



*Tax Working Group*  
*Te Awheawhe Tāke*

**Tax Working Group Information Release**

**Release Document**

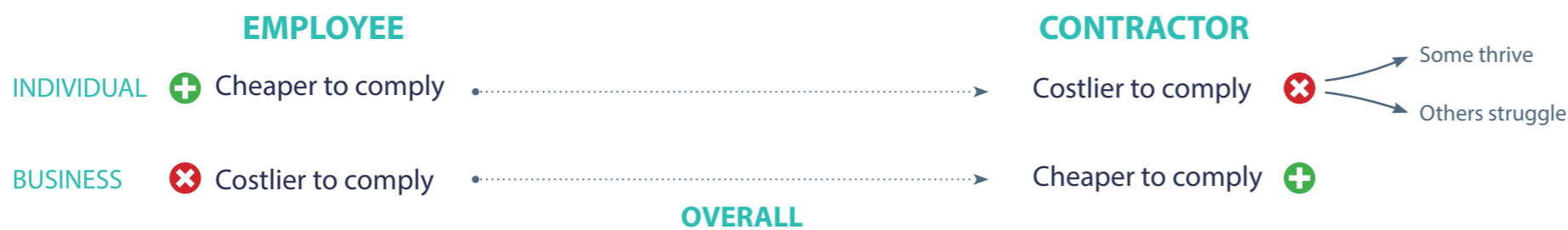
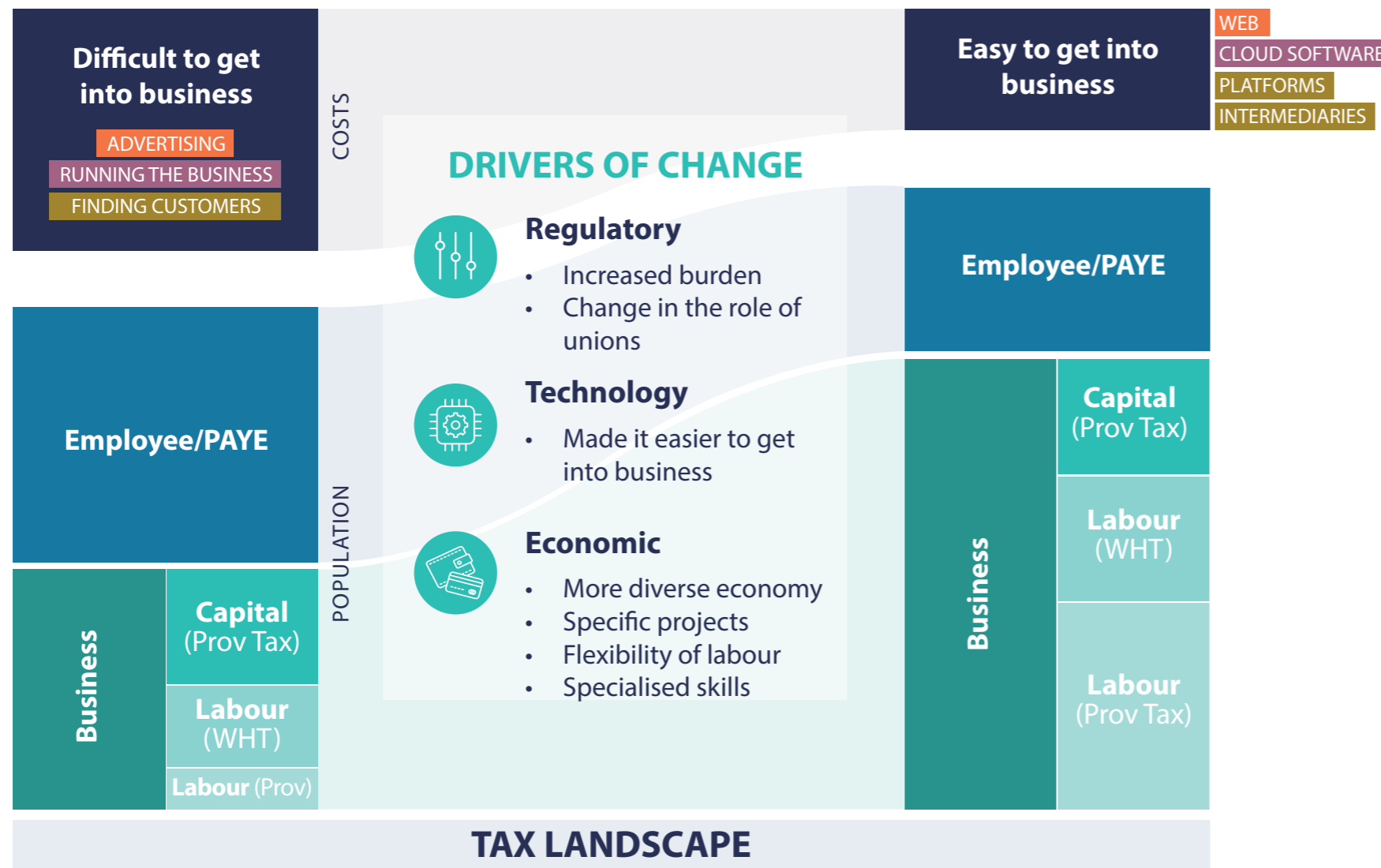
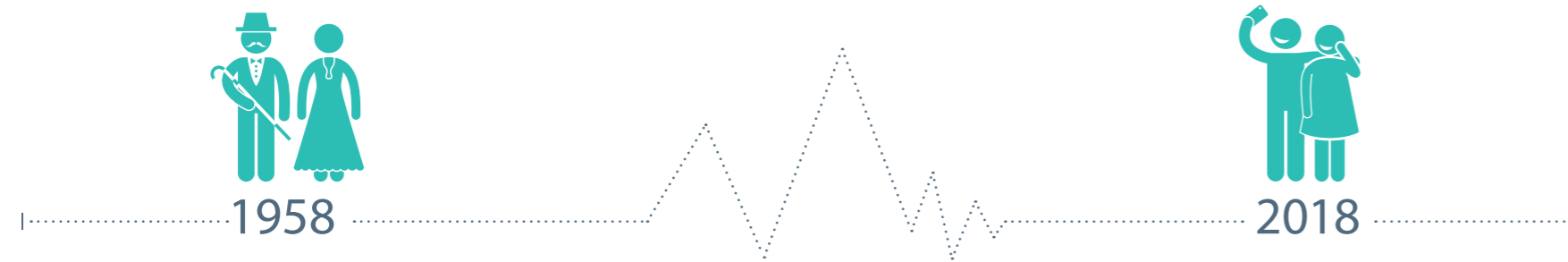
**September 2018**

**[taxworkinggroup.govt.nz/key-documents](http://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.*

# Future of work: Sustaining the tax system



COMPLIANCE COST OF TAX SYSTEM INCREASING  
ADMINISTRATIVE COST OF TAX SYSTEM INCREASING

## Potential concerns

- 1 **Revenue concerns**
  - Self-employed are less compliant
  - Non-compliance by self-employed varies from 17% in UK to 42% in Greece
  - Employee non-compliance around 1%
  - Deductability of employee expenditure
  - GST issues - risk of non-compliance.
- 2 **Struggling contractors**
  - Capability issues and limited access to tools
  - Income may not support access to specialists
  - They often present as non-compliant.
- 3 **Impeding business**

## Potential solutions we are working on

- 1 **Reporting**
  - Low compliance costs
  - Incidence of tax.
- 2 **Withholding**
  - Compliance issues/costs
  - Whole of govt
  - Incidence of tax
  - More effective tool.
- 3 **Extension of withholding to technology platforms**
  - Platforms such as MyCare
  - Cloud-based accounting software such as Xero
  - Sharing economy - capital and labour
  - Cash economy - may be partially addressed.

## What we are not working on

- Increased filing

## Key challenge

Finding a robust way forward.