support the introduction of imputed rent tax, and various behavioural taxes to lessen the impact of negative externalities in the environment and other areas. Whether or not other taxes be reduced is a political decision rather than one of tax design. If they are, I once again stress the importance of having all income taxed the same way regardless of source.

Chapter 7:

The tax system affects housing affordability negatively by disproportionately rewarding those who hold housing assets compared with those who develop residential land, this incentivises fewer houses to be built and we have a huge lack of housing caused in part by this. The tax system can help by removing this disproportionate reward by taxing income and benefits from all sources equally, as discussed previously. Further improvement to the housing situation is outside the scope of the tax system and should be a matter of public investment and/or regulation.

I recommend that New Zealand should have a capital gains tax. The existing tax is adequate, if it were to be more widely applied. The gains should be taxed equally to income of any other source. The tax should include the family home, it should include all assets, though it may include a minimum threshold. Payment on realisation or accrual bases both have their drawbacks, one is not clearly better than the other to me. Perhaps if accrual basis is slowly introduced people will have time to restructure their assets to include sufficient cashflow and then that will be the superior option.

I do not recommend New Zealand introduce a land tax. Too much of the value land provides, such as environmental health and kaitiakitanga lies outside the market. Therefore it would tend to discourage uses of land that promote either of those things, which is a coercion that I want very much to avoid.

I recommend that environmental taxes, carefully designed, are a good stop-gap measure to protect the sustainability of our natural environment while these things remain external to the market. Carbon taxes, water taxes, pollution charges, etc are all much needed. (Domestic cap and trade schemes for all the above would be another possible solution).

I don't recommend a progressive company tax. If I understand correctly, the problem that progressive company tax would be trying to solve is distortions to markets caused by barriers to entry and monopoly power. I don't consider progressive company tax rates to be a good solution to this problem. Small companies trying to start up aren't making taxable profits anyway so they would expect to be unaffected by the change. It would just be a subsidy to small non-growth businesses, and I suspect most small non-growth businesses tend to distribute their revenue to their owners anyway, so imputation credits already do that job. I should note that my confidence in this position is relatively weak, I don't have much experience in this space.

GST exemptions for particular goods may qualify as a reasonable behavioural modification to the tax system as outlined above. I neither recommend for or against this.

I understand that submissions will be proactively released to the public and only redacted or withheld on the grounds of privacy, commercial sensitivity, or any other reason under the Official Information Act.

It would be acceptable for the Tax Working Group and the Secretariat to contact me to discuss the points raised, if required.

Sincerely,

Ben Wylie-van Eerd

**From:** Glenys Woollard [1]
**Sent:** Monday, 16 April 2018 3:51 PM
**To:** TWG Submissions
**Subject:** Submission

Re tax reforms. We believe that any capital gains tax that excludes the family home is unfair to most NZers. If you live in Auckland, Queenstown or Wellington and your home is worth over a million, you will be much better of than those of us in smaller centres, whose home would be worth less than half of that. And if they had an investment in another small property that was also worth less than $500,000 they would be liable for the tax, despite having less actual property value than that house in Wellington, Queenstown or Auckland.

Also, if there's a capital gains tax that excludes the family home, people will put their money into the house rather than another kind of investment.

The fact is that we believe a capital gains tax would be both unfair and unnecessary,

Arthur & Glenys Woollard
[1]

**From:** [1] Al Bell [1]
**Sent:** Monday, 16 April 2018 3:33 PM
**To:** TWG Submissions
**Subject:** Tax Submission

New Zealand has over 28,000 charities , the highest number per capita in the world. Many of these charities have been formed
with the sole purpose of avoiding the payment of tax and run substantial business enterprises making large profits. Many charities are, in fact, phoneys
who avoid paying tax but share in all the benefits available to New Zealanders.
Many of these so called charities have a restricted membership based on religion or race .
I cannot see how the tax system is fair, balanced and maintains the integrity which New Zealanders should expect from its tax system.
The principle of equal treatment for all New Zealanders is somewhat lacking in the present system.
The Iwis phoney charitable status is based on race and it is not apparent that they contribute very much even to there members but are concentrating on building
business empires.
Why should the Sanitarium group enjoy tax free status?
Gloriavale is another instance of charity status abuse.
The Brethren Church owns a trust of over $300m invested in North Island farms.
Recently Ngai Tahu purchased a large interest in Hilton Haulage Ltd. I presume the share of the profits which previously attracted tax will
no longer be taxable in the hands of Ngai Tahu.
Why should these relatively small groups not pay tax when the rest of the population have no option but to pay their share.
Charities based on race eg Iwis, or religion have no place in modern society.
There would be a lot less need for additional taxes if charitable entities running business were forced to meet their moral responsibilities.
The integrity of the tax system is severely compromised by the existence of the present laws regarding Charities.

Submitted by.-
Alastair Bell
[1]

**From:** A O'Sullivan [1]
**Sent:** Sunday, 15 April 2018 2:12 PM
**To:** TWG Submissions
**Subject:** Submission

Increase taxes - the pie shrinks. Decrease taxes - the pie grows. That is all.

A O'Sullivan

**From:** Reeves Home [1]
**Sent:** Sunday, 15 April 2018 12:57 PM
**To:** TWG Submissions
**Subject:** Submission

Submission to the NZ Government tax working group.

Key idea: introduce tax reform that will proactively support the cooperative business model and that, as part of a wider legislative framework, aim to promote cooperative businesses in New Zealand.

This would be an innovative policy with major long term benefits for New Zealand. It has the potential to transform the economic model for regional development.
Cooperative would seem ideally suited to NZ with many small business & a general attitude of self-reliance and innovation. It would be applicable to businesses in all domains and regions, but particularly suited to engineering technology, food processing technology, agricultural and food businesses.

Fonterra is an obvious example of success, but with tax and legislative assistance we could see many more smaller cooperative business.

The advantages of cooperatives have been well documented, a few relevant to NZ are;
Wealth would be created in the community and shared by the community
It moves away from the reliance on corporate profit & pressure to lower wages
It will reduce global business buy-outs of NZ innovation.
It will improve the stability and resiliency of small businesses

Emelia-Romania, Italy has over 8000 cooperatives.
From wiki: Emilia-Romagna is one of the wealthiest and most developed regions in Europe, with the third highest GDP per capita in Italy. Bologna, its capital, has one of Italy's highest quality of life indices.

There are extensive reports and guidelines available from the International Co-operative Alliance.
“Cooperative enterprises are influential institutions. In both industrialized and developing countries, cooperatives contribute to socio-economic development, support employment growth, and sustain a more balanced redistribution of wealth.”
“The main reason for the success and longevity of cooperatives is that they are
not motivated to maximize the rate of profit for investors, but rather to address the needs of communities.”
‘Promoting the Understanding of Cooperatives for a Better World’, Euricse and (ICA) March 2012

Derek Reeves
15 April 2018
Submission to the NZ Government tax working group.

**From:** roy hopkins [1]
**Sent:** Sunday, 15 April 2018 12:03 PM
**To:** TWG Submissions
**Subject:** Submission

I propose no PAYE tax.

The loss of income from PAYE can be made up from company's been more profitable and an increase in GST.
I believe GST is a simple and fear tax on all consumers.
This would simplify the whole tax system, less IRD overhead.

I also believe in lowering fuel tax to boost the economy as fuel cost affects everything that has to be transported.

Instead of regional taxes on fuel tolls on roads would make them self funding over time.

Tax incentives for environmentally friendly packaging such as paper and cardboard.

Tax incentive for recycling glass, rubber tyres and metal of all types.

Roy Hopkins

**From:** [1]
**Sent:** Saturday, 14 April 2018 10:26 PM
**To:** TWG Submissions
**Subject:** Some responses

- ***Dear Tax Working group,***

NZ needs a tax system that is generally acceptable to the main political parties so it does not become a political football, so that people and businesses can confidently plan their futures.

I have read your discussion document!! - long, but I can see that it needs to be. The issues are complex but very important.

As a result of its complexity I now really do wonder if my tiny contribution can be of any use to you, but I will give it nevertheless.

I copied the seven questions below which I felt I could relate to from two parts of your discussion document.

- ***Questions I have addressed here:***
- *How, and to what extent, does the tax system affect housing affordability for owners and renters? Is there a case to change the tax system to promote greater housing affordability? If so, what changes would you recommend?*
- *Should New Zealand introduce a capital gains tax (that excludes the family home)? If so, what features should it have?*
- *Should New Zealand introduce a land tax (that excludes the land under the family home)? If so, what features should it have?*
- *Should the tax system do more to support small businesses? In particular, is there a case for a progressive company tax?*
- *Should the tax system exclude some goods and services from GST? If so, what should be excluded? What else should be taxed to make up for the lost revenue?*
- *Should the tax system encourage saving for retirement as a goal in its own right? If so, what changes would you suggest to achieve this goal?*

**Housing affordability and capital gains:** I believe the first two questions above are irrevocably linked. We have what I see as a very unbalanced system in the housing market whereby people can make large sums of money doing practically nothing while at the same time tying up considerable capital by abrogating responsibility for tax on their capital gains. This has two really important effects: It pushes up the demand for housing - pretty-well everyone with enough extra money, or the capacity to borrow such, will want to buy an extra property. This heavy demand has grossly distorted prices in NZ over the last few years. In addition to that, this tax-free type of transaction also diverts capital which could otherwise be invested in production - real work as distinct from just sitting there and "making money". Surely the latter is seriously corrosive on our economy. This must stop!

**Land Tax?** Probably this should be subject to a capital gains tax also. We have seen a devastating rise in land prices over the last few years as purchasers simply sit on the land waiting for it to double in "value" before they make a killing. This cannot be good for the economy surely!

**Progressive tax for businesses:** This could act as a disincentive for businesses to develop. Maybe businesses of various sizes should be asked how they think they would react?

**Selective relief from GST:** No. I think the strength of the NZ GST system is its universality. This makes it easy to manage both for the businesses and for the tax department. It is a highly effective system as it stands.

**Retirement saving:** This is essential! But it would need to be helped by the government in some way because we know from observation that the majority of people would rather spend their money "right now" than conserve it "in case", yet we all need to have some savings!! Also with the steady drive down over the last few years to being a low wage economy in NZ for many there really does need to be a move towards providing sufficient income so people can live decently, and that includes a little left over to save. You cannot expect people to save when they have insufficient income to feed their family. Maybe Kiwi-Saver should be compulsory.

I think that will do for now, but I will watch out for your next document.

Thank you for the opportunity to have a say.

Yours sincerely

Cecily Jean Thompson

**From:** Graham Creamer [1]
**Sent:** Saturday, 14 April 2018 9:57 PM
**To:** TWG Submissions
**Subject:** Submission

# TAX

Tax is required to pay for expenses of the nation. Education, health and defence.

The wealthy have always avoided paying tax because they forget the benefits they receive such as quiet workers and a society that is stable. The threat of being conquered diminishes as well if a population that will purchase the goods and services that keep them happy. Beggars and rebels cost far more than than paying them a pittance.

For a thousand years until modern times Tax was open, public and the army enforced the rich to pay a fair share of their assets to the Govt. ( attached a village tax return 1787 ).

This has altered as the poor earned money, (not serfs, slaves or knaves.)

Originally William the Conqueror wrote the doomsday book (a thousand years ago) to list the assets and who owned them so as to collect tax and has been continually updated from then on until the 20th century.

# PROPOSED TAX

## FORGOTTEN TAX or MILLENNIUM TAX or MULTI MILLIONAIRES TAX

ONLY APPLIES TO ANY SUPER RICH PERSON WHOSE ASSETS ARE

MORE THAN 5 MILLION DOLLARS (to be adjusted)

LIST ALL ASSETS --A

PROPERTY

SHARES

OVERSEAS ASSETS

OTHER

LIST ALL LIABILITIES --B

LOANS

DEBTS

SUBTRACT B FROM A BALANCE = C

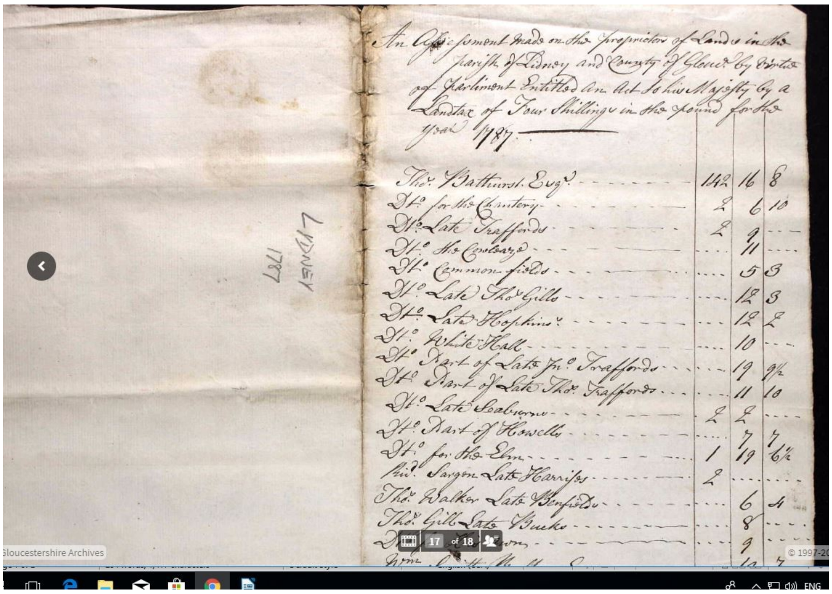
C MINUS 5 MILLION = D

TAX AT 0. 1 % (to be adjusted) = E TO BE PAID AS TAX. (annually)-$1,000 PER MILLION

The Vogal Govt. about 1870 taxed the rich ( 1 shilling per fleece- 25%) and that set NZ to prosperity unlike Argentina that still has major problems 150 years later with extreme stratification of society.

Here in NZ the very wealthy sold the large farms to young educated farmers that worked hard so everybody prospered. Wealth by the few is grossly inefficient for prosperity of a nation or the people.

Capitol Gains and Death Duties are only fit for Lawyers and Accountants so they promote it.. They exploit everybody.



An Assessment made on the proprietors of Lands in the parish of Lidney and County of Glouc<sup></sup> by virtue of Parliment Entitled An Act to his Majesty by a Landtax of Four Shillings in the pound for the year 1787

| | | | |
|---|---|---|---|
| Thos. Bathurst Esqr. | 142 | 16 | 8 |
| Do. for the Chantery | 2 | 6 | 10 |
| Do. Late Traffords | 2 | 9 | |
| Do. the Cowleaze | | 11 | |
| Do. Common fields | | 5 | 3 |
| Do. Late Thos. Gills | | 12 | 3 |
| Do. Late Hopkins's | | 12 | 2 |
| Do. White Hall | | 10 | |
| Do. Part of Late Jno. Traffords | | 19 | 9½ |
| Do. Part of Late Thos. Traffords | | 11 | 10 |
| Do. Late Seaborne | 2 | 2 | |
| Do. Part of Howells | | 7 | 7 |
| Do. for the Elm | 1 | 19 | 6½ |
| Rich. Sargen Late Harrises | 2 | | |
| Thos. Walker Late Benfields | | 6 | 4 |
| Thos. Gill Late Bucks | | 8 | |



My 3x or 5x gt Grandfather, Mr Hopkins was a Yeoman and had a small holding, This time he paid 12 shillings and 2 pence. 50 years earlier the family paid 5 shillings and 4 pence 3 farthings.

In 1603 the family had 3 staff and was fit to fight for the King. The son was not fit but they had access to a pike and a sward . The book *Men of Arms in Gloucestershire 1603*.

Notice the wealthy landowner paid 300 times the tax of the average person.

This pattern of the wealthy paying the majority of tax was in place for hundreds of years when extreme differences of wealth was the norm. The poor were ignored and if a problem sent as white slaves to the colonies, first America (they rebelled at this treatment) then Australia.

The ship owners made a good profit and organised it . Cheaper than prison. Real history is not published but found in the study of genealogy.

The courage to have a fair system will always upset the wealthy because they mentally think that it is their right to lead and exploit the poor. Sadly all societies in history who follow this principle have died out without exception.  Break the mould and try to have a happy sustaining civilisation that supports all sectors with respect, it could be done if a positive effect was put in place.

Graham Creamer

[1]

[1]

**From:** [1]
**Sent:** Saturday, 14 April 2018 10:59 AM
**To:** TWG Submissions
**Subject:** Provisional tax

Hi

Why is there an assumption that if you are self employed and paying provisional tax that you will get a 5% pay increase?  This means you are expected to pay more tax based on no evidence that you will earn more.

Also, as provisional tax is based on an assumption why are you charged use of money fees and penalties if this isn't paid?  This seems extremely unfair.

Clare

*Tuesday's Child Hair and Beauty*
[1]

**From:** Joy and Bill [1]
**Sent:** Friday, 13 April 2018 1:21 PM
**To:** TWG Submissions
**Subject:** Submission

All companies should pay tax on earnings in New Zealand . If they earn income from NZ then that should be taxed.

**From:** Kylie Turgis [1]
**Sent:** Friday, 13 April 2018 10:20 AM
**To:** [1] ; TWG Submissions
**Subject:** Property policy - serious concerns from a Property Developer

**Importance:** High

# SUBMISSION REGARDING RING-FENCING RENTAL LOSSES

Dear Hon Sir Michael Cullen,

I am a Property Developer, currently building 72 low-cost townhouses in Bayfair, TGA.
I am the General Manager of a mid-sized Financial Services Organisation; a position I have held for 17 years.
I am a Property Investor, a tenant, a Mother (I have a 6 month old baby girl, and two boys aged 4 and 6); I am a tax-payer.

And I am deeply concerned about the current revision by the Labour Party, of New Zealand's Property Investment framework.
**I wondered if I could trouble you for a few minutes of your time to meet or chat over the phone before the submission date to share my thoughts with you** - the primary concern being that the introduction of this legislation will make the housing crisis substantially worse.
I have put together some thoughts and research below, but would appreciate the opportunity to discuss the adverse impact of this in person, if at all possible.

# LEVELLING THE PROPERTY PLAYING FIELD

Unless you remove around 250,000 people from New Zealand overnight, the only way to level the property-playing field is to deliver more houses to the market.
There needs to be one property for every family to live in, whether they rent or own it is immaterial; shuffling around the composition of ownership between landlords and home-owners, does not deal with the problem.
However, if you tinker with the cashflow on the average 'Mum and Dad investment property' you are going to create a social housing crisis, the likes of which you've never seen before.
In Australia, ring-fencing was introduced, and taken away quickly once the government realised that the very people they were trying to help had just been levied a 25% increase on their rents.
Should this policy be introduced, we estimate that the cashflow contribution for Mum and Dad investors on a brand new property will increase by up to $300 per week. At this point, given that Mum and Dad investors often don't have significant cash reserves, they will likely just sell their rental properties. Likely we will see some new housing stock for sale, some of it snapped up by first home buyers, but what happens to the tenants that were living in the rental property before?

Currently, private investors assist the government in providing housing to the rental market. In fact out of 600,000 (or thereabouts) rental properties, the private sector currently provides around 450,000 -500,000 of these.
Without property investors, the government would have to provide the housing, which it can only do for a very small minority of people. Given the budget appears to be spent already, how do you hope to deal with this?

Not all tenants dream of owning their own home and even if they did, most don't have a 20% deposit, or even a 5% deposit and a sound credit score.
For brand new properties, investors rely on the cashflow benefits of negative gearing - now if you remember that removing this won't gather any additional revenue for the IRD (it merely provides some assistance in relation to the ***timing*** of the tax payable) then it's actually a fantastic ***gimme*** for the government….why you would want to remove this incentive (which costs the government nothing) is totally beyond me.

In addition to the displacement of tens of thousands of tenants over the coming months (as the decreasing lack of availability of rental housing bites), there is one other key thing that has been overlooked: developers rely on investors to purchase their properties off the plans, so that they can obtain the finance packages required to build their projects. I know this, because I am a developer, and I have now put my development of 200+ low-cost properties over the next 2 years on hold. I am aware of around 15 other developers who have made the same decision.
In a low-cost, - high density project, investors make up (on average) 30% - 35% of the sales.
Unless a developer hits the 70% pre-sales threshold, they cannot borrow money from the bank to build their project.
New houses typically have lower yields, so the ability to offset the property costs is essential; otherwise the cashflow becomes unaffordable for the average investor.
This will obviously compound the problem as developers too leave the housing market.
We are supposedly short 100,000 houses - how will this shortfall be addressed with less developers interested in building houses?
I know that for my 72-house development in Bayfair, we relied heavily on investors to obtain our finance.
I should point out that all these people are long-term investors, providing much-needed rental housing to the market, not speculators.
Additionally there will be a reduced GST take on new builds (as there will be less of them), this will affect unemployment also as there will be less jobs in the sector.

A very large percentage of New Zealand's property investors are Mums and Dads who are trying to ensure that they aren't forced to rely on government super in their retirement. Remember that for people in their 50's or 60's, it's likely that they just don't have enough time for their kiwisaver to reach a meaningful level. These people will become a burden on the tax-payer as their ability to provide for themselves in retirement is undermined by this policy.
Likely the ringfencing issue will be the straw that breaks the camels back for these people, they will sell, and the government will discover too late that they have significantly deepened the homelessness situation and stopped the supply of new houses all at the same time.
It will be a disaster.

