

## **Tax Working Group Public Submissions Information Release**

### **Release Document**

**August 2018**

**[taxworkinggroup.govt.nz/key-documents](http://taxworkinggroup.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**

Julia Durkin	Barbara Smith
Gregory Stanton	Gary Judd
Dave Gilbert	Henry Hudson
Shona Rutherford	Bill Mackay
Julia Maskill	Alan Pollock
Anthony Asteriadis	Neil Parker
J.M. Dickson	Doug Armstrong
Dave Read	Steve Bird
Mandy McMullin	Denise Sadlier
Willetta Staheli	Matt Lambourn
Halfords	Mary Wilson
Grant McLachlan	Elspeth Sandys
Jocelyn Trezise	Penelope Smith
BDBinc	Sue Green
M Ragunathan	Amanda Wyatt
Chris Walker	Callum Galloway
Gavin Stuart	Gail Lambess

Angus Dickson  
Les Newman  
Mike Brook  
Mary Cavanagh  
Emma Hurley  
Robert Chisholm, Nikau Design Studio  
Lynette Reed  
Sylvia Pack  
David de Lacey  
Les Pain  
Mark Kitching  
Annette Woods  
Debora Mora  
Nigel Wilson  
Jeanette Thorne  
Andrea  
Lee Marr  
Allan Barr  
Roy Wilson  
Marina Steinke  
Yvonne Curtis  
Michael Harding  
Lilla Nicholas-Holt  
Robyn Turner  
John Laing  
Warwick Peace  
Martin Carter  
Sergio Kemelmager  
Beryl Love  
Norman Godden  
Steve Bentley  
Elizabeth Aaron  
Chris Berriman  
John Makin  
Andrew Charlton  
Daniel Sparks  
Michael Friedlander  
Derek Stubbs  
Hilary Blundell  
Susan Moyle

Catherine Beuning  
Paul Hopkins  
Daniel Meares  
Philippa Kelsall  
Peter Wakeman  
Richard Macdonald  
Leon H  
Peter Baker  
Mathew Hobbs  
Bernice Keenan  
Pam Harding  
Daniel Regtien  
Susan Bentley  
Jim Center  
Kris Ramsamy  
Paul Elwell-Sutton  
Eleanor Sayer  
Tom Pearce

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**From:** Julia Durkin [1]  
**Sent:** Thursday, 26 April 2018 2:43 PM  
**To:** TWG Submissions  
**Subject:** GST on grants from local Govt - Review requested

Dear Tax Working Group,

We'd be very interested in the TWG reviewing the inconsistent practices by local Govt and Central Govt in relations to the GST component of the contestable and LTP grants provided to the cultural sector -

As required by New Zealand law we pay Goods, and Services Tax on any expenditure within New Zealand.

As a registered charitable trust we have found the practice between grants from Central Govt agencies and our local Govt agencies to be inconsistent and causing us to use public grant money for the paying of tax to the IRD through purchases - not very ideal.

**However the grants come in two differing systems -**

Creative New Zealand - pay GST on grants - grant + 15% GST

DIA - pay GST on grants - grant + 15% GST

Since 2013 local govt grants from Auckland Council have no GST paid, just a grant zero GST.

Prior to 2013 the local Govt grants were paid + 15% GST.

However GST is paid on grants administered by Auckland Council on behalf of Creative New Zealand, again this seems inconsistent.

This two tiered system is disadvantages us due to the net result being we have to pay GST to IRD for up to 6 months before getting only a small proportion back on a our return. eg For every \$10000 paid without GST, the recipient is legally obliged to pay \$1500 in GST above the \$10000. This is a significant amount for small charities having to subsidise the IRD for 6 months before making a return and getting a partial refund.

Only the licensing trusts do not pay GST on grants overall, they are being treated as a charitable donation which is how those Trusts are calibrated, ie Lion Foundation etc.

However the Auckland Council change in 2013 does not fit this model, Council are not making a charitable donation to the organisations they support - these are public investments under a contract and agreement for a return to the community and as such the grants come under 'service'. The service being the return to the community for the grant. All grant agreements provide for leverage from the grant, specific services the organisation must provide to comply with the terms and conditions of the grant. We strongly believe that GST should be paid on grants from local Govt as well as Central Govt.

As the tax system is under review we believe the GST payable on grants should be with both central and local Govt grants due to them being agents of the Crown.

Please advise if this is an area that can be looked at, its unfair by local Govt to expect charities to hold spare \$1500 GST for every \$10000 given to carry out the terms and conditions of the grant.

We seek a review.

Regards,

**Julia Durkin**

Public Participation Director

Auckland Festival of Photography

[1]

CAUTION: This email message and any attachments contain information that is CONFIDENTIAL and may be LEGALLY PRIVILEGED. Thank you. Auckland Festival of Photography

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**From:** Greg Stanton [1]  
**Sent:** Thursday, 26 April 2018 1:30 PM  
**To:** TWG Submissions  
**Subject:** Submission - Tax as a tool to ensure business meets the true costs from activity

Dear Tax Working Group,

I believe you are investigating one of the critical issues in our society. How we transition to a truly sustainable economic system. The changes required to do this are immense and I believe tax offers the simplest mechanism to achieve this goal.

### **Tax as a tool to ensure business meets the true costs from activity**

New Zealand has finite natural resources located in fragile ecological and climate systems. To live sustainably in this environment all activities must be carefully managed to ensure detrimental environmental effects are remedied or avoided.

Sustainable development is difficult in New Zealand's free-market economy as decision making is largely driven by a short-term profit imperative.

Within our free-market economy tax offers the simplest solution to this profit imperative, by ensuring all actual costs from an activity are included when determining profit.

To do this requires a broadening of the tax base to include a levy on the outputs of business activity which has a negative effect on the environment. What outputs should be levied is a scientific question, with greenhouse gas emissions, nitrate emissions, and particulate aerosols being obvious examples. The size of the levy should be determined by the overall cost to society from the output.

A broad-based tax system of this nature would provide a relatively simple way to incorporate the true costs from economic activity. It would replace the New Zealand Emission Trading Scheme and avoid water ownership issues by promoting the careful management of water resources to minimise the leaching of pollutants.

This system would create a fairer society by ensuring business costs are not socialised while profits are privatised. It would promote the efficient use of the natural resources to ensure maximum overall gain for everyone from any use. It would also promote the technological development of ways to remedy or avoid environmental degradation.

The transition from our current tax system to the broader tax system I propose would need to be carefully transitioned to minimise economic disruption. However it must happen in the near future as New Zealand is currently experiencing very high levels of environmental degradation which is incurring very significant future costs to society (including a possibility of extinction).

Thank you for the opportunity to provide my view,

Gregory Stanton  
[1]

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**From:** Dave Gilbert [1]  
**Sent:** Thursday, 26 April 2018 10:35 AM  
**To:** TWG Submissions  
**Subject:** Tax Reform

Dear Tax Working Group Secretariat,

I welcome the opportunity to submit to the Tax Working Group, thank you.

My submission is as follows:

- That the Tax Working Group extends the remit of its recommendations to Cabinet to examine New Zealand's role and responsibility to fix the global tax system. The Paradise and Panama Papers demonstrated that the lack of tax transparency is a global problem that needs a global solution. New Zealand is implicated in the global problem and has a part to play in finding a solution.
- Developing countries are missing out on \$150 billion each year due to multinational tax avoidance. This tax avoidance deprives governments around the world (including NZ) the money they need to tackle poverty and inequality. This money could go a long way towards funding critical infrastructure including healthcare and education.
- Governments must act together to force this system to end. New Zealand must stand in solidarity with developing countries and call for a new generation of global tax reforms. This will be most easily done through a new UN-based global tax body.
- A UN Tax body will ensure all countries participate on an equal footing and ensure multinationals pay their fair share of tax.

Kind Regards

Dave Gilbert

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**From:** Shona [1]  
**Sent:** Thursday, 26 April 2018 10:00 AM  
**To:** TWG Submissions  
**Subject:** Submission

**Importance:** High

26/4/2018

**Attention: Tax Working Group**

Listed below are my recommendations for increasing the governments tax take overall while reducing the tax burden on the working population of New Zealand.

NZ has become an unequal society.

Removal of GST is essential in balancing this inequity.

Green Taxes are essential as is an FTT.

**1 Financial Transactions Tax** (set at around .01%) which taxes all money going through our banks.

This won't be noticed by any of us day to day but will bring in large sums of money from corporate billionaires and speculators who move billions

in and out of New Zealand every day. **This tax would replace GST** – a vicious tax on low incomes.

**2. A comprehensive Capital Gains Tax** which would tax the unearned income of the wealthy and the super-wealthy.

Wage and salary earners can't avoid tax. We are taxed on every dollar we earn and every dollar we spend. Why not the billionaires?

**3. We need a much higher top tax rate** – currently we have one of the lowest in the world.

Why should corporate CEOs pay just 33% on their vastly inflated salaries in tax

when much more is demanded in other countries? (Eg Denmark 55.8%; Australia 49%; USA 46.3%; France 54%; UK 45%)

**4. Finally two suggestions for Green Taxes.**

**Effluent tax** on Dairy production.

**CO2 taxes** especially on tourists. The greater distance they travel to get to NZ the more they pay to enter NZ.

**Tax all Rental vehicles** rented to short term stay visitors if they are not Electric Vehicles.

These are all worth considering and are constructive recommendations.

Shona Rutherford

[1]

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**From:** Julia Maskill [1]  
**Sent:** Thursday, 26 April 2018 9:10 AM  
**To:** TWG Submissions  
**Subject:** educating about tax

Dear Tax Working Group,

I believe that the working group should address a cultural issue: a deeply held view that tax is a bad thing.

I raise this because I understand the government is generally keen to address all reforms within a systems framework that acknowledges how different sectors fit together.

I believe that negative opinions about tax are fed by global and popular culture and a widespread ignorance about the social contract and what tax pays for. In particular, the evidence for my belief about widespread hostility to tax comes from four years of lecturing social science subjects in small classes at a technical institute in a Foundation Education programme. Many of the students who 'hated' tax were currently benefitting from government support but needed extra information to make connections.

Of course government's performance is most crucial for credibility of the social contract argument.

However, I believe that all of government should consider opportunities to explicitly address scepticism about the tax funded public sector. For example, there may be opportunities in the recently announced cultural review of the Ministry of Social Development. Benefits could be explicitly administered in the context of a caring community. One element may be for staff to present themselves as representatives of the tax payers who pay for benefits as mutual safety net providers.

There are almost certainly opportunities in education, for example a review of school curricula for financial literacy and economics to ensure understanding of the social contract is included.

Kind regards  
Julia Maskill  
[1]



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**From:** anthony asteriadis [1]  
**Sent:** Thursday, 26 April 2018 7:19 AM  
**To:** TWG Submissions  
**Subject:** Possible new tax system

Please not that after a NZlander has worked his whole working life under the current system building assets for retirement it would be be unfair to suddenly change the system and impoverish a whole class of older New Zealanders who have paid people's taxes all their working lives and tax the assets they have built up working. Just when they have no income or much less income.

However maybe this is the plan, to impoverish all New Zealanders with any assets, it is a good Socialist strategy, throw us all on the mercy of the Welfare State.

Sincerely,

Dr Anthony Asteriadis

Sent from my iPad

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**From:** [1] [1]  
**Sent:** Wednesday, 25 April 2018 9:46 PM  
**To:** TWG Submissions  
**Subject:** Tax submission

[1]

26 April 2018

Tax Working Group Secretariat  
PO Box 3724  
WELLINGTON 6140

**Email:** [submissions@taxworkinggroup.govt.nz](mailto:submissions@taxworkinggroup.govt.nz)

### **Tax Working Group Submission**

I wish to make the following submission. I am prepared to further discuss points I have raised if required.

This is an opportunity to level the playing field of benefit rights and taxation responsibilities of the private citizen. Reviews of benefits and taxation cannot be separated into different areas; fairness between the two can only be achieved if both benefits and taxation are reviewed together.

As Oliver Wendell Holmes stated ‘taxes are what we pay for a civilised society’. If taxes are perceived by society to be fair then logically compliance rates should also be high.

Taxes for use of environmental assets should apply; people should pay for the resources they use. DOC charges for the use of back-country huts but other DOC assets remain free to the general public although tourist operators may pay concession fees. Operators using water should pay for the use of water; the income derived being used to mitigate the effects of changed water flows. Taxes raised from the use of other resources used should also be used to mitigate the effects of the resource use. To reduce the dependence on the use of private vehicles (driverless electric cars will not reduce the number of vehicles on the road) and the congestion created, Town Planning rules will need to be altered (e.g. in Petone there are supermarkets opposite each other in Jackson Street and then no further supermarket until Hutt City (a

distance of 3.9kms), where there are four in close proximity and the next supermarket northwards is in Stokes Valley (a distance of 10.8km from Hutt City CBD). This makes no sense if there is an intention to reduce the number of cars and consequently both the demand for roads and parking (a non-productive use of land) and pollution. Other taxes imposed in an effort to change people's behaviour may not produce the desired effect (unintended consequences), e.g. the tobacco tax which has apparently produced a black market and a number of dairy robberies.

To be seen as fair, taxation must be simple and understandable. Demographic changes in the next 50 years should not affect the way tax is applied; if various groups find it difficult to access educational and employment opportunities and incomes, their difficulties it should not be solved by concessional tax rates, but through the welfare system. If there is greater reliance on tax from capital income and from consumption rather than from labour income, then any adjustments to the tax rates should be made at that time; in the meantime it only needs to be borne in mind that it may be a necessary change.

The gig economy simply means the present system of benefits/tax will become unfair. People who are in and out of work on a regular basis do not need stand-down periods before they can pick up a ready-to-work benefit. The only fair way will be to introduce a universal basic income; since this has not been advocated in the TWG papers then it seems the present system will persist. Some people are, therefore, likely to not pursue all employment opportunities because the problems of accessing benefits to which they may be entitled will simply become too complicated. Equality cannot be attained under these circumstances. A UBI could give many people dignity by being able to avoid unnecessary contact with the Welfare services, especially if they live in a town with no Welfare office.

The taxation of superannuation contributions will probably, at least in the short-term have to remain as is, since I cannot imagine a Government will wish to postpone that income stream for an indefinite time. This will also minimise the distortion for those who do not have any form of superannuation and instead rely on personal savings to build up a capital base. It would seem fair that benefits/superannuation paid to a person in the (say, last year of life) should be repaid to the state if sufficient funds exist after the proper provision for the surviving spouse/partner and dependent infant children. Gifts made over that time will also need to be included as assets. Otherwise, the state is supporting the intergenerational transfer of taxpayer funds. (This cannot be construed as death duties since it would only be repayment of unused benefit/superannuation).

A net 20% of jobs are likely to disappear within the next few years due to technological advances; a shift from taxing labour to taxing capital will be necessary. The exemption of owner-occupied housing from any form of tax except for local government rates creates distortion in the overall tax picture. The tax breaks for housing as noted the TWG background paper spells it out - 40% of owner-occupied housing (by value) is held by the 20% of households with the highest net worth. Given that owner-occupied housing attracts only 11.3% marginal effective tax compared with over 55% for bank account and company dividends it is little wonder that speculation on housing has occurred. To correct the distortion of investment in housing, then either housing (including the family home) should be taxed by way of imputed rental or the tax on investments and superannuation be reduced.

It would seem illogical to tax people's wealth excluding the non-productive portion of that wealth. To tax people's productive assets will probably encourage taxpayers to speculate on housing, boats, cars, antiques, art collections, etc. This would produce a very unfair tax on those who choose to invest in the productive wellbeing of the country. Housing affordability would not improve.

If a wealth tax is to be imposed then it would only be fair to all people if all assets (including the family home) less the mortgages be assessed for tax. A threshold above which the tax applies would need to be considered so that the tax only applies to the richer sector of the community. Similarly if the household assets are held by one partner then the tax-free threshold should be applied for each partner. Trusts would be also assessed for wealth tax but because a trust is not a natural person then there would be no tax-free threshold.

If a capital gains tax is to be applied then again, how and on what assets? If losses in an asset class can be written off either against gains in that asset class or against the taxpayer's total assessable income, then a CGT may not produce a lot of tax (but would increase a lot of Inland Revenue time and cost); therefore doing nothing to address inequality. If there is to be a brightline test (as for investment property) then some people will hold an asset for longer than logical simply to avoid the tax.

Extra taxes raised can be used for increased funding for essential Government spending (such as climate change and sustainability). However, to tax people's productive asset income base may have the perverse effect of not reducing Government expenditure since some may cancel their health insurances, and reduce donations to charities – thus increasing the demand on Government spending.

It is obvious that to reduce inequality in society then either the rich must pay more in tax or the poor receive more income by way of either tax reduction or increased benefits. An alternative solution would be to reduce GST since the poor spend a greater proportion of their income than the rich. Another area of inequality that should be addressed is when only one partner in a family situation is working, that person may be paying tax at the marginal rate of 33% whilst the other partner is paying no tax at all, whereas if the income was split between the partners a considerable tax reduction may occur. There are many reasons why only one partner in a family may be working.

Reducing GST on some selected items is complicated and again would increase the compliance costs. I think it is much better to leave the system as it is although consideration should be given to GST not being applied to local body rates, since it amounts to a tax on a tax.

J.M. Dickson



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**From:** Dave Read [1]  
**Sent:** Wednesday, 25 April 2018 8:02 PM  
**To:** TWG Submissions  
**Subject:** Submission to Tax Working Group 2018:

Dear members of the working group,

Our current lack of capital tax has been hugely distortionary in our economy: we have very large houses by developed world standards; we have 70% of our total capital invested in domestic accommodation [the western norm is 50%]. This means we seriously lack investment in infrastructure & productive financial assets. Having houses as our national investment of choice has been fuelled by the favourable tax status of this investment. We continue to build more large expensive houses that the majority will never afford, thus eroding our social cohesiveness and removing some of our most fertile land from productive use: meanwhile large numbers of homes [especially holiday homes] remain unoccupied for long periods of time.

We should have a universal annual capital tax such as expounded by Thomas Piketty. This should include the family home & the land under it as well as all other capital items [Farms, commercial buildings, plant & equipment etc.] For productive assets the owner would only pay that portion of the capital tax on these assets that was greater than the income tax generated by the profit earned by these assets [ie the capital tax would only operate on assets generating low or no profit]

A universal annual capital tax would:

**Be efficient:** It would discourage investment in [largely] unproductive housing and favour productive investments that promoted greater employment. It would promote the transfer of productive assets [such as farmland and factories] from poor management to good management. It would place investment in labour on an equal footing with investment in labour saving capital equipment [at present labour costs include PAYE (even though technically it is paid by the employee)], but depreciation and R&M on capital plant is totally tax deductible] So our present tax system is financially incentivising reduced employment by firms.

**Be fair:** All investments would be treated the same; at present we pay RWT on interest earned by bank deposits, but nothing on capital gains, so anyone below the level of wealth needed to raise a deposit to buy a home is heavily penalized. It would also promote vertical equity as rich people [in general] live in more expensive houses.

**Have fiscal Integrity:** By being Universal it would minimise avoidance. Assets are hard to hide and it would enable us to generate tax from foreign companies diverting profits off shore and so showing artificially low incomes in NZ.

**Have fiscal adequacy:** It would be a new income stream for Government, allowing lowered tax rates for low income people, thus ensuring their ability to pay and maintaining fiscal neutrality for lower income people.

**Have low compliance costs** as property is already valued for local body rates and plant and equipment is enumerated in depreciation schedules.

I am happy to discuss this, but I work away from my land line in an area with no cell coverage: you are best to contact me by e-mail with a range of times that would be suitable for me to phone you [ afternoons are better for me]

Regards,

Dave Read

[1]

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**From:** [1]  
**Sent:** Wednesday, 25 April 2018 4:42 PM  
**To:** TWG Submissions  
**Cc:** [1]  
**Subject:** Submission/Discouraged letter

[1]

To whom it may concern,

I am a fourth year university student studying economics and I believe that the government needs to think more seriously about the tax it imposes on the middle class income tax bracket.

I completely agree there needs to be a transfer system to redistribute income to help those who are in such circumstances whereby they are unable to fend for themselves, along with being happy to pay more tax as my income increases as the ones who use the government funded infrastructure the most is the people who earn the most. However it is absolutely ridiculous the amount of tax that we pay that is redistributed to absolute morons who are quite happy living their lifestyle on the dole - playing XBOX all day while they drink a box, smoking a pack of darts or an ounce weed (you cannot tell me this doesn't happen, as being a student with middle income parents, I need a job to help pay to put myself through university due to the ridiculous student allowance system and work at a bottle store in a lower socioeconomic end of town, hence I see this extremely regularly - which obviously really frustrates me).

