Tax Working Group Public Submissions Information Release

Release Document

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[1] 9(2)(a) - to protect the privacy of natural persons, including deceased people;

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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.

Submissions Included

John Paynter

Kathy Gordon

Steve Dudley

Peter Webb

Miriam Marcon

Irene Johnson

Paul Gibson

Chasse Court

Sandra Gilchrist

Malcolm Reeves

Malcolm Hine

Kelvin and Julie

Neil Crombie

From: john Paynter [1]
Sent: Friday, 11 May 2018 11:31 PM
To: TWG Submissions
Subject: Ring Fencing Residential Investment Property Losses

I have been a property investor (i.e. landlord) for 30 years. For many years my properties were cashflow negative. I did not deliberately set our for this to happen, as to me running a property at a loss makes little sense. However in the late 1980s and early 1990s (following the share market crash, in which I lost money I had hoped to use to refinance my properties), interest rates rose. property prices dropped, rents dropped alarmingly and as it was a renter's market the tenants could demand concessions such as new drapes to match their furniture). In addition costs such as insurance and rates and water went up (they never go down). I made substantial losses. Unfortunately, these (unexpected) losses were ring fenced then with only $10,000 per annum being allowed. Within two years the legislation around this was reversed, as the (un)expected consequences included loss of rental properties. Even though ring fencing was reversed the rules re the previous losses stayed in place and I had to spread the loss over the next six years. This precluded me from making rational decisions about new investments.

Since this time my properties have been cashflow positive, although I seem to have an unexpected large cost (and/or loss of income) on each property about once every ten years. i.e. I have around 10 investment properties with a 10% of a problem (these have included landslips, failure of a re-roof, replacement of a bathroom due to a hidden leak, a septic tank failure - it had to be replaced). I also have at times had a dud tenant who caused damage and/or failed to pay rent. As it takes a while to get a Tenancy Tribunal Hearing and more time to get it actioned (e.g. an eviction), there is often no income for several months, while the standard costs (insurance, rates, mortgage, body corporate fees etc) continue, then thousands may be spent remediating damage (which the current rules deem to be at the landlord's cost, not the tenant's), while the place still remains empty (I am facing this very predicament at present).

So a stream of positive cashflow years may be followed by one with a loss, so it hardly seems fair to prevent this being claimed in a given year.

Many expenses and cashflows are also predicted to be lumpy. e.g. my daughter is considering investing in a rental property and is looking at three different scenarios presented by a property consulting firm. In these, years of profits may be followed by a loss due to fixed interest rates going up at the end of the fixed term and increased maintenance being scheduled every few years.

I also prepare Long Term Maintenance Plans for several body corporates (as required by law). Even though I try to spread the maintenance costs evenly over the years, this is impossible due to several costs being relatively high (e.g. a complete exterior repaint, replacing a shared driveway, renewing services). It makes economic sense to do some of these at the same time. e.g. replace stormwater, sewerage, phone, gas and power lines and then relay the driveway. So all the costs tend to be lumped. Other costs also arise for which the investor has little control. For instance, we are faced with putting in or upgrading insulation and smoke alarms with the former not being deductible. We do not yet know what will be required under the Healthy Homes Guarantee Bill recently passed. For instance if we have to provide heat pumps we bear costs of several thousand per property.
If an individual investor had been making profits for some years and paying tax of these, then was faced with high body corporate fees for a given year, then it is hardly fair to ring fence this loss. If other costs are then deemed non-deductible on top of this, then landlords may be driven out of the business. The state would end up having to provide more accommodation (as occurred in the early 1990s, leading to the abandonment of ring fencing then).

Such situations are not good for investors, tenants or the State. So think very carefully of the consequences and inequalities of ring fencing being applied to residential property investments (particularly as they are not applied to other forms of business).

John Paynter MSc, BCom, JP

I am happy to meet the Working Group to discuss this issue and provide documentation of practical examples where legitimate losses have occurred in the past or may occur in the future.

From: Kathy Gordon [1]
Sent: Thursday, 10 May 2018 8:57 PM
To: TWG Secretariat
Subject: Future of tax background paper

Dear Tax Working Group

Many thanks for publishing the above paper. It made for interesting reading and I can see that there are some challenges facing the group regarding fairness in taxation and efficiency in revenue gathering for the future. As a Humanities teacher of nearly 40 years, to me, taxation needs to deal with the disparities in wealth that have developed in our country since the late 1980's.

