Tax Working Group Public Submissions Information Release

Release Document

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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.

[1]

28 April 2018

Tax Working Group
Wellington

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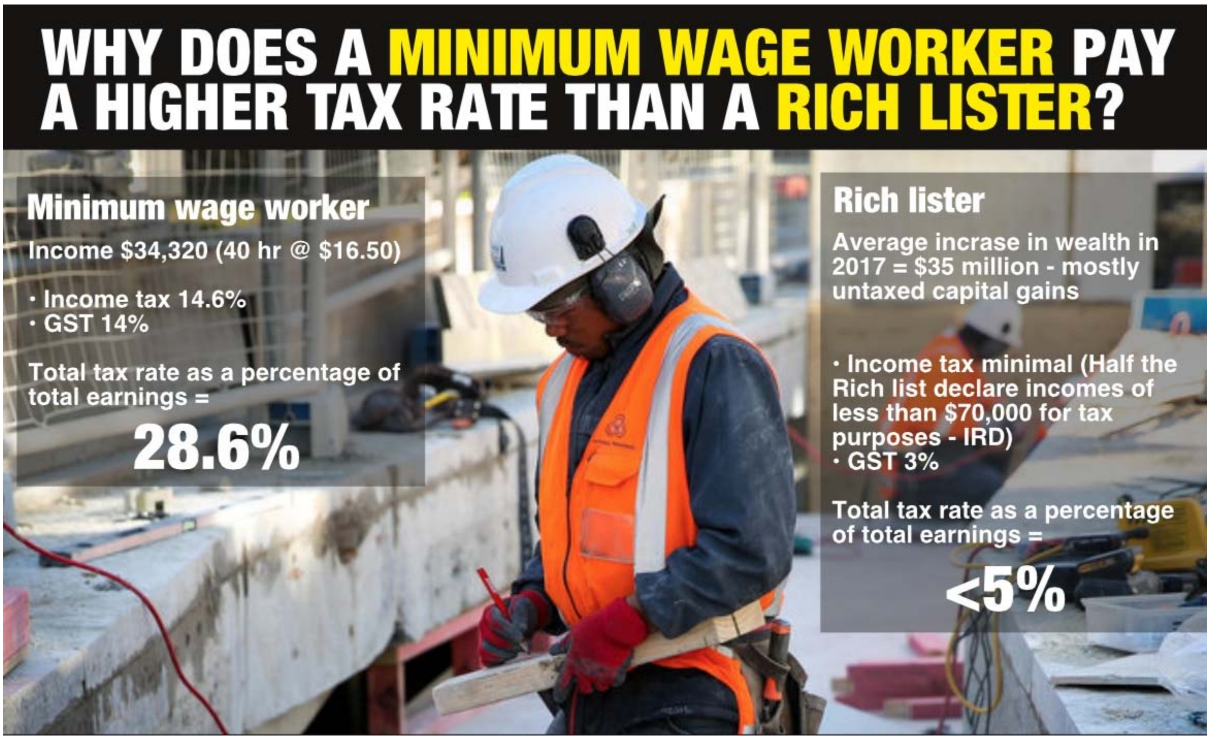
Kia ora koutou,

Submission to Tax Working Group

Our tax system is broken. It is broken in plain sight.

New Zealand has gross and increasing inequality in incomes and wealth. The wealthiest are creaming it at the expense of the rest of us. Those on the lowest incomes pay higher proportions of their income in taxation. Tax for the wealthy and super-wealthy is essentially a voluntary activity.

The disparity is presented in this image which summarises the ineffectual nature of income tax in meaningfully taxing the incomes of the super-wealthy and the harsh, regressive nature of GST.



There are numerous things which must change to redress the gross imbalances in our broken tax system. I am suggesting three changes to make a strong start to bringing fairness and balance to our tax system.

- Firstly institute a Financial Transactions Tax (set at around .01%) on all money going through our banking system. This won't be noticed by people in their day to day living but will bring in significant sums of money from the corporate sector and speculators who move billions in

and out of New Zealand regularly. This tax would replace GST which is a particularly vicious tax on low incomes.
The FTT I am proposing is a broad-based tax, set at a low rate. It would be particularly easy to collect through the banking system.
It would have the added value of reducing speculation in the New Zealand dollar (the 10th most traded currency in the world) which in turn would reduce our dollar's value and increase income for the goods we sell overseas.

- Secondly, 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. Wage and salary earners are taxed on every dollar we earn and every dollar we spend. Why does the same not apply to the wealthy and super-wealthy?
  It is important the income from ALL sources (including capital gains such as property values, shares and dividends) is brought together as taxable income for the purpose of assessing income tax.
- Thirdly, 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% income tax on their vastly-inflated salaries when much more is demanded in other countries? (Eg Denmark 55.8%; Australia 49%; USA 46.3%; France 54%; UK 45%) I realise the government has refused to allow such a recommendation as this but the TWG should signal the need for this issue to be addressed urgently by the government.
- Fourthly, an Empty Homes Tax be applied to vacant homes. This would be similar to Vancouver's Empty Homes Tax where 1% of the property value is paid as tax in years when the home is unoccupied for four months or more.
  More details are here: http://vancouver.ca/home-property-development/empty-homes-tax.aspx
  This tax would bring more vacant properties onto the market (33,000 homes in Auckland were empty in 2016) which would ease rental costs as well as new house prices. It would be a positive, appropriate response to the current housing crisis.

I would like to appear before the Tax Working Group to discuss these proposals further and look forward to hearing from you.

Na,

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John Minto
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