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.

Over the mid-to-long-term, I see the main challenge to New Zealand's tax system as being a system that targets people in an equitable manner. As your paper identifies, the wealth disparity between the well-off and those less-so continues to widen in New Zealand. In my opinion, it is only fair that the wealthier population need to shoulder more of the tax burden, particularly through taxing capital gains. As such, I think that the Government should consider implementing a Capital Gains Tax. This will not only gather more revenue, but provide more resources for the government to use to support people through transfers and the provision of public goods.

While New Zealand currently has a 'broad based, low rate" tax system, I see the need to move towards something more complex in order to better target and address societal issues.

Ideas proposed in the paper that I am in favour of include:

- The introduction of a Capital Gains Tax, particularly one that will help address capital gains in the property market and speculative behaviour in this market. I do not favour a CGT that will tax capital growth of retirement funds including KiwiSaver.
    - May be easiest to enforce when assets are sold, rather than on a year-to-year basis.
- Increased use of the tax system to modify behaviour. For example, the targeted use of GST exemptions to exclude healthy products such as fruit and vegetables. I think there is also some merit in putting more emphasis on 'environmental' taxes, given the impact environmental changes will have on New Zealand as a nation. A sugar tax is commonly mooted in the media at the moment too. There may be merits to that.
- Having a tax system that encourages retirement savings. I personally favour the removal of taxes on capital gains for savings investments. Whilst I acknowledge there would be a significant fiscal cost into applying such a change, I believe the removal of the tax will encourage much more saving and help New Zealanders transition away from their reliance of debt.
- Changes being made to counteract the growing digital economy, such that activities in this economy are taxed too.
- Moves to better capture tax from overseas based companies doing business in New Zealand.
- The introduction of a land tax.

Ideas proposed in the paper that I am against include:

- A progressive company tax scheme. As your paper identifies, this may hold companies back from expanding to reap the tax benefits of lower rates, and 'penalises' larger companies. I feel like such a tax would create a lot more administrative inefficiency too. I value the simplicity of our company tax system in that all companies are on equal footing and encouraged to grow. Incentives already exist for SMEs.