Despite the issues regarding the administration of exempting food and drink from gst, I still believe that it will be fairer for lower income households. As you state, 1/5 of those incomes are spent on food. We need New Zealand children to be well nourished, so it is well worth the effort. It should be relatively easy to define luxury food and drink items or sugary items and they could attract gst. I don't believe that increasing welfare benefits for lower income households is a socially acceptable alternative to gst exemption on food. Welfare is still a stigma and many New Zealanders criticize people who receive ANY income support. If zero rating food is in the too hard basket, how about having the first $10,000 of annual income free of paye for families?
Regarding gst in online purchases from overseas, yes, let's have it and make the supplier register for and collect the tax, not distribution services in NZ. They are Kiwi companies and shouldn't have more compliances added to their business operations.

Capital Gains Tax rather than a Wealth tax please, your own research supports this idea!

I agree with your comparative evidence that New Zealand is poor at encouraging its residents to save for retirement. There are no concessions in this regard and they should be implemented quickly so that our youth will not be poverty stricken in old age and the country in financial ruin - even after we baby boomers are gone! You could have superannuation contributions that are tax free from gross income, to allow personal 'Super' funds to grow rapidly and not tax the end payout too harshly. In addition, encourage our children to save by not taxing the few dollars that they earn in interest per year. If they start saving when they are young, people will continue the habit if it is seen as worthwhile.

That's probably more than I am allowed to say but again, you have given interested people an opportunity to contribute, for which I am grateful. I want to see this country become the best place in the world to live, as it has been in the past.

Kind Regards,

Kathy Gordon.

From:	[1]
Sent:	Monday, 7 May 2018 11:39 AM
To:	TWG Submissions
Subject:	Submission

Comments on taxes from Steve Dudley

LAND TAX

This is unfair since land is already taxed via rates.

If it is introduced will you only tax the productive part of the land, since some land owners (farmers and lifestylers) may have already allocated some of the land to bush/forestry for environmental reasons? Will those owners who plant lots of trees on their land be rewarded?

If land is to be taxed then owners should be allowed to build an extra (second) residential property on it, particularly if the land is rural. On rural properties this additional home will take very little away from the size of the property.

GST

GST on RATES is clearly unfair since it is a tax on a tax.

Remove GST from food purchases. This will assist the under-privileged.

TAXATION OF ETHNIC GROUPS

All New Zealanders should be treated equally when it comes to tax.

OVERSEAS OWNERS OF NZ PROPERTY

They should be taxed on the difference between the tax already paid in their own country and what would be due if they were taxed at NZ rates.

FINES

Increase fines for bad behaviour; speeding, cell phone use while driving, littering, dumping, etc.

CAPITAL GAINS TAX

Most unfair to tax those who have been successful, particularly tax on second homes.

ESTATE DUTIES, GIFT AND INHERITANCE TAX

These are all taxes on what is left after already paying a life-time of taxes.

Having paid taxes all my life it is reprehensible that I should pay tax, on my death, on what is left.

Why can I not gift my children money or assets, tax-free, during my lifetime?

There is no compelling reason why inheritors should pay tax, since you are really taxing the dead.

From:	Peter Webb [1]
Sent:	Sunday, 6 May 2018 5:49 PM
To:	TWG Secretariat
Subject:	Tax proposal

Hello,

It is good to see from the analysis of respondants that a majority do want change to tax in New Zealand. Although I did not make a submission, I do agree with many respondents who want a more comprehensive capital gains tax.

Here is some other ideas with the rational behind each one:

Make unpackaged and unprocessed fresh fruit and vegetable GST free. This would encourage all New Zealanders to make better food choices.

Make the $20k of income tax-free. This would benefit all income earners. It will also give a living-wage to minimum-wage earners without hitting employers in the pocket.

Introduce a land tax on under-utilised intercity land. This would disincentive "land-bankers" and therefor free-up land for medium and high density housing - land that is already connected to infrastructure like roads and water.

A full capital gains tax on all investment, both long and short term, excluding the family home. The current situation allows people with excess capital to invest in shares or property, both of which are not fully taxed on capital gains. These investment options are only available to the rich, given then access to a tax-loophole unavailable to low-income earners.

Introduce at new top tax of 40% on earners over $150k. This would bring NZ top-tax rate inline with the vast majority of countries in Europe, North Amirice, and Australia.

Finally, adjusting the other income tax rates so that the overall government tax take is the same as what is is now. As I do not have full NZ Treasury income tax information, I do not know the exact rates. However, here is an example.

