

Tax Working Group Public Submissions Information Release

Release Document

September 2018

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Submission to the Tax Working Group set up by the Government

Sir Michael Cullen and your Fellow Members,

A general comment: New Zealanders already pay a substantial amount in tax. Governments need to become more disciplined in their spending, honest in admitting any increase in what is taken from an individual is a tax and **stop under estimating the power of a good education coupled with the power of Public opinion.**

The summary of my submissions are:

1. Stop the tax creep that insidiously erodes the take home pay of wage earners.
2. Reduce company tax rates and make them the same for large or small companies
3. Close the loop hole that allows Charitable Businesses tax exemptions even when the funds are not directly used to benefit the charity.
4. I am opposed to a capital Gains tax
5. Maori Authorities should be taxed at the same rate as all companies.
6. Any environmental tax proposals should be sector neutral
7. GST should remain structured as it is.

Expanding on the summary:

1. Our society used to function well on a good days work for a good days pay, this needs to be encouraged.

An increasing trend world wide is more people voting for Governments that distribute more in the way of benefits.

This is mistaken ideology and leads to dependency and dissatisfaction. All of which erodes the ethos of the individual entrepreneur or work ethic so important to a balanced life.

The benefit from a good take home pay is immeasurable, it allows the growth in Self esteem, allows choice and a chance to adopt a healthy life style. We will live longer and this will become extremely important.

It is dishonest of any Government to continue what is known as “Bracket Creep” eroding what is rightfully an individuals take home pay without asking the tax payers of New Zealanders if they agree. Other Nations have done this very successfully.

By being honest it will stop any future Government making false “play” from tax cuts.

2. We need to encourage industry, new investment that is determined by the market place not Government directed or influenced, to identify and expand new opportunities and provide work for any age group that is fit and able.

Not having work available at a good rate of pay, balanced with encouragement to work, will eventually destroy the fabric on which our society is built.

Increasing productivity is essential.

3. Some of these organisations are huge businesses competing on an unlevelled playing field with full tax paying companies. They are able to accumulate huge assets with only a small proportion going back to the people they claim to represent. I thought “Political Lobbying” would see their status abolished.
4. Keep the tax system simple. Even exempting the home from Capital Gains tax has not been proved overseas to benefit anyone; it certainly has not reduced house prices long term.
People need to be encouraged to invest in productive assets that will benefit New Zealand.
5. NZ has made enormous settlements to Maori and indeed many Tribes now own some of our biggest companies.

I believe New Zealanders have been very fair in their acceptance of this directional payment but from now on we need to all pull our weight equally.

6. Politicians should not be given the chance to ideologically favour certain entities within a sector.
Farmers are making huge personal investments on their land to improve the environment, let the marketing company make this call as to days consumer is very discerning.
Individuals with their choice of vehicles, recycling and reduction of wastage are starting to make an impact. Individuals are collecting like minded people to gather and clear the ocean of plastic, funded philanthropically.
The advent of electric vehicles is exciting. People understand the advantages over fossil fuelled motors. It took five years in America to change from horse drawn vehicles to the motor car as new opportunities were appreciated. This will not be so dramatic but as technology improves, volumes will increase and the price will drop

Do not underestimate education and the power of public opinion.

We are seeing this with health and the willingness to reduce sugar, increase exercise and take control of ones destiny.

How many cars do you see on the road today with a bike carrier on the back?
10 years ago you would count them on one hand.

Taxes are expensive to operate and implement and there is a reluctance to remove any imposed tax take.

7. A simple tax on the consumer that has proved effective over time. As much as I hate paying a tax on a tax, for example GST on rates, the system we have is easy to administer and should not be tinkered with.

Thank you for your time.

David Maling