

## **Tax Working Group Public Submissions Information Release**

### **Release Document**

**September 2018**

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

Key to sections of the Official Information Act 1982 under which information has been withheld.

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- [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.

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

30 April 2018

Hon Sir Michael Cullen  
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c/o Tax Working Group Secretariat  
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Dear Sir Michael

### **Future of Tax**

I am writing to highlight the Financial Markets Authority's (FMA) interest in the Tax Working Group's review of the structure, fairness and balance of New Zealand's tax system (the Review).

The FMA's purpose under the Financial Markets Authority Act 2011 is to "promote and facilitate the development of fair, efficient and transparent financial markets". Our role is to strengthen public confidence in New Zealand's financial markets, promote innovation, and support the growth of New Zealand's capital base by providing effective regulation. We are interested in the work of the Tax Working Group in terms of the impact of the tax framework on well-functioning capital markets, KiwiSaver and other financial products.

We would be happy to meet with the Tax Working Group to discuss your work and how it intersects with capital markets. We would also encourage the Tax Working Group to engage with the financial industry as part of the Review. We can assist with putting the Group in contact with industry bodies and participants if that would be useful.

In our interactions with market participants the following issues have been raised which you may wish to consider:

- The tax settings for retirement funds and long-term savings
- The Approved Issuer Levy
- Trans-Tasman franking credit and imputation credit recognition
- Tax incentives and disincentives for investing in New Zealand capital markets
- The impact of incentives for independent research

- Whether there is a case for tax incentives for FinTech initiatives (noting that the government is currently calling for submissions on a new policy on R&D tax incentives)
- Whether there is a case for tax incentives for smaller issuers to list on the NZX
- Differences in tax treatment across countries creating a barrier for involvement in the Asia Region Funds Passport regime.

We also suggest that the Tax Working Group consider the Capital Market Development Taskforce's 2009 report *Capital Markets Matter*, which discussed New Zealand's tax framework and its relationship to capital markets and made a number of recommendations, including in relation to some of the above topics. The report also discusses which of the current New Zealand settings are good and should be retained.

As a general point, we would add that investment in New Zealand's capital markets has very little by way of positive tax incentives and that a broader and deeper domestic capital market is widely accepted to be something that lowers the cost of capital for New Zealand companies and promotes economic growth.

We look forward to engaging with the Tax Working Group as the Review progresses and proposals are developed.

Yours sincerely

[1]

Scott McMurray  
Manager, Government and Industry Relations