I disagree with the amount of extra tax the middle income tax bracket pay. It is a commonly known fact among anyone with half a brain that these are the people paying marginally the most amount of tax as anyone who earns above this and are super wealthy, pay a minimal amount of tax due to the fact they are able to pay accountants to achieve this for them. Now I understand that this is a fact of life, maybe one day I'll be wealthy enough to have those benefits myself, but I do not agree with the taxes proposed to property in which is not the property owners main home to reside. In my opinion there does need to be a capital gains tax on those property developers flipping property all the time, but this needs to be administered separately to the average middle class homeowner paying more than their fair share of tax and working their arse off to get a nice humble holiday home/batch for their family. The more you tax this income group, the more it reduces the incentive for them to work this hard and provide benefits to the economy - pushing them to be discouraged and end up a lazy useless moron on the dole bludging off what they would have been if they did not have these disincentives.

Personably, I believe you need to readdress this situation as it is not hard to earn money and look after yourself, people just need to experience some tough love and have their handouts reduced, giving them more incentive to go out and look for a job. Currently have just under \$100,000 in my bank account while still studying due to my parents raising me with a work ethic and having goals I wish to achieve - now just to be extremely clear, I did write this email for self satisfaction on this point, but to prove that it is absolutely ridiculous what some people claim they deserve from 'rich people, who only have their money work for them'. I have worked months straight without a day off to get where I am, while still being a student and I know this is an extreme case, but it is most definitely not required to get oneself into a stable financial position.

On to my next point about Student Allowances - I thought I may as well add this topic in as I will not write another email as it is highly unlikely anyone will even look at this one - but the scheme by which an allowance is awarded is absolutely ridiculous. The threshold is completely unreasonable for two working parents. Having the threshold set at its current position, for a large proportion limits its access to those whose parents have not made a proper effort at



life and contributing to society or those who have very wealthy parents that own their own company and run it at a loss while their children attend university. I do not doubt that there is exceptions to my previous statement, but what is the difference between someone like myself who has to work during their university career and someone who gets an allowance? Absolutely nothing apart from the fact they get approximately \$270 free from the Government every week whereas I get \$220 a week I have to pay back along with the fact this puts me at a disadvantage when I want to apply for a job as it can also affect my grades having the extra stress of working and studying. Now I do not begrudge having to pay for my university education - I believe everyone should be exposed to some debt as it provides incentives to achieve to high levels of success - but I do begrudge those who get free money because of their parents supposed financial situation, whereas the average child of middle income parents has their student loan doubled over the course of their degree because their parents have supposedly earned too much in their life and are expected to help their children (when they are often not in the financial position to do so if they want to enjoy the little extra they made by working hard). This again goes back to my prominent point of creating disincentives for many people to work harder and achieve more.

If you have made it this far through my disgruntled email, I greatly appreciate you reading it - although I don't expect a genuine reply - if ol' mate David (my local MP) has a return comment on his Governments behalf I would gladly accept it, or even better, like to discuss this with him in person as I also have another job in retail and believe this is a very common opinion among the community.

Thank you for your time,

[1]

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**From:** Mandy McMullin [1]  
**Sent:** Wednesday, 25 April 2018 3:35 PM  
**To:** TWG Submissions  
**Cc:** [1]  
**Subject:** Tax reform

Dear Tax Working Group Secretariat,

I welcome the opportunity to submit to the Tax Working Group, thank you.

My submission is as follows:

- That the Tax Working Group extends the remit of its recommendations to Cabinet to examine New Zealand's role and responsibility to fix the global tax system. The Paradise and Panama Papers demonstrated that the lack of tax transparency is a global problem that needs a global solution. New Zealand is implicated in the global problem and has a part to play in finding a solution.
- Developing countries are missing out on \$150 billion each year due to multinational tax avoidance. This tax avoidance deprives governments around the world (including NZ) the money they need to tackle poverty and inequality. This money could go a long way towards funding critical infrastructure including healthcare and education.
- Governments must act together to force this system to end. New Zealand must stand in solidarity with developing countries and call for a new generation of global tax reforms. This will be most easily done through a new UN-based global tax body.
- A UN Tax body will ensure all countries participate on an equal footing and ensure multinationals pay their fair share of tax.

Thanks.  
Kind Regards,  
Mandy McMullin

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**From:** [1]  
**Sent:** Wednesday, 25 April 2018 3:10 PM  
**To:** TWG Submissions  
**Subject:** Submission 30th April 2018 - tax working group committee

Dear Committee, Happy Anzac Day to you all, yes some of us are working on this Memorable day, regardless the business clock is 24/7 days of the year, whether one has a rental property or in business.

It seems, this government and your committee as hell bent on changing all the rules and what for, to slam the people that work the 24/7 days of the year regardless if one is in business and or a rental property. Yes, I have both and work 24/7 days of the year to cover all aspects associated with a business and property, and if tax changes are significant that I can't cover the costs associated for them, **we will shut the doors,**

So who then is going to supply the rental houses/business's needed to provide the homes/jobs needed to pay the rents/taxes to the government will be the big question?

If there is no incentive for a rental property and likewise a business to work, well then where is the point to have either.

So why slam the people that keep this country working and making the much needed money for your government so you can distribute to the ones that take if all for granted as owed!!!

Its despicable that this current government will take our Road user taxes and spend it on light rail for Auckland!!! our roads are congested here in Hamilton as well, and not sure this government will get away with this either.

Its backward thinking to close oil exploration in NZ - and eventually giving up 2 billion in tax revenue. Currently the Australian government can't wait for the oil/barrel price to rise just one dollar to know that their government will receive millions extra in revenue for it to spend, so why have we done these changes here, as in 30 years time technology will be so advanced and oil at that point will be either redundant or even more efficient or something else will come along to replace oil. So I would have exploited oil for as long as we could.

So enjoy the committee work as I feel this government will be only a one term government as even with so called populace policy, people are not stupid and will vote with their feet, and just as we remember the Anzacs on with fine day here in Hamilton, the Labour government was not the preferred government of the day last election time.

Thank you, sorry unable to present my submission as working!!!

Willetta Staheli  
Swisscraft Ltd  
[1]

[1]

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**From:** [1]  
**Sent:** Wednesday, 25 April 2018 12:49 PM  
**To:** TWG Submissions  
**Subject:** Ring fencing

I do not agree with changing to ring-fencing landlords expenses. if someone has been renting out a house for 5-10 years the government should be helping them not penalising them.

I have been working for the minimum wage all my life , Im 48 yrs old. I have 4 properties all worth less than 350K. After all normal costs I have just \$400mth left over for repairs and maintenance.

Tenants are getting more and more fussy about standards of homes so there is always something needing done.

All my tenants live in houses way better than my first home ever was. I have had rental houses for about 6 years and find myself spending what should have been holiday money on the houses. I have been averaging 10k of my own money on updates and repairs, I quite often ask myself why Im bothering. But am trying to make my retirement better and something to leave the kids.

Claiming expenses against income is not exactly a money spinner, if I spend 10k I may get 3K back if I'm lucky. Owning rentals is not fast money and border line if its worth all the hassles, and all the new rules is just making it harder. You spend 3k putting a heat-pump in and the tenant complains the power is to expensive

So I will get to a point that I will just sell them all and hope that Superannuation will keep me alive. I only have houses with the hope they will generate enough income to help in my retirement.

If you own a rental for more than 5 years you are not a speculator you are an investor! Don't treat us like a speculator we are in for the long hall, we really only make money in the last few years of having the rental, we dont buy and sell a year later!

Thank you.

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**From:** Grant McLachlan [1]  
**Sent:** Wednesday, 25 April 2018 11:36 AM  
**To:** TWG Submissions  
**Subject:** Submission

On 20 December 2017, I wrote a column published in the New Zealand Herald highlighting a problem with how late payments of ACC weekly compensation are taxed. I then wrote to several ministers, including the Minister of Revenue, who recommended that I make a submission to the Tax Working Group. My column makes all the relevant points and I include it with this submission.

In short, the government unduly enriches itself from the slow processing of claims by another statutory body. Claimants who have endured a prolonged process to get their ACC claims approved must next seek damages from ACC to recover the difference between what they would have otherwise received if late payments were made on time. A large proportion of these damages sought are the higher taxes imposed on late payments.

Here is my column in full:

*If the new Government is so concerned about the most vulnerable members of our society it should start by making sure the incapacitated are not taxed at the highest rate.*

*During the nine years under National, ACC went from being broke to being bigger than the NZ Superannuation Fund. To save money, ACC put many injured through a protracted claims process in which, after years of obfuscation, the late payments of loss of earnings compensation are paid in one settlement, often taxed at a "special" flat rate of 33 cents in the dollar.*

*If ACC paid weekly loss of earnings compensation on time, claimants would have incurred a much lower marginal tax rate.*

*Effectively, the IRD benefits from ACC's slowness to approve claims. ACC can also deduct a higher amount in levies from settlements. It is insulting to the thousands of incapacitated claimants fighting ACC over years, even decades, that their settlements are taxed no differently to a person receiving a holiday bonus.*

*It is no holiday. During the delays to approve cover, many people were forced to sell their homes and other assets when their ACC compensation would have covered their mortgage payments. Instead of receiving 80 per cent of their pre-injury weekly income as ACC weekly compensation, they lived off sickness benefits, which equates to one third of the minimum wage.*

*To rub salt in the wounds, soaring house prices has meant that many of those who receive late payments can no longer afford to buy a home that was affordable at the time of their injury.*

*Many people who have been struggling on the sickness benefit for years while ACC processed claims are owed hundreds of thousands of dollars in late payments plus interest. If ACC paid on time, the total tax deducted would have been a fraction of what is deducted on late payments.*

*Take for example, someone on a \$60,000 salary who was injured around the time then-ACC Minister Nick Smith started to introduce "cost-saving" measures. If ACC paid weekly compensation on time, only \$70,000 in marginal tax would be paid over the whole period. Instead, a flat rate of 33 per cent would deduct over \$190,000 from a late payment.*

*In addition, the Ministry of Social Development deducts all benefits paid over that period. Many people forced to rent or move to be closer to medical care have their accommodation supplements and disability allowances deducted from their late payment.*

*ACC and the IRD have effectively created a new class of poverty. Incapacitated are vulnerable as they have limited ability to work while they are in limbo.*

*ACC, on the other hand, has created a new class of largesse. At one stage, it was so plush with cash, it didn't have the staff to figure out where to invest it. It now has almost 1000 employees earning over \$100,000 a year.*

*Any ACC lawyer will tell you that the IRD and ACC have been lazy to do anything to fix this cynical situation. Apparently, all that is required is a small amendment to the tax code, allowing a special tax category where tax is deducted at a rate no different to if ACC weekly compensation was paid on time. Tax could be deducted based on when it was owed rather than when it is paid.*

*Any tweak could be pushed through by Parliament before Christmas under urgency. It could also apply to retrospective settlements.*

*ACC clients aren't asking for a holiday bonus. They are just asking for what was owed to them if ACC didn't take so long to process their claims.*

A simple solution to this unnecessary situation for thousands of claimants is if ACC late payments were taxed based on the year that they should have been paid rather than when they are actually paid.

Any changes to the tax code/law should apply retrospectively as ACC simply approved claims and paid out late payments before claimants had any chance to accept or dispute them. There was no 'take it or leave it' approach. Rather, it was 'take it and then dispute it.' For many, the 'dispute it' has taken months, if not years.

I expect many others to make submissions on this topic. I also expect the working group to recommend cleaning up this inequitable mess. The alternative is potentially a prolonged class action by many aggrieved claimants against ACC.


If ACC lodge a submission, I request that I be sent a copy.

If the working group requires any further explanation from me, I will make myself available to speak to this submission.

Regards,

Grant McL. McLachlan

[1]

 This message is private and confidential. If you have received this message in error, please notify us and remove it from your system.

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**From:** Jocelyn Trezise [1]  
**Sent:** Wednesday, 25 April 2018 11:29 AM  
**To:** TWG Submissions  
**Subject:** Submission

Bite the bullet! Tax wealth proportionate with income on a realistic and fair basis, as in Muldoon's day, and use this money for infrastructure, health, education and housing. It's obvious!

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**From:** BDBinc [1]  
**Sent:** Wednesday, 25 April 2018 7:16 AM  
**To:** TWG Submissions  
**Subject:** Submission( against govt's taxation and Carbon taxation)

Without prejudice  
The Privacy Act applies to this submission.

Since the Crown's NZ Government is an illegitimate governing body so then is its agent (ird) and the taxation on the people of NZ is both unlawful and unfair.

There is no written constitution by the people and the Bank of Englands Crown's govt did not get any lawful right to govern by the signatures of 7 early settlers/boat people ( Maori).

BDBinc

Sent with [ProtonMail](#) Secure Email.



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**From:** M Ragunathan [1]  
**Sent:** Tuesday, 24 April 2018 10:16 PM  
**To:** TWG Submissions  
**Subject:** Income tax rates submission

Income tax brackets should be:

First 8k of earnings, no tax.

The next 12k 10%,

the next 30k - 15%,

the next 30k 20 %,

the next 30k 25%,

then a flat tax rate of 30%.

There should be a property tax on people/couples who own more than 1 house, an annual property tax of 1.5% of QV of the second and so properties would make this housing crisis go away QUICK. Property should be treated as just that, property. If you are going to treat property as an investment, then we need to start taxing you.

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**From:** [1]  
**Sent:** Tuesday, 24 April 2018 9:20 PM  
**To:** TWG Submissions  
**Subject:** Submission Tax Incentive Medical insurance, Student loans repayment at Death

, To whom it may concern. I present these thoughts from a concerned perspective, age 64, 30 years In insurance financial services , family man and widely traveled. TAX Incentive for elderly to keep medical insurance going in retirement/old age . Why, the more people with private insurance at time of need /claim , less pressure on national health system.. Example , give 10 % refund on premiums paid from age 65 to 70, 15% 70 to 75, 20% 75 to 80 , 25% 80 to 85 , 30% 85 to 90 , 35% 90 to 95 . Premiums for medical insurance become unaffordable for a lot of people far too early in later years.. and hence they cancel and must be causing HUGE costs on public health system. STUDENT Loans (2 grown up children 10 years University degrees no student loans) .. Need to tighten up even more.. 1 , Loans at death must be repaid .. ( Incorporate compulsory life insurance cover for term of loan , premium paid by borrower ). 2 , bring back small interest charge ie 1 /2 % for all living in NZ once Degree/ study completed , keep at 7% ( I believe) for people overseas . . 3 Far stricter control on lending , IE must be N Z citizen . 4, Labours free year should be in third year not first. . Hope this helps , Please free to contact me back ,, Thankyou Regards Chris Walker . [1]

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**From:** Gavin Stuart [1]  
**Sent:** Tuesday, 24 April 2018 9:06 PM  
**To:** TWG Submissions  
**Subject:** Tax on Government superannuation affecting those who retired after the year 2000

I wish to state that I am advocating for a fair tax system for all New Zealanders who receive income from whatever source.  
The current proportional tax system allows most people to have a reasonable standard of living in our great country, the tax return to Government enables it to maintain the infrastructure and services that we all use.

As a retired public servant I believe that the same proportional tiered structure should have been used when the Government reduced all our annuities by 30% for all those who retired after the year 2000 .

The flat 30% reduction might have been considered, to have been reasonable, at the time , but with the tax reductions that have occurred since the year 2000, it is long overdue for a review of the 30% reduction of our annuities.

When accepting the 30% reduction for a tax free annuity for the future, our people were led to believe that this reduction would be reviewed if changes to the tax system occurred, and when the Prime Minister John Key altered the tax system ,he said "it should be a fair tax for all".

I ask the Tax Working Group to investigate the cost of reducing the 30% reduction factor, for all the lower quartile superannuants, who retired after the year 2000 to 17.5%. . My estimate is that the number of annuants in the lower quartile would not cause a major fiscal problem for the Government, but would restore some fairness to the lower paid superannuants who are unfairly over tax on the superannuation they have paid for.

I respectfully request the Tax working group to make a strong case to Government on our behalf to rectify what has been an unfair treatment of all those loyal public servants who worked for low salaries , paid for their super and now in their last years they are denied their full super by the unfair tax reduction system

--  
Kind Regards  
Gavin Stuart

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**From:** Barbara Smith [1]  
**Sent:** Tuesday, 24 April 2018 7:06 PM  
**To:** TWG Submissions  
**Subject:** my concerns about tax are in agreement with Kathleen Gallagher

Tax Recommendations to Tax Working Group - April 2018 - Kathleen Gallagher

yours sincerely  
Barbara Sith

Barbara Smith  
[1]

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**From:** Gary Judd [1]  
**Sent:** Tuesday, 24 April 2018 6:58 PM  
**To:** TWG Submissions  
**Subject:** Submission to Tax Working Group

Of the five questions, the one I want to address is "What is the purpose of tax?"

The purpose of tax cannot be divorced from the purpose of government. That is the fundamental issue which should be addressed by the Group, before its members get to anything else.

We aspire to and generally have an open system of government. Its primary purpose is or should be to enable individual people to think for themselves and to act in accordance with the judgements they make. This requires a government subjected to the rule of law, and objective laws administered impartially and disinterestedly, supported by an effective police force, an independent judiciary and the appropriate institutional infrastructure to deal with those who are judged to have used force, fraud and other forms of trickery to prevent people acting in accordance with what they would otherwise choose to do.

The primary purpose of tax should be to support those governmental functions.

When tax is used for other purposes the risk is run that it will prevent individual people thinking for themselves and acting in accordance with their own individual judgements. The Group should keep that firmly in mind when addressing the purpose of tax, the other questions which have been posed and generally its approach to its terms of reference.

[1]

and do not use, disclose, copy, distribute or retain any of it without my authority.

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**From:** Dr Henry R Hudson [1]  
**Sent:** Tuesday, 24 April 2018 6:34 PM  
**To:** TWG Submissions  
**Cc:** 'Henry Hudson'  
**Subject:** Submission - Henry Hudson

Dear Tax Working Group,

Thank you for the opportunity to provide input on improving the tax system in New Zealand.

To me there are two significant opportunities to collect significant revenue by applying the principles of equity (equality of treatment – fair and impartial) and common sense.

In terms of equity:

- I understand some overseas based corporations do not pay what many would consider a fair share of taxes based on revenue generated in New Zealand. They hide behind “costs” such as extraordinary interest charges and intellectual property from their overseas parent companies.
- I understand there are some major inequities within New Zealand based companies, specifically some Maori organisations do not pay tax; and some Maori businesses pay tax at a lesser rate than other non-Maori enterprises. I believe in affirmative action, but using differential taxes is grossly unfair to competing businesses. There are other social instruments to provide affirmative action. The tens of millions of extra tax generated with an equitable tax system could be applied to these social instruments (e.g. better housing, access to health...)

In terms of common sense:

I understand some corporations do not pay tax because of their charitable status (e.g. Sanitarium Health Foods; Ngai Tahu Charitable Trust income generating businesses). It appears as if it does not matter what proportion of income is actually spent on charitable causes. It would make far more sense if only the charitable donation itself was tax deductible as is the case for individuals.

Thank you for your consideration.

Yours sincerely,

Henry Hudson

[1]



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**From:** Bill Mackay [1]  
**Sent:** Tuesday, 24 April 2018 6:30 PM  
**To:** TWG Submissions  
**Subject:** NZ TAXATION ..... submission by William Angus Mackay

## **Submission to Tax Working Group (GROUP) regarding taxation in New Zealand >>>>**

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The following are details of my personal opinions regarding taxation in New Zealand, and may be of interest to Group members. My submission is targeted in accordance with the stated questions raised by the Group.

### **Chapter 3: Purposes and principles of a good tax system**

#### **Principles for assessment**

What principles would you use to assess the performance of the tax system?

#### **Defining 'fairness'**

How would you define 'fairness' in the context of the tax system? What would a fair tax system look like?

The most important principle is that every legal entity pays in accordance with their ability to do so. The 'fairness' of a tax system is that **every** legal entity must contribute. A legal entity is any natural person, corporate body, society, club, co-operative or any that can sue and be sued, for which an identity is required.

#### **Overall outcomes**

The Group is keen to hear public views on the overall performance of the tax system and has a particular interest in assessments of the fairness and balance of our tax settings.

