

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.

The Tax Working Group
Somewhere in Wellington!

Dear Working Group,

I have 4 issues I would like to bring up for your attention.

1) Capital Gains Tax:

Clearly you will be considering a capital gains tax and whilst I do not consider this unreasonable I would like you to take into account the following:

As I understand it the government does not wish to tax capital gains on the primary family home. At present many of us consider our home our main investment and hope to make a significant capital gain when we retire buying a smaller cheaper house and using the remainder as our retirement income generator. If other assets and investments attract a capital gains tax there will be an inclination to put more and more disposable income into the family home to avoid capital gains tax thus leaving less and less for investments. This is likely to push the price of housing up.

I would like to suggest that a certain amount of "other" investments be exempt from capital gains tax to a certain level (say \$250,000) as determined by your group and which should be inflation indexed.

2) Provisional Tax on Crops:

I happen to own a kiwifruit orchard and my tax year end on 31 March each year a couple of months before harvest. I wanted to change my tax year so that it ended in June but my accountant advised against because he said I would then be liable to pay tax on the expected income from my total harvest even though I might only receive the income gradually over the year. That sounds particularly harsh. I think everybody should only be liable to pay tax once the income has been received. I like the idea of paying income tax as one earns the money every 2 months is good with the GST payments.

3) GST on invoice

I am fortunate enough to pay GST on payment but I understand some companies have to pay on invoice. Again consider this to be unfair (and isn't fairness what we are about). Why should a company pay tax on income it has not yet received? Why should the government benefit from the early payment? In my opinion this is unfair and unreasonable.

4) Tax Year

I am puzzled as to why everyone's tax year has to end in March or June. What is so special about those months? Why not have one's tax year end on your birth month or some other random month. Companies' tax year could end on the month they were formed for example.

I trust you will look at these issues and make your carefully considered determination.

Yours faithfully

Peter Haddad