

Tax Working Group Public Submissions Information Release

Release Document

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- [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.

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

Submission to the tax working group

1. **To consider consolidating partner's tax income of one household.** Currently each partner's income is taxed per the income of the individual. For us it has meant that my husband earns well under the \$48,000 tax rate and my wages plus interest resulted in paying tax of 30%. Income splitting is a fairer more equitable rate. Some proposals have requested this only be for parents with young children which I do not support. As a newly retired couple this makes the situation unfair or was our case previously with one partner in retirement and the other person in employment resulted in the system penalised us for saving.

2. **Taxation rates for KiwiSaver**

The taxation rates on funds that have gained is too high. To encourage saving, the taxation rates on gains in the KiwiSaver account to be on a lower rate resulting in the government still gaining tax and not penalising the saver for actually saving for their retirement.

3. **Taxation rates for Savings accounts of investment accounts**

The taxation rate again is too high. Taxation is paid on the original wages/income that are received. Taxation is paid on the interest for that year and then further tax if the share funds or invested funds have gained. That last tax is in contrast to those who choose to invest in houses and pay no tax as their property increase unless they sell it within the first two years.

We have deliberately not invested in real estate because we have thought it was unfair to those younger than ourselves who wish to buy a house of their own personal use and habitation. That decision has resulted in us paying more tax than those who own rental accommodation.

The lack of tax paid by those owning rental accommodation has led to much social inequality in both the housing and rental market and the tax take.

4. **Contract Workers**

The guidelines set out by IRD "Employees and self-employed contractors" favour employers who then contract out the work when in reality the contractor is an employee but not in the definition supplied by IRD. It results in the employer not having to provide sick leave, annual leave or provide the necessary equipment and results in "take or leave it" attitude. The so called contractor has few rights. I would suggest the committee looks at contracts issued for postal runs and other similar occupations. I think these require a thorough investigation. Most

contractors do not decide on when they do their hours of work. This is defined by the contract. This results in a low "wage" , work stress, additional paper work in their own time and resulting health risks.

I would suggest that the contractor definition is examined to avoid exploitation of workers/contractors.

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