Tax Working Group Public Submissions Information Release

Release Document

September 2018

taxworkingroup.govt.nz/key-documents

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.

Submission – NZ Tax Working Group - Future of Tax

Date: 23 April 2018

1) In a consumer based economy with GST based taxation and user-pay based policies, then ‘transaction turnover’ is important. A ‘Transaction Tax’ therefore makes sense, while reducing PAYE tax rates so that consumers have more to spend to increase transactions. Solution: Reduce PAYE and activate a ‘Transaction Tax’.

2) Present taxation arrangements promote tax avoidance and loopholes. If PAYE is taxed at source, then company tax should be taxed at source (based on total revenue and not net profit) otherwise the bottom-line focus as to tax payable just promotes incidental and direct expenditure programmes to reduce tax. Total revenue is easily monitored and audited vs bottom line net profit audit and calculations.

3) Company earnings should be totally retained in NZ forever if NZ intends to grow economically. At the moment NZ leaks earnings and consolidated profits because for example shareholder rules required funds to be extracted out of NZ, and for example, the Australian tax and legal policies require Australian first rules to apply. Foreign multinationals looked at NZ as a simple small market to be leached.

4) The belief that NZ living standards are lifted by Maori economic development as a key driver is false and a fallacy (copied below from the working group). That ideology is discriminatory and ignores the real source of improved living standards and economic development. So incorrect is that ideology that it’s a serious concern as to the competency behind the taxation proposals.

5) Asset growth (capital gains) is a large sector in NZ that is not taxed. Not just property but also share values. Property and share value increase should be taxed not at the point of sale but on an annual basis, as well as value decline treated as a tax loss. To fund the cost each tax entity should be required to register a capital account with the IRD to record every “approved” asset that will increase in value and if the tax cannot be paid due to cash flow limitations then the liability rolled over year to year with a limitation of five years at which time the total payment should be cleared or the asset sold.

6) Large sums are lost to NZ’s failure to operate an extensive monitoring of market practices. A tax should be levied to expose money laundering, fraud, false trust usage, abuse of welfare system, multinational sophistry to minimise tax, use of management company arrangements as well as support economic initiatives of small business.

Submitter

R Henderson