



Tax Working Group
Te Awheawhe Tāke

Tax Working Group Information Release

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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.



Tax Working Group

Minutes

Meeting Date: Friday, 23 February 2018

Attendees: Sir Michael Cullen (Chair), Bill Rosenberg, Geoff Nightingale, Joanne Hodge, Kirk Hope, Marjan van den Belt, Michelle Redington, Nick Malarao, Robin Oliver, Craig Elliffe,

Andrea Black (Independent Advisor)

Mark Vink, Paul Kilford, Phoebe Sparrow (Secretariat)

John Janssen (Tsy), Vicky Robertson (MFE), Naomi Ferguson (IRD), Ruth Isaac (MBIE), Nicholas Bagnall (ACC)

Apologies: Hinerangi Raumati-Tu'ua,

1. Previous Minutes and Administration

Noted	<ul style="list-style-type: none"> • Bill is absent for meeting 11 and 12 • Marjan is absent for meeting 11 • More than one meeting may be needed to hear oral submissions but the Group will consider the time allocated to hearing submissions closer to the time • Group members attending IFA have been invited to morning tea with Ministers
Agreed	<ul style="list-style-type: none"> • To make minor amendments to 9th Feb minutes • Swap the content of meetings 11 and 12
Actions for the Secretariat	<ul style="list-style-type: none"> • Circulate conflict of interest register and list of secretariat members to the Group after providing draft to the Chair • Discuss venue options for Auckland with members (completed) • Prepare a note on what the welfare working group (and possibly other overlapping groups/inquiries/reviews) are doing and report back there is some certainty on scope • Email members about invoicing (Yvette) • Contact Nick Malarao to discuss whether he is happy to do a session on trusts + on tax avoidance/evasion and general collection issues as part of the Business Tax session in Auckland 6th April as requested by the Group • Circulate today's external slides to group members (completed)
Actions for the Group	<ul style="list-style-type: none"> • Contact Paul Kilford about any conflicts that should remain confidential before the register is circulated.

2. Sustainable development goals (SDGs) – (Marjan van den Belt presentation)

Noted	<ul style="list-style-type: none"> • The Chair is keen to think about how SDGs could be incorporated into the Group's assessment frameworks
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3. Submissions document and Frameworks for assessment

Noted	<ul style="list-style-type: none"> The assessment framework paper is something the Group can continue to think about and revisit (Chair)
Agreed	<ul style="list-style-type: none"> The deadline for final comments from members is Tuesday next week (27 Feb) at the latest To adopt Hinerangi's suggestion for modified translation of the opening whakatauki for the paper – "with your contribution and my contribution, people will prosper" The assessment framework paper should be published because it will help to explain how the Group is framing its discussions.
Actions for the Secretariat	<ul style="list-style-type: none"> Check with Trevor about replacing the second whakatauki in the paper with a mihi instead Incorporate the Group's feedback provided on the draft submissions paper (appendix to minutes) Prepare a Group-authored note on assessment framework if time allows (complementing the Secretariat paper) – include a summary of SDGs. Otherwise, the Group's assessment framework could be a chapter in the interim report. Suggestions from members: <ul style="list-style-type: none"> to note that the SDGs seem to be aligned with the LSF/Four capitals and state that the Group will have the SDGs in mind when deliberating the assessment framework doc currently appears to focus more on the 2010 Tax Working Groups assessment principles (and economic growth) compared to the submissions background paper.

4. Discussion on He Tirohanga Mokopuna (John Janssen)

Actions for the Group	<ul style="list-style-type: none"> John suggested that members should read the LSF / four capitals papers that came out yesterday (22 Feb) on the Treasury website
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5. GST – low value goods

Agreed	<ul style="list-style-type: none"> The Group agreed to and signed out the contents of the letter to MoF
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6. Presentation on Business Transformation (Naomi Fergusson)

Actions for the Secretariat	<ul style="list-style-type: none"> Members requested a breakdown of BT's estimated reduction in compliance costs for businesses – specifically for SMEs.
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Appendix: Feedback provided on draft submissions document

- Draw out demographic comments more (around para 15) – what do young Māori, Pacific and Asian populations mean for New Zealand’s prosperity going forward?
- At para 60, some content from the te ao Māori section could be brought forward to here so it’s weaved into the LSF korero.
- Where we mention impact on Māori in the CGT and land tax sections, we need to say more about how land is a taonga and a legacy asset, and for many Māori it’s the only asset they have. These taxes would be onerous on Māori business too.
- Change text about the OIA in exec summary and introduction so it is clear that we intend to proactively release the submissions.
- Modify text in exec summary about the fairness of the tax system and how it relates to the level of redistribution.
- Swap around text in exec summary under the specific challenges section where it currently asks how a CGT or land tax would affect housing affordability and then asks how they would improve efficiency.
- Suggestion to discuss in exec summary how the tax system can encourage productive investment over speculation.
- Suggestion to include discussion about options for lowering the GST rate. Members noted that reforms need to be revenue neutral; suggested a question such as “if other sources of revenue can be identified, would you support reducing taxes like GST?”
- Suggestion to include discussion on tax disputes and timing issues with these.
- Discussion about overlap with local government taxes – **agreed** that the group is not looking at local government taxation, and it is not clear if they can do anything else in this area. Signpost in document that the Group’s view is that central government taxation should remain the primary revenue source.
- Suggestion to include discussion on whether more people should be required to file, compliance costs and the hidden economy.
- **Action from Chair** for Andrea and Secretariat to work on black/hidden economy section.