See below a report prepared by BIS Oxford Economics Pty Ltd (Business Intelligence Services) for the Australian market on the negative economic impact of limiting negative gearing. BIS Shrapnel have provided business research and forecasting services to clients since the mid 1960s.

http://www.smh.com.au/cqstatic/gnanns/BISShrapnelNegativeGearingReportMarch2016.pdf

Although the report is based on the Sydney market, the effect will be similar in New Zealand. I summarise the key salient points below:

- Rents will rise by up to 10% per annum
- New home building will shrink by around 4% nationally
- GDP would shrink by around 1%

- Fewer jobs would be created over the next 10 years, resulting in the unemployment rate rising 0.1%
- Government revenue across a range of taxes would shrink
- Tens of thousands of extra households will be pushed into housing rental stress
- If the government were to compensate these stressed households, it would require an additional subsidy outlay of hundreds of millions of dollars.
- **The dwelling stock deficiency will triple**
- In other words, the impact would go well beyond any savings to a multitude of unintended consequences.

We have many New Zealand families that don't have homes to live in; I agree that we need to ensure that good quality homes are available for them to live in, but this isn't the solution.
The government should be investing in freeing up resources to assist development and investment, not tightening the noose.

In summary, I believe that this is a very poorly considered strategy that will likely make the current housing problems much worse
You can reach me on [1]

Kind Regards,

Kylie Turgis

**KYLIE TURGIS**
**GENERAL MANAGER**
**NZINVEST GROUP**
[1]

**From:** Linda [1]
**Sent:** Friday, 13 April 2018 5:25 AM
**To:** TWG Submissions
**Subject:** Fw: Linda Grace [1]

**From:** [1]
**Sent:** Thursday, April 12, 2018 7:32 PM
**To:** submission@taxworkinggroup.govt.nz
**Subject:** Linda Grace [1]

To the tax Working Group.

I have 3 things that i think should be considered in then Tax review which is taking place.

1: GST should be taken off Local Body Rates accounts, Employer ACC accounts for employee levies as they are both levies and not goods or services.

2: If labour is charged on an invoice and has been added in and GST charged on that amount then should the labour content not be a GST deductible
amount on the returns?

2: The Employer Contribution to an Employees Kiwi Saver should be taken away. An Employer should not have to contribute to there Employees superannuation
savings. With this gone it would do at least 2 things, make it easier to give a pay increase and in a small business allow the owner/operators to save for there
own retirement, which is usually neglected.

thank you for reading this I would be grateful if you acknowledge receipt of this email.

Regards

Linda Grace

[1]

**From:** Donald Rennie [1]
**Sent:** Thursday, 12 April 2018 10:14 PM
**To:** TWG Secretariat
**Subject:** Submission: Tax Deduction for Dementia Care Fees

Alzheimer disease based dementia is an ever increasing terminal condition affecting a significant part of the community. The current law requires dementia patients and/or their partners, if their assets exceed a statutory amount, to pay for care in either a commercial or not-for-profit care facility. The current cost of providing for dementia care in a not-for-profit facility is $4,421.67 per month or $53,060 per annum. To produce that amount of fees for care, would require a capital sum in excess of $1,000,000 @ an interest rate of 5%.

The income required to pay the care fees is taxable at source. However, because of the asset test, the State does not pay for dementia care until the assets are reduced to the statutory amount allowed.

It is unfair that care fees are payable from taxable income when the need for care is not the choice of the dementia patient or his/her partner, but is made necessary by the nature of the medical condition.

It is submitted that the fees payable for dementia care should be tax deductible from the income necessary to pay the fees.

D.A. (Don) Rennie
[1]

| | |
|---|---|
| **From:** | Kathleen Murdoch [1] |
| **Sent:** | Thursday, 12 April 2018 4:55 PM |
| **To:** | TWG Submissions |
| **Subject:** | Submission from Kathleen Murdoch [1] |

To the tax working group

Secondary income:

The tax on secondary incomes is cruel; some people have to have two or more jobs and end up paying way more than 19%

regards

Kathleen Murdoch

**From:** Graeme Axford [1]
**Sent:** Thursday, 12 April 2018 1:58 PM
**To:** TWG Submissions
**Cc:** [1]
**Subject:** submission

Dear Tax working group.
Herein is my very basic submission.

I have a very severe case of dyslexia so if this submission does not make sense please phone me as my literacy skills are not very good as in reading and writing.

I would like to see what's known as a **transaction tax** on all and every NZ dollar exchanged one way. In theory this makes tax evasion and avoidance become and none issue as everyone has to pay it no matter what. Even online
It's realised the issues cash jobs means the others can avoid the transaction tax and also green dollars but that's already happening now anyway and not good.

A one way simple **transaction tax** also means doing away with tax complexities and enforcement per se… which it itself is even more savings.
So no PAYE, ACC, GST the lot goes….or any other type of tax besides this one so should be set at a rate to take them all into account.
Also places like Alibaba, trademe or any online trading are captured and can't avoid the transaction tax without breaking the law… Even hopefully Bitcoin transactions have to pay it.
You would have to work out a child support formula and just call it supported child payment rather than a tax… By name there should only ever be one thing called a tax and that's the transaction tax all other called payments, levy and surcharge, and rates or fees even an excise charge not a tax. ….

I would like to see charities be able to apply for a discretionary rebate for the transaction tax on a case by case basses. This not being an automatic right per se.
I use the word discretionary rebate as some places like Exclusive Brethren, Gloriavale Christian community clearly run businesses within their charities to avoid taxes under the guise of a charity.
As an oversimplified example when Apple NZ make $80 million then Apple USA change Apple NZ $79 million in license fees or other changes. That means the pay tax only on the 1 million.
Google and alike all seem to do some find of this in way one or another and suck more money out then they put into the New Zealand economy.

As gathering tax is often for the purposes of distribution coupled with the transaction tax should be for all the Universal basic income.
That's because much of the work in the future could be mechanised or robotic and in many cases like driving, accountancy, even lawyering it seems that artificial intelligence (AI) will become so common to the point people are no longer needed.
I like what someone said we either need to tax the robots and AI who take over our jobs which means loss of income for whatever human they replace.
But those employees lost jobs means the potential for work/employment is taken from them therefore the right to a decent standard of living.
Everyone should have a reasonable standard of living. Not just existence level so they barely make ends meet.

We lose billions every year in trusts, tax avoidance and evasion and the UN stated that in one of their reports.  So everyone has to pay around 2.5% that would be capture those who current avoid any tax obligations even legally as it were…

Feel free to contact me and should you hold a workshop in Greymouth would love to attend.

**Could you please in the first instant acknowledge this email submission please ☺**

Graeme Axford

[1]

**From:** [1] [1]
**Sent:** Thursday, 12 April 2018 12:05 PM
**To:** TWG Submissions
**Subject:** submission to tax working group

Hi there,

I submitted my thought on a Capital Gains Tax, but I'd prefer my name wasn't published. I don't think it was very clear at the beginning that names would be published, it said email address will be withheld and I assumed names would be withheld as well. It wasn't clear names would be published until after I'd clicked submit.I'm happy to keep the submission as is, but please make my name annoymous. or delete it and I'll resubmit it with a fake name.

Many thanks,
[1]

Submission ID: 2508

Submitted on Thursday, 12 April 2018 - 6:35am

Submitted values are:

First name: [1]
Last name:
Email: [1] [1]

**From:** jane rosalenawave [1]
**Sent:** Thursday, 12 April 2018 9:30 AM
**To:** TWG Submissions
**Subject:** Submission

Imagine the problem is not physical.
Imagine the problem has never been physical,
that it is not biodiversity,
it is not the ozone layer,
it is not the greenhouse effect,
the whales,
the old-growth forest,
the loss of jobs,
the crack in the ghetto,
the abortions,
the tongue in the mouth,
the diseases stalking everywhere as love goes on unconcerned.
Imagine the problem is not some syndrome of our society
that can be solved by commissions or laws or a redistribution of what we call wealth.
Imagine that it goes deeper,
right to the core of what we call our civilization
and that no one outside of ourselves can effect real change,
that our civilization, our government are sick
and that we are mentally ill and spiritually dead -
that all our issues and crises are symptoms of this deeper sickness.

# The problem is that we cannot imagine a future where we posses less but are more.

Charles Bowden, Blood Orchid.

[2]

**From:** Amen Singh [1]
**Sent:** Tuesday, 10 April 2018 12:31 PM
**To:** TWG Media [1]
**Subject:**

Hi
I would like to see that secondary tex is removed completely.
So can earn little bit extra for the family.

Regards
Amen

**From:** Charles [1] >
**Sent:** Wednesday, 11 April 2018 4:49 PM
**To:** [1]
[1]
[1]
[1]
**Subject:** Submission

# Tax Recommendations to Tax Working Committee April 2018 - Charles Drace

1. Purpose : Reverse Our Spiralling Wealth Inequity and properly fund education, health and social welfare*

**Income Tax** Tax-free $0 to $14,000; Current bands 17.5%: $14,001 to $48,000; 30%: $48,001 to $70,00; 33% on $70,000 to $150,000; Over $150,00 at 39%**; Over $750,000 at 55%** (Top Tax rates Denmark 55.8%, Aust. 49%, USA 46.3%, Fr. 54%, UK 45%)

**Financial Transactions Tax** Flat Tax @0.01% on all financial transactions, including cryptocurrency transactions, exempting transactions less than $1000.

**Wealth Tax** Assessed annually, on the amount of net wealth held: 0% Below $1 million, 1% between $2 million and 5 million; 2% exceeding $5 million; (Aust, UK, Belgium, Fr, Canada, Denmark, Germany, Netherlands all have wealth taxes)

**Empty Homes Tax** Residential properties in NZ cities unoccupied longer than 4 months annually, taxed at 1% of the property's assessed taxable value. (Residential property owners in Vancouver submit an annual property status declaration.)

(Regulation - foreigners from countries that forbid property ownership by NZers are unable to purchase residential property or rural property in NZ - they can lease ownership only.)

2. Purpose : To care for our environment

**Climate Change Levy** (Climate Change Act UK 2008), **ditch Emissions Trading Scheme** & **replace with Carbon Taxes**, bring farmers into, in stages **Landfill & Waste Tax** (UK,Germany..)

**Nitrate Fertiliser Pollution Levy** at $2 per kilo of nitrate along with rebates rewarding tree planting, increasing biodiversity, & regenerative and organic agriculture.

**Plastic Bag tax 15 cents a bag at point of sale - to discourage use (Ireland)** **Tourist Eco tax** $35 flat rate - national parks beaches campsites toilets...

**Clean Water Royalty** to be paid by all industrial and commercial consumers

3. Purpose : To Tax Multinational Tax Avoiders Operating in NZ

**Revenue Tax on Foreign Multi Nationals diverting profits to avoid tax**

Ascertain NZ company tax on portion of total revenue earned in New Zealand (eg 10%),x their total international company profit

**Revenue Tax on Digital Multinational Companies** of 6% that have a turnover of more than **NZ$1 billion** and whose businesses depend on digital advertising, online marketplaces, including google, facebook, amazon, twitter, uber & airbnb, ( cf India) (Press 21.3.18 Tom Pullar-Strecker).

<u>4. Purpose : To care for our health</u>

**Sugar, Tobacco, Alcohol & Excitotoxins** (Common excitotoxins are glutamate, aspartate, and cysteine, plus many others. These neurotoxins affect brain function including brain damage, the destruction of neurons, memory impairment...) -

Flat taxes, across the board, all able to be raised to same rate as current tobacco tax

--
Charles Drace
[1]

"Whether we and our politicians know it or not, Nature is party to all our deals and decisions, and she has more votes, a longer memory, and a sterner sense of justice than we do."   Wendell Berry

"When we try to pick out anything by itself, we find it hitched to everything else in the universe." John Muir

**From:** Terrence Gorst [1]
**Sent:** Wednesday, 11 April 2018 1:02 PM
**To:** TWG Secretariat
**Subject:** Fwd: SUBMISSION TO TAXATION WORKING GROUP.both

---------- Original Message ----------
[1]

Date: 11 April 2018 at 12:11
Subject: SUBMISSION TO TAXATION WORKING GROUP.both

## SUBMISSION TO TAXATION WORKING GROUP.

27 March 2018.

[1]

Dear Members of the Taxation Working Group,

Please find below my submission on possible taxation changes.

**POSSIBLE TAXATION CHANGES.**
The problem with the present taxation system is it has no guiding principal (no moral compass)
other than the government needs money and where can it get it easily without upsetting the
voters too much. The nearest the taxation system gets to a moral compass is its vague belief that it
has a duty to imitate Robin Hood.

**Suggested Guiding Principal of Taxation**
An economy has traditionally been described as being made up of *Land, labour* and *Capital.*
In reality a country's economy is made up of everything in that country so the above terms would
be more fully described as

- *Environment*
- *People* and their *Ideas*
- *Financial System*
- *Information System*

It is my belief as a guiding principal that:
*"Taxation should be aimed solely at anything that harms any of these constituent parts of an economy".*
Taxes are after all penalties and disincentives.
If this guiding principal was followed it would allow a government to both imitate Robin Hood and
protect its economy at the same time.
By not following this guiding principal to date:

- *The Environment especially water quality and supply is suffering*
- *The problems of inequity ,drug & alcohol use, obesity, violence, mental illness and lack of personal upskilling affect many of our people.*
- *New Ideas are tied up too long by IP protection leaving our budding entrepeneurs at a disadvantage.*
- *The economy is constantly nervous of the next financial shock and the productive sector is now seen as the servant of the financial sector and not the other way round.*
- *The internet is increasingly coming under attack by hackers and cyber criminals putting our exciting future at risk.*

I believe by sticking to the above guiding principal it is possible to get the added bonus of at
least being able to curb some of the ills that dog our country, people and economy.
The aim of the exercise is for the Government to slowly reduce the need for some of its
interventions by discouraging harmful behaviour with the taxation system.
To a very large degree, you get what you don't tax and you don't get what you do tax.

**What Not To Tax**
To tax (ie penalise) activities that help our country, economy and people seems fool hardy at the
very least. The most egregious of the current taxes is income taxes which in the main is a tax
on peoples labours, endeavours, purpose and efforts. This is true whether they are wage/salary
earners or small business people. Peoples efforts are a *good* thing not a bad thing for our economy,
country and people. Especially for the person making the effort. It is my belief if taxes are removed
from income derived from labour and small business this will unleash a tidal wave of entrepreneurial endeavour and peoples desire to upskill themselves. There are other ways to satisfy
Robin Hood yet still keep the taxation system moral.
Income will also become more difficult to tax as the internet makes the world smaller.
It could also be argued that GST on fruit and vegetables and services that require no manufacture
or transport is also counter productive.
I would also reduce corporate taxes as they will have several new taxes to cope with (as below).

**What To Tax**
Take any practical way of taxing or fining activities that hurt any of these constituent parts of

our economy.
***Environment***

- *Carbon and fuel taxes i(ncluding aviation fuel) on any non renewable fuels*
- *Fertiliser (especially Nitrogen)*- tax at point of sale.
- *Plastics*- tax at manufacture or import source
- *Other harmful chemicals or products*- tax at point of sale
- *Water Use -* Tax on use across board rural, manufacturing and residential
- *Dumping of solid wastes*- Taxes on legal dumping, Fines for illegal dumping.
- *Discharge of liquid wastes*- Taxes on legal discharge, Fines for illegal discharge.
- *Physical Goods Production and transport*- GST as present repackaged as environmental tax

***People***
Could use stick(taxes and fines) and carrot(tax rebates) approach here.

- *Artificial Sugars*-Tax at point of sale or importation
- *Tobacco-* Tax as current ( this tax has had some success when right level was found)
- *Alcohol*- Increase taxes . (Right level not found here yet)
- Gambling- Tax incl online if possible
- *Drugs*- Legalize Cannabis and tax

Massive fines (that don't go away until paid) and confiscations of assets for drug pushing of any
other drugs.
Declare gangs involved as terrorist organisations as they do more harm on a daily
basis to our people (especially youth & poor) than ISIS ever did.

- *Violence & Other Crime*- Larger fines (that don't go away)
- *Lack of exercise- ?*
- *Bad Diets*- Possible taxes
- *Lack of Personal upskilling-* Tax Rebates for fees incurred in upskilling.
- *Inequity & Poverty*-Entitlement system(reduced) but allow no limit tax rebates for upskilling

***Ideas***

- *Intellectual Property Protection Tax.*

All new ideas stand on the shoulders of other peoples older ideas.
Having new ideas locked up for long periods as intellectual property is counter productive to other
people enhancing those ideas. It is my belief that I.P protection should be granted for only short
periods of advantage for the people or company that thought of them.
After that to continue the I.P protection a graduated tax should be applied growing higher the
longer the I.P stays in place. Thus allowing others to stand on their shoulders also.
***Financial System***

- *Comprehensive Capital Gains Tax on all Assets. Including all property, Shares, Interest,*

*Bonds ,Cryptocurrencies etc...*(preferred option) In steps Robing Hood.

- *OR Tax on yearly bank lending increases beyond the yearly increase in productivity of the*

*Country.* -Tax banks directly but allow banks to trade between each other market share losses and gains. The aim would be to apply tax on Net lending increases above productivity increases over entire sector lendings.

- *Fines or taxes on use of dangerous financial instruments.*

<u>Explanation:</u>
The achilles heel of our fiat currency, fractional banking system is that both the money supply and debt in the system can grow much faster than the productive capability of the country.
It is in the end the productive sector that pays the interest bill on this debt.
Unfortunately because of interest charged on this debt and without enough regular bankruptcies the debt grows faster than the money supply. Thus since the US took us off the gold standard in the early 1970s there has been regular financial crisis (roughly every decade) due to debt in economies outpacing their productive sectors ability to pay for that debt. Along with reckless behaviour of financial sector each crisis gets a little worse.(incidentally NZ inc. has not made a profit with the rest of the world since the early 1970s).
Also because of this flaw, it was the 1970s when productivity increases started to separate out from and leave behind labour wage increases. This separation has continued ever since meaning that it is now much easier to make money out of capital (if you have access to it), than it is out of your own labour. These successive financial crisises have led to central banks now only able to run low interest rates for fear of collapsing the entire system. While raging asset price inflation has been left unchecked. I'm not a gold bug but believe just having rapid inflation in revaluing up the same asset classes over and over with the ensuing debt is doing harm to the people, economy and country.
Capital gain taxes to curb this excessive lending for asset revaluing is really just a necessary band aid for the deeper problem of this flaw in our fiat currency, fractional banking system.
When you peel back all the layers of the onion of inequity & an unstable financial system it is

this flaw that is at the centre and is the real cause.
(The real answer would be for the world led by the US to put the productive sector back in its
rightful place as master and the financial sector back as the servant thus returning banks back to
simple savings and lending banks. [Stopping the tail from wagging the dog]
Allowing only the central banks to increase the money supply at a rate tied roughly to
productive sector growth. Thus creating a "Sound Money Supply" and turning the world back
to real Capitalism and market signals. It would be suicide for NZ to do this on its own as our
currency would rapidly appreciate in value leaving it hard to export.)
So we are left with our band aid solutions. A Comprehensive Capital Gains Tax would have the
advantage of letting Robin Hood into the picture.
However a Capital Gains Tax on top of Income tax and GST would be too much for people to
swallow. They are currently being taxed when they toil, shop, drive and when they eat.
To tax them on their houses or shares when they are resting or sleeping will not be acceptable.
However if the cessation of "income tax" derived from labour and small business was offered as
a trade off along with GST off healthy food. I think it would be possible to implement a
comprehensive Capital Gains Tax and new environmental taxes.
It would need to be phased in to keep the net tax take neutral.

***Information System***

- *Hacking & Criminal Activity on internet.*-This needs to be taken much more seriously as it

has the potential to damage our bright future. Again the stick needs to
be applied wherever possible and with sufficient force to be effective.
Maybe some small rewards for reporting such activity.

**CONCLUSION: A New Future**

What would the future look like if the above suggestions were implemented for a working family,
small business or farming family.
They would

- Not be taxed on their efforts, jobs or small business income
- Taxed on their addictions and personal vices
- Be given tax rebates on any upskilling costs
- Taxed or fined on any environmental damage
- Be taxed on any Capital Gains

Its my belief that the positive side effects for New Zealand of adhering to this guiding principal
would include

- A more sustainable environment
- Happier, healthier  more motivated, productive people and fairer society
- A safer financial system
- Free-flowing of new ideas resulting in new technologies
- A safer more sustainable internet
- More affordable housing
- Less need for social welfare
- Less mental illness

With the government fluctuating in size between 30 & 40% of our economy in recent times.
Taxation looms large in our lives. If you want people to act in a moral way towards their country
and everything and everyone in it then the taxation system must have a moral compass.

Regards

Terence Gorst

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**From:** Peter Mayes [1]
**Sent:** Wednesday, 11 April 2018 9:27 AM
**To:** TWG Secretariat
**Subject:** Feedback.

For all these topics, just look at UK where they have all been working well for decades.
Why do you have to reinvent the wheel in NZ?
Peter

[1]

**From:** b m [1]
**Sent:** Wednesday, 11 April 2018 7:44 AM
**To:** TWG Submissions
**Subject:** Submission on Charities operating a business.

Not for profit organisations operating a business should not have any tax exemption. They operate in an environment that, having a tax exemption status, gives them a competitive advantage over businesses that do not enjoy such an exemption. There is no requirement for them to actually generate a profit for their charitable purpose and therefore they are able to reduce their margins to an extent that is not available for businesses that need to return a profit to remain viable.
A fairer method would be to tax these organisations on the same basis as all other businesses and then allow a tax exemption based on their profit before tax that will be used for charitable purposes.

Bruce Mauchline

**From:** Janine Leighton [1]
**Sent:** Tuesday, 10 April 2018 6:38 PM
**To:** TWG Submissions
**Subject:** Tourist tax and ACC

In New Zealand we provide world class search and rescue and emergency services. As well, there are walking and cycle tracks which are free to use by both New Zealanders and tourists.

All tourists who enter our country can use these services and facilities. Extra pressue is put on toilets, water use and the environment. Many of these tourists do need to be helped by one or more of our emergency and rescue services.

