



Tax Working Group
Te Awheawhe Tāke

Tax Working Group Information Release

Release Document

September 2018

taxworkinggroup.govt.nz/key-documents

This paper contains advice that has been prepared by the Tax Working Group Secretariat for consideration by the Tax Working Group.

The advice represents the preliminary views of the Secretariat and does not necessarily represent the views of the Group or the Government.

Minutes

Date: Friday, 15 June 2018

Location: The Treasury, No. 1 The Terrace

Attendees: Sir Michael Cullen (Chair), Bill Rosenberg, Geof Nightingale, Hinerangi Raumati, Joanne Hodge, Marjan van den Belt, Michelle Redington, Robin Oliver, Nick Malarao, Craig Elliffe
 Independent Advisor: Andrea Black
 Secretariat: Paul Kilford, Steve Mack, Shane Domican, Bevan Lye, Michael Sherwood, Casey Plunket, Phil Whittington, Matt Bengé, Mark Vink, Jordan Ward
 Apologies: Kirk Hope,

1. Previous minutes, administration, forward agenda, stocktake

| | |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Noted | <ul style="list-style-type: none"> • Noted minutes for previous meeting • That Minister of Finance wishes to meet with the Group on 20 July • Joanne Hodge to prepare companion paper for 29 June |
| Agreed | <ul style="list-style-type: none"> • To have additional meeting for the afternoon of 19 July |
| Actions for the Secretariat | <ul style="list-style-type: none"> • Upload Secretariat notes from oral submissions to Diligent • To include in tax administration meeting information on the generic tax policy process |

2. Oral submitters

| | |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Noted | <ul style="list-style-type: none"> • Submissions from environmental submitters <ul style="list-style-type: none"> ○ Forest and Bird ○ NZ Centre for Sustainable Cities ○ Environmental Defence Society • Questions to Ministry for Environment and Parliamentary Commissioner for the Environment <ul style="list-style-type: none"> ○ Overseer has areas that need significant investment and is only a partial tool for determining total environmental impact ○ The Government has invested in Overseer and it is a useful planning tool ○ It is unclear whether it is adequate as a regulatory or taxing tool ○ The Parliamentary Commissioner for the Environment has an investigation on Overseer with a report due by the end of the year |
| Actions for the Secretariat | <ul style="list-style-type: none"> • Upload Secretariat notes on oral submission from environmental submitters to Diligent. |

3. Summary of submissions

| | |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Noted | <ul style="list-style-type: none">• Summary of submissions from organisations and academics |
| Agreed | <ul style="list-style-type: none">• To refer to Inland Revenue technical submissions on matters not being considered by Tax Working Group. These are for consideration for inclusion on the Tax Policy Working Programme |
| Actions for the Secretariat | <ul style="list-style-type: none">• Refer technical submissions to Inland Revenue• Come back to Group with proposed process for releasing submissions |

4. Welfare Expert Advisory Group meeting

| | |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Noted | <ul style="list-style-type: none">• Areas of joint interest between Tax Working Group and Welfare Expert Advisory Group meeting<ul style="list-style-type: none">○ High effective marginal tax rates○ Whether the unit of assessment should be household or individual○ The need for simplicity and seamlessness○ The housing impact of a capital gains tax and the impact of taxes on low income households |
| Agreed | <ul style="list-style-type: none">• To share results of modelling of impact of a capital gains tax with the Welfare Expert Advisory Group |
| Actions for the Secretariat | <ul style="list-style-type: none">• Continue to work with secretariat for Welfare Expert Advisory Group to coordinate work of both Groups |

5. RFRM and land taxes

| | |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Noted | <ul style="list-style-type: none">• Secretariat paper on RFRM and land taxes |
| Agreed | <ul style="list-style-type: none">• Not to recommend a land tax generally• To consider potential targeted land taxes such as an environmental footprint tax as part of future consideration of environmental taxes.• The Group may consider RFRM again as an option for residential property investments if it decides that is unable to recommend the introduction of a capital gains tax. |
| Actions for the Secretariat | <ul style="list-style-type: none">• Check and confirm the estimates of the revenue and fiscal impact of an RFRM tax on residential property.• Explore whether information on impact of RFRM on baches can be prepared. |

6. Financial sector taxes

| | |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Noted | <ul style="list-style-type: none">• Secretariat paper on financial transaction taxes and taxing financial services• More work required on GST on explicit fees imposed by the financial sector |
| Agreed | <ul style="list-style-type: none">• Not to recommend a financial transaction tax• Interim report to outline that Group has looked at issue of applying GST to financial services and recommend that the Government continue to monitor the area to see whether a feasible method can be developed for applying GST to financial services. |
| Actions for the Secretariat | <ul style="list-style-type: none">• Provide evidence regarding applying GST to explicit fees and commissions and Australian experience in doing this• To see what information can be provided on distributional impact of applying GST to financial services. To ask Kirk Hope whether further information is available to assist with this• To provide information on the Credit Contracts and Consumer Finance Act and whether it provides a means of applying GST to financial services or a useful framework |