

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

### **Release Document**

**September 2018**

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people;
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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 on the Future of Tax

From:

Lorna Crane

[1]

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I appreciate the democratic nature of the Tax Working Group's invitation to make submissions on the Future of Tax. In support of the Government's Tax Working Group's efforts to identify a fairer tax system for New Zealand I offer the following personal beliefs, ideas and suggestions.

1. I do not believe that the current fiscal system in New Zealand adequately meets the target of "Fairness for All".
  - The concept of sharing the cost of expected public funded services (health care, policing, justice, education, etc) may be well understood by most New Zealanders but the logistics in assessing (working out what is payable) and making those payments is not easy and can be unnecessarily stressful for many.
  - The system is tilted in favour of those who have already accumulated wealth and leaves young people at the start of their working lives at a severe disadvantage.
  - There are disincentives within the current tax system which cause employees to pause to calculate possible losses to their income rather than fearlessly work extra hours. Some do the extra hours, work really hard and then find that they are actually penalised for their effort.
2. We should harness advances in Digital Technology to devise a new system for creation, collection and distribution of "money".
3. The wealth of the nation need not be measured against fixed assets but measured by
  - the wellbeing of the population
  - natural resources
  - manpower
  - virtual creativity
  - intellectual property

4. I support the introduction of a Universal Basic income for **New Zealand citizens from birth to death**. This will
- allow every individual to access the necessities of life without fear.
  - reduce or redirect Social Service staffing, primarily in Work and Income, but demand for staff in other support services could also be reduced
  - stimulate small business through more available spending power
  - allow people to study and further their skills
  - free artists to be creative
  - allow parents to spend more time caring for their families
  - reduce crime
  - engender greater community spirit and encourage more volunteers

I do not believe this will

- deter people from working to improve their situation
- lessen the desire of individuals to be productive
- remove incentives for people to excel in their chosen fields
- reduce the numbers of Teachers, Doctors, Police, etc

Special consideration will need to be given to

- transitioning **Permanent Residents to Citizenship**
- possible increase in births
- immigration quota

5. I support a flat rate **Financial Transaction Tax** to be levied on all **withdrawals, including**
- Cash
  - Transfers, except to “own” account
  - Payments to overseas entities (which covers purchases made over the internet)

The rate should be set high enough to match current GST and Personal Income Taxes

Difficulties with regulation may be encountered because of foreign ownership of banks. However, if payment of the UBI is restricted to a New Zealand owned bank a significant part of the problem could be easily solved. Once overseas banks are aware of this they are likely to also enter into an agreement to FTT collection.

6. In conjunction with the **FTT** I propose that **Personal Income Tax and GST** be discontinued.

I consider that a Capital Gains Tax will not be necessary as property sales would be covered by the **FTT**.

7. I support the idea of Special Target Taxes levied on products that are deemed harmful, with the intention of changing consumer behaviour, e.g. cigarettes, alcohol and sugary drinks.

8. I propose that a mechanism for discouraging exorbitantly high personal salaries be considered.

- Sky city and Fonterra are examples where CEO remuneration is considered *morally obscene*.

There will always be people who wish to evade their responsibilities and try to find loopholes in any form of taxation. I hope the Tax Working Group will come up with a recommended plan that will limit the opportunities for such avoidance.

Thank you for the opportunity to participate in this forum.

I do not wish to appear in person.

Lorna Crane,

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