All tourists who enter our country should be charged a set fee, a tax at the border, which will go towards our search and rescue services including rescue helicopters and towards track maintenance, rubbish collection and water and toilets connected with tracks and cabins and our national parks and ACC.

We would not object if we were required to pay such a tax when we entered another country and we would happily pay it if we knew that if we got into trouble there would be rescue services to help us.

ACC. All tourists and visitors should be required to prove that they have health and accident insurance when entering our country. Why should ACC which is paid for by New Zealand taxpayers for New Zealanders be used by non-New Zealanders who have never contributed towards the fund?

New Zealand must stop giving the world free rides. New Zealand taxpayers pay for all these things, or donate to keep our rescue helicopter services in operation. Why should the world be able to access these services for free?

Janine Leighton

**From:** [1]
**Sent:** Tuesday, 10 April 2018 5:04 PM
**To:** TWG Submissions
**Subject:** Submission to the Tax Working Group

Dear Sirs,

I am grateful to have the opportunity to make a submission and I hope that my contribution will receive proper consideration.

Here are my thoughts:

**Assisting the Low paid and Minimum wage**

If we want to encourage people into the work force rather than relying upon Social Security would it not be worthwhile to have a zero tax band for PAYE like they do in the UK? For example "zero tax" on incomes of less than $1000 per month or maybe $16,000pa or even perhaps $20,000pa. Surely this would be an incentive for people to work. Once in the workforce perhaps many will retain worthwhile and better paid jobs

I would suggest that Government focus on attempting to control the cost of living would be more useful than raising the minimum wage because there is a high cost of living in NZ. Raising wages will simply prove to be inflationary and add to the cost of living. The benefit to the low paid is short lived. I would suggest that raising taxes or excise duties is likely to have a similar effect in raising costs and making living in NZ less affordable. There is a balance to be achieved.

**GST**

Previous Governments have suggested that it is too complex and too costly to have a two tier GST yet in the UK, Australia fresh food and Children's clothes are exemptions for GST. Could we not consider something similar here?

It seems to me that the pressure for an increase in the minimum wage and the so called "living wage" comes from a relatively high cost of living. Exempting fresh food from GST and having a zero tax rate for the low paid would seem to offer relief in this critical area.

No matter how desirable it might be to increase the minimum wage one must question whether it is sensible to set our minimum wage without also taking careful consideration the minimum wages paid in other developed countries. Here are just a few examples of current minimum wages in some OECD countries. Australia AUS $18.29 ($20.47), UK GBP 7.50 ($14.50 ), Germany EUR 8.84 ($ 15.20 ) France EUR 9.76 ($16.77) In the USA the minimum varies from state to state but averages only US$7.25 ($10.55). Depending on our exchange rate NZ$20 places us more or less on a par with Australia but 25% or more higher than the minimum wage in most European countries. This places us at a significant competitive disadvantage. The reality is that if uplifted NZ wages and consequential increased costs make NZ products non-competitive with other economies then our exports will suffer and jobs are likely to be lost.

NZ is a small nation and its economy relies upon trading with other nations. In terms of world trade, nations are effectively in competition with one another - just as international companies compete with one another for the sale of their products. In the corporate world when companies lose their competitiveness they generally lose market share. If companies flounder jobs are lost.

**Tax v's Wealth Creation**

The Daily Telegraph UK has recently published the astonishing fact that the top 10% of income earners are responsible for 60% of UK income tax revenue. I suspect that a similar ratio exists here in NZ.

This suggests that in order to collect more tax we need more people to become wealthy rather than to tax the rich more. The so called "rich" are evidently already contributing a disproportionate contribution in tax revenue. Rather than focusing on wealth re-distribution perhaps the Tax Working Group should focus on "wealth creation".

New Zealander's have aspirations and if we want prosperity for our Country then Government should provide tax incentive's to those who create successful business and generate employment. The alternative and likely consequence of higher taxes is to encourage entrepreneurs and wealth creators to emigrate then we, as a nation, shall be the poorer

## Corporate taxes.

If we want companies and business to base themselves in NZ and employ Kiwis then we need to have a tax regime that is an incentive for international companies to come, invest and stay. This brings with it prosperity through employment (PAYE) and Corporate tax revenue. If the NZ wage structure is too high and/or taxes are too high then we can be sure that it will be a disincentive for companies to be based here. Inward investment will diminish and NZ companies to remain competitive may relocate to other jurisdictions where both wages and taxes are lower.

## Capital Gains Tax &/or Wealth Tax

This is a vote looser rather than a vote winner. Based upon the UK experience it is doubtful that the tax revenue raised would be that significant. There would seem to be complexity involving baseline values, subsequent capital expenditure computations, inflation indexation and potential exemptions. For example exempting the family home. There are better options for raising revenue more effectively and with less complexity rather than re-introducing a wide ranging CGT. A fair tax on multinational companies in the digital sector would probably yield a bigger dividend with less complexity and at lower collection cost

The argument advanced in NZ from press commentators that advocate a re-introduction of CGT is that it will assist resolve the housing shortage and make houses more affordable for first time buyers. Unfortunately, the evidence in the UK and other countries that have CGT suggests that this is a myth. CGT has not prevented an escalation in UK house prices. A CGT that includes the family home would be deeply unpopular and electoral folly. A CGT that impacts on investment homes and holiday homes will simply distort the market and restrict the supply of rental properties.The so called "Brightline Test" introduced by the last Government and extended by the current Government would seem to be a CGT in all but name and would seem to be an effective tool to limit property speculation.

A wider CGT is effectively a tax on savings and investment. The same applies to a so called wealth tax as assets are generally accumulated from earned income. Should we not encourage the virtues of savings and investment?

## Inheritance Tax

This would be deeply unpopular and again is a tax on savings. Those who spend what they earn end up paying little or no IHT whereas those who are prudent and save from their earned incomes are penalised upon their death - or rather their next of kin are! Furthermore, this tax can generally be avoided by gifting assets during ones lifetime.

**Tourism Tax**

This is an option that the Government should consider as reputedly NZ is hosting approximately 3.5m overseas visitors annually. They come an use the infrastructure paid for by NZ taxpayers. It would seem only fair that they make a reasonable contribution but how to make it palatable? Simple. Let's not call it a tax and lets provide something in return!

My suggestion is that upon arrival overseas visitors should be required to purchase a "Kiwi Pass" that would allow "free access to all Public Museums throughout NZ and access to all NZ National Parks. This would be easy and cheap to collect at point of entry to the country. The money raised could go into the Government coffers but probably should be earmarked for improved infrastructure that will enhance tourism. Better safer roads, Proper camp sites for "freedom campers" etc. As an example, if each overseas visitor contributed $100 this would raise a whopping 3.5 Billion!

I doubt that such an concept would deter overseas visitors (who apparently happily pay to go to museums and National parks when visiting other countries). As it does not adversely affect Kiwi's (NZ passport holders) who should have free access it should not be unpopular with the electorate. Of course, there can be debate about the fee to be levied for the Kiwi Pass and it could be half price for children and free for infants. There could be an exemption for short stay visitors of say less than 3-days which should exempt most businessmen.

**Conclusion**

In conclusion taxes should be broad based and fair. The law of diminishing returns applies. When Margaret Thatcher reduced personal income taxes and corporate taxes the tax take went up as there was less avoidance. The more complex and convoluted the tax system the more costly it becomes to operate and the less the benefit. Lets have a tax system that is attractive for others to invest in NZ and for Kiwi's and Kiwi business to stay in NZ.

I would be happy to make representations to the Committee in person if this were considered appropriate

**Richard Goord**

[1]

**From:** Keith Askin [1]
**Sent:** Tuesday, 10 April 2018 3:47 PM
**To:** TWG Submissions
**Subject:** yes to capital gains tax

I think that a capital gains tax SHOULD apply to the sale of all houses and baches (but not on the main family home)

YES to a capital gains tax on overseas companies without a New Zealand Base

YES, to GST off all our RAW food products as Australia does.
The GST should only apply to the end manufactured product.

thank you.
Linda Askin

[1]

**From:** [1]
**Sent:** Tuesday, 10 April 2018 1:53 PM
**To:** TWG Submissions
**Subject:** Submission

Hi

If you own a small company I don't think you should have to pay tax on company profits as well as personal income tax - it should be one or the other. Small businesses contribute a lot to NZ and also hire a lot of people nationwide which helps provide more tax and keeps people in employment. It seems like small business have to pay a huge amount of tax once they become profitable. On top of this they collect PAYE and GST for the government as well. No wonder so many people give up.

Clare

[1]

**From:** geoff stainer [1]
**Sent:** Tuesday, 10 April 2018 11:53 AM
**To:** TWG Submissions
**Subject:** bedroom tax

Regarding the possibility of a bedroom tax: applying such a tax to the over-65s would be Elder Abuse. It would force out older people who have lived in their family home for many decades, in many cases forcing them to go and live in another area where they know nobody and are far away from their children and other family and friends – the very people they would in most cases depend on for their well-being. Instead, such a tax should be viewed *solely as a deterrent to people buying homes larger than they need*. When older people first bought their current homes, they either had or were planning to have children. It would not be right to then turn around and penalise them just because their children had grown up and left home. I hope it is not the intention of your group to force older people out of their homes in order to reach some badly thought out political objective. Older people are not political pawns and should be treated with care, consideration and respect – who knows, some of you lot might be fortunate enough to be older people yourselves one day.

G Stainer

**From:** Graeme Trainor [1]
**Sent:** Tuesday, 10 April 2018 11:15 AM
**To:** TWG Secretariat
**Subject:** Lack of time to make submission

My submission is that it is just a nonsense to send this out with just 20 days to absorb and make submissions.

Only one submission given lack of time

Tax business only on sales income with no allowance for expenses of any sort

Tax at a small rate say 1- 10% of Turnover

Then apply same regime to the likes of Google and Apple on New Zealand transactions

Gets rid of tax planning industry

Sent from Mail for Windows 10

**From:** Gary Wills [1]
**Sent:** Tuesday, 10 April 2018 11:03 AM
**To:** TWG Submissions
**Subject:** Submission

Dear Michael and team,

There must be a review on fuel tax (petrol and diesel) as there is too many taxes on fuel which makes it unaffordable for people on low incomes to operate vehicles.

Thank you for considering this submission.

Yours Faithfully,

Gary Wills
Sent from Mail for Windows 10

**From:** [2]
**Sent:** Tuesday, 10 April 2018 10:23 AM
**To:** [2]
**Cc:**
**Subject:** [2]

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**From:** Fred Smith [1]
**Sent:** Thursday, 30 November 2017 3:54 PM
**To:** Hon Grant Robertson [2]
**Subject:** Submission for Working Tax Group

The following explores a hybrid concept of :

1) exempting compostable supplies from GST, plus

2) exempting fresh fruit and vegetables from GST.

This might be considered useful in the context of:

a) assisting low-income families

b) achieving better environmental outcomes

c) underpinning approaches to obesity.

This draft exempts all compostable supplies, such as paper-packaged flour, spices, toilet paper, cardboard-packaged seedlings from garden shops, paper-wrapped organic woollen scarves and socks, paper-wrapped cotton/linen/silk garments where the stitching does not contain nylon.

If this is too wide-ranging (although fair from an environmental standpoint) the wording can be changed to address only fresh fruit and vegetables with compostable packaging.

Over time suppliers might well switch packaging to avoid GST, which, whilst improving waste management, would shrink the tax base over time.

Other issues to consider include:

i) compliance costs

ii) effectiveness in targeting low-income families

iii) alternative approaches to waste management currently available under Waste Minimization regulations 2009

iv) fiscal implications of shrinking the tax base for GST

v) robustness of proposed definitions in the draft

vi) application throughout the supply chain from importer/farm-gate to retailer

vii) whether the exemptions would adequately or overly incentivize businesses to adopt more eco-friendly packaging.

*************************************

*Title:*

1) This Act is the Taxation (Compostable supplies) Exemption Act 20xx

*Commencement*

2) This Act shall come into force on 1st October 20xx

*Amendments to Goods and Services Tax Act 1985*

3) Goods and Services Act 1985:

Sections 4 to 6 amend the Goods and Services Tax Act 1985.

4) *Interpretation*:

(a) The following amendments are made to GST section 2(1)

(b) The following are inserted in their appropriate alphabetical order:

“**compostable”** means that, without any pre-processing, all materials in the goods and sales-packaging must, in an appropriate composting program or facility, or in a home compost pile or device, within 180 days:

a) break down into, or otherwise become part of, usable compost such as soil-conditioning material or mulch, and

b) disintegrate into small pieces, so that original goods is not visually distinguishable in the compost, and

c) leave no toxic residue or similar, and

d) meet the evidential standards of Australian Standard AS4736-2006 including the worm toxicity test;

"**display-packaging**" refers to packaging which is removed at the point of sale and not reused as such.

"**display-labelling**" refers to labelling which is removed at the point of sale and not reused as such.

"**fresh**" in the context of fruit and vegetables means there has been no cooking, nor processing in any way beyond picking, gathering, digging up, washing, cleaning, sorting, halving, storing, outer packaging, transport packaging, removal of unwanted leaves and roots, or fumigation where required on importation into New Zealand; nor does it relate to the age of the items since picking or gathering.

"**fruit and vegetables**" includes relevant stalks and kernels, and edible nuts, and their shells, but not cereal crops.

"**sales-packaging"** refers to packaging which is unpacked and disposed of by the end-user, instead of being emptied at an earlier stage; and includes display-packaging and display-labelling.

"**service-packaging**" refers to packaging available, whether or not free, at the point of sale, and normally filled by hand, such as one-time shopping bags, and excludes transport-packaging, outer-packaging, and sales-packaging.

"**transport-packaging**" refers to re-usable packaging, such as shipping containers and pallets, used to facilitate bulk handling of goods.

"**outer-packaging**" refers to reusable outer trays, boxes and packaging used to contain and handle a number of the same items.

*Unpackaged fresh fruit and vegetables:*

5) Unpackaged and unlabelled fresh fruit and vegetables are deemed compostable for the purposes of this Act.

*Exemption of compostable supplies*:

6) The following exemption is inserted as GST section (14) (1) (f) with effect from 1st April 20xx:

"the supply of compostable goods and material where any service-packaging is also compostable, not being a service, nor being the supply of oil, water, gas, electricity or similar via pipe or cable; "

*Exemption of fresh fruit and vegetables*:

7) The following exemption is inserted as GST section (14) (1) (g) with effect from 1st April 20xx:

"the supply of fresh fruit and vegetables where any service-packaging is compostable;"

*Record keeping re compostables:*

8) The following is inserted as GST section 20(6):

"every registered person shall keep records showing the value of compostable inputs and outputs, and show them separately on returns, and evidence of compostability for compostable supplies; and compostable goods shall be so labelled, in accordance with guidelines set out by the Commissioner."

**From:** Grant Collingwood [1]
**Sent:** Monday, 9 April 2018 3:19 PM
**To:** TWG Submissions
**Subject:** Submission Lower tax rate for small companies?

Lower tax rate for small companies?

I feel that a lower tax rate for small companies would be advantageous and fair, for companies who employ a very low number of employees. Eg 1 to 5.

My reasoning is that in business, the first 1 to 5 employees are the most difficult, as the company is not large enough to operate a dedicated employment section, and so there are a number of additional requirements, which take time when you have the day to day business activities that you are trying to manage.

If a company is larger, it has dedicated people to manage the employee contracts, pay, tax, student loan, kiwisaver etc payments, plus having to manage annual leave, sick leave and other situations where you need to fulfill the business requirements.

A small company employing, say its first employee, can make it impractical to justify. It becomes a question of weighing up: Do I employ someone and get hit with all the regulatory issues, Or just do the job myself. Reduced tax would help the small company when trying to justify employing that first person/s, and so would help to reduce the nationwide unemployment.

Also, as the small company is quite likely going to employ a young person, this would help with Student Loan repayments.

So taking into account, reduced unemployment, increased PAYE, increased SL repayments; if say, 50% of companies who employ 0 to 4, all employed just one additional staff member, then government would gain a significant amount to offset the reduced small company tax rate.

Regards,

Grant Collingwood
Support Manager
Ctas NZ Ltd [1]

| | |
|---|---|
| **From:** | michael penman [1] |
| **Sent:** | Sunday, 8 April 2018 2:15 PM |
| **To:** | TWG Submissions |
| **Subject:** | Submission |

Tax Working Group.

My thoughts

The current Taxation Model is focused on the taxing of Income of Individuals and Companies. This has had the resultant effect of penalizing those gains that these have made in the course of the year.

I would like to propose that Government shifts its focus onto an Expenditure Taxation Model. In this new environment, Individuals and Companies are not taxed on income, but on their expenditure. Income tax would be set at 0%, but G.S.T. would be set at 20%.

Our economy is a Spending Economy, where Individuals are consumers of goods, and services. This is seen in our increasing consumption of goods across every sector from electronics to automobiles.

Under this system individuals and businesses can exercise a greater sense of personal responsibility and independence. While those who are content with hand-outs will have a greater incentive to join the workforce. All people who are employed will have the satisfaction of more full recompense for their labour.

Therefore in an Expenditure Taxation Model, for every dollar spent in the economy the Government charges a Goods and Services Tax. Thus where Individuals and Companies make purchases, these are taxed. The level of the tax taken at this time should be set at 20%.

The breadth of taxation should be increased to include Residential and Commercial property. This circumvents the question of Capital Gains Tax, as the sale of the property becomes a transfer of Goods ( in this case the transfer of the Title of the property is Taxed ) and the G.S.T.becomes a legal obligation at the point of sale. This will not require a license, but will be a statutory obligation of the parties involved to carry out the G.S.T payment.

This will have an adverse affect on the Real Estate market in the short term, but within a few months the market will rebound and trading will resume. As to its effect on relative values of property this will be hard to predict as human nature will effect the way in which people respond.

The standard rules for claiming G.S.T. back would apply, where the products are on-sold. This would also simplify the administrative workload for Companies regarding tax.

Some items, such as Fresh Fruit and Vegetables, Unprocessed Meats, Basic Dairy items, and Real Estate, whether domestic or commercial might have a G.S.T. rate of 10%. There may be other items that are taxed at a higher rate, in order to curb their proliferation.

In moving to an Expenditure Based Taxation System the Government is able to claim to be rightfully rewarded for a continued, well functioning Economy, and is motivated to ensure that the Economy continues to preform at it best.

We need not be concerned about monies held in the Bank accounts of Individuals or Companies. Such Funds are good for the Country as they will reduce the need for Foreign Investment, and they will be used at a future date to purchase Goods and Services, of which the Government will benefit through G.S.T.. We should be encouraging each individual to save for their continued benefit, in the face of a growing tendency to live day to day.

Care will need to be taken for Inland Revenue to claim its rightful share from the current Cash Jobs Market. Penalties of an additional tax of 5% to 10% in withholding tax could help reduce this problem. The tracking of Bank Notes from issue to Bank could prove useful. Perhaps we should move back to $1 and $2 notes to assist in combating this practice.

One area of attention will need to be addressed; that of foreign owned companies that withdraw profits from New Zealand. These funds must be considered as the purchase of goodwill from the foreign owners and will therefore will be taxed at the rate of G.S.T. of 20%.

The ideas presented in this brief submission are vastly different from the current method of gaining revenue for the Government. However the adoption of such a system could be of great benefit to the Community and Nation as a whole. Each individual will feel less 'oppressed' by the Government; they would feel more free to live as they see fit; and they would feel empowered to make greater decisions that effect themselves and their families. The additional income in the hands of Individuals and Companies will free them to make more and better choices to meet their particular needs.

Should the Tax Working Group like to request a greater level of reflection and input in this matter, I am happy to assist.

Regards

Michael Penman

**From:** [1]
**Sent:** Sunday, 8 April 2018 12:33 PM
**To:** TWG Submissions
**Subject:** Name withheld

Hi there,
I do not mind having my statements released on the website however I am uncomfortable with my full name being attached to them.
This system does also make me wonder how easy it would be to post statements using someone else's name and potentially hurting reputations which is concerning.
I think perhaps a system of instead showing initials would be better and would make more people comfortable with making a submission. Isn't the aim of conducting public interest submissions to get as many opinions as possible? Privacy especially attached to political views should be protected so that more people feel comfortable sharing their true views.
Regards,
[1]

**From:** john edwards [1]
**Sent:** Sunday, 8 April 2018 8:27 AM
**To:** TWG Submissions
**Subject:** submission

A simple solution to the tax questions.

Remove ALL existing taxes.

Apply a 20% gst to all transactions

If all income is tax free, that will create the ability to spend and save more meaning progress.

The main problems.... a complicated system, multi nationals paying little or no tax
and a thriving cash for services market.

There is no escaping GST.

A rise in prices will not occur as the manufacturers make the same % profit with the gst doing the complete circle.

The introduction of new taxes will never be popular as history has proven, often seeing the demise of the party at the next election.

With rationalization of government services, spending, red tape, welfare, and above all...thinking outside the circle
[yes circle...because things just continue to go round like the mouse on the wheel, making no progress but working hard doing it ]
People need to be rewarded for effort, to feel some achievement, more tax takes that away and contributes to the national apathy .

thank you

John Edwards

**From:** Fred and Lorna Rose [1]
**Sent:** Sunday, 8 April 2018 2:36 AM
**To:** TWG Submissions
**Subject:** Submission F.G. and L.M. Rose

FIRSTLY One of the first things I learned in economics back in the late 1940's was ;-

"You cannot have a just society without a graduated income tax system"

The rich have to resume paying a higher share of income tax, commensurate with their income.

SECONDLY I would like to see a Tobin Tax introduced on ALL bank transactions. This will raise a huge amount of revenue and be paid, predominantly, by the rich. The banks will scream blue murder but it will only subject them to the regime THEY impose on THEIR customers.