Begin	End	Rate	Example Pay	Tax per annum	Take Home Pay per ammum	Effective Income Tax Rate
$ -	$ 20,000	0%	$ 30,000	$ 2,000	$ 28,000	6.67%
$ 20,000	$ 40,000	20%	$ 50,000	$ 7,000	$ 43,000	14.00%
$ 40,000	$ 80,000	30%	$ 80,000	$ 16,000	$ 64,000	20.00%
$ 80,000	$ 120,000	35%	$ 100,000	$ 23,000	$ 77,000	23.00%
$ 120,000	$ 160,000	40%	$ 150,000	$ 42,000	$ 108,000	28.00%
$ 160,000	+	45%	$ 250,000	$ 86,500	$ 163,500	34.60%

These proposals would give the vast majority of New Zealanders more after-tax income, free up intercity land for developing housing, encourage healthy food choices, and close tax loopholes that are only available to the rich.

I would very much appreciate any feedback on my proposals.

Kind Regards,
Peter Webb

From: miriam marcon [1]
Sent: Sunday, 6 May 2018 12:06 PM
To: TWG Submissions
Subject: Some ideas perhaps

To whom it may concern,

I have some comments to make on this subject and hope that some might have some merit. I will put them in bullet point format as ideas come to mind. Mostly my motivation is to see less companies avoiding tax or individuals also, especially foreign interests and use of NZ as tax haven and locals involved in that ought to be investigated. Persons banned in a fiscal sense overseas should not be able to work in NZ and use NZ laws to advise others overseas how to avoid tax. In my limited knowledge I just want fairer tax for low income earners, more people able to pay more tax who can afford to and for attempts at savings to be more possible. For it to be possible to move into a higher tax bracket rather than languish in low income. well you get the idea.

- tighten up tax areas around donations to political parties and so on by individuals or groups. not a tax write off. can't donate to more than one entity.

- sugar tax and possibly salt tax.

- employ persons to confirm beneficiaries statuses to reduce benefit fraud. known fathers / partners separated must pay child support

- No Stamp Duty.

- An 'under the table 'amnesty of sorts: for example a wait -person trying cafe work for a day to see if it might be a job for them , works a day then decides it's not for them or the employer says so and they get paid for a days work. Another example of someone getting a trades-person to put in French doors, less cost , no council approval . How about compulsory notation of 'under the table' work i.e job done , cost but under figure of say $300 nothing is paid or only 50% tax is paid if over $100 Trades-person work occurs without council approval it must be declared at point of sale of house (buyer beware.) Every now and then audit to note areas of under the table work and possible rorts.

- An Extraction tax in addition to existing company tax for foreign owned companies that take NZ Resources like water, oil and gas.

- A Fiscal Extradition Treaty with trading partners to remove persons banned from business operations overseas but found setting up trusts in NZ or found connected to money laundering or operating businesses of any sort and so on to be extradited back to home country losing option for residency, citizenship or tourist visas.

- Feminine Hygiene products , toilet paper and Nappies for children or adults ought to be Tax Exempt.

- End tax on secondary or third jobs for low income persons. Persons having to work two or three jobs in low income bracket are overly taxed if work second job or other deemed necessary for decent income. Higher tax on secondary or third jobs negates benefit of working those extra jobs. Or if can't then tax at lower or same rate as first job.

- Capital Gains Tax on all houses except family home. No land Tax for residential property or Stamp Duty. But Secondary properties must pay Capital Gains Tax , e.g investment properties and multiple properties. All persons to can benefit from Property value must be named and identified on Titles.

- New Immigrants including Australians must build New and not be allowed to buy existing residential property but not subject to Land Tax.
- Land Tax for developers and commercial properties and Overseas purchasers of NZ Land.

- Flick Tax. Properties bought and on-sold on same day or on sold within 2 years must incur a Capital Gains Tax or Tax related to property bought for purposes of Flicking for profit and not for investment or habitation.

- Fixed commission for real estate agents. Agents banned from buying properties themselves for profit from within real estate business dealings. Agent found in breach must pay Conflict of interest Tax.

- Agent Tax for real estate agent buying properties for themselves from other options like shares or newspaper and private sales.

- Employers paying employees On-Call should have to pay employees a low retainer , taxable as on-call is often insecure employment, random in occurrence and not enough to be declared income or it then becomes Casual Employment. A low retainer would keep persons off benefits , more loyal to employer and that rate such as $10 could be taxed. Actual Amount to be nominated of course.