The current taxation system is based principally on **INCOME** tax, which is a very slow, inefficient and illogical method, which creates serious problems for taxpayers when money is demanded by government (IRD) but they have no money available. The result can be and is suicide because the taxpayer cannot handle that situation. (I personally knew four people who killed themselves for that reason)

There are two matters interrelated regarding MONEY. One is the receipt of monies (INCOME) and the other is EXPENDITURE (SPENDING). As it is well known that money is **ONLY** useful when it is SPENT, an analysis of **EXPENDITURE** is the

same as an analysis of **INCOME**. If you do not have it you cannot spend it !

The current taxation system includes the Goods and Services Tax (GST) in relation to purchases of any product and/or services, but is targeted to individual taxpayers not corporate bodies. The current tax rate for GST is 15% added to the agreed value of a transaction between a buyer and corporate seller. The buyer pays the GST and the corporate seller remits the value collected to IRD. The corporate seller may deduct **INPUTS** of any GST they pay for goods/services received, from any **OUTPUT** value. The balance is remitted to IRD.

The separation of individuals from corporate bodies in relation to GST, is considered (rightly) to be **UNFAIR** as it permits so many goods of similar nature to avoid GST. An example is the corporate business of Motels and Hotels. The management/owners of a motel are very unlikely to pay personal GST for a considerable number of goods used within the business, including foodstuffs, domestic appliances of great variety, domestic cleaning polishing and similar items, cutlery, crockery etc which the individual taxpayer cannot avoid. The Government (IRD) efforts to close such tax gaps are useless and horrendously expensive.

- **Compliance and administration costs:** Taxpayers' costs of complying with the tax system and the government's costs of administering the tax system should be kept to a minimum. One important aspect of this is to provide as much certainty to taxpayers as possible as to what tax is due.

For taxpayers to meet the above desires of government, it is **NECESSARY** to change the taxation system to a single tax based on **EXPENDITURE** ie: the current **INCOME** tax method must be terminated. No income tax would then be due from dividends, interest, or capital gains or any legitimate activity.

It is not in the province of government to know the external sources of income of any person, provided the source is otherwise legal .... NZ Police are empowered to handle that situation.

The current GST system is already partly in place to allow government revenue to flow electronically to IRD as every adult and corporate body has an account with IRD. The separation of corporates from individuals regarding GST should end. The corporates will pay no income tax and neither will individuals.

The argument that businesses would have increased costs has validity, but that is a cost they can set against the saving of the income tax removal and considerable reduction in their accounting costs for **INCOME TAX**. Even small businesses currently spend high dollar amounts for accountancy, not to meet their **OWN** needs but solely to meet the requirements of IRD.

**EVERY** legal entity in New Zealand should pay GST as a **SINGLE** revenue gathering system. The buyer is the taxpayer while the seller is the tax collector. The seller pays the **GST RECEIVED** to IRD within 15 working days. To **MEASURE** the state of the economy and avoid any arguments, both government and local government purchases of any nature should also be subject to GST. That may sound like moving money in and out of the same wallet, but it would cost much less than having separate bureaucracy ..... which would defeat the object of tax efficiency. It is important to remove bureaucracy where possible, to free up enterprise.

The value of the GST rate would require to be established by Parliament, and it is my belief that government should function entirely with the money value so established.

IF the economy slows or booms, the people and government will know about that within a few days rather than the present extended time to understanding. A weekly notice in national newspapers of GST collected would assist in keeping the public informed. The value will be directly related to the **OUTPUT** of the total economy.

A seller can be an individual or corporate body (legal entity) selling any product new or used, or any service FOR A PRICE.

The target is the broadest possible tax base.

The payment to IRD of GST collected by any seller within 15 days is not onerous and requires very little action on the part of the seller ..... no different from paying via the EFTPOS system. Millions of such transactions occur daily in this country, and the GST value can be easily transferred to the IRD account of the seller where it will be utilised by government.

IMPORTS of goods can be valued and GST adjusted by NZ Customs as is presently done, with Customs deemed to be the seller, and therefore the collector of the GST.

In my opinion this single GST method meets the stated aims of the GROUP in respect to taxpayer costs of compliance, and also government costs of administration.

THERE IS NO SIMPLER METHOD AVAILABLE TO GOVERNMENT.

An add-on benefit could be the potential identification of payments made to IRD in respect to geographical location in the country .... ie: to local government areas. That could be used to remove the hated RATES system where communities currently have no control over the monies demanded by councils. It would be necessary for central government to provide guarantees to Banks in respect to loans to councils.

The only reason the RATES property valuation system came into being was to meet the requirements of Banks to cover the loans they made to Councils.

Councils would no longer require to send out RATES demands and have a drip feed income in consequence, or any need to know valuations of any sort.

Central government would have full control of Revenue and could adjust the percentage of Revenue allocated to an area council at any time if deemed necessary to support special infrastructure expenditures for example, although it would be best to avoid that situation.

**GROUP** has asked if a LAND tax should be considered. LAND tax was abolished by an earlier government as being unfair to non Maori persons and businesses. Should **NOT** be considered in any way.

**GROUP** also asked if a Capital Gains Tax (CGT) should be considered. Abolition of INCOME TAX settles that question.

**GROUP** asked if SOME goods and services should be exempt from GST. Not at all as that would be akin to the thin edge of a wedge to make the mistakes applicable in Australia, for example.

**GROUP** asked if there is a case to change the tax system to make housing more affordable for SOME people. No! To initiate such a tax variation would require knowledge of individual private INCOME, and that should not be possible or sensible without free agreement of the person involved. The existence of multiple adult occupants in the same dwelling raises many problems. An individual in need of community support is best supported by DIRECT monetary allowances until they are able to function without.

When dwelling BUILDERS are set free by removal of government impediments such as capital gains tax and associated restrictions related to INCOME tax, there will be an explosion of construction and resulting availability with sensible pricing in a free market. It is also necessary for GOVERNMENT to ensure the rules and regulations imposed by local authorities regarding building constructions, meet with the stated intent of Government to increase housing availability in the nation.

Rescinding INCOME tax will remove one of the reasons "CASH" deals are so common in NZ.

I recommend that the **GROUP** ask Treasury to study and report on probable revenue from a **SINGLE GST**

**TAX SYSTEM** in NZ as outlined, basing on firstly 15% rate, secondly on 10% rate and also at 8% on **ALL** buying/selling transactions by **ALL** legal entities.

Sincerely

William Angus Mackay

[1]

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**From:** Alan Pollock [1]  
**Sent:** Tuesday, 24 April 2018 4:17 PM  
**To:** TWG Submissions  
**Subject:** Submission

## SUBMISSION TO THE TAX WORKING GROUP

### SUBMISSION FROM:

Alan Pollock  
[1]

**SUBMISSION 1: Given the wide scope of the Working Groups mandate, I ask that consideration be given to legislating that the thresholds for individuals tax brackets be adjusted annually by the rate of inflation, rather than at the whim of the Government, thereby avoiding the increase of taxes by stealth.**

**Background and Comment:** At present, tax brackets are only changed as part of the Government's annual budget and in practice, this occurs infrequently. The effect of this is to increase the real rate of tax every year until adjustments are eventually made, allowing the Government to make political capital by labelling them as "Tax Cuts".

Stability and consistency is an important ingredient in a progressive tax system, and political window dressing should not be allowed to impinge on this. Inflation will always be with us and although it is currently at a relatively low level this will not always be so. Even so, an increase of 2% pa (say 20% over ten years) without a corresponding adjustment distorts the incomes of the lowest paid and has a significant cumulative effect.

The last National Government proposed adjustments to tax brackets and called them Tax Cuts, and when the new Labour-led Government reversed these, it was able to present this as simply preserving the status quo, when in fact it was imposing another Tax Increase.

Tax policy should be transparent, and politicians should be denied the opportunity to increase taxes by stealth.

**SUBMISSION 2: Businesses owned and operated by registered charities should not be exempt from tax but should be stand-alone entities and required to pay the same taxes as their competitors. Donations by the business to the registered charity should be deductible, but not their retained profits.**

**Background and comment:** Allowing charities to be tax-free is consistent with the policy of allowing donations to charities to be tax deductible and is a desirable social objective. However, when a business owned by a charity is tax exempt it has an unfair commercial advantage over privately owned businesses.

Allowing retained earnings to be tax deductible encourages such enterprises to "build their wealth" rather than expend their funds on genuine charitable ends. Separating the entities that have the objectives of creating wealth from those administering the charitable distribution of that wealth allows each to focus on their respective objectives and preserves fairness in commercial business.

I wish to be heard in support of these submissions

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**From:** neil parker [1]  
**Sent:** Tuesday, 24 April 2018 3:28 PM  
**To:** TWG Submissions  
**Subject:** Tax submission

Dear Sirs/Mesdames,

I would like to comment on asset based taxes ( wealth taxes, land taxes, capital gains taxes, means tested benefits etc).

People are encouraged to provide for themselves including meeting their retirement costs. They do this by accumulating capital. They have paid taxes on their earnings from personal exertion , part of which ( through the act of saving ) become their capital which they proceed to invest in a variety of ways. To then proceed to tax this capital effectively penalises these people- they were taxed when they earned the money which became savings. Why do they need to be taxed again on these accumulated funds? It certainly doesn't encourage a savings/accumulation mindset.

Conversely state- funded pensions encourage complacency regarding providing for oneself. Having the government funding retirement costs is unlikely to be as efficient as having the individual take responsibility for this directly due to the large administrative costs incurred in government redistribution exercises.

Therefore it would make sense to tax consumption rather than capital if we desire people to take responsibility for their own financial needs throughout their whole life.

I believe history demonstrates that encouraging personal responsibility in all matters will produce a more effective, efficient and productive society than approaches which promote abdication of responsibility.

Regards,  
Neil Parker, [1]

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**From:** [1]  
**Sent:** Tuesday, 24 April 2018 2:17 PM  
**To:** TWG Submissions  
**Subject:** CGT / land tax

Regarding the proposed CGT or land tax laws, I would like to point out the following:

Home businesses: First of all, this proposed tax is sexist and ageist as those trying to start or run a home business are mainly women or older people, some supplementing a pension. An extra tax for these people, who aren't doing a big business, would be crippling and the result for many would be that the home business would just cease to exist. Then, of course, there is no tax to be had for anyone, given that tax is only paid when the home business is up and running... I also agree that the more people we have on our roads going to work, especially in Auckland, will add to traffic problems.

Extra tax for those finding themselves living near conveniences :Taxing people with landtax /CGT when they live near eg the train station,a park, convenient supermarket etc wouldn't be fair on many as there are development projects going ahead all the time and people can't predict what will be in the area where they bought their home in say 10 years time. In Auckland, too, I imagine if you could manage to purchase a home there you'd have to take what you can get to some extent unless you could afford the higher price brackets. An extra land tax as well as the usual rates will put owning a home even more out of reach for many in places like Auckland.

Land tax / CGT on rental properties: I think there needs to be a distinction here between people who may have one or two rental properties, such as older people who have decided to put their retirement savings there, and land developers / landlords with many rental properties / people who want to flip a property for more than they paid for it a day later, for example. If land developers and the like haven't paid enough tax this should not be passed on to others - the land developers should pay. Land tax / CGT would be ageist for starters given the amount of older people who have scrimped and saved to get a nest egg going for retirement and have one or two properties later in life. Can you have a cut off point e.g. land tax / CGT kicks in on a persons's 3rd or fourth property and on each subsequent property owned here after? Perhaps you could have the 3rd property with a minimal tax, and increase it gradually per property when more properties are owned, then you really would be asking the people with the most properties to pay more.

People such as those who rent in Auckland, and have been forced to buy a property elsewhere in order to be able to have a home of their own would also be unfairly treated if they had to pay extra land tax. I am one such person. I rent in Auckland (rents are high) and pay my mortgage for my house in Waihi. I have tenants in my house in Waihi as I cannot afford to pay rent in Auckland and a mortgage at the same time. I want my own home and Auckland is out of my reach, so I bought a place where houses are cheaper and where I can see myself living once I don't need to work in Auckland anymore. My parents live in Waihi. Already my one house is classed as a rental property, and because I couldn't live in it for 6 months (too far to commute to Auckland) I missed out on the first home buyer aid as well. Kiwisaver would not let me access it for my first home because I could not live in it. I repeat I cannot afford a home in Auckland to buy for me to live in now and then sell when I move out of Auckland. How is this state of affairs fair on people who need to be in Auckland for work but who also want to live in their own home one day? Am I to pay extra land tax now as well? I would argue extra land tax would put owning a home even more out of reach for people such as Aucklanders in my situation who are not on large incomes.

Incidentally, can something be done so that people like me can have 1st home buyer privileges and access kiwisaver? This would help people tremendously to be able to buy a first home when they can't live in it straight away due to having to work and live in our expensive city of Auckland.

I hope you will consider these points.

Best wishes and many thanks,

[1]

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**From:** [1]  
**Sent:** Tuesday, 24 April 2018 1:53 PM  
**To:** TWG Submissions  
**Subject:** Submission

I submit that wages paid for childcare for earning mothers should be deductible for tax up to a limit of say \$40000. It is an expense directly associated with generating an income. The minder pays tax as does the earner.

Doug Armstrong

Sent from my Samsung Galaxy smartphone.



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**From:** Steve Bird [1]  
**Sent:** Tuesday, 24 April 2018 1:44 PM  
**To:** TWG Submissions  
**Subject:** Submission

I see no purpose in allowing the small business, and self- employed trades person the right to have cash in hand for work done when all others are required to pay tax in a uniform manner.  
The penalty for not paying is no deterrent to the trade's person who it would seem takes more in cash than by invoice.

Solution.

All trades persons and small business operators should be required to produce a certificate from an accountant to say all cash has been accounted for through the bank account and that GST and income tax have been paid on all income.

They should be required to list any private assets purchased through the year.

For example boats and cars new tooling and machinery.

Major property alterations and improvements.

Any property purchase IE sections or bach.

The items should equate to cash flow and tax paid income for the previous 2 years

Anyone found to fail these requirements should forfeit and purchases found to have been made and not declared. They should also then be charged with tax evasion.

The loss of tax income to the rest of the country is estimated to be 2.1 Billion dollars from cash sale income where no GST or income tax is paid.

For all the millions of dollars spent by the Inland Revenue in upgrading the tax tracing system it would seem very little additional tax has been recovered.

We need to see the benefits of all the spent dollars in increased tax recovery.

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**From:** Denise Sadlier [1]  
**Sent:** Tuesday, 24 April 2018 11:56 AM  
**To:** TWG Submissions  
**Subject:** Submission

**Good morning**

**I believe there should be a major change in the welfare system to include annual tax incentives/credits to encourage people to get out and work, look after themselves and others, especially those who are vulnerable and dependent on the state, reliant on benefits and working for family tax credits.**

**An example of tax credits would be -**

- 1. Superannuitants who own a mortgage free home - tax credit**
- 2. Annual full medical check - tax credit if no health problems, reducing tax credit for health issue requirements**
- 3. Annual dental checks for everyone with their own teeth - tax credit, again would be reduced for serious dental problems. This would include superannuitants, children i.e. parents of underage children would receive the tax credit.**
- 4. Stay at home Mums of two parent families in a legally recognized relationship - tax credit**
- 5. Parents of children who have attained an education qualification e.g. NZCA or equivalent and upwards would receive a tax credit for each child's achievement.**
- 6. Health insurance paid individually and NOT through or from a business - tax credit**
- 7. Child vaccinations complete - tax credit**
- 8. Tertiary students receive a tax credit if working while studying.**
- 9. People working in a voluntary capacity for 12 months or more in health i.e. hospice, St. John's etc, or any other designated organization - tax credit.**
- 10. Kiwisavers - tax credit**

**This would require an increase of income tax applied of 1, 2 & 3% to the three main tax rates.**

**All of these tax credits would be directed and processed through Inland Revenue.**

**Yes there would be a substantial cost but there is one now with the amounts paid out by the state in welfare payments into the third and fourth generations unemployed.**

**You could start with health and progress to education.**

**If processed effectively the cost would be transferred from WINZ to IRD.**

**With more people working towards achieving a more fulfilled life through health, education and working the outcome would surely be more jobs, better health, people interested in their own welfare which would inevitably benefit all citizens.**

**I believe this would be the start to encouraging the population to help themselves and look after others.**

**Overall the idea of people getting a tax credit from the main aspects of their life from children, working, through to retirement would be far more incentivizing than our current regime.**

**Denise Sadlier  
Ex Tax Agent**

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**From:** Matt Lambourn [1]  
**Sent:** Tuesday, 24 April 2018 10:46 AM  
**To:** TWG Submissions  
**Subject:** Tax Submission

nb: "We" = the majority of citizens of New Zealand. It does not mean those whose opinions are deemed more worthy, or who have more influence.

Inequality in NZ, as it is in the world, is rampant. The only reason poverty exists is to fuel the whims of m/billionaires. The super-rich are unnecessary, and indeed a parasitic drain on the wellbeing of NZ's society, economy, environment and media. The Tax Working Group must be bold in closing the loopholes and dismantling the structure that encourages such a culture where the most selfish and greedy are rewarded with disproportionate wealth and power; and the most helpful, necessary, useful and productive citizens have the least. I propose the following to be seriously considered in the TWG:

- A financial transaction tax (at about 0.01%) replacing GST. Beginning with the removal of GST on healthy foods such as fresh fruit and veges.
- A wealth-tax, beginning in the form of a capital gains tax.
- An inheritance tax, at least over a certain threshold.
- A higher top-tax rate over a certain threshold, leading to over 100% on very high incomes.
- Reinvestment of the above tax-take into public services that benefit all (health, education, environment, transport, infrastructure).
- Stronger taxes on socially destructive practises and products such as pollution (industrial, dairy, air, waterway), plastic bags and packaging.
- Higher taxes on advertising revenue with the take reinvested into better public broadcasting. Also taxes on outdoor advertising that can be seen from public areas such as billboards, bus ads, bus-stop screens, shop fronts (e.g. visual pollution).

My proposals tax non-productive behaviour; property speculation, currency-trading and advertising produce nothing yet extract value from the economy for the benefit of an unproductive few. Work and production, not parasitic extraction, should be rewarded.

Yours sincerely,  
Matthew Lambourn

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**From:** Mary Wilson [1]  
**Sent:** Tuesday, 24 April 2018 10:05 AM  
**To:** TWG Submissions  
**Subject:** NZ support for UN Tax body to tackle tax avoidance

To Committee Secretariat The Tax working group.

[1]

I do not wish to speak to my submission

I support the points made by Oxfam New Zealand.

That the Tax Working Group should extend the remit of its recommendations to Cabinet to examine New Zealand's role and responsibility to fix the global tax system.

- The Paradise and Panama Papers demonstrated that the lack of tax transparency is a global problem that needs a global solution.
- Developing countries are missing out on \$150 billion each year due to multinational tax avoidance
- Tax avoidance deprives governments around the world (including NZ) the money they need to tackle poverty and inequality.
- Governments must act together to force this system to end. Countries must work collaboratively to remedy the system.
- New Zealand must stand in solidarity with developing countries and call for a new generation of global tax reforms. This will be most easily done through a new UN-based global tax body.

I believe A UN Tax body will ensure all countries participate on an equal footing and ensure multinationals pay their fair share of tax.

Yours faithfully,

Mary Tierney-  
Wilson

NZRN (Retired) BA Sociology Massey.

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**From:** Elspeth Sandys [1]  
**Sent:** Tuesday, 24 April 2018 9:39 AM  
**To:** TWG Submissions  
**Subject:** Tax

I would like to make a strong case for the introduction of a Capital gains tax to be presented to the electorate not so much as a tax but as a mechanism for addressing the shocking and growing gap between rich and poor in New Zealand That we are the only first world country not to have such a tax is a disgrace.

I would also like to see much tighter rules around the operation of overseas companies and trusts in New Zealand, particularly Amazon, Google and Facebook whose skill in avoiding taxes is immoral even if it is not illegal.

Unearned income has historically been the basis for a fair system of tax but that has been forgotten in the enthusiasm of past Labour governments to adopt the third way and allow the market free play. I implore the working group to come up with a fairer system. Our model should be Finland not the US or the UK.

Thank you  
Elspeth Sandys

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**From:** Penelope Smith [1]  
**Sent:** Tuesday, 24 April 2018 9:34 AM  
**To:** TWG Submissions  
**Subject:** Submission

I think it is time Government grew some balls and raised taxes. Currently I pay thousands into a private medical scheme to ensure I get good hospital services. I would much rather see that money go towards a universal health system that works efficiently and can pay its workers a fair and decent wage. The health system has been allowed to run down to the point where it can not do its' work properly. I have recently had cause to use this system and can only offer praise to the people who work in this environment under unrealistic budget conditions.

This also applies to transport, police, education and other core government services. A Government is there to primarily take care of ALL its citizens and providing good core services should be its primary responsibility.