This will also help remedy the huge tax losses to NZ incurred by the Australian ownership of all the major banks.

THIRDLY I would like to see the GST system modified along the line of the Australian example. There, all fruit, vegetables and unprocessed foods are GST free. If Australia can do this, NZ can do this too.

We would like to be heard to speak to these submissions.

F.G and L.M. Rose

**From:** Nigel Bowen [1]
**Sent:** Saturday, 7 April 2018 11:25 PM
**To:** TWG Submissions
**Subject:** Capital gain tax

Considering this as a fair option can only realistic if tax credits are also given for losses ie drop in share/property values as well In other words Govt can’t just take share of gain without taking a share of losses also

Sent from my iPhone

**From:** Pauline R [1]
**Sent:** Saturday, 7 April 2018 6:38 PM
**To:** TWG Submissions
**Subject:** Submission of the future of tax

Kia ora,

I have a few points for you to consider and I would like to speak to the committee on them.

*Charities running a major business is a grey area - the example I'm most uncomfortable with is Sanitarium. Whilst they do a lot of good for the community, it creates an unequal playing field not needing to pay tax as they are registered as a charity. This feels different to say, the salvation army running second hand shops. I do not know how to resolve this, but it is an issue.
*Tax being used to benefit the environment/increase environmental stewardship is essential. This mechanism is already present in the Waste Minimisation Act 2008. If a tax was imposed on goods at time of sale, their recycling would be far easier. Some councils require $50 for the disposal of a TV for example and this could be avoided if a tax for resource recovery was imposed from the beginning.
*The fact that so many of our native species are at risk and waterways so degraded is appalling. If the tax system can be used to reverse this trend, it should be supported.
*Businesses with no New Zealand base but make money from New Zealanders absolutely need to be taxed, especially as we are living in more of a global economy.
*I completely support the introduction of a capital gains tax. The government should not offer a refund if the asset value decreased. This would create a negative incentive.
*I like that the GST is a simple, flat structure in New Zealand. Whilst I like the idea of removing the GST of fresh produce (fruit and vegetables in a very close form to when they were harvested), I would only support this if it does not make the system complicated/create too many loopholes.
*I support a 'sugar' tax following the review of implementation in other countries and if it were successful, how that could be applied to New Zealand

Good luck and talk to you soon,
Pauline

**From:** Michael Harding [1]
**Sent:** Saturday, 7 April 2018 3:41 PM
**To:** TWG Submissions
**Subject:** Submission Are We Taxing the Right Things

It is my opinion taxes do not need to increase for the worker in New Zealand, but we need to be smarter and fairer when it comes to collecting tax and ensuring all those that are profiting need to pay their fair share.

Sanitarium, Shot over Jet, Huka Jet, are just 3 businesses that come to mind of what I understand are hundreds of businesses. These busesses compete against others in their industry, and are unfairly advantaged by not having to pay tax due to their charity status. NO business in New Zealand should be exempt from paying tax on their profits. If they choose to give some or all of their profits to a registered charity then this can be written off.

Churches should pay tax on their profits as should church owned businesses. I am a practising Catholic, and can not see why churches should be exempt. We all must pay our fair share.

Government and local government continue to spend collected taxes and rates unwisely and without consideration of the blood and sweat that went in to earning that money. It is perceived by me and many others on talk back that millions if not billionscould be saved if only a little common sense is used all of the time.

DHBs - 20 for 4.8 million people. We live all over the country, in all the variety that New Zealand offers, yet our health needs are pretty much the same anywhere. The quality of the boards and the decisions they make is vast. I say we need no more than 4 to 6 DHBs, which need to be running from the current most successful model, who's ever it may be. Resources can be better shared, specialisms can be created, spreading costs and decreasing the doubling of resources.

It is my understanding that doctors at Wellington Hospital do not pay for their practising licences. Is this because they can't afford It? But then if this perk was removed the health board would simply increase their wages by the cost of the practising licences, gaining the tax payer nothing. This type of working around the rules needs to be stopped as it happens everywhere.

BMWs - Why do we need BMWs for government vehicles? Hyundai Genesis, Honda Legend, Toyota Camry, Lexus ?, Mazda , all offer great cars at half the price and significantly cheaper to maintain. In fact the Hyundai Genesis has better safety, better technology and better levels of comfort than a 7 series.

Consultants - or so called experts..... What a absolute waste of money that is doing nothing more than shifting responsibilities from those voted in to others. Lay off the consultants and stand up and make the hard calls.

Overseas travel - Minister of Broadcasting travelling officially to the Commonwealth Games??? A drop in the ocean of what happens to our money. Travel, hotel, food, drink, miscellaneous costs all paid for by us.

Number of politicians - significantly too many. Do I need to say more? Follow past advice and reports from those over paid consultants and working groups and cull a significant amount of politicians.

Political benefits once leaving office - I understand back in the day the politician and a teacher received the same salary. In this case I get why the travel benefits and pension were in place for politician s leaving office as compensation for the lower wage. Why then, now that a politician is earning at least twice that of a teacher are the benefits still in place? Where are those benefits for nurses and teachers, for police officers and social workers? Quite rightly, No where. Why then do politicians still have benefits once they leave office? We need you and Labour to wipe these benefits, citing above average wages and benefits received while in office.

Afraid to make the big decisions, due to self preservation over the greater good - 3 years in office is not enough and this IS a tax issue, as 3 years is not long enough to make the hard calls due to politicians feeling insecure in remaining in office. A 4 or 5 year term would give politicians confidence to implement tough calls and allow those tough calls time to be seen to work, therefore they would be better supported by the voter.

Roading - Like the rest of us, have you noticed the increase of roadworks in NZ during Feb and March? Any chance you've thought about the reasons? Tax year is ending soon and we have all this money..... better spend it or we won't get the same budget next year. Come on folks, toughen up on this practise. As a line haul truck driver I see this every year. Roads almost continually worked on, while other patches never improve. Eg, Kaihere Bridge is shocking to cross and always has been. The quality of work carried out is poor and doesn't last.

Road toll - this costs the tax payer millions every year. Stop oussy footing around and start erecting centre barriers in ALL crash areas firstly and then on all SH1 and then keep it going. I care nothing for the idiot that hits them, but everything about the innocent family on the other side. Get real, get serious, get spending to save lives and eventually save billions. Furthermore, any car that hits the centre barrier, must pay for the repair of it.

Unemployment - it's unacceptable that a person or generations of a family can receive a benefit and never work. The PC world we live in needs to be pushed aside. Peoples feelings need to take a jump if you're living under the support of the tax payer. All those on the dole will work for it and earn it, or loose it. If they have children, the children will need to go elsewhere, as there will no longer be an in come to support them.

Regards

Michael Harding

**From:** simon Field [1]
**Sent:** Saturday, 7 April 2018 3:33 PM
**To:** TWG Submissions
**Subject:** Submission

This submisssion is related to the Student Allowances for Tertiary Students. I am making this submission with very little knowledge of the intricacies of the application process for a Student Allowance, nor with much knowledge of the criteria, however I do note in your briefing paper that mention is made of the fairness of the tax system and also the perception of fairness.

A comment which has been made to me by parents of tertiary students and by my daughter who is now a student herself is that 'many of the really well off kids are on the student allowance'. I wonder if anyone has researched this allegation and perception of 'unfairness'? An anecdotal way of exploring this would be to ask the wardens of some of the more prestigious halls of residence, such as Knox, Selwyn, Arana at Otago and College House at Canterbury- however you may not get a reliable answer as the wardens may not be privy to this information or they may be only too willing to support very well resourced students. Perhaps the MSD has subjected this concern to rigorous investigation?

The allegations seem to be based on families employing very competent and somewhat amoral accountants, having their assets in complex trust arrangements or their farms and businesses having complicated ownership structures. As you know this is not usually within the scope of a wage or salary earner. If ordinary New Zealand parents earn just over the threshold either they can not afford for their son or daughter to attend tertiary study or the young person will finish study burdened by a large debt. However students who qualify for allowance will finish with a lower debt and are able to make more financial progress through their 20s. This creates an opportunity for some of the rich to become richer and could be described by the tongue in cheek expression 'socialism for the rich'.

I understand that this is a tiny detail and that your report is very wide ranging.

Best regards for this worthwhile undertaking.

Simon Field

[1]

**From:** Graeme Cocks [1]
**Sent:** Saturday, 7 April 2018 2:22 PM
**To:** TWG Submissions
**Subject:** RE: Thank you: Future of tax submission

Thank you for your response - while I made a general statement on the idea of tax which Mr Roberston and his cohorts seem to want to increase by taxing the real working people of the country and those who actually pay taxes for all their bright (or not so bright ideas) - the idea of a tax which would make housing more affordable seems ludicrous. What are they going to do - tax the family home - ? there are many people approaching retirement age (mysef included) who are counting on the sale of the family home to downsize and provide a little extra income during our 'golden years' - - if this is on the cards - another brilliant idea people .....

Taxing landlords? - they are already taxed on income will just pass on rents to tenants- taxing developers - ditto - even tho they are already paying tax-

So what is it - a capital gains tax - whats that going to achieve in the long run apart from more reliant on welfare and oh yes of course more beauracrats to administer it.

Less tax and let hard working people keep more of their income to better their lives is the fair way to go.

I look forward to providing further assistance over time - not that I expect any of my suggestions to be taken up by this lot

-----Original Message-----
From: [1] [1]
Sent: Wednesday, 4 April 2018 6:27 PM
To: [1]
Subject: Thank you: Future of tax submission

Thank you again for taking the time to share your thoughts on the future of tax with the Tax Working Group.

WHAT YOU SUBMITTED

Here's a record of what you submitted.

Submission ID: 1916

Submitted on Wednesday, 4 April 2018 - 6:27pm

Submitted values are:

First name: Graeme
Last name: Cocks
Email: [1]
Comment:
We should be taxed less not more - we are currently taxed anywhere from 20-33% in income tax plus 15% gst on any goods plus tax on fuel, alchohol, cigarettes etc - basically anything but the air we breathe - wouldn't put it past this lot to levy that.

I pay more in taxes than my father who hit 48% - at that time we had subsides on things like milk which made it easier for families to get by Taxinda and co- vunderbar  how to hurt the working people of this country -

Sign up for email updates: Add my email address to the Tax Working Group email update list.
Acknowledgement: I am aware that my submission will be released on this website, with my email address withheld, and have noted the Official Information Act [1] and  privacy [2] considerations that apply.
Question: Can tax make housing more affordable?

To manage your email update subscription at any time use the Subscribe/Unsubscribe link in update emails or at https://taxworkinggroup.govt.nz/about-site#contact.

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We cannot alert you personally when your submission has been released on the website.

PRIVACY

The Tax Working Group Privacy Policy and Privacy Officer contact details are at https://taxworkinggroup.govt.nz/about-this-site/privacy.

Thank you again,

Tax Working Group Secretariat

[1] https://taxworkinggroup.govt.nz/your-submissions#oia
[2] https://taxworkinggroup.govt.nz/your-submissions#privacy

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**From:** [1]
**Sent:** Saturday, 7 April 2018 10:28 AM
**To:** TWG Submissions
**Subject:** Submission

How is it someone can earn 1, 000,000 a year and have "investments" that loose money every year, so that they end up paying no tax for that year. Then at the end of their working life they have millions of dollars in the bank, millions of dollars of assests, yet have not payed a cent in tax. How is this fair? Why does it continue to happen? How about instead of pay as you earn, you are taxed as you earn. I'm pretty sure that this tax working group will have little or no effect on closing the wealth/poverty gap because I'm sure the rich already have a "lobby groups" yelling in your ear not to change it. You know the lobby groups that donate to political campaigns in exchange for favours. I am one of the few thinking, working poor(oh, how I resent that phase) who understand the system, and know, no matter how loud the 99% yell, the 1% will always have the final say. Please prove me wrong and make the tax system fair, make the rich pay their fair share and close the wealth/poverty gap.

**From:** Sandra Otto [1]
**Sent:** Friday, 6 April 2018 3:39 PM
**To:** TWG Submissions
**Subject:** Submission to Future of Tax

Dear Tax Working Group

I have already submitted the below info on your website… yet I wanted to add that I would be happy to contribute more. I am a VERY creative thinker, have global experience from start-ups, social enterprises to large international corporations (over 20 years in the SAP ecosystem), spend a lot of time researching and thinking about "Business for Positive Impact" (Conscious Capitalism, B-Corps and a surprising amount of other globally emerging business initiatives re the Future of Business = Business for Good which is the business we want to support with conducive tax conditions, right?). I have a big picture thinking mind and have done a lot of personal development that has reshaped my perspective on many things in the world.

To my surprise during writing the submission and this email I have been emotionally captured which means my passion has been awakened and I tend to follow my passion.
Consequently as I am available for a new freelancing contract right now I would like to offer you to contribute more actively to your project as a "Future of Business/Conscious Business Consultant" as I have done recently for the SAP Innovation Center in their German headquarter. They found I bring new thoughts, higher perspective ways of looking things, see things others did not see, sense and anticipate future developments, and as a big picture thinker bring them together in frameworks and connect the dots (between facts and people). I can think outside the box yet aligned with purpose and strategy, and love to co-create in teams.

If you feel like you would benefit from an additional such person on board of your team in whatever form, please reply and we can set up an informal chat on Zoom or Skype to explore what opportunities could arise from this.

I believe that New Zealand can be the birthplace of a new humanity , and a tax system is one of the essential structures that operationalise our visions and values. So being part of your team would be very much aligned with my personal purpose.

Warm regards
Sandra

PS: here soem additions to my below list that were beyond 100 characters:

7. create special councils to run emerging ideas past them e.g. in a form of "world cafes"):
    1. expat council -> capture global ideas, values and networks
    2. elder council -> capture the wisdom of long life experience
    3. youth council -> capture the future gen's visions, energy and sometimes utopian inspiration
    4. "spiral wizard" council -> capture the way of thinking that combines high complexity with wisdom and strategic power
        ("spiral wizards" are a concept from "Spiral Dynamics" and can be identified in the population through academically validated profiling tests)

...

*Ideas that come to mind without having the time to think it through right now:*

*1. link business tax to positive impact i.e. link it to triple or quadruple bottom line (People, Planet, Profit, Purpose).*

*2. that gives a natural opportunity for social entrepreneurs and intrapreneurs and NPOs/NGOs to get tax advantages as they are taking on tasks that serve society (which often government agencies would do with tax money)*

*3. outside the box: how about an app where tax payers prioritise every year what they like seeing their tax being spent on - as a democratic, self-directed input into tax decisions*

*4. how can Bhutan and their gross happiness product inform our tax design*

*5. use design thinking, Theory U, system thinking, wicked problems theory, integral theory, Spiral Dynamics to re-invent our tax system (I assume this is happening anyway)*

*6. really study what other countries do & put kiwi ingenuity on tip - DO NOT REINVENT THE WHEEL , yet innovate and invent on global learnings. create an expat council*

**From:** Steve Baron [1]
**Sent:** Friday, 6 April 2018 11:41 AM
**To:** TWG Submissions
**Subject:** Submission

Six years ago, I wrote an opinion piece for the Wanganui Chronicle stating that the average ratepayer in Whanganui paid $36 a week in rates, as their contribution to funding the Whanganui District Council and all the services and facilities it provides to the good people of Whanganui. Reading through the recently published WDC 2018-2028 Long Term Plan I now see this figure has risen to $51 per week… and I thought $36 was expensive! And that's in Whanganui, one of the most affordable places to own property in New Zealand.

So, my question to Prime Minister Ardern, Finance Minister Robertson, all Members of Parliament and this Tax Working Group is this… how can it possibly be fair, that only those who own property, pay rates to fund local council services, when everyone in the community actually consumes these services?

I say it cannot possibly be fair in any way, shape or form. I say this is an undeniably unjust and outdated system of taxation that needs to be urgently changed because property owners, especially the retired, cannot afford to continue paying for everything, while others who use these services pay nothing.

For a starter, government departments do not pay rates, even though they have a substantial property holding and even though the government insists that the Goods & Services Tax (GST) be added to rates—a tax on a tax no less! Churches and various clubs (who often occupy council land) do not pay rates even though some of them undoubtedly have substantial bank accounts, and or incomes. Adding to that, and based on past census reports, around 33% of the population live in rental accommodation and do not pay rates. Now, I realise that statement is very unpopular amongst tenants, but the fact is that tenants do <u>not</u> pay council rates. Tenants will of course always argue that they do, because their rent goes to a landlord who then pays rates. However, what a landlord does with the rent they collect is their business. For example, if a landlord uses the rent they collect to buy Methamphetamine (P), will the tenant claim responsibility for supporting this illegal habit? Of course not. Another example… if I spend money in a business that pays council rates, can I claim that I therefore should not have to pay any rates? Of course not. These are silly arguments, as is the argument that tenants pay rates through their rent. It is a nonsense and is absolutely spurious. I can also tell you that as a landlord, there were times when council rates increased, but I had to drop my rents because of an oversupply of rental properties. It was not possible to pass on this rate increase… so who paid for it? Me, the landlord.

A further injustice in the current rating system is that those who own more expensive properties pay more than those who own less expensive properties, even though they often use far less council services, and even though their income may be dramatically less than others. For example, an elderly person on a fixed income, who has lived in their home for a long period of time, for which the value has risen appreciably, can often pay more rates than a working couple with 3 children who consume far more services. Granted, there are those on low incomes who can apply for a rates rebate, but many do not qualify even though they have modest incomes.

Our current rates system unfortunately places a huge burden on just those residents who own property. This growing burden needs to be spread amongst everyone who use council services and facilities, to make it fair and affordable. Council rates will continue to increase as councils need to fund a growing list of aging infrastructures. They are also continuously burdened by central government who place more expectations on local councils, but never want to fund them.

As I said back in 2012, property tax (rates) is a bad tax—an outdated tax. That is because it is a regressive tax that is not linked to the income of the person paying it, their ability to pay, nor by the amount of services they consume. Rates are therefore fundamentally unfair. Central government needs to devise and implement a new system—a system that is fair. It might not be an easy ask, but what more appropriate time than now, when the government has appointed Sir Michael Cullen to review the country's tax system.

I have initiated an online petition to Parliament but I would ask you all to give this further thought and consideration.

Best wishes

**Steve Baron**

[1]

**From:** Kathryn Marshall [1]
**Sent:** Wednesday, 4 April 2018 6:04 PM
**To:** TWG Submissions
**Subject:** Re: Thank you: Future of tax submission

Hello Tax Working Group

I wish to provide a second submission, after discussing this with our office.

Either the government should consider leaving half of the GST on the sale of a new, affordable home, to a first home buyer ( or the GST equivalent of up to 10% of the sale price) to get people into their own homes.  e.g. New home $400,000 -Government leaves in GST of $25,000-$40,000.

Or Else the government should allow the developer/construction company to leave up to 10 % of the value of a first home buyer home and change the tax rules so the developer/construction company does not pay tax and GST on the amount left in, until that amount is eventually paid back to the company. e.g. sell a new home $400,000 Leave in $30,000 ( caveated) Tax and GST is only paid on $370,000 adjusted sale. Tax and GST to be paid on the $30,000 when and if it is physically paid back to the company in future.

Kind Regards

[1]

WILLIAMS CORPORATION

On 3/04/2018, at 8:48 PM, secretariat@taxworkinggroup.govt.nz wrote:

Thank you again for taking the time to share your thoughts on the future of tax with the Tax Working Group.

WHAT YOU SUBMITTED

Here's a record of what you submitted.

Submission ID: 1846

Submitted on Tuesday, 3 April 2018 - 8:48pm

Submitted values are:

First name: Kathryn
Last name: Marshall
Email: [1]
Comment: World Economic Forum identified Urban Planning as a major threat to NZ. We have one NZ building Code yet every local authority, about 78, can

create their own planning rules and systems. NZ needs one set of planning rules. Mixed Use Zones , as of right, close to CBD areas and suburban hubs. High Density residential zone the next few blocks out. Infrastructure to be CPI adjusted cost share schemes like we used to have for new services or upgrades. Also a Consents NZ to compete with Local Authorities for affordable housing developments. Standardisation of Local Government forms, systems and processes and standardised accounting systems and standardised on line systems. This results in a greater service delivery for rates paid. We also need an insurance scheme with a 10 year tail, like engineers have, to cover all practioners carrying out restricted work. This would leave leaky buildings, like car accidents, where the insurance companies resolve the claims, not local authorities.
Sign up for email updates: Add my email address to the Tax Working Group email update list.
Acknowledgement: I am aware that my submission will be released on this website, with my email address withheld, and have noted the Official Information Act [1] and privacy [2] considerations that apply.
Question: Can tax make housing more affordable?

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Thank you again,

Tax Working Group Secretariat

[1] https://taxworkinggroup.govt.nz/your-submissions#oia
[2] https://taxworkinggroup.govt.nz/your-submissions#privacy

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CONFIDENTIALITY NOTICE

**From:** [1] Dimitri Aloupis [1]
**Sent:** Wednesday, 4 April 2018 4:37 PM
**To:** TWG Submissions
**Subject:** Submission

Hello there

I am of the opinion that the Tax take for any healthy society to function ought to be high. The most civilised societies are in Europe where a direct tax and also tax on goods and services is high. What that means is that these societies are healthy mentally and physically and this reflects in the fact that these countries are also the happiest. Americanisation does not work if one is to compare say the USA with say Denmark. What do I mean by Americanisation is the notion of dog eats dog and so the notion of survival of the fittest.
More taxes less strife. By increasing taxes you can eliminate poverty, crime and homelessness. Countries in Scandinavia have free health care, Free education and no poverty or homelessness. Crime is lowest too than in countries that adopted the American system with low taxes and high crime rate.