- Is there a way to have a tax-free threshold income for low income earners like in Australia but that is not subject to fraud or abuse?

- Employer contribution to Kiwisaver should be separate to Employee wages so staff aren't using own money to assist employers with that compulsory saving like in Australia.

- Would employers take on apprenticeships again if govt incentivised and in part tax deductible or given a rebate? explore. If wages for apprenticeships were higher than benefits and and minimum wage, workers would be more incentivised to take them on and more likely to remain loyal to company and not subject to taxation that was then a disincentive to remain in apprenticeships.

- Subject Companies overseas seeking to use NZ as Tax haven to Tax. Call it a Welcome tax if they seek to set up trusts or companies based in NZ in order to launder money from overseas or avoid tax for company tax by setting up Trusts.
Tax lawyers acting for such companies based in NZ, Lawyers, Estate Agents or whomever set up companies in NZ for overseas interests seeking to circumvent NZ Tax Law. Audit and apply penalties to Lawyers and relevant interests. Conflict of interest Tax could apply to Lawyers etc found involved in helping companies avoid tax.

- Interpol Tax group to prevent tax fraud and avoidance

- tighten up company tax deductibles.

- Tighten Criteria for definition of Public Trusts and Charities To avoid business entities , lobby groups or political entities and so on can't claim Trust Status in order to avoid company tax. For Example Gloriavale and NZ First, Destiny Church and so on.

- increase public trust tax.
- Change Charities Tax so they can be tax free or given rebate but not both.

-Enforce that Overseas Companies Operating in NZ must be subject to NZ Tax Laws.

- Family Trusts Tax must be moved from 33% to 36% All beneficiaries to be named . Trustees on more than one Trust be subject to Tax?
Tax codes for Trusts Personal or otherwise must be disclosed.

- Bribery Tax. Persons from overseas or NZ found to be donating for favour or in conflict on interest can be subject to Tax. If from Overseas can have their residency status or citizenship status revoked as well especially if seeking to influence unduly NZ Politics.

- Overseas investors who do not live in NZ but have got residency through economic promise should have to pay Tax on Land and Business interests they have in NZ if are not resident for at least 6 months of every year.

- Tourist Tax at border and Compulsory registration of Freedom Campers for safety reasons. Seasonal Workers must organise work in advance and Woofers tax at border.

- GST Rise

- Conduct Random Forensic Audits which is a requirement to agree to in want to do business in NZ.

- Subject student visa and working visas to tax. Persons on tourist visas found working must pay tax on work done. Student visas? must be able to self-fund and not work while on student visa or must be subject to working student visa tax special code.

- tourists found working as prostitutes while on holiday ought to pay tax?

- Forensic auditing ought to have power to arrange investigation of persons suspected or known to be helping individuals or overseas entities from avoiding tax and lawyer etc subject to 'spotters' tax as well as possible criminal action.

- limit Complete foreign ownership of NZ companies to share percentage but not full ownership.

- no tax rebate for childcare for those in upper income brackets and no universal pension access for those in upper income bracket.

- increase marginal tax , tax foreign shareholders more.

- increase Company Tax 40% perhaps once into new tax bracket or across the board.

- offer rebate for companies who adopt measurable 'Green' policies and practices in business situations.

- offer Farmers a rebate for implementing environmental practices on farms measurable.

- Toll bridges to have end date and barometer measure not to be used as on-going tax collections. Consider Company builds and tax rebates e.g Coke Bridge, McDonalds expressway but not on-going.

-Persons evicted or deported to NZ must pay tax if have been working in NZ before leaving or face jail.

- Tax bank deposits less to encourage saving and have interest rates on deposit subject to rate of inflation? more returns would see less persons accessing kiwi- saver early bec could earn savings in banks and other places earning more money for kiwsaver.

- tax bitcoin and darkweb transactions.

- gangs can't set up charitable trusts and launder dodgy money through.

- limit companies setting up to get charged company tax not income tax

- Review Tax around Australians and access to NZ services in light of Australians removing privileges to NZ. tighten benefit access criteria. NZers must pay tax if working in Australia but cannot access Social welfare payments. Consider something equivalent.

- maaori land should be subject to tax but low rate and not able to use trusts to avoid land tax.

- number of employees based tax?

anyway , as I said i have no tax knowledge but I hope that some of this is useful.