How that tax is spread is a complex problem, which seems to currently land on the shoulders of the middle income working class. I am not at all qualified to untangle that mess and will leave it to the experts (a scary thought as some are just drips under pressure).

I am a 70 year old superannuitant, who has lived and worked in New Zealand all her life and would like to see this country once again give good core services to its' citizens.

Thank you for taking the time to read this old lady's rant.

Kind Regards

Penny Smith.

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**From:** sue [1]  
**Sent:** Tuesday, 24 April 2018 9:30 AM  
**To:** TWG Submissions  
**Subject:** Submission

Acc  
I would like to see this changed to something fairer so no matter how you are disabled u are able to receive the same level of funding  
Acc has declined too many people and they are then at a severe funding disadvantage  
I would like to see across the board disability/sickness funding at a reasonable level for all people who are unable to work to support themselves  
I would like it to be at their normal wage or up to the average wage whichever is the lesser  
If someone had never worked then they would get the same as previously on a benefit  
So lawyers etc could not claim 3000 dollars a week  
If people wanted more than this level of income they would have to buy private insurance  
This would be a health tax specifically to pay for disability allowance  
Thx  
Sue Green

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**From:** Amanda Wyatt [1]  
**Sent:** Tuesday, 24 April 2018 9:30 AM  
**To:** TWG Submissions  
**Subject:** Tax free threshold, and a higher top tier tax [IN CONFIDENCE – RELEASE EXTERNAL]

It would be good if we had a tax free threshold for individuals (like most other countries in the world), at the moment we tax NZ super and NZ benefit (which is derived by taxes), it also causes a lot of administration problems in the way of WffTC. It makes it difficult for people bringing overseas super into the country. For example someone from England whose UK super would be tax free because it sits under the tax free threshold there ends up being taxed on a small amount here. Alternately we have the high wealth paying the same tax rates as some earning over \$70K, the Australian system below is a good example of this system.

Australian Tax Rates for an individual

### Resident tax rates 2017–18

<b>Taxable income</b>	<b>Tax on this income</b>
0 – \$18,200	Nil
\$18,201 – \$37,000	19c for each \$1 over \$18,200
\$37,001 – \$87,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$87,001 – \$180,000	\$19,822 plus 37c for each \$1 over \$87,000
\$180,001 and over	\$54,232 plus 45c for each \$1 over \$180,000

NZL Tax Rates for an individual



## Tax calculation for individual - 1 April 2017 to 31 March 2018

### Tax Calculation Results:

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#### Income Tax Rate

Income up to \$14000, taxed at 10.5%

Income over \$14000 and up to \$48000, taxed at 17.5%

Income over \$48000 and up to \$70000, taxed at 30%

Remaining income over \$70000, taxed at 33%

When I looked into this I took an average wage of \$60,000.00 under the above scenario (AUS), the tax to pay would be \$11,047.00, under our current system (NZL) it is \$11,020.00 – so very little difference in tax to pay but it affectively means that someone on a lower income (our most vulnerable) has more money in their hand, and the middle income earner is not paying any more tax than they normally would, while the most wealthy are broaching the gap left by the tax free threshold.

To me this seems a fairer system of tax and one that is used around the world.

Regards  
Amanda Wyatt

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**From:** Callum Galloway [1]  
**Sent:** Tuesday, 24 April 2018 9:05 AM  
**To:** TWG Submissions  
**Subject:** NZ to support a UN Tax Body to tackle tax avoidance

To who it concerns,

We need you to take action on the following:

- We believe the Tax Working Group should extend the remit of its recommendations to Cabinet to examine New Zealand's role and responsibility to fix the global tax system.
- The Paradise and Panama Papers demonstrated that the lack of tax transparency is a global problem that needs a global solution.
- Developing countries are missing out on \$150 billion each year due to multinational tax avoidance
- Tax avoidance deprives governments around the world (including NZ) the money they need to tackle poverty and inequality.
- Governments must act together to force this system to end. Countries must work collaboratively to remedy the system.
- New Zealand must stand in solidarity with developing countries and call for a new generation of global tax reforms. This will be most easily done through a new UN-based global tax body.
- A UN Tax body will ensure all countries participate on an equal footing and ensure multinationals pay their fair share of tax.

Cheers

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**From:** Gail Lambess [1]  
**Sent:** Tuesday, 24 April 2018 7:46 AM  
**To:** TWG Submissions  
**Subject:** tax

why am I taxed on my second job secondary high if all my income goes over 48,000. ? its not fair, if I want to put in the effort I shouldn't be taxed higher. also , I work in a medical centre, the elderly on benefits can not pay for food and an appointment. .. so I either spend all my money before I turned 65, then hope the benefit will pay ...don't think so...or I work my but off and get a bit of money behind me for my old age, and get double taxed ...hum. I find living on my own I cant afford just 1 job, I need 2 to pay for rates, insurance, food , power, car, that remain the same if there is 1 or 2 people living here... I think a living on your own tax relief, and a sole income earner tax relief should be there for the over 60 year olds. ... this government hasn't addressed the ageing population, who cant afford to retire ...

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**From:** Angus Dickson [1]  
**Sent:** Tuesday, 24 April 2018 5:35 AM  
**To:** TWG Submissions  
**Subject:** Submission

Dear Sir or madam,

I have long believed the NZ tax system unfairly favours tax free gains especially in housing and distorts the market. So much so that I refused to invest in housing on moral / philosophical grounds even as I knew it was a great "lirk" for over thirty years..

In short I believe it is morally repugnant that some own many houses whilst others own none...

And I'm not a socialist. Or perhaps I am???

I am now what would be considered wealthy. A product of very hard work, deferred gratification and the wonder of compounding interest (working and saving since age ten).

I have paid a "bit if tax" and would consider it unfair to now be taxed on my savings that I use to be independent of state help.

Any changer that cause resentment or are unfair cause avoidance.

I consider to be taxed on savings already taxed unfair and would reset such a tax.

Yours

Angus Dickson

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**From:** Les Newman [1]  
**Sent:** Tuesday, 24 April 2018 4:07 AM  
**To:** TWG Submissions  
**Subject:** Tax

Sirs, Madams

I am currently in the UK and have been on and off for the last 18 months due to the death of my brother. During this time I have become very aware of the differences between our tax system and the UK's and the distorting effects some of the taxes that the current NZ government is looking at implementing in NZ. most of which I view as a retrograde step.

1) Inheritance tax or Death Duty. This is unfair as tax has been paid on this money at the point it was earned therefore if taxed again it is double tax the UK rate is 40% over 325000 pounds sterling.

2) Stamp Duty on the purchase of property and a penalty extra 3% Stamp Duty on second properties has distorted the house rental market to the extent that rentals in the private sector are now hard to find and rents have risen to an unaffordable extent driving renters to council housing (NZ State housing) creating a major shortage and increasing homelessness not to mention huge costs on central and local government. Another effect of Stamp Duty is that people find it cheaper to make an addition to their existing home rather than selling and buying a bigger home and this has resulted in a shortage of smaller homes in the major cities in the UK. and as families grow and shift out of the family home they now have a lot of "empty nesters" living in 4 and 5 bedroom houses which they can't afford to sell as they lose too much capital to Stamp Duty to afford a smaller home and add something to their savings for retirement. Therefore I recommend that we as a country do not reintroduce Stamp Duty.

3) Capital Gains Tax or as it should be called Inflation Tax. This tax is a blunt instrument that penalises people who invest long term to provide for their retirement it also locks investments into a geographical location eg, If an investment property is owned for 4 years in location A. ( and made a capital gain of say \$150000.00) and then the owner shifts to location B and also wants to sell their investment property at location A and to buy another investment property for the same price as he sold the previous one for in location B they will be short of what ever the CGT is on the \$150000.00 and in the UK CGT is 30% or \$45000.00

As for CGT on share price values again this is a tax on the long term inflation so is also unfair.

4) I suggest that any tax increases are counter productive as any tax will slow the economy as monies are removed from the consumer and productive sectors and put into the government sector which is a cost centre to the economy not a profit contributing centre. Increasing the company tax rate is seen as a popular measure but this runs the risk of pushing NZ companies to move to a lower tax country. I also hear the call to tax the " rich fat cats" and again this runs the very real risk of reducing the tax take as these high worth individuals have the means to find ways around higher tax rates or just shift their tax residency offshore causing reduced tax take.

I suggest that Government learn ways of doing more with less otherwise known as increased productivity much like the farmers did when subsidies were removed in the 1980s.

It has been reported that tax take increases when there is a reduction in tax rates as people find it cheaper to pay the tax then paying lawyers and accountants to avoid the tax. I hope that tax reductions is on the table rather than increases only.

While not entirely a tax issue it has a large impact on the government tax income and that is with the state of the health system. I suggest that you already have a working template in place with ACC. This could be replicated as the National Health Corporation taking a premium from all income ( while reducing income tax by a similar amount) at a flat rate via the IRD and the NHC could fund operations, health care, and all the requirements of NZ by sourcing the best most cost effective providers as does ACC whether it is public or private hospitals. This also takes health out of the political arena to some extent and provides it with a secure income base untouchable for non health issues.

Just before you dismiss my submission as sour grapes from a high worth individual I can tell you that my Wife and I are just middle class middle income Kiwis who believe that all people should be able earn enough to support themselves and their families without government handouts like "Working For Families" which is merely supporting a low wage economy. I also believe that Government Welfare should be a safety net not a lifestyle choice.

Les F. Newman

[1]

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**From:** Mike Brook [1]  
**Sent:** Monday, 23 April 2018 11:34 PM  
**To:** TWG Secretariat  
**Subject:** Income Tax

Tax working group As we might say what is taxed and not 17.5% on minimum wage, which use to be 19.2% As national increased GST from 12.5 to 15% low compared to others even people on incomes 20,000 and under suffer the most as in the news more and more people are asking for food grants even ones that are working as increasing the minimum wage creates more poverty where is the balance while the top 10% get richer of the poor This tax rate is 50% plus of the work force from an incomes of 14,000 to 48,000 and in some cases two people are meant to live on an income 37,000 before tax My friend was an an income of 38,000 and paying 42% in taxes I was on an income of 18,000 and paying 32% in taxes If you say buiness tax of 28% we know this use to be 38% and then dropped down to 33% Do you think there are more jobs no not compared to population growth unemployment rose poverty and homelessness and increased crime. We know that increasing minimum wage still leaves people in the same boat as history has shown Then minimum wage should be 15% to combat child poverty We have a never ending battle as the cost of living increases. The Govt collect a bout 80 billion a year in taxes If the govt think putting more money in peoples pockets though hand outs and increasing wages makes them better off no We have people on a 80,000 income who struggle to pay off a mortgage. I am 59 and would never consider buy a house unless I win Lotto which has one chance in 2 million. People should be Taxed on what they earn below and a bove The poverty line what might be 50,000 more like 65,000 What a bout these people not paying their fair share the 500,000 plus income. GST this 2.5% increase in dollars is 20 to 30 at the retail end  
Regards Mike Brook

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**From:** Mary Cavanagh [1]  
**Sent:** Monday, 23 April 2018 8:47 PM  
**To:** TWG Submissions; Mary Cavanagh  
**Subject:** Submission

**I wish to make two initial points:**

- the current tax intake is not bringing in enough to support the the kind of New Zealand that I want which is a clean, green, fair, equitable, healthy, educated society
- the current tax system unfairly takes more proportionally from those who earn the least especially through income tax and GST.

**Some recommendation to remedy the above:**

- a progressive income tax system in line with many other countries
- a reduction in GST to 10% and to extend GST on goods purchased from overseas.
- a tourist tax of \$70 collected at the airport to pay for some of the extra infrastructure necessary for tourism.
- a financial transaction tax
- an empty homes and offices tax
- a plastic bag tax
- a sugar and alcohol tax so that it is not just smokers who are paying tax for consuming unhealthy/costly products.

I am happy to be contacted about my submission.

Mary Cavanagh

[1]



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**From:** Emma Hurley [1]  
**Sent:** Monday, 23 April 2018 8:19 PM  
**To:** TWG Submissions  
**Subject:** Future of Tax

The only thing that matters to me is my income tax. We have worked incredibly hard to get to where we are now - studied hard, paid off student loans, work long hours - so I am extremely against increases to income taxes to those who earn more than an average wage.

We have slowly worked our way up the ranks to be where we are today and, if this was once again introduced, we would be struggling as a significant portion of our monthly pay would again be gone. If you earn more then you also pay more in tax anyway so why penalise those who have been determined to try and get ahead through hard work and determination.

I believe that income tax should be a flat rate no matter how much you earn - this would be 100% fair as those who earn more will be paying more in income tax anyway. I realise that this is not necessarily being discussed currently however I do worry that this will be on the cards in the future. As a result we would again be struggling. This first hing to go would be Kiwisaver and then the sale of our family home.

Reducing the higher tax rate was the one good thing that National put into place so please don't take that away and force us to struggle once again.

The areas that do need to be looked at and scrutinised are those in business where taxes are written off or not paid due to major loop holes in the system, not the salary earners.

Regards  
Emma

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**From:** [1]  
**Sent:** Monday, 23 April 2018 7:19 PM  
**To:** TWG Submissions  
**Subject:** Submission on Tax.

Since GST was introduced, I and thousand of others have been working for the IRD to collect the taxes. Not once have I or any other GST collector been paid. The parliamentarians who pontificate of fairness and equality all get paid for their pontifications. The Tax working group members get paid for reading submissions. The good people who work at IRD get paid for processing the returns made by the collectors.

Initially then time costs were significant enough, they have been reduced somewhat by computerization and recently by a better web based return system at IRD. (The previous system was a waste of time for me, it cost me more time than the manual returns)

This is an iniquitous system, first set by the Labour Party, and the subsequent governments have all failed to rectify the injustice. My submission is therefore that the Tax working group really do consider what the PM talks about when she mentions lofty ideals such as fairness, equality, and start paying the people who do the work. Nobody consulted with us and asked us if we would like to be tax collectors, the Labour Party simply acted in a classic Soviet manner and made us Tax collectors whether we like it or not. If we didn't like it the choice they gave us was not realistic; either reduce income or sales to below a certain threshold, or cease trading. Not nice, please fix this up. Start paying the collectors and be like parliamentarians when they vote on things which affect their self interest, backdate it to whenever a collector became registered.

A simple method could be used to reduce the administrative cost: for current and future tax collections, a rebate fee reducing the amount of tax payable, something like a commission on sales. Alternatively the tax collector could submit a Tax Invoice to the IRD for services rendered, and payment can be made in the normal manner.

For back payments to 1989 a lump sum is required, but this could simply be in the form of a tax credit which could be offset against the next returns due.

The backdated fees need to be generous to take into account the more arduous manual methods of accounting used in those days. A simple method of calculating how much the IRD would owe the unpaid tax collector would be to get an average price from accountants who were paid by tax collectors to do the actual work.

I sincerely trust that the Tax Working group is interested in justice and equality and will put my submission forward to the government as a recommendation. The government stated in pre election consultation that it would be committed to equity, and I am a bit old fashioned so I am holding them to their word, I take their statements to be contractual obligations.

Thank you,  
Robert Chisholm  
Nikau Design Studio Ltd



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**From:** [1]  
**Sent:** Monday, 23 April 2018 7:06 PM  
**To:** TWG Submissions  
**Subject:** Residential property as investment

I heard the other day that the new head of the Reserve Bank did not know why NZers favoured residential property as much as they did.

Two reasons for that are that in the late 1990s all the push was for people to save for their retirement.

Most NZers have little knowledge of the share market which fluctuates and thus causes problems PLUS a sizable group have lost their savings when directors have acted dishonestly.

The only investment where a person had some control was residential real estate. If a person bought a property they were prepared to live in it would attract responsible tenants. We know this from experience and have maintained and improved them for the tenants eg heat pumps, double glazing, increased insulation etc.

We have had long term tenants who appreciate our input and we can describe them as friends.

Where a person has say four or more properties and is using that as their main income that is a different story and it appears that often those ones are the people who are taking advantage of their tenant through frequent rent rises, lack of maintenance etc.

You need to differentiate between good and bad landlords and those for whom it is their main income.

Being a responsible landlord does not come cheap with ever increasing costs etc rates, insurance and maintenance.

We have to budget our national super and our savings very carefully. The savings may have to last for 30 years. Supermarket shopping costs have increased this year. There have been warnings that oaps will run their savings well before they die and have to exist solely on their savings and we see this likely to happen. Working people under the age of say 50 do not know what the fortnightly super amount is and do not realise that it covers basic costs with no special extras.

A capital gains tax is just penalizing people who have saved for years, paid their taxes and not frittered away their money.

You may not realise one inequality. Where a person has ever had an interest in farmland, even as long as 50 years ago, they can never receive subsidised rest home care. But if a person has owned a business, disposed of it in some manner and used or hidden the proceeds that person gets subsidised rest home care.

Apologies for this submission which I am doing on my mobile while on a train. I cannot download the options to do it that way.

Lynette Reed

[1]

23 April 2018

Sent from Samsung Mobile

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**From:** Sylvia Pack [1]  
**Sent:** Monday, 23 April 2018 6:55 PM  
**To:** TWG Submissions  
**Subject:** Suggested Changes to NZ tax

My suggestion is this:

No tax to be paid by new business owners up to 5,000 p/a

I know people in my age bracket (65+) and are 'retired' yet very capable, who do not start their own business because of the tax involved from inception. There seems little point. Yet if they could get their business off the ground, it would eventually employ themselves and maybe a few others aswell.

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**From:** [1]  
**Sent:** Monday, 23 April 2018 6:38 PM  
**To:** TWG Submissions  
**Subject:** Submission

Dear Working Group,

Taxes need to be at the lowest possible rate to provide for the needy but not lazy and for essential services such as health, power, roading, ect. . Businesses need to have low rates of tax as they provide employment and production and do it with considerable risk. Taxes need to be simple, easily understood, fair and simple to pay. They must not distort investment decisions but encourage hard, efficient, productive work and employment.

The government should ensure as a good business, efficient use and worthy causes for the taxes. Regarding tax as though it was their own money.

Countries compete in industry to deal with the most efficient best product at the lowest price .

Countries compete with tax levels to attract the best people and industries. Tax rates are an important decision on where people live and work and invest. It is possible for governments to acquire a bigger total tax take by reducing rates.

The working Group should remember to encourage not to discourage or depress those who provide.

I would decrease the lowest income tax rates but for the million dollar incomes a higher rate should be considered. Sincerely David de Lacey

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**From:** Les Pain [1]  
**Sent:** Monday, 23 April 2018 6:16 PM  
**To:** TWG Submissions  
**Subject:** Submission

Hello, I don't agree with capital gains tax on house's that have been owned for more than five years or more [maybe even ten years] as a rental property, as that is the main way that people invest for there retirement .

Also people that build just to make a quick dollar need to own the house for well more than two year even if they live in the property

Also if people buy land and don't build on it and sell later should pay tax on the profit as that is straight out a money making investment

Thank you

Les Pain

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**From:** mark kitching [1]  
**Sent:** Monday, 23 April 2018 5:44 PM  
**To:** TWG Submissions  
**Subject:** Submission

Hi

I am wondering if a more fair system could be looked at for the average working man.

Im thinking the tax bracket should be set on on a basic wage so if a person wants to work over to earn a bit more for there family they shouldn't be penilised if they go into a higher tax bracket Not sure how this would be achieved but think it would be worth a look at

Cheers

Mark

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**From:** annette woods [1]  
**Sent:** Monday, 23 April 2018 5:34 PM  
**To:** TWG Submissions

2 Points

1 Married couples are taxed as individuals. Yet when you are made unemployed you can not access services at welfare because you are married. Married people either need to be able combine and share their incomes between each other for taxation purposes or there has to be a change to how married people are treated by govt departments

2 With the changing employment trends people are quite often unable to get 30 or 40 hours a week so must work two or more jobs just to meet minimum living costs. But secondary tax is keep people trapped in the poverty spiral. To Lose secondary tax or it only applies after a certain dollar or hours worked level

A Woods



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**From:** Debora Mora [1]  
**Sent:** Monday, 23 April 2018 4:39 PM  
**To:** TWG Submissions  
**Subject:** Submission

Submission re Tax

I would like to recommend that the interest on savings which has already been taxed via withholding tax, should NOT have to be subject to being declared as income again and being further taxed.e.g. Govt double dipping .

Kind regards

**Debbie Mora**

[1]

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**From:** Nigel Wilson (ADHB) [1]  
**Sent:** Monday, 23 April 2018 4:33 PM  
**To:** TWG Submissions  
**Subject:** individual submission

To whom it may concern:

I recommend New Zealand supports the formation of a UN Tax body to ensure multinationals pay their fair share of tax in all countries.