Thank you
Dimitri

[1]

**From:** Vicky Forgie [1]
**Sent:** Wednesday, 4 April 2018 11:25 AM
**To:** TWG Submissions
**Subject:** Submission

Tax reform

I support:

1. Environmental taxes to ensure scarce natural resources are consumed wisely and environmental degradation minimised
2. Taxing automation as well as labour
3. A tax system that puts religious businesses on the same footing as other businesses in New Zealand

*Environmental tax*

The tax system needs to disincentivise environmental degradation resulting from production and consumption. This requires transitioning to taxing resource use and consumption (i.e. higher taxes on goods) rather than putting the tax burden on labour and service provision. A larger population, demanding higher material standards of living has accelerated the loss and degradation of ecosystems and the services they provide. As these are the 'life-support' systems required for human survival, the future will be more hazardous if the tax system does not work to protect natural capital.

*Taxing automation*

In the future well-paid employment opportunities are likely to be limited for large sectors of society (i.e. those not in the computer and technology areas). To avoid mass inequality and societal instability a system of universal payments will be necessary. This will give people the means to work in sectors that are productive to society as a whole but not to the individual (in terms of privatised profits). These areas include caring for the young, old and sick and restoration of the environment.

In the neoclassical economics production function Y=f(K,L) labour and capital are substitutable. Our current taxation system puts a burden on labour by taxing it and making it more expensive. This favours automation and will over time decrease the number of jobs and by extension the amount of tax collected.

Taxing automation (robots, artificial intelligence) as well as labour will provide an additional source of government income to fund universal payments. The McKinsey Global Institute, estimates that AI use for marketing, sales and supply chain management has the potential to generate profits and efficiencies of $2.7trn over the next 20 years for the global economy (Economist 28 May 2018).

*Religious tax exemptions*

New Zealand is a secular society so all citizens need to pay their share of taxes. We currently have an unfair situation where religious organisations run commercial businesses, directly competing with non-religious businesses, but able to make greater profits due to paying less tax. This provides more capital to reinvest and increase competitiveness. The benefits from these businesses accrue to the members of the select religious community so they should be taxed on the same basis as any other business.

**From:** T Cole [1]
**Sent:** Tuesday, 3 April 2018 7:24 PM
**To:** TWG Submissions
**Subject:** I wish to make a submission to the tax working group

Please accept my submission to the New Zealand Tax Working Group 2018

I think that a Capital Gains tax that excludes the family home is very unfair.

It would disadvantage the groups who do not have a home or who are trying to save for a home and would have to pay tax when trying to keep up with the inflation caused by rising house prices.

Having a capital gains tax that excludes the family home would mean people can pay more for a tax free house and push the cost of a house further out of reach of those trying to save for a home

If a Capital Gains Tax excludes any assets such as a family home then there SHOULD BE NO CAPITAL GAINS TAX. IT IS NOT FAIR

If there is any further information you need please let me know

Tim Cole

**From:** Vikkihaar [1]
**Sent:** Tuesday, 3 April 2018 7:00 PM
**To:** TWG Submissions
**Subject:** Submission

Corporate identities manage to avoid taxes,yet like in my situation, been made redundant due to closure. The govt ,taxes me at the high rate,if I don't find work there is no help I've earned too much with the redundancy Then if I do get work I can only earn the balance of what brings me up to 48.000 then I'm taxed yet again at the high rate, so do I survive on fresh air or end up over the two years giving the entirety of the redundancy to IRD.Either way the only entity who gains is IRD for what me having lost my job , this is my submission , you talk about what's fair? I have just made a 9500 dollar donation to some very wealthy mega company that gets away with paying less than me.Sorry but pretty hacked off,what ever work I find this year is only being borrowed before I return it back next year.
Sent from my iPhone

**From:** [1]
**Sent:** Tuesday, 3 April 2018 12:50 PM
**To:** TWG Submissions
**Subject:** Submission

My personal input is that charitys and religious outfits such as "sanutarium" for example bc they are seventh day adventists should be taxed like the rest of us because they are taking full advantage of the situation and arnt contributing to our economy like they should. This country should stop being under the thumb of religious faith because 42% of us dont have a religion. I think that in order to get granted any tax exemption they should have to meet certain criteria ie donate proceeds to the community in order to help and show proof of where their income is going and it being publicly accessable so we can rest assured that these guys arent just in it to get rich. Going on to charitys.. the charitys that people donate to for the likes of starving children in africa would have paid for all of their educations and feed them all by now if the money had fallen into the right hands. Akon is a good example for a selfless human helping those who need it the most.

Thats my input.

Samuel coutts [1]

[1]

**From:** Don Richards [1]
**Sent:** Tuesday, 3 April 2018 12:08 PM
**To:** TWG Submissions
**Subject:** Submission on the future of tax

What does the future of tax look like to you?

Our world is changing. Our population is ageing, our environment needs protecting and new technologies mean work could look very different in the future. Tax will play an important role in helping us meet those challenges.

1. There will be an increasing call on the tax take, by those retiring.
2. There will be a reduction in the percentage of the population generating income for the tax take.
3. There is insufficient revenue being generated currently for the tax take to address child poverty, homelessness, inequality and affordable housing.
4. In 1936, the First Labour Government enabled The Reserve Bank to issue credit (money) for the construction of housing and public infrastructure without the need to increase the tax take.
5. We were in a far worse situation in 1936 than we are now and the initiative proved to be very successful.
6. The wealth generated for New Zealand from the Reserve Bank in 1936 allowed for the establishment of the welfare state that became the envy of the world.
8. An IMF Working Paper titled "The Chicago Plan Revisited" endorsed a similar initiative.
7. It is time to repeat the creation of credit by the Reserve Bank to ease the tax burden.

Don Richards

Positive Money New Zealand
Campaign to modernise the New Zealand Banking System

[1]

**From:** David Robinson [1]
**Sent:** Monday, 2 April 2018 9:28 PM
**To:** TWG Submissions
**Subject:** Submission

Dear Tax Working Group,

Submission

1) Disappointed by the Government's significant scope limitation.

2) Support environmental taxes where justified by the effects on the environment which are not being mitigated.

3) Ask the working group to consider the use of triangular based income tax rates to reduce the effects of marginal tax wedges. I.e. if the marginal rate is h for income i then the tax paid is 0.5*h*I. The marginal rate would be a continuous linear increasing function of income. Maximum possible value would be 200%, ie 100% average tax, but would in reality be flat lined at 2*desired max average tax rate.

4) Ask the working group to consider the use of triangular based tax rates for company taxes to support smaller businesses. There would have to be strict rules around the splitting of companies into many smaller companies to take advantage of the lower average tax rates as tax avoidance.

5) Ask the working group to consider whether the income and company triangular based tax rates can be aligned.

6) Ask the working group to consider, whether in the longer term, GST could be applied using triangular based tax rates as well. Its much more complicated as previous annual or 12 month rolling cumulative expenditure has to be known at the time of purchase.

Regards
David Robinson

| | |
|---|---|
| **From:** | Bruce Truman [1] |
| **Sent:** | Monday, 2 April 2018 9:54 AM |
| **To:** | TWG Submissions |
| **Subject:** | submission |

Dear Sir

**Our local economy.** Looking at our economy and how much debt is being gained in the name of business, but in truth it is all for chasing the tax free capital gain.

Housing and Dairy are 2 very large vehicles for this and look at the hole the economy is in on the West coast while doing this. Has done no one any good. Those in high debt are going to the wall while others are left with new rules being applied to them for the misdeeds of others due to wetlands or native bush being pushed aside for the dairy farms.

**I own and operate a Sphagnum Moss Exporting Business** on the Westcoast and are fighting to use my own land for the purpose I bought it for but along come the Environment Court and slaps me for what the Dairy Industry has done. 4 years so far. I paid $1.2 mill for the land to protect my business from the developers and then get punished for it. Also bought at the time those same dairy players were paying $10k per ha, spend $10k per Ha and have a farm worth $30k per ha. Now dairy land here is sitting unsold at $16500 per ha and the banks are trying to get there money out of some. Bugger, not just for them. Now is the time to value land here.

**Labor under Clark/Cullen** could of sorted this when they protected Pine Forests with the Tax on land conversion but instead gave a green light to these native lands. The conversion tax would save a lot of money being spent on lawyers, staff in councils and the environment court if SNA's and Schedualed Wetlands for example were scrapped and replaced with land use change tax applied. Less of something you want changed, make the tax higher. Can not leave these things to the Councils. Our Regional Council (WCRC) for example is run by the dairy industry and has been for many years. If say tax was $10k per ha, that would be equal to the tax free gain they wanted to make, land protected in it current use. More diverse economy. In the USA, if you want to dig up a wetland, you must make one some where else, ie, total area of wetlands must remain the same. Some wetlands and native bush areas would then be adding to our diversity. Native logs should be value added before allowed for export.

**Wage earners.** Current tax system also only serves to punish those whom go out and pay for an education and then reward them with higher taxes. Our higher educated leave NZ to earn more off shore so can repay their student debt.

**Answer.**

**Flat tax rate** and put it on every profit how ever it is earned. Wages, land, housing, businesses sold. In a loss situation, same as when doing your taxes, sits as a tax credit, going forward forces people to operate at a profit to bank the tax losses accrued.

**Encourage debt reduction**, capital repayments tax deductible not just the interest which most of this goes off shore, about 90 cents per kg milk solids. The more businesses not in debt, the more taxes they will pay and be looking to make a profit if they know it is taxed the same as the capital gain when they sell up.

The low paid, still pay the same tax but through family support etc they can be brought back up to where they were before as the lowest tax bracket would be higher if the number is 18 -20%

In short, the tax system currently over taxes some and does not tax others at all and they are sitting on lots of dollars. Some would rather pay interest than tax and they cannot see the tax would be less and they could put 66% of the interest in their pocket if they had no debt. 80% in pocket if the flat tax was 20%. The banks profits shows what this country is missing out on due to our unfair tax system.

**Land use change.** >$10k per ha. If the country wants it protected in current form could be $100k per ha. Get rid of all the other red tape and layers of pen pushers when a simple ecologist's report from an independant agency like Land Care.

I hope what I have written makes some sense. Happy to expand or chat on anything I have put.

Kindest regards

Bruce Truman

[1]

**From:** Warren Edgecumbe [1]
**Sent:** Sunday, 1 April 2018 10:08 PM
**To:** TWG Submissions
**Subject:** Wealth Tax

I note that a wealth tax is being considered and am totally opposed to that for these reasons:

1. Income from employment is taxed when earned. If invested the interest or dividends are taxed again at source. To tax the same funds a third time cannot be justified.

2. Generally those with wealth have reached that state through their own initiative and should not be penalised for that.

3. Wealthier people will have earned higher incomes and therefore paid more tax during their lives than those with less assetts.

4. People are rightly encouraged to save for their retirement or future security.. If having done that they are then hit with a wealth tax to support those who have not, they will feel angry and betrayed.

5. A wealth tax is a disinsentive for individuals to manage their own finances without relying on the state to do it for them.

Hopefully you will consider these points when you submit your recommendations to the government.

Thank you for your attention,

Warren Edgecumbe.

**From:** Sukhdeep Singh Sandhu [1]
**Sent:** Saturday, 31 March 2018 3:25 PM
**To:** TWG Submissions
**Subject:** Sukhdeep Sandhu Submission

Kia Ora Koutou

My name is Sukhdeep Singh. I would like to suggest my view on PAYE( Pay as you Earn) system. As we know tax is deducted from salary/wages from gross amount earned each week doesn't matter how many hours an individual have worked in a week to earn that gross amount. In this situation an individual is contributing his personal time to work. In my opinion there should be an appropriate tax relief for individuals working more than 40 hours in a week.

Please ask if more information is needed.

Kind Regards

Sukhdeep

| | |
|---|---|
| **From:** | cheryl Taylor [1] |
| **Sent:** | Saturday, 31 March 2018 11:38 AM |
| **To:** | TWG Submissions |
| **Subject:** | Submission |

I would like to see NZ model its tax system on the Scandanavian countries which appear to operate a lot more fairly than many other first world countries.

What I don't like in our system

1. tax avoidance through trusts and companies.
2. the fact that a person can buy a home and renovate it and not pay tax on the capital gain and this is portrayed continually in the media as somehow successful, while our children pay tax on their small savings in the bank.
3. I would like to see a tax on multiple ownership of properties so we don't have land banked houses or houses only available as Air BnB or book a bach ( and similar arrangements )when people can't rent or buy a home. Recently I was looking for accommodation in Rotorua and realised there are a huge number of houses that are sitting empty for a lot of the year while people are struggling to find rental property.
4. Multi National companies not paying their fair share of tax. Online sales should still have to pay GST for NZ buyers.

I am happy to pay tax, but it needs to be fair.
Cheryl Taylor

**From:** Max Shierlaw [1]
**Sent:** Friday, 30 March 2018 4:50 PM
**To:** TWG Submissions
**Subject:** Submission

I note the discussion paper raises the possibility of a land tax being introduced. I oppose this.

A land tax is not fair and equitable, which the discussion paper says should be the basis for a taxation system. The value of land you own often bears no relationship to your earnings. A property owner could own a valuable property, but have little in the way of taxable earnings, for example a pensioner. Having a pay a land tax could result in a tax bill which is disproportionate to their earnings.

In fact I submit that all property taxes be abolished for this same reason , in particular Local Authority rates. They should be replaced with an ACC type levy on taxable earnings which is transferred to the Local Authority where the property owner resides. This would result in a funding system based on the property owner's ability to pay, which the existing system property rates system does not.

Regards,

Max Shierlaw
[1]

**From:** Sax Dearing [1]
**Sent:** Friday, 30 March 2018 4:01 PM
**To:** TWG Secretariat

What average 45% tax not enough for you?

Sax

**From:** Stuart D Robertson [1]
**Sent:** Friday, 30 March 2018 3:25 PM
**To:** TWG Secretariat
**Subject:** Cullen Tax Review

First.
The web page is a disgrace.
If you really want people to contribute you could have made them write it out long hand and deliver it on horseback that would have been about as easy.
You provided the headings you want addressed yet no clip and paste.
No formal submission document.
Really is this intended to put us off ?

Second you want areas addressed so where is the checklist ?

Third you seem to make assumption that the system will remain the system. We must change. What we have and what we consume is the measure of our wealth, not how many hours we work, not the control we have over an unjust or unfair emolument, and in that regard socially every state paid role should be put out to tender. Why can three people not join together and do a $500, 000 job in Government or a Council better than one person !
It is the system that is wrong. Morally I believe no one should be paid more than the Prime Minister unless they pay a tax surcharge. This is a bit left field but every cilvil servant that gets more than the PM should pay tax of 50c on the amount it exceeds it by. There is no evidence they do a better job for being paid more ! As well all bonus payments are to be considered capital and taxed as an increase in asset value. That might have stopped the GFC injustices. Because it would have been charged with Asset Tax, then paid GST on the new Ferrari.

We have progressed from a working world to a consuming world….
We have gone from a society with group interests to individuals all seeking their own best outcome yet demanding care from cradle to grave.
Maori are part of society demanding more and contributing less.
We have a new immigrant culture that does not believe in Tax. They work on cash outside the system
These are some random thoughts that just sprang into my mind with out much consideration other than 40 years in the tax system as a Chartered Accountant seeing the wrong headedness of our Tax impositions.

I would love to develop these ideas but have no doubt no one will read a word anyway.

The first tenet : CONSUMPTION TAX
Taxing income is wrong. Tax should be based on consumption. GST on everything including houses. There are ways to "hold" the GST for owner occupiers until the property is sold or not sold.
Consumption includes buying overseas currency. Charge GST on that as well. Anything exported for private use, yachts cars diamonds, whatever charge GST.
There is a whole lot to cover but it is simple if there are no "exemptions" for ANYTHING including food.

The Second tenet: ASSET TAX
Everyone whether a Trust, Maori Tribe or Church or school or charity (in some cases the tax can be assessed and held until sale ) but every entity that owns an asset, a house, Land, shares (remember no income tax so no dividend tax,)

but the increase in the value of assets held is shown for the start and the end of the year…..no increase no tax……..no reason not to use GV, and indexed. However tax must be paid on the difference, or if it has gone down an offset credit is issued (subject to refinement) but if the assets have gone up or sold for a profit pay tax on any gain.
Debt is irrelevant and non deductible. There is a huge benefit in less borrowing. Foreign owners get taxed and the bright line test is irrelevant. A home may be nominated as a residence and a deferral can be applied but paid on sale.
Home trading has wrecked havoc on the "no homers" but that is an aside.
No deduction for borrowing. If it was a business capital cost then now it is capital.
That is a major cause of asset inflation and device to avoid income tax, so no income tax no deduction. So if KFC (lets give Google a rest) wants to write up their costs and then borrow from the tax haven parent, good oh but no deduction. Every dollar that comes in two NZ gets a "credit" every dollar that goes out get charged GST( with set off for credits)…….

Third Tenet : BUSINESS TAX
No deduction for capital costs, ie interest.
No deduction for depreciation unless the monetary value is paid into a separate fund.
Superannuation contributions are charged to the employees account as salary. ( Then subject to asset tax).
No deduction for employee benefits.
No deduction for assets where there is any element of private use. Even if charged to the user...ie Vehicles helicopters boats… If there is any private use no GST deduction at all.
This is a hard one because we need small business but most small business survives because the "owner" runs their house car boat racecar or holidays or whatever through the business
The cost of compliance is too high. So GST gets paid on all income and deductions permitted for good and services consumed by the business…only by the business or paid to total third parties. ie registered for GST, not entertaining or advertising unless paid to a GST registered entity.

Finally the IRD mentality is wrong.
There MUST be a mediation service reintroduced.
The IRD do not get it right all the time. Mistakes are made on both sides. There is no safe ground. I know of a case recently where a taxpayer has spent over $100,000 on legal advice. The IRD would have spent double that amount.
The monetary value in dispute was near $150,000. So everyone is a looser to save "face" because an IRD officer made a mistake. So did the taxpayer. But why waste $500,000 of resources because our system can not handle fairness ?

Taxpayers are entitled to a PROPER mediation service and an OMBUDSMAN so they at least feel as if there is fairness in the system. I spent 20 years negotiating debt remission. I do not believe anyone was favoured or disadvantaged. There is no way to achieve that now so people that for whatever reason are accused by the IRD end up on the scrap heap.
Everyone deserves more dignity than that.
If deliberate avoidance is demonstrated that is different and should be prosecuted but where there is doubt and there often is why are these people going to Court ?

**We need a mediation arbitration system urgently and an Ombudsman for the taxpayers that deserve an impartial hearing. Sadly the Government Lawyers are partial because they get paid extravagantly.**

I WANT A FAIR TAX SYSTEM AND WHAT WE HAVE IS NOT. IT FAVOURS THE GREEDY.

Stuart D Robertson
[1]

**From:** Simon Waugh [1]
**Sent:** Friday, 30 March 2018 11:14 AM
**To:** TWG Submissions
**Subject:** A submission of views to the tax working group

Labour is the main way that people procure an income, but what happens as more and more jobs become automated? There are two ways to view this: Automation threatens livelihoods and robots should be prevented from taking our jobs. Or that as automation increases the burden of work is reduced for humans and our lives are improved. I take the second view. As more jobs become automated many people will need a new source of income. I would like the tax working group to consider that some form of Universal Basic Income may be necessary in the next 100 years.

In addition to this, the problem of wealth inequality in this country is becoming worse. Workers are not receiving much of the value they produce. A profit sharing law, where companies could obtain a fiscally neutral tax break in exchange for dividing up 10% or 20% of yearly profits equally amongst all employees on top of their regular wage could go a long way to rectifying this. Such a law would have more than doubled my wage at my previous job.

I would also like to see animal agriculture discouraged in this country due to the reduction in biodiversity and the damage to our water ways it causes. Much of the land used for dairy could produce crops instead. This would reduce methane emissions that contribute to climate change, reduce effluent run-off into water ways, and reduce irrigation. Some kind of tax incentive for converting a dairy farm to a crop farm, and/or an incentive for riparian planting private water ways is worth looking at.

If there is any way that gst could be reduced and the burden of that tax moved elsewhere then I think that should be considered. It stifles business and it increases the hardship of working families.

A carbon tax and a capital gains tax are probably both necessary.

Thank you for taking the time to consider my views.

Sincerely

Simon Waugh

**From:** Richard Christie [1]
**Sent:** Friday, 30 March 2018 10:20 AM
**To:** TWG Submissions
**Subject:** Submission to Tax Working Group

Among the current challenges faced by the NZ government are two problems that are of concern to many New Zealanders:

- Finding effective measures to reduce house price inflation
- Finding a method to reduce carbon emissions and so meet our Paris Agreement obligations for 2030 and 2050

**Comments on the challenges faced by government:**

The various means being considered by the Tax Working Group to address these two measures are likely to result in adverse downstream effects. No amount of capital gains tax is guaranteed to dampen the value of residential real estate. In fact, some studies have indicated that the introduction of capital gains tax has very little effect on long term property prices.

Purchasing international carbon credit units in order to offset emissions by 218 million tonnes of carbon by 2030, on top of the the 31 million tonnes of emissions already scheduled to be reduced by the introduction of renewable energy, tree planting, and the switch to the more widespread use of electric vehicles, has recently been estimated to cost the NZ Government $14.2 billion. It is unclear what will be the cost of meeting the later 2050 Paris Agreement targets; but given the severity of the targets (being a reduction in emissions levels by 50% on 1990 levels, as opposed to the 11% reduction required by 2030), an upwards trajectory in carbon emissions, and the likely increase in demand and price for international carbon credit units as we approach the deadline dates, the cost of meeting the 2050 obligations is likely to be far higher even than those of 2030.

