

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.

Assumptions

Salary \$48,000

Current Kiwisaver Employee Contribution \$1,440 (3%)

Current Tax Rates:	0 – 14,000 @ 10.5% =	\$1,470
	14,001 – 48,000 @ 17.5% =	<u>\$5,950</u>
	TOTAL TAX TAKE	\$7,420
	Less Government Kiwisaver Tax Credit	<u>(\$ 520)</u>
	<u>NET TAX TAKE</u>	<u>\$6,900</u>

PROPOSAL

Employee Kiwisaver Contribution 10% of Salary \$4,800

Healthcare Costs estimated at \$3,600

TAX DEDUCTIBLE ALLOWANCES \$8,400

Bottom Tax Rates Increase From 10.5% to 15% and from 17.5% to 20%

New Tax Calculation:	Salary	\$48,000
	Less Allowances	<u>(\$8,400)</u>
	<u>Net Taxable Salary</u>	<u>\$39,600</u>

New Tax Take:	0 - \$14,000 @ 15% =	\$2,100
	\$14,001 - \$48,000 =	
	\$39,600 - \$14,000 - \$25,600 @ 20%	<u>\$5,120</u>
	<u>NET TAX TAKE</u>	<u>\$7,240</u>

In this example the Government has actually increased its Tax Take by \$340. I would also venture to suggest that the estimated healthcare cost is high so if this was lower the Government Tax take would be higher under the new proposal than currently.