**Nigel Wilson**

Paediatric Cardiologist  
Green Lane Paediatric and Congenital Cardiac Services | Starship Children's Hospital

Clinical Associate Professor | University of Auckland

[1]

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**From:** Jeanette Thorne [1]  
**Sent:** Monday, 23 April 2018 4:28 PM  
**To:** TWG Submissions  
**Subject:** Re Tax

I believe 1 st home owners should be in the minimum tax , so they can make higher repayments, so that they reduce their overall mortgage repayments . Any secondary purchase of a house or next house purchase , they must return to their proper tax rate .

People that own houses or apartments or buildings for over 8 years , should not be liable for capital tax gains or losses. People that sell their properties in less than 8 years should pay capital gain tax. Renters need to have more rights - no increased rent rates in 1 year or less, and should be given 6 months notice of increases or have to leave their premises. Increases in rent should be no more than .05% after the 1 year and 6 months prior advice . There should be carbon taxes for all diesel and petrol emission vehicles including motorised boats , ships and planes. Farmers need to have two trees / bushes per cow eg . I farmer has halved his herd and is now growing hemp on half his property so would be exempt from paying cow emissions . And also have all waterways and rivers, lakes and coast protected from cows.

Sent from my iPhone

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**From:** Andrea [1]  
**Sent:** Monday, 23 April 2018 4:01 PM  
**To:** TWG Submissions  
**Subject:** NZ needs to support a UN Tax Body to tackle tax avoidance

New Zealand must stand in solidarity with developing countries and call for a new generation of global tax reforms. This will be most easily done through a new UN-based global tax body. I believe the Tax Working Group should extend the remit of its recommendations to Cabinet to examine New Zealand's role and responsibility to fix the global tax system.

- The Paradise and Panama Papers demonstrated that the lack of tax transparency is a global problem that needs a global solution.
- Developing countries are missing out on \$150 billion each year due to multinational tax avoidance
- Tax avoidance deprives governments around the world (including NZ) the money they need to tackle poverty and inequality.
- A UN Tax body will ensure all countries participate on an equal footing and ensure multinationals pay their fair share of tax.

Governments must act together to force this system to end. Countries must work collaboratively to remedy the system.

To find out more about why an intergovernmental UN Tax Body will benefit everyone see [here](#).

**NB: I am not available to talk to my submission.**

Thank you , Andrea.

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**From:** Lee Marr (AT) [1]  
**Sent:** Monday, 23 April 2018 3:55 PM  
**To:** TWG Submissions  
**Subject:** NZ to support a UN Tax Body to tackle tax avoidance

Hi there, I am making a submission to the Tax Working Group. I think we need an international body to tackle tax avoidance.

- I believe the Tax Working Group should extend the remit of its recommendations to Cabinet to examine New Zealand's role and responsibility to fix the global tax system.
- The Paradise and Panama Papers demonstrated that the lack of tax transparency is a global problem that needs a global solution.
- Developing countries are missing out on \$150 billion each year due to multinational tax avoidance
- Tax avoidance deprives governments around the world (including NZ) the money they need to tackle poverty and inequality.
- Governments must act together to force this system to end. Countries must work collaboratively to remedy the system.
- New Zealand must stand in solidarity with developing countries and call for a new generation of global tax reforms. This will be most easily done through a new UN-based global tax body.
- A UN Tax body will ensure all countries participate on an equal footing and ensure multinationals pay their fair share of tax.

Thanks.

**Lee Marr | Team Leader South & West**  
[1]



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**From:** Allan Barr [1]  
**Sent:** Monday, 23 April 2018 2:21 PM  
**To:** TWG Submissions  
**Subject:** Submission

23 April 2017

The Tax Working Group  
Wellington

Dear Group Members

I wish to make the following comments on taxation and expenditure,  
Firstly, expenditure should be kept in check.  
For example the first years free university fees was is to my mind totally unecessary and a waste of money.

Secondly, I think the tax system as is, is about correct.  
A Capital Gains Tax or Wealth Tax is not required and is a disincentive for the average person to invest in some form of inflation proof investment to try and provide for a better retirement.  
Many people I know have spent a lifetime investing any surplus funds they have to provide for their future and they should be allowed to keep their assets intact.

I would suggest if more tax is required there are many institutions paying nothing on the incomes of millions in some cases.  
An example is the South Island tribe made a profit of \$96 million last year but pay no tax.  
To my mind they should have paid Near \$30 million in tax give or take a little.  
A few of those types of examples gathered together would equate to a much greater tax take than a hard to administer Capital Gains Tax on ordinary people.

Yours Faithfully  
Allan Barr

[1]

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**From:** Roy Wilson [1]  
**Sent:** Monday, 23 April 2018 11:36 AM  
**To:** TWG Submissions  
**Subject:** BETTER ALTERNATIVE

A FAR BETTER ALTERNATIVE to that of INCREASING TAXES...

.. IS to SUPPORT the **SOURCES of TAX.**

The more profitable our income earning companies the more cash is available for tax cuts AND delivering services.

TOURISM .... Encourage the entry of 'low income type' people who want to work in NZ. so we can maintain a high service as the demand continues to grow.

MINING...encourage offshore companies who want to spend large sums so as to explore here.

This has the added benefit of assisting the global environment...NZ companies produce energy in a far less harmful way than the alternative overseas sources... who we will be forced to import from.

EXPORT INDUSTRIES. ..lower our company tax rate to 25% so as to permit our excellent companies to compete on an even playing field ( the USA is showing how .. down to 21%. ) This will also support the infrastructure companies who support our exporters and help to pay for higher wages.

AGRICULTURE ... encourage our 'new storage type lakes' which capture massive volumes of water that flow unused out to sea in wet conditions... so we can avoid droughts so as increase farm production... and increase the modern designs of irrigation which avoid the old problem of harmful leakage in to our rivers.

R. WILSON  
[1]

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**From:** [1]  
**Sent:** Monday, 23 April 2018 11:25 AM  
**To:** TWG Submissions  
**Subject:** Submission , try again

Dear Secretariat

Apologies, my submission was sent off without me finishing it. Here I continue with it.

I would submit the following changes are needed:

1. Bring in a realised capital gains tax at 15%. Tax increases in value from when the tax is introduced;
2. Remove the overly complex taxation of land rules;
3. Change the trust rules so that trusts are taxed on the residence of the trustees, not on the residence of the settlor;
4. Remove QC rules, and allow everyone in the QC rules to transfer to LTCs without tax consequences;
5. Lower the tax rate bands, and at the same time remove working for families tax credits altogether Rates of 10, 20 and 30, starting to apply at the times they apply now;
6. Introduce a personal exemption for earnings less than NZ Super that applies to all New Zealanders;
7. Reduce the company tax rate to 20%;
8. Amend the GST change of use rules to make them fairer and clearer. Allow land to move in and out of the GST net at their market value, if a valuation from a registered valuer is available, or at cost if not.
9. Reduce the GST rate to 10%.
10. Withdraw from international exchange of information agreements with countries that do not have good internal privacy laws and struggle with corruption, for example Russia;
11. Withdraw from the Common Reporting Standard and FATCA.

Kind regards

[1]



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**From:** Marina Steinke [1]  
**Sent:** Monday, 23 April 2018 11:17 AM  
**To:** TWG Submissions  
**Subject:** Future Tax

Dear Sir or Madam,

there are two new taxes I'd support:

1 - an export tax on water. It shouldn't be difficult to police or collect at the point where it leaves the country. If the money goes into the public purse all New Zealanders will benefit from it (i.e. nobody owns the water). It also solves the problem of whinging farmers. If the water stays here they don't have to pay the tax.

2 - a capital gains tax on all property except the family home. Property speculation is one of the main reasons why so many people are locked out of the housing market. Make property investment less attractive!

I also support using petrol taxes to finance better public transport. Car drivers benefit from a better public transport system: the more people use public transport the faster car drivers get to their destination due to lower traffic volumes. It has the same effect as building new roads but with a better environmental outcome.

We should have a plastic bottle collection system. 'Clean Green NZ' is lagging behind in so many ways - let's tackle this one asap.

Another thing that needs to be sorted is the ever increasing proportion of minimum wage jobs. As soon as an employer doesn't find a Kiwi who does the job for minimum wage the call goes out to let in more immigrants. Skilled workers need to be paid appropriately. I've got the equivalent of honours degrees in both mathematics and physics, have 10 years experience as a software developer, am a fully trained secondary school teacher for mathematics and physics and guess what - I work for minimum wage!

Kind regards  
Marina Steinke

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**From:** Yvonne Curtis [1]  
**Sent:** Monday, 23 April 2018 11:13 AM  
**To:** TWG Submissions  
**Subject:** from Yvonne Curtis

I have filled out the questionnaire but want to make some additional comments.

First -tax should be used to redistribute wealth so I am against a flat tax and regressive taxes.

A flat tax of say 10% looks appealing until you realize that most business people which includes farmers etc. pay very little tax. So they would still have their incomes adjusted by their accountants, and their children would still collect the subsidized university allowance. and all the other benefits they enjoy.

I also believe that tax should be used to influence people's behavior ( a type of user pays). Taxes from cigarettes should go to hospitals , taxes from alcohol should go to the police and hospitals, polluters should pay and this should be used to monitor pollution, sugar drinks should be taxed and this should go to hospitals Tourist tax should go to regions and DOC. I prefer this approach to prohibition.

A conservation tax is a good idea.

I think the tax base is too narrow and that there should be more alternatives to income tax. This particularly applies to regional and city taxes. Rates are simply too narrow. and they should not have to pay gst on taxes...taxes on taxes is immoral.

Thank you,  
Yvonne Curtis

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**From:** [1]  
**Sent:** Monday, 23 April 2018 11:10 AM  
**To:** TWG Submissions  
**Subject:** Helicopters

Please consider the current situation of thinking, regards removing some, what I consider to be, vital emergency helicopters from Central North Island.

Reason.... modernisation of the fleet... Yeah right. It's wreaksof cost cutting and you all know it.

At the same time. Tourists entering NZ do not require travel insurance. So if they have an accident, NZers will pay for it through ACC. If they do something stupid and need a helicopter rescue on the mountain, that's ok too, NZers will pay.

Where else in the world do hard working tax payers pay for the medical needs of visitors?

You need to switch the thinking around. Keep the helicopters and make visitors pay either from out of their own pocket, or their travel insurance. Enough is enough.

Regards

Michael Harding

Sent from my Samsung Galaxy smartphone.

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**From:** [1]  
**Sent:** Monday, 23 April 2018 11:11 AM  
**To:** TWG Submissions  
**Subject:** Personal submission

Dear Secretariat

This is a personal submission, and not on behalf of my employer. I work as a tax specialist in the SME sector.

I would submit the following changes are needed:

1. Bring in a realised capital gains tax;
2. Remove the overly complex taxation of land rules;

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**From:** [1]  
**Sent:** Monday, 23 April 2018 11:03 AM  
**To:** TWG Submissions  
**Subject:** Tax

Good morning,

I'd like to strongly recommend tax be implemented on:

1. People who do not live in their houses; ie investors who buy up houses to rent out at exorbitant rates. This by itself would've probably pushed the housing market up. I know of one particular Asian person who was celebrating his 50th house purchase in Auckland!
2. Foreign investors of houses, businesses and land. Bring back the strict OIC!
3. Businesses who do not pay tax under the guise of a charitable trust.

Kind regards  
Elizabeth

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**From:** Robyn Turner [1]  
**Sent:** Monday, 23 April 2018 10:50 AM  
**To:** TWG Submissions  
**Subject:** Taxes

I am a mortgage adviser.

I've just compiled an interesting set of calculations as I was surprised by one of the scenarios that was presented to me this week.

This is based on one adult with two dependents living in the Tauranga region and sole care of children. The calculator is down so I couldn't do shared care. Of course everyone's final results are going to be different depending on their own unique circumstances. I'll be honest I was gobsmacked at how little difference there was between the take home incomes on those income brackets between \$50K and \$90K. At the higher income brackets there are usually additional hours worked which means more costs so there is unlikely to be any tangible difference in net incomes.

First figure - gross income per annum. Second figure is weekly net income after accommodation supplements and WFF, third figure is net income.

\$20,000 - \$865 - \$44973  
\$30,000 - \$1017 - \$52873  
\$40,000 - \$1104 - \$57444  
\$50,000 - \$1169 - \$60780  
\$60,000 - \$1206 - \$62756  
\$70,000 - \$1244 - \$64720  
\$80,000 - \$1284 - \$66760  
\$90,000 - \$1323 - \$68800  
\$100K - \$1436 - \$74690

It seems there is very little incentive for anyone to increase their income from \$50k to \$90k per annum. The extra earnings would quickly be absorbed into extra costs associated with earning the higher income.

While I applaud the government doing something to care for those less well off, It would be good to see the government do something to address this imbalance to give people the incentive to be productive.

Regards  
Robyn Turner

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**From:** John Laing [1]  
**Sent:** Monday, 23 April 2018 10:47 AM  
**To:** TWG Submissions  
**Subject:** tax

You should Tax all financial transactions at 2% including all purchases and all overseas money transfers. Reduce GST back to 10%, Tax all trusts at 33% like every one else paying income tax. Reduce the number of items that can be claimed by companies so they pay their proper tax liabilities.

Thank you  
John Laing  
[1]

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**From:** Warwick Peace [1]  
**Sent:** Monday, 23 April 2018 4:55 AM  
**To:** TWG Submissions  
**Subject:** IT or not

It is inexcusable and incomprehensible to me that the IRD website is so appalling.

How is it that a mom and pop business can formulate or contract a functional website, that not only directs you through the services on offer, accepts payment and delivers the goods and services, including tangible items to your door; whilst the largest institution in the country, the IRD, can not do any of these?

In fact, the consumer expectations of the IRD are considerably less. All that is sought of the IRD, is a menu to calculate and remit funds, for no discernible anything.

Perhaps a channel of communication of communication would be a useful adjunct.

Why is this beyond the capability of IRD.?

Why are those responsible for the shonky performance of this Dept not aware of the situation and / or held to account.?

I suspect, those that should be, are not, because they are sufficiently affluent that they pass this dull activity off to their accountants and therefore are unacquainted with the grim task of interfacing with the clowns behind the IRD IT department.

Really, it is the Minister and Commissioner and there ilk who should be testing the product for which they are responsible, but I would wager dollars to donuts, that none of them have. And more telling, that none of them would dian to do so without the assistance of an account, which to them is affordable. Would this commission have the courage or gumption to find out just how many of the top administrators have, in fact, filed there own tax returns or get returns ( without the panderings of an accountant) over the last 10 years. The answers would be very telling, and as the victims of their ineptitude, we have the right to know.

Unfortunately, we can be sure that, as a public relations whitewash set up by these same perpetrators, we can not expect any useful outcomes from this "working group".

Warwick Peace  
[1]

would be taxpayer ( if there was a way to do it)



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**From:** Martin Carter [1]  
**Sent:** Sunday, 22 April 2018 11:33 PM  
**To:** TWG Submissions  
**Subject:** My say on the future of tax...

Dear Sir or Madam,

The increasing population, including visitors, is a tax base that has proven, specific negative impacts on the environment, resources, infrastructure, taxpayer costs health care, housing, road toll, etc. New Zealand was much wealthier 50 years ago when the population was much lower.

It follows that childless people are doing the heavy lifting in environmental protection, efficient use of resources and controlling taxpayer costs etc.

Hence, population control by rewarding childlessness is urgently required.

A population limit should be set, (say 6,000,000 by 2025) and significant tax breaks should be given to childless people, and not given or removed from those who have children.

Visitor numbers also need to be significantly reduced to a sustainable level of say 1,000,000 per year. This should be achieved by the introduction of an entrance fee at all ports and airports.

Foreigners need to pay US\$100 per person to enter Galapagos.

New Zealand's conservation values are more important, so a similar fee should be implemented here. Hard currency collected in cash at the border could be used to finance DOC and provide good visitor facilities. Free access to DOC facilities could be provided in return for the fee. I believe all bona-fide foreign visitors would welcome this.

Any foreigner not able to pay the fee in cash on arrival should be put on the next flight home, as they are in the Galapagos.

Why should a legal person called a company be taxed differently to other legal persons?

I believe that the the 5% rate differential between the company and personal tax rates is discrimination.

Please abolish the differential between the company and personal tax rates and all other discriminatory tax differentials.

To improve New Zealand's poor rate of saving, RWT on interest should be abolished.

The road toll is increasing because New Zealand drivers are getting worse, roads and cars are not a factor, you drive to the conditions which includes you, the car and the environment, driver error is always the cause of any accident.

The Ministry of Transport has put the cost of each road death at \$4.5 million.

The following measures should be implement with urgency to reduce taxpayer costs of the road toll and allow the zero road toll vision to be realistic.

1. Implement a very stringent driving test similar to that in Sweden and ensure it is enforced.
2. All drivers should be re-tested when their driving license expires and, no new license issued unless the driver passes the new test.
3. Introduce compulsory comprehensive insurance for under 25 year olds.

If these measures reduce the number of road deaths by say 100 per year, that's \$4,500,000,000 saved for the taxpayer each year. The costs of implementation cannot be anywhere near this amount.

Thank you for considering the above.

Martin Carter.

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**From:** Sergio Kemelmager [1]  
**Sent:** Sunday, 22 April 2018 6:49 PM  
**To:** TWG Submissions  
**Subject:** Submission

Dear Tax Group

I have two submissions:

1)Whereas household consumption tax should be kept to a minimum, for instance, food, children’s clothing and school stationery, basic costs of electricity and the general running of a home, I propose that takeaways, restaurants, cafes and in general outside the home eating should be taxed at a higher rate as they are unnecessary costs to families including the health costs of the additives and salts that are used to give more flavour to otherwise fairly tasteless foods. In general families should be encouraged to eat at home not only because of healthier foods but on a relational basis it is healthier too.

2) The Government should institute New Zealand as a **cashless society**, this will increase tax revenue by many billions of dollars as the black market in trades, food,drugs, etc. will be forced to declare its revenues and pay taxes by the mere use of the EFTPOS system.

Best Regards,

Sergio M. Kemelmager

[1]

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**From:** Beryl Love [1]  
**Sent:** Sunday, 22 April 2018 6:37 PM  
**To:** TWG Secretariat  
**Subject:** Fwd: Future of Tax in New Zealand

Begin forwarded message:

[1]

Dear Sir/Madam,

I would like to make the following submissions to The Tax Working Group.

The current tax system disadvantages the working poor and those who are just about managing to live. For a tax system to be fair and equitable to all I suggest the following:-

**Personal taxation**

A tax free lower earnings limit to be established to enable those on low incomes to keep more of their hard earned salary. This will benefit the low paid and encourage people to find and keep employment. There would then be a two tier tax system. The starting point \$24,000.00 to \$90,000.00 at a rate of 20%, \$90,000.00 and above to be 40%. The tax bands to be amended each year in line with the increase in the minimum wage.

**Trusts**

The current system needs a complete overhaul, it disadvantages those on lower incomes and encourages/allows tax avoidance by more affluent members of society.

I understand, currently assets can be sold into a Trust and the seller then gifts the amount relinquished by the sale back to the Trust whilst continuing to enjoy the benefit of the asset. Whilst doing the aforementioned the seller can then continue to live in the house they have gifted to the trust. They are continuing to benefit from the property, without incurring any additional costs. This anomaly could be rectified by levying tax on an unearned income basis for personal tax on the seller who continues to live in the property. The levy could be assessed by the size and value of the property the larger the property the greater the tax payable.

**GST**

GST to be removed from fresh fruit, vegetables and meat. Processed foods, take aways and sugary drinks to be increased to offset the loss of revenue from fresh produce.

**Capital Gains Tax**

Capital gains tax to be paid on all property other than the main residential home. If Parliament agrees such a measure there should not be a watershed it should be implemented immediately regardless of the time the property has been owned. No tax relief for retrospective ownership.

**Rental Property**

Capital Gains Tax to be paid on all rental property at time of sale with no relief for the length of time the property has been owned. If Parliament agrees such a measure there should not be a watershed it should be implemented immediately, regardless of the time the property has been owned to avoid the housing market being flooded with property. A limit should also be placed on the amount that can be offset against tax for repairs to a rental property in any one year.

**Losses**

Financial losses for business or property investments/rentals should not be offset against personal tax.

**Company/Farm/Trust Vehicles**

Tax levy on personal use of vehicles that are registered to a Trust or Company and not owned by the user.

Yours faithfully,

Beryl Love (Mrs.)