These two problems will have a destabilising effect on the New Zealand economy. On the one hand, the rising cost of property will consolidate wealth among the lucky few in a position to purchase it. On the other hand, the costs of raising money to meet New Zealand's obligations under the Paris Agreement for 2030 and again for 2050 will be severe. If the government remains in the Paris Agreement, they will need to either a) reduce government expenditure significantly b) increase taxation significantly or c) print large quantities of New Zealand dollars in order to buy international carbon credits, which in turn will likely result in very high levels of inflation. Low income New Zealanders will eventually suffer the brunt of these policies.

While the commitment to plant one billion trees is commendable, the cost of such a proposal should not be ignored, nor should the fact that while new trees act as a 'carbon sink', they do not effectuate a change in gross emissions. There will be a significant cost of obtaining land under such a scheme, because the demand for planting hectares will reduce the arable land available for export agriculture, forcing the prices up for both.

Part of the difficulty in reducing actual emissions is New Zealand's dependency on the export agriculture sector. Agriculture accounts for an estimated 47% of New Zealand's carbon emissions. It also creates the backbone of wealth for New Zealanders, and the power to make actual deep cuts to emissions in this sector will be impossible for any government who wants to retain popularity with voters.

The planting of so many trees also creates a downstream problem in that when the time comes for the trees to be harvested, the oversupply will cause the price of various types of wood to drop. Forestry investors will see this coming (having been burnt by the Kyoto forests) and will sell out of their forests at a time that suits them.

In short, the remainder of this century in New Zealand will be one that is rife with economic manipulation. The government will by 2050 be forced to consider drastic action in order to buy itself out of its obligations under the Paris Agreement, at an extraordinary cost to regular New Zealanders.

Currently, the government is considering addressing these two problems using taxation.

There are a number of problems with using taxation to address this social and environmental imbalance:

1) It is questionable whether taxation will even be effective at curbing house price inflation.
2) It is unlikely that taxation will create actual changes on farms in the agriculture sector that lead to a significant reduction in actual emissions.
3) New taxes imposed on either of these sectors will cause damage to the economy and widespread voter backlash.
4) Any form of taxation causes 'deadweight loss'. The effect of this taxation will be that they create a loss to the economy that cannot be recovered elsewhere.

In summary, taxation used as a method to prevent these imbalances will be politically and economically costly. More importantly, however, they will be extremely unlikely to make any real difference to long term house price inflation or to national carbon emissions.

**Solution:**

The solution I propose is that New Zealand adopts the gold standard by acquiring a reserve of gold and tying the value of the NZD to the value of gold.

**Reasoning:**

During the years 1870 to 1912, when the United Kingdom was on the gold standard, inflation was 0.1% annually. There is no evidence to support the claim that the same environment would arise in NZ; we are a very different economy in a different age and under different circumstances. But it is widely acknowledged that tying currency to gold has a counter-inflationary effect, in part because it prevents the printing of more currency.

Adopting the gold standard would have two principle objectives:

1) It would raise the price of the NZ dollar by attracting a large amount of offshore investment. This in turn would make exports less affordable and would serve as a clamp on the high-polluting Kiwi export agriculture sector (particularly beef and lamb). Market forces would force export farmers to change their business models, and carbon emissions from the agriculture sector would drop as a result. Due to the likelihood of widespread farmer insolvency, the government would have the opportunity to purchase farms cheaply and to convert the farmland to forestry at a lower cost to the government, making the cost of planting one billion trees affordable.

2) Property prices would stabilise over the long term. Property prices are currently being driven by the availability of debt. Such debt assumed under inflationary circumstances has a critical advantage: the real interest rate is substantially lower that the nominal interest rate. Using the Fisher equation, the 'real' interest rate on a loan at 4.7% at 3.1% inflation would be just 1.6%. Meanwhile, if the purchaser uses the loan to acquire an asset that appears to be going up in value (such as residential housing), then the net wealth of the person securing the loan increases over time, provided that service repayments can continually be met. The result of this is to create a widespread incentive for people to go into debt, in order to increase their capital gains. Meanwhile, banks will be happy to write more loans that have been secured by assets of apparently high quality. If introducing the gold standard stabilises inflation to 0.1%, it will reverse this trend. This would have a deflationary effect on house prices.

**Effects on C + I + G + X + M of implementing the gold standard:**

**Consumer spending** will decrease due to a number of reasons, chiefly that the loss of revenues from beef and lamb exports will flow on to other areas of the economy. A heightened attentiveness to the lasting value of the New Zealand dollar will also cause people to reduce their consumer spending on unnecessary items and to increase their savings.

**Investment** in New Zealand will increase. The prospect of a currency being backed by gold will mean that overseas investors will invest more money into NZ. Investment inflows into NZ will search for highly stable (ideally government backed) investments with acceptably low risk and correspondingly low rates of return. This will create the opportunity for the New Zealand government to originate bonds at very low rates of interest. Bonds would provide investors a guaranteed income backed by the government, while allowing them to safely invest their valuable gold-backed Kiwi dollars. The funds raised through the origination of government debt can be invested in the economy and to some extent can help to provide an antidote to deflation. The origination of New Zealand government bonds, along with their subsequent disbursement through government spending and loans, would also help to counteract the shortage in the money supply caused by international banks purchasing NZ dollars as a reserve currency.

**Government spending** will increase. Using the funds raised from the origination of new government bonds, investments could be made in forestry, infrastructure projects, as well as small loans to businesses and households that will enable households to reduce their cost base and switch to lower cost renewable technology.

**Exports** will drop. The rising New Zealand dollar will force many exporters to change their business models. This, in turn, would cause emissions from agriculture to reduce correspondingly.

**Imports** will increase. The relative strength of the value of the NZ dollar will make imports from overseas more attractive to Kiwi buyers.

**Potential safeguards to 'phase in' the introduction of the gold standard:**

**The Gold Ceiling**

This would involve setting the price of gold at a rate sufficiently above the market ‘spot price’ so as to make the risk of an immediate run on gold less likely. If the gold standard was set at the rate of $3000, and the current spot price was $1900, it would be unlikely that people would exchange their NZD for gold when they could simply buy the same amount at a lower price on the open market.

The erosion of the NZD over the span of a few years would lead gold to become more expensive. As the spot price of gold nears the Gold Ceiling, the full effect of the gold standard would take effect. When this happens, inflation will fall, and the New Zealand dollar would appreciate.

Implementing a ‘Gold Ceiling’ would enable New Zealand to phase in the gold standard over time, giving business owners, farmers and exporters some time in advance to prepare the changes they would need to make to their respective business models.

**Restricting Gold Exchange Rights to NZ Citizens and Permanent Residents**

One way to limit or reduce the possibility for a run on gold would be to limit the people who are legally able to exchange their NZD currency for gold exclusively to NZ Citizens and Permanent Residents.

At the same time, NZ could tighten up the gifting regulations in NZ to prevent entities from giving large sums of money to one another without a gift duty.

This would not necessarily prohibit other international governments, businesses or market speculators from using the gold standard, but it would frustrate those efforts somewhat by introducing the need for transactions to be undertaken through a locally resident intermediary.

The aim here would be to restrict somewhat the number of exchange transactions that occur, and potentially prevent speculative attacks on the NZ dollar while the gold standard is being phased in.

**Limiting the Amount of Gold Exchanged by any Individual to an Annual Maximum**

The next step would be to allow a simple maximum amount of dollars exchanged per NZ Citizen or Permanent Resident. This could be calculated on an annual basis.

While this would limit the potential for the gold standard to achieve market equilibrium, and would require database management and enforcement penalties, it would greatly restrict the potential for a run on the gold standard at any given time.

It would also give the Treasury some breathing space to plan ahead and decide how much future gold to purchase, sell or import.

**Create a Gold Register**

Rather than having to have the entire NZ population placed on a database, you could simply have an 'opt in' system called a Gold Register. Individual citizens or permanent residents could choose to register on the system for the purpose of being able to exchange NZD for gold in the future, before they are allowed to make use of the gold standard exchange mechanism.

The process would require that the applicant produce valid ID as part of the registration process.

This process might take several weeks to verify each applicant, but once done, would enable individuals to trade currency for gold. Due to the preparatory nature of the system, it could again help to delay or dissuade speculative attacks on the NZD.

**Why the gold standard would be environmentally efficient**

Appreciation of the NZ dollar will reduce the profitability of NZ exports and eventually force many agricultural exporters out of business. Emissions from agriculture will reduce as a result.

With the failure of many farms, this will create an opportunity for government and foresters to purchase the farms cheaply and to convert them to forestry at a lower cost to the taxpayer.

A switch to the gold standard will likely have an effect on household and business consumption patterns.

It may in turn lead to the adoption of environmentally friendly technology, as many forms of eco-friendly processes (such as composting, home gardening, solar power installation and electric vehicles) reduce household costs in addition to achieving environmental efficiency.

The introduction of the gold standard in NZ raises for NZ the greatest possible chance to achieve net zero emissions and long term house price stability, but not without enormous upheaval to New Zealand society. It will, however, allow the NZ government to achieve the above stated goals using a free market mechanism. It is worth reminding the reader that the gold standard would be a free market mechanism that achieves these outcomes while introducing no deadweight loss from taxation.

**Sources:**

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https://www.rbnz.govt.nz/statistics/f3

https://www.rbnz.govt.nz/statistics/s40-banks-liabilities-deposits-by-sector

**From:** Tyron Phillips [1]
**Sent:** Thursday, 29 March 2018 8:06 PM
**To:** TWG Submissions
**Subject:** Tax working group submission

Secretariat,

New Zealand has a simple GST system and we could adopt a simple system for individuals. For example, setting the first $20k income tax free. Next bracket up to $60k at 25% with income over $60k at current rate 33%. This will reduce tax compliance and requirements for low income earners who need the most relief.

In this scenario an individual on $50k would have an effective tax rate of 15% and someone on $100k would be 23% which is comparable to our current range. With a tax relief at the lowest end this may remove the need for a minimum wage increase to $20 which impacts small businesses. Consideration may be put into having a $150k plus bracket but I have not considered the wider impact of this.

NZ should also adopt a household tax rate. Combining a couple's income as a tax group. This would eliminate the issue of wage earners being disadvantaged compared to business owners who can shift income between shareholders. It would also allow a low-income family on a combined income of $40k to not be liable for tax in the above situation. This would provide a better quality of life as one member of the family can work less to be home for children while the other is not hindered by paying more than their fair share of tax.

In this situation you could see a tax relief of $5k for a household income of $50k where one parent doesn’t work full time. The aim of this would be to make our tax system more equitable. No consideration has been taken into how this works with current benefits. This would also require the couple to file a tax return and would see a small compliance cost to obtain this unless they completed this through IRD website.

A review of the company tax rate to 25%. Company tax often flows to shareholders and ultimately individual tax rate applies. Rate of 25% is to allow a small business to match the individual rate of 25%. No consideration has been taken into imputation credits and dividend withholding tax as a small business would typically be taking a shareholder salary out.

Luxury tax should be considered. For example, families and business will buy vehicles that are $50k or less (GST excl) as these are affordable and practical. New vehicles that are over this price could have a luxury tax imposed of a further 15%. This could be applied to a wide range of luxury items, including boats, residential homes over $2m or $500k over the regions average house price.

Rental properties could see a maximum of 50% interest deduction. In the form of allowing rental properties to gain a deduction for interest if the loan is only 50% of the rental property, any loans over and above this would be non-deductible. This would provide an incentive to have rental properties cashflow positive. The aim of rental properties should be for passive income, not for short term capital gains.

Thank you for taking the time to read this submission.

**Tyron Phillips | Director**
**Next Consulting Limited**
[1]

**From:** Stephen Bishop [1]
**Sent:** Thursday, 29 March 2018 1:48 PM
**To:** TWG Submissions
**Subject:** Submission

I would like to make a few simple points to the Tax Working Group on what is a very complex matter.

I think its time we had a zero base definition on what we use our tax for in New Zealand.
I understand tax is to pay for essential Government services but Government expenditure has gone way beyond what is necessary,essential or required.

I believe it is time for Government
1.to seriously and carefully decide what our tax should be spent on .This should be documented so all New Zealanders understand what our tax is used for.
2.Tax must be spent wisely. Numerous examples of non essential Government expenditure and waste exist.
3.Government should put together a team of expert advisors to look at every item of Government expenditure to see if its relevant or recommend it be done differently or cease.
4.keep the tax system simple. It appears from experts comments that our tax system is simple so retain this as a tax principle.
5.have a level tax playing field. I cannot understand why charities,religions and iwi don't pay tax.Every person or organisation benefits from paying tax so should contribute
6.tax should create incentives. Currently Im taxed on what I earn,what I save ,what I invest in and what I spend. If you want to incentivise people to save or invest then incentivise them accordingly don't tax them.

I cannot understand the anti- publicity and hatred in some instances of people who have invested in property for their financial security and future.
Good landlords provide an essential service. If they don't provide this then the taxpayer will need to spend its money providing housing.
Again if Government wants private landlords to provide a service its role should be to set the standards to be achieved and provide an incentive for the provision of rental property.
I hear the Government and experts stating that "we must encourage investment in shares not housing" as this more productive.
Productive to who!! I can't understand this as shares have never been good to me .They are so volatile and influenced by what happens overseas or issues non relevant.People with shares have no input into how a company is operated and in most cases wouldn't have a clue. The share market in my opinion is no different than gambling!!
Who decided that investment in shares was better for me than property?? Probably someone with an interest in the share market I guess.

This is a very important issue your group is looking at. If your Group is tempted to bring in some sort of capital gains tax then please adhere to the level playing principle and apply the tax to EVERY item where an increase in value occurs.
For the sake of clarity I am totally opposed to any form of capital gains tax
It is nothing more than an ENVY TAX .
Good luck with your very important deliberations.

Regards
Stephen
[1]

Stephen Bishop **|** Fleet Operations Manager
Independent Fisheries Ltd
[1]

**From:** Joseph Corbett-Davies [1]
**Sent:** Wednesday, 28 March 2018 9:48 PM
**To:** TWG Submissions
**Subject:** Re: Submission

Addendum to my previous submission:

**I support making on-site carparking subject to FBT.**

Regards,

Joseph Corbett-Davies

On 28 March 2018 at 21:45, Joseph Corbett-Davies [1] wrote:

Chapter 2

New Zealand's tax system is generally a shining beacon of sanity in the world - most other countries' are often riddled with (usually distributionally regressive) loopholes and distortionary treatment of various taxable things.

But in saying that, there is a glaring hole in the way we (don't) collect tax on capital/housing/land. As a young person with a good job, but no likely path toward homeownership without parental help (which is not forthcoming), I can see the consequences of this distortion everyday.

And on a more macro level, it is clear New Zealand investment needs to be nudged towards more productive ends - whether that be investment in businesses or housing construction (rather than trading or flipping houses).

It goes without saying that any significant changes here will have to include the family home, but good steps can be made in the meantime until that is politically feasible. Also there should probably be another income tax bracket above 70k, but I gather that is off the table too.

Chapters 3 and 4

A higher performing tax system would be an extension of the current way our tax system works - broader base, lower rates. It would see investment options being on an equal footing (as much as is practical) and could be used as a lever to improve our environment. There are many ways to broaden the base we haven't explored - capital and land taxes are the obvious ones, but a carbon tax is going be necessary soon, and provides a natural knob to ratchet down our emissions as we approach our carbon-zero goals. I personally don't know how cost-effective it is to implement, but presumably uses similar frameworks to the current ETS system.

Fairness in the tax system, to me, is not seeing a landed gentry emerge, and a generation locked out of homeownership (and the tax benefits it brings in terms of imputed rent and tax free capital gains) and rent-burdened by overpriced and undersupplied housing. **A fairer tax system would see our income and wealth inequality reduced** to levels more in line with the rest of the OECD. **Distributional fairness should be prioritised, but examined by looking at all taxes, transfers etc**., rather than by looking at the impact of just one specific tax (e.g. GST).

In terms of behaviour change, my big desires are:

- More investment in New Zealand companies
- Less demand for housing as a speculative investment
- More housing construction
- Fewer greenhouse gas emissions

The first three I think are best met by a land or capital tax. **I support a land tax (levied annually)** for the following reasons:
- I think the theory predicts it shouldn't fall on renters
- No complications around deductibility, what happens if value falls, inflation indexing, cost basis - unlike a CGT
- Encourages construction (because improvements aren't taxed) and productive investment in land/other assets
- Hard to dodge
- Collection mechanism already in place (local govt)
- Similar to rates, a hardship exemption could be used to avoid burdening those with low incomes

**I support a carbon tax,** levied per unit of greenhouse gas emissions.

**I support using land tax and carbon tax revenue to lower some income tax rates** (particularly lower income brackets), to make sure the change to the overall tax system is distributionally progressive.

**I do not support any form of pre-tax retirement savings**. This is an expensive, regressive tax change that is not well targeted. Also flipping the taxed-taxed-exempt ordering would probably have some bad generational effects. A better way of encouraging retirement savings is to not disadvantage non-housing investments in their tax treatment.

**I do not support a payroll tax**. In other countries these just seem to be a flat (regressive), opaque income tax by another name.

**I do not support GST exemptions for particular goods**. I think fairness concerns should be dealt with using other parts of the taxation system.
Reading through the document provided by the working group, I was surprised to see that financial services is excluded from GST on the basis that it is onerous to calculate collect. **I support re-investigating the feasibility of levying GST on financial services**.

Regards,

Joseph Corbett-Davies

**From:** Joseph Corbett-Davies [1]
**Sent:** Wednesday, 28 March 2018 9:45 PM
**To:** TWG Submissions
**Subject:** Submission

Chapter 2

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Reading through the document provided by the working group, I was surprised to see that financial services is excluded from GST on the basis that it is onerous to calculate collect. **I support re-investigating the feasibility of levying GST on financial services**.

Regards,

Joseph Corbett-Davies

|  |  |
|---|---|
| **From:** | kevin morland [1] |
| **Sent:** | Wednesday, 28 March 2018 6:57 PM |
| **To:** | TWG Submissions |
| **Subject:** | Submission |

I have a view of tax from and equitable and fairness perspective and 30 odd years of direct work in the tax compliance area.

One of the ugliest and more recent and aggressively pushed practices that directly impact on and put the tax base at ever growing risk is the predatory use of Labour hire contracts.

Inshort businesses take on staff in so called labour hire positions and they do exactly the same work at a materially less rate than an employee who would otherwise be on the minimum wage with holidays sick leave etc etc.

Truck drivers and building trades are where I see a lot of this however it is spreading out into pretty much all areas where people are employed. It is allowed to do so with the simple use of a labour hire company to front it. Im not talking about the genuine labour hire companies here Im talking about a company structure put in place to access the ability to use predatory labour hire contracts instead of employing staff.

The effect is a general deliberate lowering and marginalising of the incomes and security of the Labour hire workers. Immigrants and lower socio economic and unskilled groups are targeted.
They are given contract work on peice rates where the actual time required to do the work is understated and they may in some instances be receiving significantly less than what would otherwise be the minimum wage in an employer employee arrangement. (That means a necessity to work extended hours to make ends meet, and in the case of truck drivers beyond legal limits in some instances)

They are also left to address there own PAYE with no witholding tax deducted or at best the minimum 10% which is well short of the actual minimum final taxation rate.
In addition as there is no sick leave no annual leave and all the administrative costs of accounting for taxation are left to the labour hire contractor to address the ability to make ends meet and pay tax is a near practical impossibility and encourages a massive level of non compliance.
The Revenue loss to NZ is significant as in most cases no PAYE is ever collected and the administrative costs of trying to address this is prohibitive and uneconomic. The employer places the labour hire contractor in a position where they are extremely unlikely to ever pay tax and deliberately avoids deducting and paying the witholding tax so the money in the hand is sufficient to live on. This in turn forces those people into the hidden economy as non compliant taxpayers.

The economic benefit sought under the labour hIre contract is pretty much premised and underpinned by the non collection and payment of witholding tax and PAYE .
The direct saving on what are essentially minimal administration costs is presented as the legitimate reason, in reality it’s just greed and a rort on minimum labour standards.

This is creating a seriously marginalised and growing underclass with the community being left to pick up the tab for what are essentially predatory labour market practices presented as flexible self choice options.
In reality for the “employee” contractor its that or the dole or nothing and the power imbalance is massive.

It also puts genuine compliant businesses who meet and manage their PAYE and employer responsibilities at a competitive disadvantage in the business community .

By allowing these abour hire contracts to exist we are basically promoting both predatory labour market practices and outright tax evasion and non compliance right throughout the business community.

If you are serious at all about creating improvements to ensure an equitable tax system then a general stiffening of the definition of an employee to end these predatory practices and ensure the PAYE is actually collected on behalf of the community  is a simple and easy must do.

What we currently have is something descending into a form of slavery with  small businesses and not so small ones contracting out of minimum wage rate requirements through the use of labour hire contracts and a marginalising of workers and honest businesses who meet their obligations.

Sent from Mail for Windows 10

**From:** Kyle Sutherland [1]
**Sent:** Wednesday, 28 March 2018 3:14 PM
**To:** TWG Submissions
**Subject:** Tax Submission

I realise the scope of the Tax Working Group is limited, but as a trained accountant, here is my opinion on tax in New Zealand.

I believe we need to make bold changes to our current tax system to reflect growing inequalities, an ageing population, environmental destruction and the need for a bigger tax base to service healthcare, education and renewable transport. We also need to plan for a universal basic income as technology is set to replace up to 50% of jobs over the coming decades.

Firstly, there needs to be a new top tax income tax bracket. This would be say on $100-120k per year and would be aligned closer to Australia's top tax rate of 45c. This will help address wealth inequalities and give the government more ability to reallocate funds to those struggling in our society who desperately need it.