Yours Sincerely,

Miriam Marcon

From:	Irene Johnson [1]
Sent:	Saturday, 5 May 2018 4:03 PM
To:	TWG Submissions
Subject:	Submission

To: The Tax Working Group
From Irene Johnson
[1]

I do not want to appear before the committee

SUBMISSION
'Equity and fairness' should be the core value of tax policy. All policy should be judged against these words.

comments;
The tax working group should explore tax methods which will ensure that multinationals pay their fair share of tax.

I have read the Child Poverty Action submission and strongly support the aims:
in particular:
'The future of tax should have a focus on children'. Our Prime Minister, Jacinda Ardern, has stated that 'The Government is committed to supporting families and children'.
The Child Poverty Action recommendations support this ideal.

Housing: I support the recommendation that 'The Government should set up an expert group to design a net equity housing tax'.

The Government should consider a tax (‘health levy’) on sugary drinks.

That the tax scale be more progressive by increasing tax rates on high personal income, AND a more progressive system of personal tax thresholds, to help/ correct the current system where low income earners pay a disproportionate amount of their incomes in income tax, GST, fuel and other excise taxes.
GST of 15% is applied comprehensively, this should be offset by Working for Families and other tax credits. (see- personal tax thresholds).

‘Māori and Pacific have a much younger age structure than the total New Zealand population’
Comment: Māori and Pacific people die at a younger age than non-Māori/Pacific people.

Inequality:
See comments re progressive taxes.

Retirement Savings: New Zealand has KiwiSaver, however low income families find it difficult to impossible to save.
See tax thresholds, Working for Families.

Taxes and behaviour: Taxes that are intended to modify behaviour should be considered with extreme care.

Comment: The 2010 Law Commission Report and recommendations re 50% increase on alcohol was dismissed by the then government. The Sale and Supply of Alcohol Act, 2012 failed to address the issue.

From: Paul Gibson [1]
Sent: Wednesday, 2 May 2018 12:47 PM
To: TWG Submissions
Cc: Paul Gibson
Subject: submission of Paul Gibson to Tax working Group focusing on levy for sustainable Disability Support System

Kia ora,

Summary: I recommend the Tax Working Group investigate a Levy (incorporating and building on the existing ACC levy system) to Sustainably Fund a Transformed Disability Support System, and initiates a national conversationon such a levy..

This brief submission is from Paul Gibson, Currently course leader at the Open polytechnic , and former Disability Rights Commissioner at the Human rights Commission. I have interest and expertise in transformation of the disability support system. I also refer you to the original Woodhouse report and work which led to the ACC Scheme, the work of the Australian Productivity Commission which lead to the Australian National Disability Insurance Scheme (NDIS). And current research by Warren Forster on the funding of a sustainable disability support system.

The original Woodhouse proposal was for a comprehensive scheme supporting all disabled people, independent of cause of impairment/ disability, through an independent fund from a specific levy rather than tax.

The biggest policy and funding initiative in Australia in the last decade has been the NDIS, a scheme similar to that envisioned by Woodhouse. It was developed largely by the Productivity Commission, disabled people and their families, and actuaries. It responded to failing and unsustainable support systems run by the states, outdated and inefficient models of support that lacked focus on social capital and connectedness, an increasing proportion of the population being disabled driven largely by changing demographics and aging, a number of court cases lost by governments, fairness and increasing labour costs, a commitment to the recently developed Convention on the Rights of Persons with Disabilities, massive inequality of income between disabled and non-disabled people, an over-representation (by several times the non- disabled population) of disabled people not in employment, education or training (NEET), and an OECD report putting Australia at the bottom of countries on data on the employment of disabled people.

Apart from separate state systems, all these factors exist in NZ, which was not included in the OECD report and did not supply data to the OECD at the time of the report. The NZ experience was comparable with Australia's on disability, some areas we had better outcomes (ACC funded disability, indigenous people, attitudes towards people with mental illness) and in some areas we were worse (outcomes for disabled children's support and poverty, disabled parents, housing, outcomes for non-indigenous non ACC funded people). Both nations do reasonably well in income support for older disabled people, through different funding systems. Our data collection was not as good as Australia's.

It seems a major oversight that the biggest change in the tax/ revenue/ levy system in our nearest neighbour facing the same issues does not receive mention in the tax working group consultation document.

Over a decade ago, New Zealand had developed a world leading national disability strategy, then positively led the development of the United Nations Convention on the Rights of Persons with Disabilities. Then New Zealand had a limited national conversation on support system failure at the same time as Australia's, first centred around a failed NZ government project on the review of long term supports, then a Social Services Select committee Inquiry, which led again to little tangible change, and then a further report commissioned by the health minister on support system failures and lack of safeguards.