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**From:** norman godden [1]  
**Sent:** Sunday, 22 April 2018 12:16 PM  
**To:** TWG Submissions  
**Subject:** Submission

Greetings

I would like the working group to consider the issue of any capital gains tax which exempts the “family home”.

- Our daughter has her home in her passive family trust in an endeavour to protect it from any relationship breakdown, simply because she has suffered both financial and personal stress previously. Her husband decided that he didn't wish to be married soon after they were married and although it was termed as a marriage of short duration, meaning what one brings into the marriage, one takes out, her husband created a very distressing situation which both disadvantaged and traumatised her considerably, in trying to get her assets out of the marriage.
- Consequently, after her divorce, she wasn't going to be caught again and so set up her passive family trust simply to protect her new home. Therefore, I hope that the definition of “family home” will encompass an home in a family trust based on the owner living in the home and having a trust which is passive and set up for the one purpose of protecting the home in the future.

Regards

Norman Godden

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**From:** Steve Bentley [1]  
**Sent:** Sunday, 22 April 2018 11:22 AM  
**To:** TWG Submissions  
**Subject:** Submission

Name: Steve Bentley  
[1]

Message: Two of the major problems with TAXes are...

1. The avoidance & minimisation tactics used by large corporations & wealthy individuals. This results in those PERSONs most able to pay taxes paying less than their fair share.
2. The over-complexity of current tax laws... inclusions, exclusions, brackets etc. This results in time lost, increased likelihood of errors, and greater implementation & enforcement costs.

What is required, is ONE SIMPLE TAX. This could be implemented as a flat rate on the velocity of money... E.g.,  
0% GST, PAYE, Income Tax, Fuel Tax... etc  
5% Tax on \*ALL\* Bank Deposits, Transfers, Withdrawals - \*NO EXEMPTIONS\*

Of course 5% may not be the value required... Numbers would need to be crunched to discover a rate that could work. Take into account new tax income from previously avoiding multi-nationals, plus savings from reduced complexity.

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**From:** [1] Elizabeth Aaron [1]  
**Sent:** Sunday, 22 April 2018 8:10 AM  
**To:** TWG Submissions  
**Subject:** Submission

**WHAT HAS HAPPENED TO THE PROPERTY OWNING DEMOCRACY?**

**Elizabeth**



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**From:** Chris Berriman [1]  
**Sent:** Saturday, 21 April 2018 12:05 AM  
**To:** TWG Submissions  
**Subject:** Submission

Dear Secretariat

My name is Chris Berriman , I am single father of two beautiful children who are in my day-to-day care.

I am writing this submission to the tax working group, because my 20 year background in information technology enables me to see that robots will reduce the career opportunities for my children's future and and will reduce the tax take for New Zealand.

A recent example of a software robot replacing human labour comes from the JPMorgan Chase & Co. called COIN, for Contract Intelligence. It is a software based on machine learning that analyses financial deals that once kept legal teams busy for thousands of hours. According to Bloomberg, "It does the mind-numbing job of interpreting commercial-loan agreements that used to consume 360,000 hours of work each year by lawyers and loan officers." The lawyer bot or software robot works 24/7/365, is less error-prone, reviews documents in seconds, and never asks for vacation or higher salary.

I would like the tax working group to consider a robot tax of 20% which would be based on capital expenditure cost in the installation all of physical automation or process automation and AI.

The robot tax would also a consider a tax on all licensing costs of process automation and AI ( Which are yearly subscription based) and maintenance cost all of the physical robots. As one robot is equivalent to 15 full time staff (based on human speed) that a lot of missed career opportunities and tax .

I see automation as the major risk to my children careers and New Zealand's future and I hope this Tax group hope will address my concerns.

Chris Berriman  
[1]

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**From:** John Makin [1]  
**Sent:** Friday, 20 April 2018 1:24 PM  
**To:** TWG Submissions  
**Subject:** Submission

During the term of John F Kennedy he is reputed to have held a dinner for a group of people identified as having the brightest minds in the nation at the time. In his address to them he made the following observation: *'This is perhaps the assembly of the most intelligence ever to gather at one time in the White House, with the exception of when Thomas Jefferson dined alone.'*

Thomas Jefferson made the following observations, which are on public record:

- 1) The democracy will cease to exist when you take away from those who are willing to work and give to those who would not.
- 2) It is incumbent on every generation to pay its own debts as it goes. A principle which if acted on would save one half the wars of the world.
- 3) I predict future happiness for Americans if they can prevent the government from wasting the labours of the people under the pretence of taking care of them.
- 4) My reading of history convinces me that most bad government results from too much government.
- 5) To compel a man to subsidise with his taxes the propagation of ideas which he disbelieves and abhors, is sinful and tyrannical.

I believe that many of his beliefs are applicable to New Zealand today. Democracy is without any doubt being eroded. We are being over-governed and the resulting proliferation in bureaucrats is funded by taxes in various forms. The government is intent on taking care of us at a cost, to the extent that personal responsibility is a rapidly vanishing individual quality.

I would like to make the following recommendations to the Tax Working Group in the forlorn hope that some suggestions might influence its final recommendations to Government.

**\* That before increasing taxation it should be a government priority to reduce its costs. It could for example consider the removal of entire government departments which only exist for the sake of appearance.**

**\* That percentage of GDP should not be used as a measure of efficiency as long as the cost of government services are included in the calculation of GDP. By using this measure and by increasing their own costs, figures can be manipulated.**

**\* It is essential that Company taxation should be seen as fair and even-handed. It is almost criminal in my opinion, for some Companies to have preferential taxation treatment because they are able to register as Charities. When such organisations are competing in the marketplace with enterprises paying normal company tax rates, there should be rules in place to ensure an even playing field. Perhaps they could be based on an audited percentage of their profits historically distributed to identified beneficiaries through permitted channels - health, education etc.**

**\* As an ex CEO of a multinational organisation which manufactured and marketed in New Zealand, I am aware of the use of differential pricing to evade NZ taxation requirements. My own performance was based on consolidated profits from the NZ operation so I was aware of the extent of retained profits through rather devious pricing techniques. My efforts to introduce a degree of fairness resulted in my early retirement. While my experience was in the 1990's, the practice probably continues. The Tax Working Group should consider reciprocal arrangements with the Customs Departments of a wide diversity of countries and establish an active database of transfer prices by product. Alternatively an arbitrary percentage of sales in New Zealand could be used as the basis for tax calculations. A fair contribution to New Zealand from multinational organisations relative to the revenue generated through their operations here, could contribute significantly to our overall tax requirements.**

**\* In the real world of competitive business, it is invariably a rule that period cost/expenses of a business, are maintained to a set percentage of total revenue or of total profit. Failure to meet budget projections based on these parameters, would result in a fairly short tenure at top levels of responsibility. Surely similar conditions should be placed on government equivalents.**

I hope that the above suggestions are of some use and I particularly commend the thoughts of Thomas Jefferson, which are probably as relevant today as they were in the early 19<sup>th</sup> century.

John Makin                      20.04 2018.

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**From:** Andrew Charlton [1]  
**Sent:** Friday, 20 April 2018 10:10 AM  
**To:** TWG Submissions  
**Subject:** Submission

Tax needs to be completely rethought.

1. People pay tax on income, whereas businesses pay tax on profits, yet people must pay their expenses in order to survive - if anyone should be exempt from tax until all their necessities are paid for, it should be people.
2. Why do poorer people have to pay tax, and then get money back in the form of benefits and social services? Perhaps they ought to be tax-exempt up until a certain income. And that should not be the poverty line, but something closer to a decent life.
3. The idea that taxes pay for services is backwards. The government creates money, and can spend as much as it wants. Taxation takes that money out of the money supply in order to control inflation. This is the basis of Modern Monetary Theory. The limits on what government can do are purely based on what real people using real resources are able to produce.
4. Concentration of capital is what creates inequality, therefore it's capital that ought to be taxed first.
5. GST is a problematic form of taxation which raises the cost of the necessities of life - food & clothing being major ones. Again, we should avoid taxing people until they have enough for themselves that they are able to contribute to broader society.
6. The need to 'balance the books', and avoid debt just creates a shortage of money which contracts the economy.
7. Using tax as a means of social control also disproportionately hurts poorer people. People without much money, but who find pleasure in things like cigarettes and alcohol are now even further out of pocket due to the taxes on those things. The taxes on cigarettes and alcohol should be based on the costs of dealing with their consequences - e.g. cigarette tax should only be enough to pay for health services that cigarette use causes.
8. Even using tax as an environmental control has issues - farmers are just trying to make a living, but making that living has environmental costs. In a way, they are stuck between a rock and a hard place. The solution is not to tax them for doing what they have to do to survive - it's to give them ways to survive that doesn't require them to harm the environment - subsidies for equipment that makes things cleaner, for example.
9. In general, the people who have benefited most from the way society is currently organised should bear the majority of the burden of supporting those who have benefited least.
10. Investment property should definitely be highly taxed.

I am happy to be contacted to discuss these points.

Regards,  
Andrew Charlton

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**From:** Dany [1] [1]  
**Sent:** Friday, 20 April 2018 9:30 AM  
**To:** TWG Submissions  
**Subject:** Tax submission

Quite simply, we should be taxing WEALTH not INCOME.

A modest tax of 1% on the wealth of the country would provide more revenue than the complex and often uneven method of taxing income with its myriad exceptions, deductions, calculations and machinations. The financially sophisticated are able to minimise and even escape their liability, often while building wealth.

Taxing wealth means that taxes keep pace with inflation.

Taxing wealth protects the poor. A simple exemption of those with a net wealth of less than \$30,000 would exclude renters and not include a modest car and home furnishings.

Concessions to the elderly might also be considered. A home owner with a modest pension might be exempted.

Taxing wealth means that everyone pays, individuals as well as corporations. For example: A person with a home in Auckland and a modest portfolio totalling \$2,000,000.00 would pay an annual tax of \$20,000. A corporation such as Fonterra, with assets exceeding 20,000,000,000 would pay a flat 1% rate of \$200,000,000.00. Something that they could do easily out of the 17 billion they receive in revenue.

Equally, those with multiple homes and extensive investments would be liable for 1% of the total value annually.

Tax WEALTH is fair and just. It does not prevent a person from earning as much as they possibly can. In fact it encourages earnings and it encourages spending by only taxing what you keep.

I realise that this is a radical departure from past systems. I also realise that corporations will resist this with every legal method at their disposal. Nevertheless, New Zealand has often been a leader in making positive changes politically and socially.

A wealth tax is long overdue and will be a positive thing for the nation. It merits serious consideration. It should not be brushed aside as simply a radical departure from the past. It has serious merits and needs to be on the table.

Daniel Sparks  
Auckland

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**From:** Michael Friedlander [1]  
**Sent:** Friday, 20 April 2018 8:38 AM  
**To:** TWG Submissions  
**Cc:** [1]  
**Subject:** Submission taxing approved charitable trusts ( organisations)

With the increase of these trusts (organisations) there is the concern that there is not a level playing field with competing commercial tax paying businesses.

It is suggested that the easiest way in dealing with this apparent anomaly would be:

1. If the charity does not distribute to its charitable causes an amount equal to the tax it would have had to pay had it been a commercial operation within 2 years then it would be liable to pay tax at the company tax rate on the difference.
2. That in calculating its tax liability a charity should have the right of setoff imputed tax credits received on company dividends.

Regards,  
Sir Michael Friedlander KNZM, LL.B

[1]

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**From:** derek stubbs [1]  
**Sent:** Thursday, 19 April 2018 9:50 PM  
**To:** TWG Submissions  
**Subject:** Submission

**Submission on the Future of Taxation in New Zealand. D R Stubbs**

**Company Tax:** New Zealand companies must compete on the global stage therefore keep a unified rate and if any changes are made, lower the rate.

**G.S.T.:** This has been a very effective tax which is apparently easy to administer. Do not introduce any further exemptions. Level the playing field. Foreign companies registered for tax in other countries but trading in New Zealand should be subject to G.S.T.

**Interest on Savings:** The interest rate paid by financial institutions such as banks is both taxable and depleted by inflation thus reducing the incentive for savings. Allow a certain amount of savings in individual savings accounts be exempt from income tax.

**Commercial Charities:** There appears to be a big loophole as far as charities are concerned. Currently, for-profit businesses registered as charities are tax free. While this has been recognised by successive governments, so far none has had the courage to deal with it.

My submission is that these businesses, which include well-known names such as Sanitarium, Mission Wines Estate, Shotover Jet and Go Bus, should be taxed in the same way that private firms are taxed, and only donations actually made to their associated charities to be allowable deductions. Such a policy would 'level the playing field' between businesses while at the same time providing the incentive to donate more funds to their respective charities.

Since 2005 the **Charities Act** has resulted in many tribal groups registering as charities. The very successful growth in the 'Maori Economy' mostly resulting from judicious investment of Treaty Settlements, and the very real prospect of continued growth, while in itself is a success story, it has the unfortunate and unfair side-effect of an ever-increasing portion of the economy being tax free.

Derek Stubbs

[1]

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**From:** Hilary Blundell [1]  
**Sent:** Thursday, 19 April 2018 9:02 PM  
**To:** TWG Submissions  
**Subject:** viable and necessary NZ carbon tax system ideas

Dear Tax Working Group Secretariat,

**Who I am:** Mr Hilary Blundell. I have lived in Mapua outside Nelson since 1989, the year of my immigration from UK, and NZ citizenship, of which I am very proud. I pay a lot of tax and contribute to housing opportunities. My main business is land and buildings, residential and commercial rentals and subdivision - your page 47. My main interest is Climate Change and this is why I came to NZ 30 years ago.

**Focus issue:** "Environmental Challenges" - page 14/15 and "How to adjust the tax system" - page 9.

**The problem:** The Paris Agreement targets, but actually the very serious position we are all in.

Humanity's economic/political playing field has begun to tilt, the physics of CO<sub>2</sub> and methane is playing out, and physics is not interested in human problems. Our fossil fuel use must reduce and be replaced by renewable electric motors asap, and NZ is in a great position to show how it's done.

**Positive environmental outcomes** - page 49/50, 53. The tax system could be used to nudge our society to a far more sustainable system, meet our international obligations and even lead the way with our existing and enhanced renewable system.

**Consideration:** In London in the 80's I was paid as a systems analyst, and this is the skill I have been applying continuously to the "climate" problem ever since 1987 when I first visited NZ. I published a book on Climate and Oil in 2009, The Cliff in The Fog, and it sold widely. I now post on [www.cliffinthefog.wordpress.com](http://www.cliffinthefog.wordpress.com).

We all know the whole world has a serious problem with CO<sub>2</sub>, combustion and fossil fuel in particular. NZ is high up on the "badly-behaved" list - planes, agriculture, forestry and car kms per person. We need to do a lot more to reduce our FF use, and we have an excellent renewable electric infrastructure already.

My recent research concerns the current exponential Arctic methane release to air, through a friend in Germany - PhD methane - and Siberian scientists working up there. Hydrate methane release has increased 100x over an area of 2 million km<sup>2</sup>, in the 10 years since my book was published. I have numbers. This suggests we are perilously close to a serious irreversible positive feedback tipping point where our climate may spiral into catastrophic territory for humanity. When will we know it's too late?

Of all the myriad environmental issues we face, only one thing really matters now - the one we have all been avoiding most - fossil fuel use must be reduced and fast. NZ can do this - we have lots of hydro, geothermal, and wind, and lots more untapped wind and solar available.

Even though protesters target the fossil fuel companies - they are easy targets - they are not really at fault. They just feed a huge demand by people, industry, agriculture and airlines. But really this fuel is so damaging in the long run, it is far too cheap - the externalities have been ignored too long - and it should be valued much more highly. Each user should feel a rising cost of using it, thus effectively sending a signal to the public and business, discouraging it's use and encouraging a switch to renewable electric (or perhaps to simply using less energy!)

"Climate Change" is presenting increasing "extreme weather events" everywhere. There are large associated costs to society which have been predicted and will only increase over time - the sea is rising and warming, storms are becoming bigger, droughts will be longer, rainfall and bushfires will be more damaging, agriculture and infrastructure will struggle with increasing costs and losses. Who will pay?

Insurance? Or some form of carbon tax? This would be more appropriate since it is the unconstrained use of fossil fuel that is causing the change and the damage.

James Anderson of Harvard - the ozone scientist whose work resulted in the Montreal Protocol about the Antarctic ozone hole - recently stated in a speech that if we want to have viable agriculture in 2100, we need to finish with fossil fuels worldwide within 5 years. Without radical change (90% reduction), business as usual gives us a trajectory of not 2C but 4-6C temperature rise this century. This is because the northern methane is getting out and the planet could become hostile to life as we know it - as it has before. These would be conditions well outside what humans have ever experienced over much of the world, and many scientists warn about imminent extinction. "Normal economics and politics" would drown. NZ must do its bit and we can, but we must act quickly. ("Act" means finding a viable way to effectively discourage fossil fuel use in all sectors of society.)

**My proposal and summary:** After long consideration, and comparison of the effects of other systems being applied around the world, I believe a simple "carbon price" or "carbon tax" is the wrong answer. I have an explanation for this if you want, but not here. Better is a moving price signal - a gently increasing tax on all fossil fuel, rather than a single step increase. I realise that any rise in oil costs is inflationary, but physics (and the conditions in the Arctic) are not interested in human economic problems, and soon we will all be paying an enormous delayed cost of these fuels. Who will pay? The user should pay - the price of all fossil fuel (coal, gas, petrol, diesel, jet-fuel, and bunker fuel) should rise every month by at least 1% each for both:

1. until our fossil fuel emissions have dropped well below our Paris Agreement commitments, and the tax is used to subsidise the shift to renewable electric, AND
2. to create a ring-fenced government fund for responding to the costs, and helping the victims, of extreme weather events. If and when the fund is insufficient to cover such costs, the tax should rise to meet the societal need. It's only fair! So, 2% per month increase, every month, on all fossil fuels, without any later reduction permitted, for at least 2 years, maybe 5. If this was to fail or be mitigated, democracy wins in the short term as nothing but a greedy popularity contest, and physics will do its worst to all of us and our descendants.

I also propose that plane travel needs to be discouraged, not encouraged, until planes use non-FF energy. This could be done with a \$30 per seat per take-off tax plus another \$30 per hour of flying, on top of the increasing fuel cost, to acknowledge every passenger's contribution to pollution and effectively prohibit very cheap tickets. I also realise that this will significantly affect tourism, but tourism uses huge quantities of fossil fuel. These tax suggestions should also apply to shipping and cruise ships in some form - another cost that "globalisation" should bear.

I am open to discussion on these issues and can travel. There are many other issues in your document I could comment on, but the fossil fuel issue is by far the most important.

With regards and hope for a "sustainable" future for all our children and theirs,

Mr Hilary Blundell,  
[1]



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**From:** Susan Moyle [1]  
**Sent:** Thursday, 19 April 2018 3:40 PM  
**To:** TWG Secretariat  
**Subject:** Tax working paper

Good afternoon

I would like to express my concern as to the wording in the 'Charities' section of the Future of Tax submissions background paper.

On page 41, there is a statement made that:

"Tax benefits attached to donations made to not-for-profits **cost** the Government \$274 million in 2016."

There is no mention of any benefit to society stemming from these donations, but only of the COST to the Government. In fact, Government benefits greatly or it would not offer tenders, contracts and grants to charities to do work that government does not have the capacity or skills to carry out.

I feel that this focus on the idea of COST is a very uninformed and short-sighted view of charitable organisations and the vast work they do in New Zealand.

This attitude concerns me deeply, as someone who both volunteers and works in the Charitable sector and knows how much New Zealand society would suffer if charities were not supported in their work through the various tax exemptions available to them.

Yours  
Susan Moyle

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**From:** [1] [1]  
**Sent:** Thursday, 19 April 2018 3:11 PM  
**To:** TWG Submissions  
**Subject:** Submission

I submit that any introduction of any kind of capital gains tax be avoided. If this government goes ahead with introducing such a tax this will inevitably lead to higher costs for investors. This in turn will lead to investors turning away from investing in rental properties, again leading to them on selling to owner occupiers who on average are willing to pay more for a home than investors are. The shortage of low cost homes for those less well off with continue nay get worse. So, if this government really means to help those who can't find decent accommodation it should keep this sort of thing in mind.  
Catherine P Beuning

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**From:** Paul Hopkins [1]  
**Sent:** Thursday, 19 April 2018 2:35 PM  
**To:** TWG Secretariat  
**Subject:** Tax changes

Paul Hopkins  
[1]

Hi, I recently wrote to the minister of finance who asked me to write to you and seriously consider my argument for the current taxation. I think government can learn a lot from other overseas countries. Of course New Zealand is only small and therefore people pay more tax than they would in other countries to support the vast emptiness that all needs up-keeping when the population is so low. For New Zealand to be comfortable it would need a working population of 13 million according to a respected economist. He however was wealthy and not interested in that simply saying that he enjoyed New Zealand as it was. He is in a different financial position than most of us as we live from hand to mouth.

