

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

### **Release Document**

**February 2019**

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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.

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**From:** Sara Becker <action@campaignnow.co>  
**Sent:** Thursday, 1 November 2018 1:53 PM  
**To:** TWG Submissions  
**Subject:** Reply submission to Tax Working Group's interim report and proposals

Dear Sir Michael and members of the Tax Working Group,

This is a submission in reply to the proposals and questions set out in the Working Group's [Interim Report](#).

I also note that the government has today announced more in the tax take than was projected, so there is no plausible reason why this tax working group is STILL going ahead and looking for ways to get hold of even more money from us, the public.

### **Indexation of income tax brackets**

Inflation pushes up the cost of living without adding any additional value. Therefore, income tax thresholds should be indexed to inflation, otherwise people just keep getting put into higher tax brackets and end up paying more tax, but realistically, being no better off because their money doesn't buy as much.

### **Capital gains taxation**

This is a terrible idea. It reeks of "asset envy". My husband and I have worked very hard for decades and have managed to pay off the mortgage on the first modest little home we bought in one of the lowest socio-economic suburbs in Wellington. This meant that we went without holidays or overseas holidays for decades, and without eating out unless it was on a very special occasion; we also restricted our grocery spending and scrimped on clothing etc. We have never been on a benefit but have worked hard - sometimes my husband has worked 7 days a week for 10 -12 hour days - in order for us to raise our children and pay down our mortgage.

We recently moved to a lifestyle block 2 hours away to give our younger children the opportunity to learn how to grow food, raise animals, and live in a less stressful environment etc etc. We have a huge mortgage on our lifestyle block. We currently commute each week between the different houses to enable us to work for \$\$ in the city so we can hopefully retire to the country in 10 years time.

To be asking us to pay MORE tax on one of these properties (we already pay rates which is a tax) is criminal. We already pay the highest rate of tax and get no relief for the fact that we are raising children. We are being responsible people and you are wanting to penalise us. We already pay for the benefits of several people every year and now we'll be asked to pay for them whilst we are trying to keep our own heads above water. The cost of living has risen dramatically in NZ over the past few years and it is becoming increasingly harder to provide our family with food and clothing. To be asking us, as Gareth Morgan put forward in his election 2017 policy, to pay tax on the assets we have bought with great personal sacrifice and with ALREADY-TAXED money is theft as far as we are concerned.

We are attempting to start a small business with our adult children and if you tax us more, we'll have even less capital to start it off with. We don't want our children dependent on the state, although we're aware that this is what socialist governments thrive on.

As far as we're concerned, equality of opportunity is fine, but there will never be equality in outcomes which is what we believe this working group and the current government is attempting to bring about through taxation. There will always be people who have no ambition, or are not willing to put their head down to get a good education, or are just too lazy or don't know how to put their money to work and we certainly don't want to be supporting them in their lifestyle choices whilst we have had to make significant sacrifices over decades to acquire the skills and abilities and character qualities necessary to be able to purchase the assets and maintain them as well.

I also think of the many families we know who own baches (some of them worth very little) and who will be penalised by an asset tax. It is a noble thing to acquire a property and maintain it and pass it on down to the next generation so the same property remains in the family's hands for generations - this is a noble and good thing - building a legacy and passing on the character traits of hard work on to the next generation. This is what we need to be encouraging New Zealanders to be doing rather than working out convoluted methods of taxation which will sap ambition and drive and will keep everyone dependent on governments.

If you do go ahead and implement any sort of tax like this, then income taxation thresholds should be drastically dropped.

### **Taxes on savings**

With interest rates so low, inflation eats away at savings by making the tax rate on interest income artificially high. If the Working Group wants to encourage households to save more for their retirement they should exempt the inflation component of interest income from tax.

Savers were paying an effective tax-rate of 77.8% on income in a six-month term deposit in September this year, which is far too high to encourage anyone to save.

I submit that the Working Group recommend that the inflation component of interest income be exempted from income tax, in order to ensure savers pay their actual income tax, not a rate often more than twice what they should be paying. I particularly think of my own widowed mother who earns hardly anything in terms of real purchasing power because inflation has eaten away at her savings each year.

### **SUGAR TAX**

I disagree with implementing anything like a sugar tax. The Government isn't our nanny, for goodness sake. This goes way beyond the mandate for a government. The public doesn't need the government putting punitive taxes on special treats we might like to partake of - and personal responsibility should win the day here rather than sugar taxes.

Beyond the points made above, I endorse the [broader submission](#) made by the New Zealand Taxpayers' Union in reply to the Working Group's Interim Report.

Yours sincerely,

Sara Becker