Multinational corporations should be legally forced to pay tax on revenues earned in New Zealand. It is completely unfair that corporate giants such as Apple and Google can use tax loopholes such as transfer pricing to shift profits overseas and avoid contributing to the country they sold their products in. This will add hundreds of millions in tax to our government coffers.

GST needs to be removed from public benefit goods such as fresh fruit and vegetables, and increased on luxury items such as new cars and boats as well as bad for health products such as sugar drinks. The overall GST rate should be around 10% overall those in the lower economic class spend nearly all of their weekly earnings on products such as food, power and petrol.

Long term investments need to be taxed similarly to how we tax short term investments. This includes something along the lines of a capital gains or land tax on investment property to reduce investment incentives for speculative propert investment and relieve the pressure on our housing market in crisis. A wealth tax also needs to be investigated to see the most effective way of taxing those who have benefited the most from an unequal tax system.

Any commercial businesses which are operating for profit under a charity or religious institution should not be exempt from paying tax just like everyone else. Donations to charities are tax deductible, so if they wish to shift profits to charities then they can do that just like any other business currently can. Companies like Sanitarium turn over hundreds of millions a year, and it is absurd that they can get away without paying income tax.

There also needs to be a tax on environmental pollution such as freshwater pollution and greenhouse gas emissions to make polluter pay and create a fund from which we can clean up and mitigate the damage done to our rivers, seas, soils and climate. We have the science available to track and tax the things that are polluting such as fertilisers, irrigation, and cows belching.

Small businesses under a certain turnover should have a lower tax rate than big corporates. This is essential going into the future to address the effect technology will have on our society, as big corporates such as supermarket chains and technology corporates will own the machines which replace human labour. These higher taxes can then be redistributed through a Universal Basic Income to address the massive inequalities that will result between those who own the capital and those who don't.

Many thanks for your time reading and I hope you at least make some of the necessary changes to address the current and future issues our society is and will face.

Kind regards,
Kyle Sutherland

**From:** Valerie Rowe-Mitchell [1]
**Sent:** Wednesday, 28 March 2018 2:52 PM
**To:** TWG Submissions
**Subject:** Submission as invited by Tax Working Group

Please see below my submission as invited by Tax Working Group

My submission is mainly concerns **Distribution and equity**

Introduction of higher/new tax type's tax on wealth, can potentially be a good step forward as long as everyone on the country is benefiting from it. It is a getting to the point that New Zealand is literally taxes the people who work and, distributes to the people who doo not. This does not seem as a fair system.

The people who pay tax, comply and obey all the governments' laws are actually disadvantaged.

I have to say the "Future of Tax Submissions Background Paper" is absolutely brilliant, very insightful and gives a comprehensive summary of tax system.

The figure 6, page 25 (see below) is what motivated me to put this submission forward.

It is pretty clear that the Governments biggest expenses are Social Security and welfare. People like myself, work full time, pay tax on time, but benefit from minority categories, being: Health, Core government services, Law and order, Finance costs, Economic and industrial services, Transport and communications, Defence, Environmental protection Heritage, culture and recreation, Primary services, Housing and community development. A substantial chunk about 33% goes to Social Welfare.

It is understandable that other, less fortunate people need to be supported, but the taxpayers, who actually pay the tax are fortunate because we work hard, we educate ourselves, have personal and professional goals. This is not because we are fortune or lucky, it is just a product of perseverance, work ethics, and desire to add and contribute.

The question is how do we motivate the people who do not work to get up and go, if there is always benefit available to them? It is clear, there are people who need social welfare – but it is also clear, there is a whole "army" of lazy people, milking the system instead of working and adding to this country's growth.

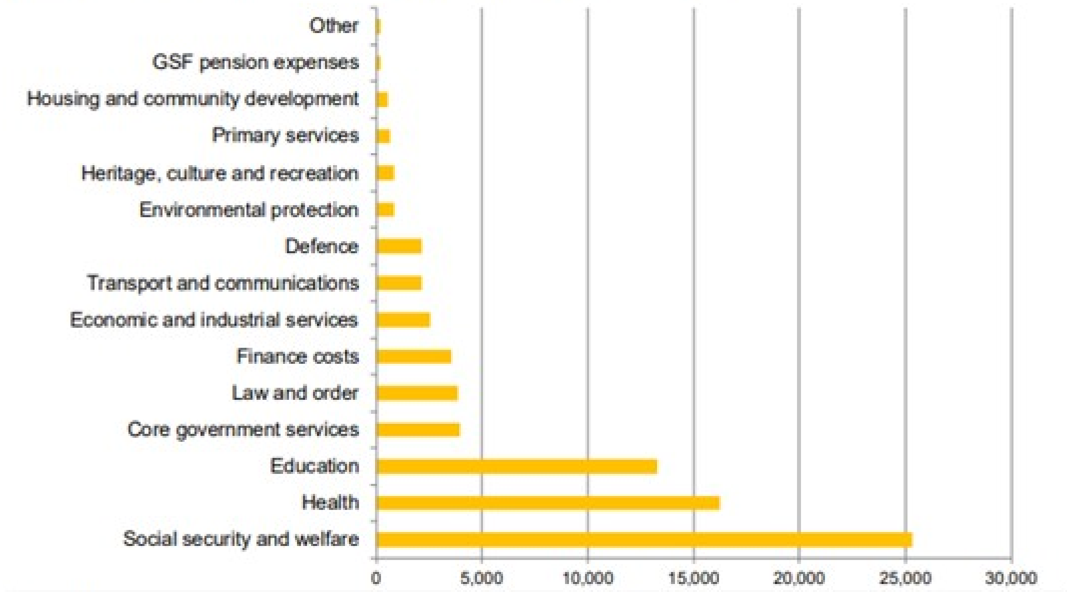
**I propose to amend the Tax System by**:

- Choose one universal Tax rate for all other than individual entities, say 33% for trusts, companies – all small or big, as the idea of taxing based on turnover is not very thought through as people will get creative and split businesses into smaller companies, just for the purpose of lower turnover – this will only complicate things.
- Continue with the current rates for individuals, which privileges people on a lower income – which is reasonable.
- Remove ALL Benefits
- Tax Alcohol and Smoking at 100%, these are deadly addictions and we need to force this country stop not just smoking but drinking too.
- Establish Universal Income Pay to each citizen over 18 year of age, instead of social welfare. This will mean every person will be getting a piece of that pie and if you choose to work – you work and get more money if you do not, that it is your choice.

Thank you for your time - much appreciated

Extract from your report:

Figure 6: Core Government Expenses (Year ending 30 June 2017)




Source: The Treasury

*Regards*

*Valerie Rowe-Mitchell*

This correspondence is for the named person's use only. It may contain confidential or legally privileged information or both.

**From:** Philip de Montalk [1]
Philip de Montalk
**Sent:** Wednesday, 28 March 2018 10:43 AM
**To:** TWG Submissions
**Subject:** Submission

I would like to submit the following viewpoints to the Tax Working Group. My submission will focus on the tax liabilities of individuals; namely PAYE earners and those on NZ Superannuation.

With holding tax on investment earnings
We need to encourage individual savings and investment. The current system of taxing interest earnings is a disincentive to those goals. I believe that individuals, with investments in term deposits with existing trading banks should be given taxation relief. For example, there should be a taxation threshold on interest earnings of say 50,000 dollars. Interest earnings above that threshold could be subject to taxation.

Secondary tax
Here is a tax that is such a disincentive to peoples productivity and desire to better themselves. It is, in my mind, crazy to increase a persons tax burden merely because they have more than on job or have other sources of income as in the example above. The current system of varying rates and a wash-up (if one is lucky) after each tax year is cumbersome and unfair.

National Superannuation
As most people on a pension will spend that money on goods and services, they are already being taxed 15% with GST. Add that figure to current taxation rates, then the net amount received for National Super is greatly reduced. There is an argument, because most pensioners spend all of their super, they are paying sufficient taxation already.

Philip de Montauk
[1]

Sent from Windows Mail

**From:** Peter [1]
**Sent:** Wednesday, 28 March 2018 10:39 AM
**To:** TWG Submissions
**Subject:** my thoughts maybe not yours

Dear Group Members

I am a long-established Christchurch employer of 100 people and provide fully subsidised private healthcare for all of those employees.
It seems to me grossly unfair and a major disincentive to my continuing to do this when I am then required to pay 43% plus GST Fringe Benefit Tax on top of the substantial healthcare premiums involved.
The advantages to the Government in encouraging individual healthcare takeup are surely real and apparent.
If individuals take responsibility for their own healthcare and have their needs met through the private hospital system the notorious overcrowding and wait-times experienced in the public health system would surely be alleviated.
Furthermore, why not offer individuals who benefit the state system of healthcare by maintaining their own cover tax deductions, rather than tax impositions on their benificent employers?
Has the matter of FBT tax on employer-funded health insurance schemes vs the drain on the public health system of those same employees if not so insured ever been carefully costed? I suspect not.
Please give this matter your careful consideration.

Yours faithfully,

On 20/03/2018, at 3:57 PM, Peter [1] wrote:

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**From:** Jonno [1] Smith [1]
**Sent:** Wednesday, 28 March 2018 9:29 AM
**To:** TWG Submissions
**Subject:** Submission: Family income sharing for tax purposes

I believe that family income should be taxed, rather than individual income. With recent progressive changes allowing same-sex marriage, and civil unions, there is no discrimination in this policy.

Consider a scenario:

1. Couple one are both working, and earning $75,000 per year each. In this scenario, their household tax liability is $33424.56 (2x$16712.28).
2. Couple two has one partner working, and the other staying home looking after the children. The working partner earns $150,000 per year. In this scenario, their household tax liability is $42,143.88

So, conceptually, both couples are contributing the same amount of productivity to the economy. However, the second couple is $8,719.32 worse off due to the income being pegged to the individual, rather than the family unit.

My proposal is to enable the couple to share their income for tax purposes, to allow an even playing field for both these couples (and the myriad other permutations there are). I believe that household income is already taken in to account for calculating other tax positions, such as WFF, so this would not be a significant burden on IRD to make this change.

The benefits here are social - enabling parents to make better choices about the up-bringing of their children. They may decide that one partner can afford to be a full-time parent, or to only work part-time, for example. Plenty of research suggests that this is good for children, and therefore makes a more productive society as those children become future adults. It is also clearly much more fair.

I am happy to be contacted about this submission if the Working Group would like to discuss.

Regards

Jonno Smith
[1]

**From:** Jonno [1] Smith [1]
**Sent:** Wednesday, 28 March 2018 9:20 AM
**To:** TWG Submissions
**Subject:** Submission: KiwiSaver and National Superannuation

Superannuation will be a problem for future generations - this is well documented. The age needs to be lifted, probably to 67. However, this is an "unsellable" proposition for voters.

My suggestion is:

1. Unlink the age of superannuation entitlement from the age of Kiwisaver withdrawal eligibility. You could leave Kiwisaver eligibility at 65, and raise superannuation entitlement to 67. In this way, you are saying to NZers - we can't afford to continue superannuation at the current age, but, if you want to retire earlier, it is in your hands.
2. Even better, would be to reduce the age of Kiwisaver entitlement. For example, for every year you increase superannuation entitlement, you reduce Kiwisaver by a year. With your current policy of superannuation being raised to 67, Kiwisaver eligibility would be 63. What you are saying to NZers here is - we will actually let you retire earlier, if you put away enough during your working years.

In both the examples above, I think it is important the superannuation remains a universal entitlement. What I have read from other countries where superannuation is means-tested, the cost of administering and investigating the means-testing is equivalent or higher than just giving the superannuation to everyone. It has also long been a view that a national superannuation is a "right" for NZers - taking that away would be political suicide.

The above would have the following significant benefits for NZ.

1. It would be cost-positive. The out-goings of superannuation would not start until 67. There would also be some reduction in Government contributions to Kiwisaver as some people stop working before the retirement age.
2. It would encourage NZers to save in areas other than residential property (there has been plenty of writing lately about why that is a important for a modern economy).
3. It would be seen as a positive step toward the unpopular (but required) move to increase the age of superannuation.

I am happy to be contacted about this submission if the Working Group would like to discuss.

Regards

Jonno Smith
[1]

**From:** [1] [1]
**Sent:** Wednesday, 28 March 2018 6:09 AM
**To:** TWG Submissions
**Subject:** Submission to Tax Working Group

Kia ora,

Some ideas to be considered:

1) Drop GST on food- to make it affordable for whānau who are struggling to feed their children; Alternatively charge 1% GST tax so those who buy more/ pay more- those who spend less can save.

2) Do not charge taxes on Māori land- maintaining ownership of Māori land and papakainga is onerous-
some people don't go through the Waitangi Tribunal claims process and have opted to buy back hapu land as well as maintain
a home in the suburbs.

3) Offer a tax break to businesses who set up employment/ companies in regional areas of high unemployment; to social services
who provide community development support;

4) Enable child capitalisation system again, so that parents of low income families can gather a deposit to buy a home;

5) Enable tax breaks to support low income children in schools to cover their schooling costs : ie $1000 pa - for uniforms,
device use and activity fees; add an incentive like high attendance and reading/ maths / kōrero results to continue each year;

6) My 85 year old mother has turned off her hot water cylinder for the last 10 years, to save on her electricity bill.
Power is becoming unaffordable. Provide tax exemptions over the next 3 years to whānau who install solar heating systems.

***Hilda Halkyard-Harawira***
[1]

**From:** Mark Kokich [1]
**Sent:** Tuesday, 27 March 2018 8:10 PM
**To:** TWG Submissions
**Subject:** Submission to Tax Working Group

Dear Group Members,

My name is Mark Kokich and I am a qualified Accountant. I thank you for the opportunity to make a submission.

One of the most positive aspects of our current tax system is that it is relatively simple and therefore easy to comply with and efficient. This promotes a high level of compliance from taxpayers.I consider this to a very important attribute. I urge you to have this front of mind when considering changes which would complicate the tax system. For example - further Goods and Services Tax exemptions and the addition of new taxes. The more complex the tax system is the less compliance there will be. In addition, more effort and resources will be expended by taxpayers to both comply and minimise their tax liabilities.These resources would be better utilised in improving business efficiency.

Wealth Taxes - I understand that the imposition of some form of "wealth tax" may be discussed by the Group.I interpret this as potentially being a tax on assets held by an individual not a business. These assets may comprise both financial assets and real assets. I am completely opposed to any such taxes. Firstly, the capital that has been employed to purchase those assets has generally been saved from income earned which has already had tax paid on it. To tax it again would be iniquitous. Secondly, any income earned from those assets is generally taxed anyway.

Taxing income makes far more sense to me than taxing wealth. Income generally gives rise to cash inflows which a taxpayer can then use to pay any tax owing. "Wealth" can give hugely variable cash inflows to the owner. There may therefore be very little relationship between the tax levied on wealth and the ability of the owner of that wealth to pay the tax. This may put taxpayers in a very difficult position.

I further understand that a wealth tax maybe particularly aimed at those who hold real estate. We already have rules in place to capture tax on the profits of property trading. If a property is purchased with the intention of resale at a profit then any profit is taxable. Likewise, if a taxpayer frequently trades in property then it maybe deemed that they are a property trader and the profits of this activity are taxable. These same rules apply consistently across shares and other forms of investment. The IRD should therefore be properly resourced to police the existing rules rather that creating new taxes.

My overall impression is that this Tax Working Group has been convened to further this Government's social policy agenda - ie this Government believes there is wealth inequality and it wants to take money off some people and redistribute it to others. Unfortunately for them people have never been equal in the way they make and look after their own money and other resources. It is impossible to tax your way to an "equitable society".The result will be a less efficient tax system, more non-compliance, a less efficient economy.and wealth inequity will still exist.

Thanks and regards,

Mark Kokich
[1]

**From:** Andrew Hunt [1]
**Sent:** Tuesday, 27 March 2018 3:07 PM
**To:** TWG Submissions
**Subject:** Submission

Overall, I think our tax system is relatively fair. With changes begun by the previous government, and continued by this one, the one major loophole - flipping real-estate, has been resolved.

Any changes need to carefully consider the signals they send. They need to be consistent and unequivocal.
For example, altering GST to exempt essentials, or fresh fruit and vege would be a poor change as it has too many exceptions and can be gamed. Likewise a sugar tax sounds good, but is impractical and would drive alternative behaviours (eg corn syrups)
A tax system needs to be principled and encourage the behaviours we wish society to engage it.
If we want as many kiwis as possible to have a meaningful and rewarding career, then the tax system needs to encourage this – and therefore abatement rates on various benefits or secondary taxes need to be more attractive to help people invest in their futures.
If we want to encourage savings, then anything that penalises savings such as superannuation thresholds, or wealth taxes, needs to be taken off the table. Having kiwis chose to save and invest some of their income, and to undertake enterprising activities, are to be encouraged and the rewards of that effort need to be maximised. Kiwi's that choose not to save and instead rely on becoming too much of a burden to the tax payer need to be sent a signal to reconsider those decisions.
Likewise, a strength of our current system is that it doesn't leave people behind who, through no fault of their own, are unable to provide for themselves. However the system probably needs adjustment to help them realise that their support comes from taxpayers (rather than the government).
The concept of business tax losses needs some work, and maybe there should be some formulaic cap on these that discourages genuinely unsustainable businesses, without impacting those that are merely having a bad year or two.
Finally, we have a huge charitable & NFP sector in NZ. Considerable work needs to be done to separate out those that are genuinely supporting those that need support from NFP organisations that are really commercial. Recognising the commercial operations' taxable operations gives a level playing field, while encouraging genuine charitable support allows for a fairer society with a deeper connection between the parties giving and needing support.

Kind regards

**From:** [1]
**Sent:** Tuesday, 27 March 2018 2:00 PM
**To:** TWG Submissions
**Subject:** Submission Dr Iain Wilson

Dear Sir

Thank you for the opportunity to submit thoughts on changes to NZ's tax structure.

My thoughts reflect my occupation as an Oral and Maxillofacial Surgeon.

1. I oppose the 'Hooper- Penny' Ruling that decrees that Health professionals are 'Labourers' and 80 percent of corporate earnings have to be declared as 'personal income;'

I have been trying to save to fund improvements in Imaging with Cone Beam Tomography and establish my own GA facilities but have found over the last 15 years of practise I have literally been chasing debt to fund my Tax obligations which are my most

significant cost.

2. New Zealands Surgical Day Hospitals

These facilities benefit from being Charities in many cases with Tax exemption. They seem to have unusual access to bulk funding from ACC; and have a close relationship with Health Insurance providers.

3. The combination of points 1. and 2. is that Medical Practitioners who are very constrained in what they can claim, often burdened with debt from training are subsequently exploited by Surgical Day Hospitals who keep most of what a Surgeon 'earns'

Tax free whilst the Surgeon pays Tax and GST on whats left.

4. I am concerned that many Charities in Health. Education and Religion are really commercial enterprises not paying their share.

5. I am concerned that International Corporates are essentially Tax exempt. I am sure the TWG is aware of this but challenge them to do something about it.

6. In establishing a Surgical Practise I spent 4 years and $250000 getting 'Resource Consent'. Non of this cost was claimable. Of my actual costs of practising a very significant amount is 'not claimable'

Summary

Anecdotally Doctors and Dentists are in a privileged position income wise. In reality the costs of training ( which of course are not claimable), consent issues, the Hegemony and connections of Tax exempt and monopolistic Surgical Day Hospitals mean that an

ever increasing proportion of Doctors and Dentists are either not practising or are going overseas to practise.

Rural GP practise is not financially viable and it staggers me that there is a school of thought that teaching more Doctors will increase availability; ie a new Medical School in the Waikato.

In NZ wealth is inherited vis farms, quota, consents and is created by Capital gain. Far from levelling inequalities the penal Tax regime that applies to Medicine locks inequities in place.

The Tax regime in NZ is leading to corporatisation of both Dentistry eg Lumino and Medicine to the detriment of the Public good, Professional standards and ethics. The governing bodies; NZDC and NZMA seem unaware of this and regulators such as the HDC

are constrained in that they can only fault individual Health practitioners.

Corporate activity in NZ; related party loans etc is both untaxed and unregulated.

Kind regards

Dr Iain Wilson

**From:** Bevan [1]
**Sent:** Tuesday, 27 March 2018 9:19 AM
**To:** TWG Submissions
**Subject:** Submission on Question 2

I selected core services as the main purpose, although secondarily I think it does play an important role in providing a basic standard of living for people who can't support themselves i.e. aged, infirm, mentally impaired etc. The most important role is to provide the shared infrastructure that most of us agree make a better society and that seem to be most efficiently provided by the state - transport (roads, rail, airports), health (hospitals), police, prisons etc. We also want to make sure that there is no reason people should be starving, have no clothes or live on the street. That said people make choices and need to live with the consequences. They might have to move city or make sacrifices to obtain help. I think we need to be careful not to disincentivise work, innovation and effort, and recognise that long term welfare dependence has very negative consequences.
I think the role as a 'behaviour changing method' needs to be used with extreme caution, as with any use of government coercion. Whenever politicians or bureaucrats start imposing their values we need to be careful. There are times when this is necessary for issues that are almost universally agreed. Smoking is an obvious issue where the social harm is obvious and some increase in excise is justified and useful. That said it has the potential to go too far (people still smoking, encourage crime) and be unfair (what about alcohol?). Taxes like any intervention can produce unforeseen consequences so should be used very cautiously in behaviour modification.

Thanks

Bevan Lewis

**From:** Chris Perera [1]
**Sent:** Monday, 26 March 2018 1:42 PM
**To:** TWG Submissions
**Subject:** Submission to tax working group

My submission relates potential; Capital gains Tax (CGT), Land Tax (LT), wealth and inheritance taxes. And specifically how increasing taxes (or increase costs) on land-owners may in fact be passed directly on to tenants via increased rents.