Saying that, I disagree with your current ideas of forcing businesses to pay workers more and more. This may be good for few workers however the prices of products just keeps going up disproportionately. It's no good and doesn't work. Large companies might adjust profits while restaurants will lay off another member and other struggling shops may close.

Follow other countries ideas. A tax free threshold. In the UK it's \$25000 to everyone. They pull the money back with higher rates for good earners.

The tax free threshold as you know rises with inflation. It's the minimum amount that you need to have to survive in the country. Here it could be called the survival tax- how fantastic for the current party to be able to award this to EVERYONE! Then, the wealthier you are, the more you'll pay- not ripping anyone off- they will also get their tax free sum just as the poorest do but you will be avoiding taxing the poorest- even at those low ridiculous threshold rates. By doing that you will also be encouraging everyone to earn and disclose their earnings however small making tax avoidance unnecessary.

It's the same with GST.. possibly cut out GST on fruit and vegetables if you plan to hike it on sugar related foods. Just an idea.

Anyway, my tax threshold would definitely work and is easier and so much fairer than your current over complicated one that just pushes up costs and doesn't solve anything. Imagine earning you money and being able to pay your rent AND eat? Some of you are not in the real world where every cent really means something. The poor have to make these decisions every day and there are more and more people on that bread line. Don't make the costs of food, rent and other services more expensive- don't give businesses that opportunity to increase costs. Give us that clear tax free threshold.

Sent from my iPhone

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**From:** Daniel Meares [1]  
**Sent:** Thursday, 19 April 2018 2:11 PM  
**To:** TWG Submissions  
**Subject:** Submission on Tax

Submission to NZ Tax Group April 2018  
[1]

I am a fan of the ideas of Henry George, friend of Sir George Grey, described as one of the greatest thinkers since Plato, inspiration for the board game Monopoly, best selling author of Progress and Poverty which sold over 3 million copies a century ago and near mayor of New York.

His premise: What we create is ours. You cook a meal you expect to be able to eat it. You wouldn't want me eating it - you would feel aggrieved if I did.

What we do not create is NOT ours. The air is not yours - or mine. Or the water. Or the sky. Likewise by what original right did people claim the land was theirs? By force. Yet we did not create it and when we claim it as our own we necessarily deprive all others of its use. Force is not the basis of fairness.

We need private use of land - for stability, practicality and security. But we cannot claim the land as ours except by depriving others of its use, practically or legally. So there has to be a fair and intelligent way of allocating the land - clearly it is an essential resource without which we cannot live. If we don't allocate the land with an optimal method we will have a suboptimal society.

In western society land ownership seemed to be originally through force rather than reason. (Might was right). Do we accept that people can claim the land as their own on the basis of force? Perhaps it had to be that way then but George offered an alternative, more rational, more equitable and more productive model.

What George proposed was a tax on the unimproved value of the land. We already have this to some extent in Wellington and I am sure in other parts of NZ. Look at your rates bill; the rates are based on the sum of the land value and the capital or improvement value. George would only tax the former since you would not want to be taxing people on improvements.

George would still allow the private use of land but 'owners' would pay a rent to the community – since they deprive others the use of it – and this income would be used to replace or reduce other taxes like GST which increases prices, or income tax which taxes your and my productivity, labour and efforts.

Without such a type of tax as George suggests, consider what has happened. When the wealth in society increases and the economy grows, both land prices and rents rise. Landholders gain as prices rise even if they have not worked or added any value to society. Non-landholders lose as rents are higher - even though they have no doubt added to the value of society.

Because there is no tax on land not surprisingly prices continue to rise making home ownership harder for many and also dividing the gap in wealth between land and non-land owners; this is why, in my theory, many people feel they have lost out or society is unfair but they can't put their finger on it. The cause of the inequity was there was no level playing field at the start. However, the solution is not to tax productive income and redistribute the income but to make the playing field level - one where we all have an equal birthright to the land.

In practical terms though I see this would be a long term policy and have to be introduced very gradually otherwise it would be unfair on those who have invested in property, since the introduction of such a tax would reduce land and therefore property values.

I did submit some information on this to the last Tax Group but never heard anything back. What I did read, however, was an article in the Dom Post by a member of the then Committee saying Land Tax was a silly idea - despite endorsement by many - but that was the end of his explanation!

Th

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**From:** philippa kelsall [1]  
**Sent:** Thursday, 19 April 2018 10:18 AM  
**To:** TWG Submissions  
**Subject:** Submission

Sugar needs to be taxed. It's responsible for a large proportion of health spending. Healthy foods ie fresh fruit and vegetables, unprocessed meat, chicken and fish should not be taxed. Everyone should be able to afford a healthy diet. Anything processed, canned or packaged should be taxed regardless of how "healthy" it claims to be. Packaging is a huge industry that impacts on the environment. The taxing of farmers for greenhouse gass emissions is fraught as they are supplying necessary food to the population on farms many of which have trees ( and native trees do emit carbon dioxide) and large amounts of grass that by virtue of being green does also. Where farming has lost its way is through large corporate farms that need to deliver profits to often absent shareholders requiring the use of unsustainable practises that harm the environment. Water taken from rivers and springs should be taxed but not rain water kept in ponds and tanks. Any practise that cares for the land and water supply should be encouraged through taxaton. Taxing land and not family homes is difficult as someone's farm can be worth less than a house in auckland that will eventually be sold for a profit. If they were all taxed at the same rate (and this tax paid annually) this could be offset with a universal income. This would make it more affordable for families to rent or buy and less attractive for those who already own property to keep buying more. The universal income idea should be examined more seriously along with ideas that make a healthy lifestyle attainable for everyone. That is, simple unprocessed homecooked food, having access to high quality public education that doesn't put you in debt, making a contribution to society in a meaningful way that is valued, community and individual expression and being able and encouraged to provide a permanent and stressfree home for one's family. Electric cars sound good but we need to put more resources into researching issues to do with battery disposal and supply.

Some antisocial and irresponsible behaviour may be addressed through tax. Cannibis could be legalised and highly taxed with lots of education around use and effects. Any suppliers caught avoiding tax on drugs should be given the death penalty.

Sent from my Samsung device

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**From:** Peter Wakeman [1]  
**Sent:** Thursday, 19 April 2018 9:23 AM  
**To:** TWG Submissions  
**Subject:** Fwd: NZ has to be local in taking action with regard to climate change

[1]

Runaway climate change he believes is threatening the world with starvation and ultimate extinction.

Advocating a retirement age of 55 years old funded by a financial transaction tax of 25 cents per \$100.

New Zealanders need to preserve their autonomy and legal freedoms which are in danger of being swallowed up by international agreements. So the RBNZ needs to create money rather than the private bankers creating approx 98% as debt but as money.

<https://www.youtube.com/watch?v=2nBPN-MKefA&t=1493s>

A study of how the first Labour NZ Government funded State houses in New Zealand appears to have gone from public records. Some the use of NZRB credit needs to be used again rather than taking on private debt or increasing tax.

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**From:** Peter Wakeman [1]  
**Sent:** Thursday, 19 April 2018 8:50 AM  
**To:** TWG Submissions  
**Subject:** NZ has to be local in taking action with regard to climate change

Runaway climate change he believes is threatening the world with starvation and ultimate extinction.

Advocating a retirement age of 55 years old funded by a financial transaction tax of 25 cents per \$100.

New Zealanders need to preserve their autonomy and legal freedoms which are in danger of being swallowed up by international agreements. So the RBNZ needs to create money rather than the private bankers creating approx 98% as debt but as money.

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A study of how the first Labour NZ Government funded State houses in New Zealand appears to have gone from public records. Some the use of NZRB credit needs to be used again rather than taking on private debt or increasing tax.



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**From:** Peter Wakeman [1]  
**Sent:** Thursday, 19 April 2018 8:34 AM  
**To:** TWG Submissions  
**Subject:** [1]

Wakeman says The New Zealand Government along with MP's and all the people in New Zealand need to listen and understand what is going on. This Radio NZ interview with Ann Pettifor is a must to listen to how wages are in a international market and why we are currently failing while waiting for the next financial crisis.

The New Zealand Minister of Finance has his hands tied due the agreement that Labour, New Zealand First and the Green Party have with one another. Therefore a budget of disappointment is only a matter of time away. The National Party and Act Party appear no different. You need to ask yourself does the by-election appear to have the same agenda for the two and why some of media not wishing to expose most of Ann Pettifor's understanding or ideas?

Wakeman views a lost of understanding is why we are just waiting for the coming financial and climate crisis rather than taking action now to support nature feeding us.

<http://www.radionz.co.nz/national/programmes/sunday/audio/2018640732/economist-ann-pettifor-the-public-are-not-stupid>.

## Wakeman questions how Labour funds housing @ by-election?

Wednesday, 22 February 2017, 3:59 pm  
Press Release: [Peter Wakeman](#)

While “It’s time for Labour’s plan to build 100,000 affordable homes for first homebuyers, ban foreign speculators, and invest in thousands more state houses,” says Phil Twyford, but how will these houses be funded?

(The post WWII Labour Government, instructed the Reserve Bank to create debt-free money to create employment for building houses, infrastructure and planting forests).

The current policy of 2017, Peter Wakeman says: we need the NZ Government to instructed the Reserve Bank of NZ to create debt-free money to create employment for building houses, infrastructure and funding health a long with other needs.

Private Bankers are for profit and may not wish to risk funding large scale building in Auckland.

The Mount Albert citizens deserve a hands-on and focussed MP rather than simply giving a list MP a safe parliamentary seat says Peter Wakeman who is standing in this Saturdays Mount Albert electorate by-election for a MP.

<https://www.nbr.co.nz/tags/peter-wakeman>

Peter Wakeman said today the government and/or other MP's appear to both be passengers on the train to Runaway Climate Change with us all facing extinction.

We need to eat like other animals, so food habitats help us cope with the real possibility of human extinction sooner than expected.

<https://guymcpherson.com/climate-chaos/climate-change-summary-and-update/>

The NZ Government a shareholder in Meridian Energy and Auckland City a shareholder in Auckland International Airport sought to vote not to lobby the NZ Government to address Climate Change with debt free money at last year's AGM's.

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**From:** richard macdonald [1]  
**Sent:** Thursday, 19 April 2018 6:16 AM  
**To:** TWG Submissions  
**Subject:** Submission

Dear Tax Working Group,

The huge anomaly in our tax system is the tax advantage IWI ( and others with similar tax status ) have.

I have noticed IWI buying businesses which immediately reduces the number of businesses paying full rates of tax. Because the same IWI pays far less tax means they can more to buy the business.

This is unfair to everyone except the IWI.

We need a level tax playing field for all businesses and at a rate that bust be internationally competitive.

Yours sincerely,

[1]

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**From:** Leon H [1] [1]  
**Sent:** Wednesday, 18 April 2018 9:55 PM  
**To:** TWG Submissions  
**Subject:** Submission

**Importance:** Low

Hi tax working group,

Firstly great initiative and I wish you best of luck. My submission is focused on 2 core themes with support for some of the ideas put forward so far.

In summary New Zealand society is undergoing immense changes with the drivers well documented in mainstream media. While there are many positive changes such as productivity and expanding cultural diversity, there are also growing negative flow on effects affecting the average Kiwi. While most New Zealanders appear to be adverse to 'nanny state' governments, the reality is that too many people continue to make ill informed and dumb decisions that have an exponential impact on the tax system and tax payer, think tobacco, obesity, crime. Therefore intervention is necessary to protect the society as a whole, and early intervention is even better.

While many of today's problems are outside the remit of the tax working group, I am hopeful that tax reform may assist with incremental improvements that future governments can expand on to make New Zealand a better place for today and tomorrow's generations. The opportunity therefore is to incentivise the right behaviours that positively benefit society, discourage the negative behaviours and thirdly embrace digital technology to collect real time tax collection and spending effectiveness to ensure every dollar of tax revenue collected generates a net gain.

Core Theme: Service to the country, hand up not out.

As John F Kennedy famously said "And so, my fellow Americans, ask not what your country can do for you -- ask what you can do for your country."

Perhaps this is wishful thinking, but I sincerely feel that all of us that call New Zealand are incredibly lucky to call this country home. Therefore shouldn't there be a responsibility on all of us to give back, serve our communities and country and help others who cannot help themselves. We need strong communities that take charge, look to help themselves first before expecting central or local government to help. With that said there is inequality that needs to be addressed but there is also laziness, bludgers and those that take more than they give back which needs to be addressed;

Idea 1a: Encourage and incentivise people to give back to their country and community via tax credits.

Encourage kiwis to give back to their communities and countries. Every day there are thousands of people that volunteer to feed the hungry, support the sick, help the environment, rescue those in trouble. Surely this should be encouraged if not an expectation that all citizens should contribute some level of public service each year. Providing people and communities with a purpose and common goals overcomes many barriers, and social costs we see today. An easy way to recognise and incentivise this behaviour would be via tax credits based on verified hours worked for registered charities, community groups or national bodies etc. This has wider benefits beyond the organisations themselves, with knowledge sharing, learning new skills, ability to support our ageing population, and the potential to reduce social costs such as crime, vandalism etc.

1b: Inequality must be addressed but if we are to break the cycle, then we must motivate and encourage individuals, families and communities to help themselves first and earn their fair share of the tax spend via benefits. I look at the public service 'conscripted method' operated in countries like Singapore. There looks to be an opportunity to take individuals in their late teens, early twenties and installing them in an environment where they learn practical

skills, learn from positive life skills and potentially form a Career. This could range from the armed forces, health sector, emergency services, DOC, forest management. While this has clear benefits for young adults from troubled homes, and problematic communities, it also has relevance for individuals that simply don't know yet what they want to do with their lives.

## 2a. Digital Pro's and Con's.

Let's start with the Pro's; Big Data, AI, Robotics, the Internet of things, Digital economy. With technology advancing at exponential rates and more and more New Zealanders glued to their screens, there appears to be the infrastructure to support wide scale, real time measurement of tax collection and spend effectiveness. It could start small, targeting certain communities, specific policy and government departments but provided the communication to the nation secured the buy in from all Kiwi's to download the app, take 2 minutes per week to answer surveys etc. You could collect incredibly rich data. Over time it could be expanded to cover the full budget, with full transparency and open source code to encourage innovators and entrepreneurs to take on social problems and find better ways to deliver services, potentially at lower cost with better outcomes.

2b. On the last point, I see this as extremely important if NZ is to maintain our high standards of living, plus supporting the development of new industries and diversification away from traditional primary production. Support of entrepreneurs and start-up businesses will also be crucial as we move into the 2020's, with expanding globalisation and pressure on traditional labour markets. This poses the question; starting a new business is extremely high risk with incredibly high failure rates, is there scope to provide tax incentives to help encourage more people to take a risk and start a business. For example imagine the scale a new business could grow to, with less stresses and financial pressure if you paid reduced tax or no tax for the first 1-2 years?

To recap the key points from this submission;

Can we utilise a new tax system to encourage service to our community and our country, encourage a hand up not out mentality and incentivising people to give back to their communities in exchange for benefits and other tax rewards. And secondly, how can we embrace digital technology to maximise collection and effective spend of the tax revenue.

Thank you for taking the time to read my submission.

Best regards,

Leon H [1]

(When publishing the submission, I would prefer if you only used the initial 'H' for my surname)

Sent from [Mail](#) for Windows 10

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**From:** [1] Peter Baker [1]  
**Sent:** Wednesday, 18 April 2018 9:07 PM  
**To:** TWG Submissions  
**Subject:** Submission

To the Tax Working Group,

I would like to take the opportunity to suggest the removal of 100% deductibility for business interest costs, on purchase of land and buildings.

I believe by reducing the amount of debt serving costs a business can claim, (on land and buildings) the government would take a lot of heat out of the rural and urban property markets.

This change would also have the added benefit of strengthening business balance sheets, at a time when one can only assume the worlds credit markets are becoming alarmingly over stretched.

I'm against a capital gains tax, due to it's complexity.

Thankyou for the opportunity to submit on this very important matter.

Regards

Peter Baker

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**From:** Mathew Hobbs [1]  
**Sent:** Wednesday, 18 April 2018 5:54 PM  
**To:** TWG Submissions  
**Subject:** Tax

Dear whom it may concern,

As a relatively high income earner in NZ having started in the top 12% of incomes at the beginning of my career 5 years ago and has further increased. I would like to suggest that the highest income earners of NZ pay more tax. The country would be better off if the very rich paid more to support those who haven't been as lucky.

Kind regards,  
mathew hobbs.

---

**From:** Bernice Keenan [1]  
**Sent:** Wednesday, 18 April 2018 11:42 AM  
**To:** TWG Submissions  
**Subject:** Taxes on petrol and tobacco

### **Petrol Tax**

**In a democracy, the proper role of Government is to protect and defend the rights and freedoms of every citizen . If, however, Government attempts to force a change of behaviour by raising taxes, it is in breach of human rights and is acting illegally.**

**The real purpose of the new petrol tax is to force people on limited incomes to leave their cars at home and use public transport while those on higher incomes will keep their cars and move around more easily.**

### **Tobacco Tax**

**The same arguments apply to the tobacco tax which has been widely accepted because it does not apply to the majority. It is argued that it is for the individual's own good i.e. improved health but is still undemocratic and the consequences to society are unacceptable. This savage tax has spawned a new class of teenage thieves intent on stealing cigarettes rather than money so that dairy-owners and their families live in fear.**

**Smokers are entitled to freedom of choice without interference from the State**

**Please give this issue serious consideration and recommend a change in policy.**

**Bernice Keenan.**



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**From:** Sue & Arthur [1]  
**Sent:** Wednesday, 18 April 2018 11:39 AM  
**To:** TWG Submissions  
**Subject:** Submission

To have a preferential tax scale for Maori and an other one for non Maori is RACIST

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**From:** Pam Harding [1]  
**Sent:** Wednesday, 18 April 2018 10:34 AM  
**To:** TWG Submissions  
**Subject:** Submission

I submit that there should be no gst on fresh fruit and vegetables.

from Pam's iPad

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**From:** Daniel Regtien [1]  
**Sent:** Tuesday, 17 April 2018 8:16 PM  
**To:** TWG Submissions  
**Subject:** Submission

Dear TWG,

Thank you for the opportunity to write this submission. My thoughts around the future of tax are summarised below:

- The main purpose of the tax system is to minimise poverty and uncertainty for citizens while encouraging economic growth in ways that are positive for society and environment.

- Although a lower company tax rate may be good for GDP, this would risk increasing inequality and uncertainty so I do not support lowering company tax rates.

- Remove secondary tax rates. The future “gig economy” means more people are required to work “part-time” and short-term. Taxing those who end up working 2 part time jobs higher is not justified.

- Increase the higher income tax brackets. They are low by international standards. Also consider a tax free threshold for everyone.

- Companies need to pick up more of the cost of their externalities, especially regarding the environment. This would be a logical way of funding environmental improvement and mitigation costs.

- Tax on returns from investments other than the property market could be reduced. They are generally more risky and higher taxed than property. Encouraging investment into growing our economy would help cool the housing market while stimulating the productive economy.

- Consider implementing an asset tax on assets over a certain value. This would adjust when there is capital gain or capital loss.

- Tax obligations of registered charities should be considered more carefully. If the charity benefits a small sector of society who are not in hardship, they should pay the same tax as companies, especially if they are high revenue businesses directly competing with non-charities.

- International companies operating in NZ and the digital economy need to be taxed more eg large multinational IT companies.

