

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.

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.

Will keep it brief, this isn't my area - but as a country we need to be able to fund services for an aging population, to cool the property market, avoid wealth accumulation and transference and to make tax fairer to middle class battlers and without penalising production.

How about the government look at income possibilities outside of taxation? The government could invest in income generating assets such as the SOE's to reduce the taxation burden. ACC's portfolio is great example of that. Suggestions:

- Tax rebates for those on private health insurance. This will push more on to the private sector insurers without Govt disadvantaging private insurers who will essentially pay taxes twice for health. The same applies for private Education.
- Scrap GST on rates, This is a tax on a tax and completely unfair. This would also set rates back 15% and give local govt and ratpayers more room to move. More disposable income would mean this GST is picked up on consumption or there is more tax from savings. Restricting rate increases to inflationary levels is another story.
- GST could also come off prescriptions but I don't favour making complex policies like removal from fruit and vegetables, or a fat tax or sugar tax. These are totally impractical and unworkable.
- Maori aren't participating enough in business and self determination is ending up with just a few prospering and growth being limited. Trusts have tax advantages already so don't see any tax changes creating additional benefit and this certainly cannot be aimed directly at Maori. One possibility is that up to 2 professional salaries for each trust can be claimed as a partial rebate. This would ensure they can hire the best CEOs, CIOs and grow as a business to return more profits to trust beneficiaries.
- Online transaction charges need to ensure goods, services and transactions aren't circumventing paying their share of tax burden. This "internet tax" is well worth pursuing to make a workable solution. This may involve software or take the form of a financial transaction tax which could be applied across the board.
- I would like to see company tax reduced to 27% for companies less \$10m income per year and compliance costs reduced with rebates. Those companies earning more than \$10m pay 28%. This may stimulate economic growth through increased employment. However there is a demarcation between companies paying tax in NZ and those shifting earnings overseas. We must pursue tax avoiders and tax evaders to the letter of the law. International companies must pay their taxes owed to NZ.
- We are an exporting nation, our standard of living depends upon it and exporters need all the incentives they can get. Also hi-tech companies need rebates for R&D up to 5% if we are to be internationally competitive.

In regards to other tax brackets I suggest introducing 2 other steps:

\$0-10k 0% universal for everyone including "paper boys"

\$10.01-\$30k 14.5%

\$30.01-\$50k 17.5%

\$50.01-\$70k 28%

\$70.01-\$90k 32%

90.01k - 150k 34%

150.01-350k 36.5%

>350,01 42%

- Trading in assets such as residential housing or commercial property without paying tax on profits generated requires ring fencing. End tax breaks for investment property to reorganise NZs investment habits towards productive enterprise. CGT that excludes family home is necessary. Perhaps taxing vacant urban land could be considered. Land bankers and vacant houses owned by investors are inhibiting the supply of residential homes pushing up prices and affordability and increasing total personal debt levels held by Australian banks.
- Reviewing and removing tax exemption status for various trusts, churches and charities. This has become tax avoidance. Similarly most gaming machines are owned and administered by charitable trusts, another area that could do with an overhaul. Tax on casinos and gambling profits should be increased.
- As part of managing our environment sustainably, dissuading large numbers of freedom campers and to be able to afford infrastructure to support tourists we should charge visitors an arrival tax \$50. Capping total tourist numbers to 2 million visitors a year would be part of this. Moreover every tourist should be checked they have either travel or health insurance. \$400k a year is spent on their medical services courtesy of NZ taxpayers
- Tax on domestic water use. This is essentially regional govt managing of resources but commercial activity that profits directly from fresh water should pay for it. This includes bottlers, however I suggest this is local and pure water exports are banned out right.
- Superannuation is tax being spent. However superannuitants are paid when they reach 65 automatically whether they are in full time work or not. Paying a benefit and that is what it is, while in full time employment must cease.
- Taxation on retirement savings and investments needs to be reduced slightly to encourage more savings and self sufficiency during retirement.

In conclusion, Inheritance tax may be outside of the scope of the Terms of Reference for the Working Group but consider the easy money acquired by watching assets go up in value, or inheriting from those who have watched assets go up in value (all of which attracts little or no taxation) as opposed to working hard to acquire money (which attracts high taxation). Taxing this wealth transference is imperative if we are to maintain an egalitarian society where if you work hard you get ahead. Does NZ want to be a society that has intergenerational wealth or poverty, depending on where you are born? Abolish secondary tax for workers and create Death Stamp Duty, or Gift Tax. Not the same as inheritance tax but which has a sliding scale depending on the size of estate - essentially an estate duty if you will.

Thanks for your time.
regards, Marc Galle