This is based on the premise that any market with excess demand or under supply, extra costs will flow through to an increase in price.

In a market with excess demand, any chance to increase prices will be seized on by the market. For example, we have recently seen that in Wellington November 2017 to February 2018, where a $50 increase in student allowance immediately caused in a $50 increase in rent prices. Increase rent prices flowed through to other renters competing with students. These other renters didn't get the $50 extra per week.

Jacinda called these landlords ‘unscrupulous’ but I think this is just how any market works when there is excess demand.

I believe by increasing costs to landlords while there is excess demand, the market will have the same result of an increase in price.

Conversely I believe if you increase taxes to landlords when there is over-supply the landlords will have to absorb more, if not all of the costs.

So the right time to move the tax burden on to land-owners is to first fix the supply & demand imbalance.

Otherwise i feel for those on the bottom. They will be the ones who suffer. And these are the ones Labour government is trying to help. Yet, every new tax on landowners will turn into increases in rent.

Chris Perera
[1]

| | |
|---|---|
| **From:** | Peter Lynch [1] |
| **Sent:** | Sunday, 25 March 2018 9:52 PM |
| **To:** | TWG Submissions |
| **Subject:** | Cullen nightmare joke |

It's a real worry having the likes of Cullen advising, because when he was In power as the Minister of Finance, he thought anyone earning over $60,000 was rich and taxed anything over this amount at 39 cents in the dollar What joke paying this dim wit to advise He want your house and he wants your back accounts He never held down a real job in his life.
Pete Lynch

Sent from my

**From:** John Perera [1]
**Sent:** Sunday, 25 March 2018 7:00 PM
**To:** TWG Submissions
**Subject:** Submission to the Tax working group

Capital Gains Tax, Land Tax, Wealth Tax and other taxes proposed for Landlords.

I oppose any further taxation proposed to penalize long-term landlords.

Reasons are as follows:

About 90% of long term landlords are Mum and Dad landlords who own one or two properties to save for their superannuation. They provide an excellent service, which otherwise the Government will have to provide.

About 40% of New Zealand houses and flats are owned by landlords. This is probably the largest industry in New Zealand and probably worth about 400 Billion dollars. Discouraging these owners is risky as it will bring a shortage in rental housing. Those who suffer most will be the most vulnerable.

These small time landlords have to go to work to subsidize their future superannuation investment as in the first five to ten years most properties do not make a profit. They of course invest for future capital gain. They sacrifice today's enjoyment for a future when other non investor prefer to spend their money now.

Most Mum and Dad landlords are ordinary people like teacher's nursers plumbers electricians and so on. They should not be considered the enemy or the greedy rich as they are not so.

More people should be encouraged to provide rental homes otherwise the State will have to do it, which mean a lot of capital funding from the state, operating costs, and the loss of income tax paid by landlords.

Consider the problems that the State is having with state own housing.

Once the mortgage is partially paid when the properties start making a profit Mum and Dad landlords pay income tax.

Insurance cost a lot of money. Mortgage interest is rising. Other maintenance costs that are made compulsory by the government cost a lot of money.

A high standard of accommodation cannot be provided and still charge low rents.

Many Landlords are upgrading their properties to meet the current standards and now charge higher rents.

Those who cannot afford high rents will not have a place to live.

In rural areas the situation will get worse as if you charge $200 for a four bedroom house it is impossible to meet current requirements.

All these proposed changes are intended to help the tenant. But actually to will have the opposite affect and it will penalize the tenant as their rent goes up.

Submitted by:

John Perera
[1]

| | |
|---|---|
| **From:** | AB CD [1] > |
| **Sent:** | Sunday, 25 March 2018 5:29 PM |
| **To:** | TWG Submissions |
| **Subject:** | Tax Working Group Submission |

[1]

Dear Group

My submission on the Future Of Taxation is this

Remove all current forms of taxation

Introduce a Financial Transaction Tax (FTT) on all transactions across the board, set at 1-10% determined by the amount required run society.

Establish international monetary clearing houses to tax offshore currency flows.

This is a simple effective solution to the overly complicated, inadequate, costly system we have today.

I do not wish to be heard in support of this submission

Kind Regards

Patrick Farrelly

**From:** David Norris [1]
**Sent:** Sunday, 25 March 2018 12:53 PM
**To:** TWG Submissions
**Subject:** My submission to the 2018 TWG

My submission to the 2018 TWG

I have no training in finance so will write about how I see taxation in New Zealand affecting my life and the lives of those around me. I will try to keep it brief.

I see modern NZ as divided into two classes - an asseted class whose best interests are served by growing the value of their assets and a non asseted class with nothing to offer the country but their productivity. I see the current tax regime as serving the interests of the asseted while punishing the productive.

Example:

Consider two Kiwis, firstly a recent graduate trained in an economically relevant profession with no assets except a student loan, and secondly a recent retiree who has had a successful carer and owns both their own home and an investment property.

Their is massive transfer of wealth from the graduate to the retiree under the current system.

1. The graduate must pay back their student loan plus interest

2. The graduate must pay National Superannuation to the retiree

3. The graduate must pay for the health care costs of the retiree

4. The graduate must save for their own retirement

5. The graduate must pay a higher multiple of their income to by real property than the retiree did

While some of these issues may seem outside of the scope of the TWG they are not in that they can be addressed the groups recommendations.

I feel that a country that is as punitive to the productive as New Zealand is cannot possibly hope to grow its per capita productivity without change.

The best recommendation the TWG could make to would be to implement a broad based land tax without exemptions. The revenue from this tax could be used to lower income tax which would increase the incentive to work for those capable of being productive.

I feel that the TWG should make its recommendations without considering political implications. Let the politicians worry about what is possible. The TWG should be concerned with what is best for the country.

FYI: The phrase "excludes the family home" is offensive to those that will never own a family home.

David Norris
[1]

[1]

Yes, you can contact me if required.

Thanks for reading.

[1]

**From:** Paul Elwell-Sutton [1]
**Sent:** Wednesday, 21 March 2018 12:25 PM
**To:** TWG Submissions
**Subject:** Submission to TWG

## Submission to the Tax Working Group.

**Name of submitter:** Paul Elwell-Sutton
**Address:** [1]
[1]
[1]
**Phone:** No phone
**Email:** [1]

**Statement:**
1.) I am a retired trapper for the Department of Conservation (DOC).
2.) I hold a BSc (1970) from Aberdeen University, Scotland.

**I make the following submission:**
1.) My first and most important submission is that taxation policy must at all times be excluded from being subject to any past, present or future trade and investment agreements, partnerships, treaties, compacts or similar tools, that New Zealand has been, is, or will be, party to.
Reason: Taxation policy is an intensely domestic issue, and while it should adhere to recognised international standards, must respond to domestic priorities as democratically determined.
Taxation policy must not be subjected to the 'chilling' effect of potential penalties such as, but not limited to, Investor State Disputes System (ISDS) clauses in the above agreements.
While New Zealand's trading partners and investors may disagree with certain tax policies, it is essential to recognise that those policies are normal business risks, and to eliminate such risks is to distort and hamper a properly functioning business environment, as well as handicapping an open, vibrant and functioning democracy.

2.) There is a pressing need for taxes on environmental footprints.
Reason: Currently, the environmental impacts of activities such as farming, forestry, commercial fishing, property development and infrastructure projects are subsidised by society because they are untaxed, while their costs are borne by the tax-paying public.
This artificially inflates the profitability of those activities and may mask their actual bankruptcy.
Environmental degradation, which must include greenhouse gas emissions (GHGEs), is one of the most serious issues facing New Zealand, and taxing environmental degradation, including GHGEs, has the potential to ease or reverse it, while reducing taxes on labour (income tax) and consumption (gst).

3.) Our present tax regime is unbalanced. The bulk of tax revenue is collected from labour in the form of income tax, and consumption in the form of gst, while capital and assets are lightly taxed or not taxed at all, and as explained above, environmental degradation is untaxed.
This means that capital and environmental degradation are subsidised by taxes on labour and consumption; taxes which impact most on low to middle income earners.

This is an intolerable situation because it exacerbates the accumulation of wealth and attendant power within an ever decreasing circle of holders of capital, consequently leading to increasing economic inequality within NZ society and the inevitable raft of societal ills which accompany high levels of such inequality.
These are costly to central and local government and of course to taxpayers, as well as being destructive of social well-being and cohesion.

4.) Any new taxation policies must be expressly designed to prevent their costs being passed on to low to middle income families and persons living in rental properties.
This seems obvious, but potential and unwanted consequences of improper tax policies may be overlooked, and careful design is less trouble than attempts to remedy poorly designed policies after their enactment.

**End of Submission**

[1]

20/3/2018

**From:** [1]
**Sent:** Thursday, 22 March 2018 8:12 AM
**To:** TWG Submissions
**Subject:** Submission

Hi There,

I would like to submit my view on tax in New Zealand.
It's pretty simple really. We pay far to much tax. NZ Government has become a wasteful mess lolly scrambling hard earned tax payers money.
We have no say how our money is spent, I believe it's better to tax less and give the decision back to the tax payer.
You guys seem to forget you work for us we don't work for you.
Not only do we get stung for working "PAYE" we get stung when we buy anything "GST" when we fill up our vehicles "Fuel Tax" the taxes never end.
People that work 2 jobs get a "secondary tax", rather than an incentive to get people working more, you tax them at a higher rate?? Where's the logic in that?
We have welfare for the middle class "working for families" which must add a massive bureaucratic burden to the department, why not just lower the tax rate equally for all?
You would be far better off running a working group on how to stop wasting money at a rapid rate.
Or perhaps one called, Getting the country back in the black…. Now there's a idea….

Best Regards,

RAMAGE SHEETMETALS LIMITED
Daniel Lincoln
[1]

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Like

**From:** Neil McDonald [1]
**Sent:** Tuesday, 20 March 2018 10:31 AM
**To:** TWG Submissions
**Subject:** Submission

1/ stop all Maori racism based tax methods, tax at normal levels there should not be a different tax for Maori.
2/ stop Maori Authorised business from not being taxed at normal levels.
3/ Tax all overseas business at NZ level of taxation.
4/ Tax all politicians superannuation funds at same level as every other NZ citizen.
5/ Tax all Maori corps at same rate as any other business especially any Waitangi settlements.
6/ do not tax to try and change behaviour, petrol, sugar, ect.
Neil McDonald


**Neil McDonald**
Managing Director


[1]

## Caution

**From:** Neil [1]
**Sent:** Tuesday, 20 March 2018 8:50 AM
**To:** TWG Submissions
**Subject:** Tax review.

The Chairman,
Tax working group

I would like to see the New Labour Government look seriously at the major anomalies of Companies fronting as Charities and therefore paying no Tax . This shud include such companies as Sanitarium and of course all the Maori companies.
A local bus company in HB has lost business because Gobus ( a Maori non tax paying company ) is able to undercut their prices. And then the Maori companies quote to the world how great they are.
Anyhow please consider fixing this glaring anomaly.

Kind regards

**Neil Pritchard**
**Director, NPN Limited**
[1]

**From:** Murray Hunter [1]
**Sent:** Thursday, 15 March 2018 9:48 AM
**To:** TWG Submissions
**Cc:** [1]
**Subject:** Tax Working Group Urgent Change of law

Att: Sir Michael Cullen re huge deficits you mention on Newsroom today headed "Cullen warns of big deficits without reform" please quickly action this easy fix to add billions of dollars in avoided taxes allowed by National"; see below. I sent this to Grant yesterday but I know he is very busy so copied to you FYI. Rgds, Murray

**Murray Hunter |** Senior Financial and Costing Accountant
[1]

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**From:** Murray Hunter
**Sent:** Wednesday, 14 March 2018 11:19 AM
**To:** '[2]
[1]
**Subject:** Tax Working Group Urgent Change of law

Hi Grant would you please rinstruct the Tax Working Group to move promptly on getting our big retirement homes to pay tax on billions of dollars earnings. I was reminded today when Somerset announced yet another record profit with of course no provision for even one dollar tax.

In a nutshell the legal way they avoid tax stinks as all Capital Gains. Costs offset their taxable income; very clever but what would $3billion tax have done for helping the housing crisis created by National over nine years? The law must be changed ASAP. My notes on this fiasco are below. Rgds, Murray Hunter

# Summerset upgrade;

| | |
|---|---|
| **From:** | Eddie Mann [1] |
| **Sent:** | Thursday, 8 March 2018 8:54 AM |
| **To:** | TWG Submissions |
| **Subject:** | Submission |

[1]

Good Morning,

I wish to make the following suggestion to the Working Group.

I believe inequality is a major issue for New Zealand.

A potential tax change that could help reduce inequality could be to introduce a transaction tax.

This could be 0.5% on all transactions or 1% on transactions above $100.

This tax would provide the government with significant extra funds to address the issue of inequality.

Best wishes for your deliberations.

Regards,
[1]

Eddie Mann
[1]

**From:** Jeremy Medlin [1]
**Sent:** Tuesday, 6 March 2018 12:57 PM
**To:** TWG Submissions
**Subject:** Tax Submissions

Hi.

I got notified of the option to make a submission on tax from a stuff.co.nz article.

I do have some opinions on the subject so it does make sense to voice them and hopefully contribute constructively to the discussion.

I am a 32 year old owner of a small business owner based in Auckland, so I guess my opinions are influenced by my current situation and what affects me on a day to day basis.

- The first is that the New Zealand tax laws leave us at a competitive disadvantage to competition, 99% of which are based overseas. This is particularly in relation to GST which our competitors do not pay. I know that this is an issue in other areas of business as well. I get that this is an extremely difficult area but I get the feeling that large offshore companies receive exemptions on GST based on their size which makes it difficult to compete as a New Zealand based company.
- I do not agree with a wealth tax on a wholesale level. Although I do believe that society needs to be able to distribute income to help those that get left behind. I think as a society you can only move as fast as your slowest person.
- The best way to do this is to tax property investment (not home ownership to live in), particularly residential property investment. I think an investment should always be looked at in terms of the service or product that it produces. The product for residential property is a home for people to live. In my view, (and it is controversial) is that the majority of residential investors have become wealthy without contributing much to society, aside from proving rental property that would otherwise be used as a first home.
- You cannot blame investors for this as it is setup as a low risk/high return and tax free way to build wealth. The side consequence of this is a stifling of innovation, risk taking and entrepreneurial characteristics that New Zealand's free market system should be rewarding.

To summarise, I would like to see a levelling of the playing field so local businesses are encouraged to compete with international companies and a tax on residential property investment (not home ownership).

All in all though, while it is not perfect, I think New Zealanders are lucky to have the stability, transparency and proportional representation that we typically have in government. Since I have been able to vote we have been lucky to have had level headed leadership - from Clark, Key, English and now Adhern. This is important because I have seen first hand the shambolic nature of many international governments and the impact that it can have on society.

Jeremy

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[1]

[1]

Australasian Trading Management (ATM): Financial Service Provider: FSP495106
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**From:** Martin Brook [1]
**Sent:** Monday, 5 March 2018 9:16 PM
**To:** TWG Submissions
**Subject:** tax suggestions

Hello

The tax system in NZ is too easy on the rich, too tough on the working poor.

I suggest you bring in a top rate of PAYE income tax of 50% for those on 250k or more. Also, have a tax free threshold of 15k for PAYE.

Also, abolish family trusts as a tax vehicle. This was done in UK in the mid-1970s.

2nd home owners need taxing more. Double the rates on their holiday houses.

Those working 2 or 3 part time jobs to make ends meet, get rid of the secondary tax. They should be encouraged to work, not discouraged by paying higher tax rates on their 2nd income.

Drop corporation tax by 3 %.

Halt all overseas purchases of NZ residential property.  Also, find a way to stop NZ-based shell companies operating as vehicles for overseas-based residential purchases.

Overall, you need to make tax compliance more serious, rather than the voluntary ethos that pervades at present.

I see numerous people driving round in their lovely 4x4  vehicles with some coffee shop advert on the side. Why should a vehicle be a tax write off for a coffee shop?

Comparing the UK tax system with NZ, it's a rort like the wild west here, and the inequality is increasing, and social cohesion is decreasing.
Regards
Martin

**Dr Martin Brook**
Senior Lecturer in Applied Geology
School of Environment
[1]

**From:** Grant Collingwood [1]
**Sent:** Friday, 2 March 2018 4:47 PM
**To:** TWG Submissions
**Subject:** Re: Tax Working Group Submission on Small Businesses

I would like to make a submission on any proposed Capital Gains Tax on Small Businesses.

Prior to the 2017 election, much of the media coverage on CGT, touched on Small Business CGT together with other Capital Gains, such as Property, Shares and Investments. Further to this, the original Labour Party Policy for CGT included Small Business CGT. This submission is based on the following key points, which demonstrate how Small Businesses Value and taxation are completely different from that of Property, Shares and Investments.

<u>The Value in a Business is built from Income that has already been taxed.</u>
Implementing a CGT on Small Businesses contravenes the principle and requirement of the Small Business in todays work and employment philosophy. In current times, many people are in small businesses working more hours for less money, rather than on salary working for large companies. Either as an owner, director or significant share holder, the extra hours are put in, to build the business in value, so that on retiring, those people can sell the business or its assets, and put the funds towards retirement. It could be said that the money from the sale should be taxed, but in reality, it already has, as each bit of income to the business paid GST, and income tax on any profit is paid annually.

<u>The Value in a Business is from actual work done, rather than economic value changes.</u>
There is a fundamental difference between what a Business sells for, as opposed to property, shares or investments. The value of the Business is due to the Owner, Director or Significant Share Holder actually doing the work. The value of property, shares or investments, is largely driven up by market value, time and economics, often not directly related to the actual owner's daily activities, working etc. A fundamental difference can be seen here, that each year a property may go up in value, but there is no GST or income tax paid on that. The Business on the other hand, is taxed, and pays GST throughout its life. The value doesn't go up by itself.

<u>Business Growth results in employment opportunities</u>
Another difference between the Small Business and property investments, is that as the Owner puts in extra effort to build the business, it often results in creating some employment opportunities. If the Small Business is faced with a potential CGT on the sale of the business at retirement, it reduces the desirability to build the business beyond what is required just to survive, so is less likely to grow to the point of employing people. Property investments, no matter how well they do, will not create any employment opportunities.

<u>Asset Sales from within the Business are already taxed.</u>
During its life, a business may come to own large assets. These would be either created, as they are a part of the business, or they may be bought. These assets are then depreciated, based on IRD rules, and without regard for actual value. When the business is sold, eg for retirement, the assets are sold as part of the business or separately, and the value gained may be more, the same or less than IRD values, based on depreciation. If they are more than IRD, the business then must pay the difference in tax based on the asset sale price gain as an income. This is another significant difference to Property, Shares etc, where this depreciation and asset sale gain is largely not applied.

<u>Summary</u>
I would like to submit, that Small Businesses should not have a CGT applied when sold for retirement, or when sold after perhaps 10+ years with the same Owner, Director or Significant Shareholder. This submission includes not having an exemption to meet this. An exemption can result in a value that is to small, such as the Labour Party's previous policy of $250,000. To have a value like that, is saying, that is all you need to retire with, but that is not the case, and it is not possible to know in the future, how much will be needed, eg how much is $250,000 worth now, compared with five years time, or ten years time. It may have been enough to retire on 50 years ago, but obviously not enough to retire on

in 50 years time from now. The point here is that any value limit for exemption needs to be totally dynamic, so is not practical. If a more valuable business will provide more for retirement, this will reduce the pension for those who receive the funds, through secondary taxation. This should be considered enough, to avoid the need for a financial limited exemption.

Regards,

Grant Collingwood
Support Manager
Ctas NZ Ltd
[1]

**From:** Roydon Griffiths [1]
**Sent:** Tuesday, 17 April 2018 9:33 AM
**To:** TWG Submissions
**Cc:** Roydon Griffiths
**Subject:** Submission

Subject: Land Tax & Internet Tax

Dear Sir/Madam,

Why do we not have Land Tax on Foreigners in NZ as they do in Australia so we have a level playing field.
I don't know what revenue land tax on foreigners would raise compared to petrol tax of 10 cents P/L which I suspect is much more.
I do know a much more acceptable solution to most New Zealanders and that is land tax on foreigners property.
Land Tax is totally separate from Capital Gains tax which will meet a lot of opposition from NZs.
The wife and I have been fortunate in traveling to Redcliffe Queensland Australia each year and during that time have purchased several properties.
The two residential properties one a house we reside in and the other an old high set house converted into 2 flats with income just covered the outgoings .
**We paid the stamp duty on the purchase of both and since rates , insurance, property management, income tax, & Land Tax as foreigners of $14,000 per annum split between the wife and I for tax purposes.**
**Last year the Queensland Government raised the Land Tax on Foreigners double and we now pay $29,000 per annum which means we have to subsidize the land tax or sell the property.**
I believe this is what we should do with foreigners in NZ as it would sort out the foreigners whom past PM Key allowed to purchase property without acting soon enough to stop them.
The foreigners have raped the Auckland CBD none of our grandchildren will be able to purchase in Auckland they may now have to look at a purchase in the Chatham Islands.
**Australia was clever they only allowed Foreigners to purchase bare land or new construction off the plan which creates work.**
**The other tax I would like to see is on retail items purchased over the internet including internet firms such as Google, Facebook, etc this would bring a lot of revenue**
**I do know that retailers would appreciate a level playing field as they have to pay outgoings of staff, rent, rates, insurance, management, etc.**
**I have observed others operating out of a garage, lounge, basement etc advertising over the internet and accepting cash with very little or no overheads.**
**I have heard from several retailers that people come into their shop for example to try on a pair of shoes to get the size and colour and leave to purchase off the internet.**

Kind Regards Roydon Griffiths [1]