Yours sincerely,  
Daniel Regtien

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**From:** Susan Bentley [1]  
[1]  
**Sent:** Tuesday, 17 April 2018 7:11 PM  
**To:** TWG Secretariat  
**Subject:** Unequal tax system

I want to see a more fairer and equitable tax system that is not racist. At present Maori businesses pay 17.5% tax if they pay any tax at all while non Maori businesses pay 33%  
To make things more equitable when people make payment to a shareholding charity the money that is used for the charity is deducted and the rest has tax paid on it at the standard rate not the racist rate  
At present there is an unfair disadvantage against non Maori companies that pay their fair share of tax as their tax rate is higher than that of non Maori companies. Consequently these companies cannot compete with the lower tax paying companies. As a result we will have more companies paying less tax as the others will have gone out of business and where will the govt get its tax money then  
Arthur Moore

Sent from Windows Mail

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**From:** Jim [1] Center [1]  
**Sent:** Tuesday, 17 April 2018 5:21 PM  
**To:** TWG Submissions  
**Subject:** Submission

In my view care needs to be taken on raising personal taxes because there should not be a penalty for being skilled and working hard. Surely that is what a great country would like all its citizens to be. So being a higher income than the average or low skilled workers should not be a crime to attract punishment. Having said that if you are rich in assets and in income of course you should pay more tax, that is at a higher rate (even at the same rate they pay substantially more already) What % of the tax collected is fair for the top 10% of incomes? I understand today they pay about 80% of the tax- and surely there is not too much more to be provided by them. NZ does not need to discourage the best people. As this group drives the bulk of employment we need them to be rewarded not penalised.

Surely the biggest solution is the companies who are paying little or no tax. Increasing this sectors contribution may mean we not need to increase personal taxes. If a company cannot make a profit it should still pay tax as it still uses our public assets. I recommend we change the Company tax model to having 30% on profit or 2(?)% on revenue. Most companies make around 10% on revenue and at 30% tax that amounts to 3% of revenue paid on tax so the revenue tax option would be set below that level (maybe only 1%) and would come in only for revenues above a certain level, so small business which often struggles would be excluded from that option. However, companies like Apple, Microsoft, SAP and oracle would pay tax of substance under my model.

Jim Center

[1]

Ps a different issue but government income related is our stupid position on providing tourists with acc cover. We have an overloaded health system, and we need more tax revenue. So all non-NZ citizens should pay for medical attention, or they can pay an up front levy for the period they are visiting, at the same rate citizens pay for coverage. This would be still less than they would pay in their home country.

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**From:** Kris Ramsamy [1]  
**Sent:** Tuesday, 17 April 2018 3:51 PM  
**To:** TWG Submissions  
**Subject:** Taxing

Kia Ora,

I would like to raise some points that affects me and my whanau directly.

**Firstly**

I have never claim any benefit during my 32 years living here as my home now as a permanent resident and paid my tax for all these years. My two daughters are university graduates which we supported financially during their studies. One with a \$56,000 student loan. She did a 4 yrs degree in photographic design and is currently in New York for work experience. The money she earns barely covers her cost of living to a point that we subsidise her so she can survive. Yet for being overseas, she is being charged interest on that loan. I know that there are people earning money overseas but dodging their loan repayment. This system need to accommodate each person based on their individual situation rather than overburdening them.

**Secondly,**

my other daughters did a degree in ecology/environment studies- a skill short of in Aotearoa/NZ. However when the previous government first came into power, they laid off a lot of the DOC workers and consequently she found it difficult to get suitable employment. We are supporting her to now do radiograph. She has a student loan of \$35,000. How does young people manage with that system.

**Thirdly**

I am now on a pension but having to work for 20 hrs weekly so that I can support ourselves- I was getting a \$300 pension but because of my part-time job I have to pay tax on both my income and my pension. My small pension entitlement from uk of 100 pounds weekly has had to be surrendered to MSD as I am told that I cannot have two pension- Is this a fair system?

**Fourthly**

During one of my daughter's student days, she was not happy that her flatmate who came from a whealthy family but was untitled for MSD support- how fair is the tax system?

Kris Ramsamy

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**From:** Paul Elwell-Sutton [1]  
**Sent:** Monday, 16 April 2018 9:37 PM  
**To:** TWG Submissions  
**Subject:** Supplementary submission

Dear Sir or Madam,

Please accept this submission supplementary to that sent on about 21/3/2018.

Regards,

Paul Elwell-Sutton.

**Supplementary Submission to the Tax**

**Working Group.**

**Submitter's name:** Paul Elwell-Sutton.

[1]

**I wish to make the following submission, supplementary to my submission sent on 21/3/18.**

1.) The overarching purpose of taxation is, or should be:

a.) to prevent the accumulation of great wealth by the few, whether individuals or corporations, because such great wealth generally equates to political power wielded by the few, to the detriment of a functioning democracy and:

b.) to penalise damage to common wealth such as environmentally damaging activities, while rewarding enhancements to common goods such as environmentally beneficial activities.

Therefore, all taxation policy must firstly promote fair equity across New Zealand society, plus the protection and enhancement of the common wealth.

Failure to do so will result in a suite of socio-economic and ills, from poor educational outcomes and life expectancies to high incarceration rates and levels of malnutrition as well as environmental degradation.

The illusion that the government must collect taxes to pay for social services needs to be exposed since the NZ government has the right to create credit and issue currency, backed by the value of national economic activity, but has abdicated that role in favour of private financial institutions, for principally ideological



reasons centred around keeping monetary policy above democratic control, and subjecting the populace, parliament and the government to the diktats of global private finance. This essentially forces the privatisation of the common wealth of New Zealand to become the default setting for our economy.

It is timely that the NZ government should, on behalf of the electorate, take back its right to create credit and monetary policy, conditional on controls against abuses, so that finance for social services such as conservation, healthcare, education and housing, is no longer dependent on tax revenue.

In doing so, government will require strategies and alliances to resist strong backlash from the global money markets which will see their hegemony threatened.

Creation of a reserve currency among allied non-aligned nations may be a protective option.

2.) The taxation regime needs to be a proactive and living piece of legislation in order to accommodate and support New Zealand's evolving resource management systems. This is a crucial requirement if we are to reverse biodiversity and water quality decline among other environmental issues.

3.) That any taxation policy must explicitly recognise and comply with the provisions of the United Nations Universal Declaration of Human Rights (UNUDHR), with particular attention given to Article 25, which enshrines the right to housing.

Because government can or should create credit, building social housing can be limited only by lack of political will.

The right to housing must, at all times, take precedence over the interests of capital, and private investment in housing should be subject to normal business risks.

Failure to ensure that taxation policies comply with the provisions of the UNUDHR will almost inevitably result in the erosion of democracy and the entrenchment of a dominant rentier class, inevitably followed by catastrophic social malaise and upheaval.

Heavy taxation of practices such as, but not limited to, speculation needs to be inescapable, in order to penalise speculative and other socially and environmentally destructive behaviour, and encourage productive use of capital.

4.) In formulating any taxation policy, the concept of the interconnectedness of all beings and things into a world-wide living system, together with the Maori world view regarding land and property are to be recognised and explicitly accounted for. The concept of private property in land is a relatively recent European concept, and other approaches and values need to be recognised and incorporated into taxation policies.

An enabling taxation regime towards cooperative land ownership may assist in addressing the **affordable** housing crisis in NZ, which is not a housing crisis as there are plenty of properties for sale across the nation, but most is unaffordable, reflecting New Zealand's socioeconomic stratification, which is partly due to poor taxation policies which have failed to tax great wealth, and the grasp private financial institutions have on the provision of credit, from which they reap record-breaking profits.

5.) Article 23(3) of the UNUDHR sets out the right to 'favourable remuneration'. This must be sufficient to provide the necessities of life without duress. Taxation policies need to give effect to this right through low or zero income tax levels for those on low incomes, such as a universal tax-free first \$10,000, while a progressive income tax, rising to at least a 80% marginal rate for those on say, over \$150,000 p.a. and 99% on incomes of six-figures or over should be introduced. There is no conceivable reason why anyone needs a six-figure income in New Zealand.

6.) Taxation policies to combat money laundering in NZ are urgently needed. We must not and cannot welcome, or allow entry of, illegal and/or tax avoiding/evading capital because of the corrosive effect it has on NZ and world society.

## 7.) CGT:

The purpose of a CGT must be to rein in the accumulation of wealth through speculation, while promoting the productive use of capital, effectively making capital the servant of production and economic activity, instead of their master.

a.) In imposing a Capital Gains Tax (CGT) on property transactions, either the definition of 'family home' must be very tightly defined, or the 'family home' and associated land should not be excluded from being subject to a CGT.

Failure to tightly define 'family home' is more than likely to lead to abuses and tax evasion/avoidance tactics, where what comprises 'the family' and 'home' and what acreage can be considered part of the 'family home' will be grey legislative areas.

Personally, I consider that there should be no exemptions for family homes. Capital gain on their sale should be added to income, especially in the absence of an estate tax.

The gains on selling farmland should be subject to a CGT, including 'the family farm', irrespective of duration of ownership, because the sums involved are generally very large and may involve sale of high-value land for residential purposes. However, the issue of roll-over tax exemptions is fraught and double-edged. It sounds good in principle, but will need very careful and informed design, with input from the broadest section of society, if its not to become a large loophole and rort.

b.) All capital income, including gains on stocks and shares, private assets and collectibles should be subject to a CGT so that taxation is more fairly shared between the labour economy and the speculative and/or ownership one.

c.) CGT should be charged on realisation of sale because taxing on accrual cannot predict whether an asset's value will increase or decrease in the future, or by how much, consequently can be onerous and unfair.

d.) Capital losses should be ring-fenced in the interests of equitable treatment of tax rates across society.

e.) Capital gains should be added to other income and taxed accordingly. That would probably be the simplest solution, but monitoring for unintended consequences will be needed.

There should be no *de minimis* provision, so CGT rate will depend on the gross income of the person(s) or investment vehicle(s).

f.) In the interests of fairness, NZ investors' overseas capital gains should be taxed in the country where they are made, and double taxation should be avoided. However, it will be easy to hide overseas gains, and expert advice on minimising this leakage will be necessary.

Capital gains made in NZ by foreign investors should likewise be taxed in NZ at the same rate as domestic investors.

If overseas CGT is lower than in NZ, it may be advisable to apply a surtax to bring the rate up to the NZ rate.

g.) Valuation of assets for the purpose of transition to CGT should be from the introduction of CGT. This is probably the simplest solution, though a flurry of overvaluation of assets immediately prior can be expected.

8.) Economic growth, *per se*, has become an obsolete concept for a world approaching the limits of its finite capacities.

Taxation should not, and need not stimulate economic growth, but should rather aim for a steady state economy.

With a projected global population of 9 billion +, the greatest efforts will be needed to accommodate such a population, and a steady state global economy is likely to be the only one enabling the needs of all to be met while supporting the continued vitality and wellbeing of all the ecosystems upon which we entirely depend.

New Zealand will have to play its part.

9.) As previously mentioned, the issue of government borrowing to provide the needs of a civilised society are need to be examined and revised.

It appears to me that the default setting of borrowing from private financial institutions is a fault in our fiscal system, and that in order to maintain the sovereignty and relative independence needed for an effective and fair democracy, government must create credit and currency, based on the value of New Zealand's economic productivity.

Private financial institutions can easily end up dictating domestic policy to suit themselves and their shareholders, to the detriment of the wellbeing of New Zealand's citizens if the government is their debtor.

10.) With online purchasing from overseas now commonplace and increasing rapidly, a means of taxing these purchases is needed, otherwise domestic retailers are and will be severely disadvantaged, to say the least.

Many such transactions are small, (less than NZ\$100), so a Financial Transaction Tax (FTT) on them could provide government revenue, and level the playing field to a degree for domestic retailers.

The ability to collect an FTT from online sales will depend on the abilities and willingness of online sales platforms such as eBay, AliExpress, Paypal and Trademe, or on the banks providing the means of payment, and would need to be completely automatic.

A further advantage of an FTT, if made universal, is its ability to hinder short-term speculative trading practices by reducing their profitability. That could benefit those who don't have the surplus finances to support the speculative habit.

11.) Taxation on water use by agricultural and horticultural activities, including, but not limited to irrigation, should be mandatory. Failure to tax water use or consumption will amount to a public subsidy of those sectors.

12.) In the absence of a living wage, a lowering or removal of gst from unprocessed and staple foodstuffs should be a priority because of the unaffordability of basic foodstuffs for low and even middle income families.

Eligible items should be determined subject to public consultation, but could include staples such as fresh fruits and vegetables, milk, eggs, bread, rice, meat, fish and so on. Establishing such a list will be fraught with conflict and it may be easier to enact a broad gst reduction for all foods other than prepared foods from restaurants and takeaways etc., in which case a 5-10% rate might be acceptable.

13.) It is unclear to me why the TWG terms of reference exclude consideration of an inheritance or estate tax. No reason has been provided.

As with exclusion of a CGT on the sale of the 'family home' I disagree with exclusion of inheritance tax from the terms of reference.

These exclusions favour the most high income individuals and families in New Zealand, and are most unfair. They will help perpetuate the excessive wealth disparity we are experiencing.

New Zealand's Gini index is low compared with the majority of OECD nations, and is in the company of notoriously unequal countries such as the USA, UK and Israel.

We can and must do better, and place ourselves amongst more civilised nations such as Finland, Denmark or Iceland.

This cannot happen if we continue to give tax breaks to those with the highest incomes.

14.) For the purpose of facilitating tax deductions for donations to registered charitable organisations, automatic forwarding to IRD of records of such donations by those organisations should be mandatory. With the use of IT the cost of doing so will be minimal.

15.) Taxation of long-term savings (and interest gained), towards retirement should be geared to supporting them, and they should be taxed on realisation, at a lower rate than they might otherwise be, **or** a living superannuation must be guaranteed to all eligible citizens. The current superannuation is not a liveable income, so retirees need savings to top it up.

I believe superannuation must be universal, and taxation geared to prevent the accumulation of such great wealth that superannuation is superfluous.

As outlined previously, high marginal income tax rates should translate to all being eligible for superannuation.

If superannuation payments were means tested, the threshold for reducing or eliminating payments should be sufficiently high that reasonable savings to top up superannuation are not penalised. What constitutes 'reasonable' should be democratically determined.

16.) Taxation of cryptocurrencies has become a pressing need as some have become global currencies, and we have little data on the impact of those currencies on our economy.

Cryptocurrencies can be traded like currencies and stocks and shares, and are also be used to purchase goods and services without conversion into national currencies such as the dollar.

Because they operate outside the banking system, transactions in cryptocurrencies can be hidden from tax authorities, although some cryptocurrencies use blockchain for transactions, which may make them transparent and more easily taxed.

Expert independent advice will be essential to develop workable and effective tax policies around these currencies.

17.) Financial services should be GST liable. The cursory and incomplete explanation in the Tax Review document as to why this is impractical is surely to be a smoke screen to protect financial agencies, and a means of maintaining New Zealand's taxation policies in favour speculation over production.

18.) The issue of taxing entities without a physical presence in New Zealand, such as Facebook or Google, but who derive substantial profits from doing business in New Zealand must be addressed.

Because this is an international issue, it will probably be necessary to create an international tax-collecting agency to tax the global profits of those entities and distribute the revenue gathered to participating countries in proportion to the profits made in those countries.

In a digital age, this may not be so difficult a task to carry out.

**End of submission.**

[1] 16/4/2018

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**From:** Eleanor Sayer [1]  
**Sent:** Tuesday, 17 April 2018 11:28 AM  
**To:** TWG Submissions  
**Subject:** Submission

Hello

I would like to point out the importance of lower and flatter taxes in incentivising wealth creation and lifting prosperity for all New Zealanders.

I strongly oppose the introduction of policy that will complicate the NZ taxation system and lead to increased taxation, namely reviews to existing Capital Gains tax.

Keep it simple!

[1]

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**From:** Tom Pearce [1]  
**Sent:** Tuesday, 17 April 2018 10:39 AM  
**To:** TWG Submissions  
**Subject:** Submission to Tax Working Group

I am happy to be contacted by the working group or secretariat about any of the points below.

To begin with, I hope that the tax working group will take into consideration the context in which they find themselves reviewing the New Zealand tax system. Over the past 20-30 years New Zealand (along with the rest of the world) has seen a rapid increase in the returns on capital, greatly outpacing returns on labour. Economists have pointed to an explosion in the value of national housing stocks as a primary driver of this, along with factors like greater mobility of capital, shifts in government policy towards privatisation of national capital, deregulation of financial systems, elimination of trade protections, weakened labour laws and weakened ability of workers to take collective action (for a variety of reasons). The net result has been a massive concentration of wealth among a very small number of people, and the theory that this wealth will "trickle down" to the less wealthy is disproven by the intensification of this process of wealth concentration while the wealth, wages and buying power of the working and middle classes in real terms has stagnated or in some cases declined. The ill effects of the resultant poverty and inequality cannot be overstated.

Previous tax working groups have acknowledged the role tax plays in redistributing wealth primarily to ensure a more equitable society. This is the basis for progressive tax systems around the world and is something that I think should be fundamental in any changes made to our tax system. The key idea behind these tax systems is fairness, or that in real terms everyone should pay a similar proportion of their income in tax.

With this in mind I would highlight the following issues with our current tax system and some proposed solutions.

1) GST: there is a level of basic expenditure on things like housing, food, clothing and hygiene that remains relatively fixed regardless of income. Therefore as a proportion of total income, a general sales tax impacts those on lower incomes much more heavily than those earning more, as much more (or often all) of their income goes towards paying for these bare essentials.

Recommendation: remove or reduce GST on basic and essential commodities such as food and hygiene products.

2) Income tax: New Zealand has a particularly low top tax rate despite collecting a relatively large amount of tax revenue from income tax. Given the previously discussed factors around fixed costs representing much a larger proportion of spending from those on lower incomes, as well as recent trends of drastically larger returns on capital than labour, those with higher incomes can pay a relatively higher rate of income tax while still maintaining a higher level of disposable income and standard of living.

Recommendation: introduce a new top tax bracket (for example on incomes above \$150000 p.a.) while reducing or removing tax in the lowest tax bracket.

3) Tax loopholes and tax avoidance: there are a number of legal mechanisms for individuals and corporations to shift, reduce or otherwise minimise their tax burden. For individuals, examples of this are negative gearing or taking advantage of different tax rates on different kinds of income. These mechanisms are disproportionately available to those on higher incomes. A "spike" in reported incomes of \$70000/year indicates fairly widespread use of these mechanisms, as well as other possibly non-legal methods to reduce individual tax burdens. More complex and potentially more serious is the amount of corporate tax paid by large international corporations - a recent example being the New Zealand Herald investigation showing that Apple had not paid any corporate tax in New Zealand since 2007. Despite multinational

corporations occupying increasing dominant roles in all spheres of the economy, they are increasingly able to avoid or minimise tax owed in countries from which they draw significant revenue. The reasons for this are complex but involve a lack of transparency of income and tax across national lines, and the ease with which corporations are able to move capital and costs around the world.

Recommendations:

- Ensure alignment of any corporate, trust and other taxes with any new top income tax rate (see above).
- Increase resourcing to IRD to pursue or investigate tax avoidance and tax evasion.
- Ensure New Zealand is actively pursuing and complying with tax information exchange agreements as widely as possible.
- Wherever possible, withhold tax on payments made to known or suspected tax havens, and review any treaties New Zealand has with these countries.
- Pursue and promote the creation of a UN tax body to facilitate international enforcement of tax laws.

4) Returns on capital: Tax systems around the world, New Zealand included, tax income from capital far more lightly than income from labour. As discussed already, with returns on capital far outstripping those on labour, this is increasingly unfair and imposes a disproportionate tax burden on the lowest income earners. In particular the value of New Zealand's housing stock has become overinflated with capital gains in recent years on even a single property being far higher than what many New Zealanders earn through full time employment. Both previous working groups have highlighted the need for a capital gains tax. A particular consideration here is the way the absence of a capital gains tax incentivises investment in property rather than other, productive areas of the economy from which the dividends would be taxed.

Recommendations:

- Impose a capital gains tax on all transfers of property.
- Impose a land tax on all unimproved land, differentiated by land use to ensure this burden doesn't fall unfairly on farmers and other such productive industries.
- Use revenue from land tax to significantly lower personal income taxes across the board.
- Establish national investment funds for individuals and families wishing to invest money in something other than property.

5) (Dis)incentives through tax: New Zealand has typically considered many aspects of the natural environment as common property, but in recent years individuals and corporations have begun to exploit or degrade these commonly owned resources for personal profit and gain, at the expense of all. Greenhouse gas emissions, mass irrigation, effluent and other runoff into waterways, and overfishing are all examples of industrial side effects that cannot continue to be thought of as having zero cost. The working group needs to acknowledge that after ten years the Emissions Trading Scheme has been largely ineffective in achieving any real reduction in carbon emissions. Despite the ETS and other efforts, the real costs of environmental degradation are not borne by those profiting through exploitation of the natural capital. The New Zealand government has a duty to disincentivise these activities, and the imposition of taxes ensures that they are no longer considered "zero cost".

Recommendations:

- Introduce a tax on water use
- Introduce a tax on all greenhouse gas emissions
- Introduce a tax on single-use or temporary-use plastics

Regards,  
Tom Pearce