Prior to the NDIS, Australia part- funded its state health systems through a Medicare levy. Australia was able to generate a national conversation on the issue of disability support. A conference on potential national initiatives to benefit from Australia's economic boom a decade ago resulted in a recognition of prioritising support for people most likely to otherwise be left behind, and translating this financial support into investment Through an actuarially designed insurance scheme. It was recognised the downstream costs of not investing early in disabled people was excessive, and over time the scheme would become fiscally neutral. The Australian national conversation created the public support and political palatability for an increase in the Medicare levy targeted at disability support that otherwise did. not exist for general tax increases. The idea for the NDIS emerged from this process as the nation's number one new priority. The public also expressed cynicism that politicians would not prioritise and ensure sustainable ongoing funding for the support needs of disabled people through the general tax system, whether or not there were increases in tax rates or the total tax take. There was trust in a targeted levy.

The Medicare levy part funding of state health systems has continued since the introduction of the NDIS, with an increase in the levy. The National Disability Insurance Agency runs at arm's length from government under a similar arrangement to NZ's ACC. The NDIS is progressively rolling out to the point of directly funding 460 thousand people (providing information to other disabled people and community development)at a cost of $23B. 60 thousand People with psycho social disability (long term mental illness) are also directly supported in the community through the scheme.

Successive NZ governments and parliamentary select committees have reviewed and pledged to transform our support system, making it more responsive, person centred, but this has never got beyond small scale pilots as there has been a lack of genuine willingness to address how to fund the system and make it sustainable.

Generally global innovation in disability support under 65 has led to innovation being adopted for the disability age care system.

The NDIS roll out is ambitious, and striking problems, particularly the development of the workforce is not keeping pace with the pace of funding roll out. However the basis of the scheme remains strong, with a cross party political consensus to support and sustain it. There are many lessons NZ could learn directly from the Australian experience.

We have recently sign up to the UN sustainable development goals, the overarching drive being to "leave no one behind". If the government and Tax working group was to pro-actively look for who is most likely to be left behind, it would put a stronger emphasis on disabled people.

AS Disability rights Commissioner, I had been a referee for funding applications by Warren Forster, and can confirm his track record of effectiveness. He is now exploring globally the options for building a sustainable funding system which may expand beyond Australia's current NDIS commitment to disabled people (including people with long term mental illness) under 65. He is also exploring if and how incentivisation can be built into a new scheme. . I recommend the working group meet and engage directly with him.

Thank you for considering this submission.

Paul Gibson
[1]

From: Chasse Court [1]
Sent: Wednesday, 2 May 2018 2:44 AM
To: TWG Submissions
Subject: Re: Thank you: Future of tax submission

Further to my previous suggestion regarding making those who buy property live in it for five years before being able to sell it or rent it out to stop foreign investors buying up all the property in NZ.

My 2c worth about the fact that G.S.T will now be charged on foreign purchases...

Firstly I buy locally where I can but you can't always get what you need locally because New Zealand retailers refuse to bring it in for one reason or another.

Secondly if I am buying goods from overseas that I simply can not get in New Zealand because no one stocks them and/or an item is not produced in New Zealand it really cooks my goose that I am having to pay G.S.T on these items - I feel this is wrong. I understand that cheap Chinese goods are flooding the market - fine put a 15% tariff on those goods but charging G.S.T in a blanket manner is wrong.

Thirdly - I note that retailers are saying it levels the playing field - this is wrong in a lot of cases except where those retailers are charging exorbitant markups on goods and believe me I have found goods marked up by 4500% - something that I can buy overseas for .33c but is sold here for $14.85 how is adding G.S.T to that going to level the playing field for retailers - the answer is it is not - this adding G.S.T is just the government being greedy.

Fourth - our G.S.T is now at 15% the previous government lied to everyone and told us that this rate was to keep us in line with Australia's G.S.T and I don't understand how this is keeping us in line with Australia when G.S.T there is 10% how the hell does that work?

From my perspective this is just the government being a bunch of greedy bastards and if they do this I can't wait to vote them out.

From: sandra gilchrist [1]
Sent: Tuesday, 1 May 2018 7:53 PM
To: TWG Submissions
Subject: Submission

In considering the tax system it is important that any changes made to what is taxed and how it is taxed are signalled well in advance of those changes being introduced and are not retrospective. To tax retrospectively means people would be hit by taxes they knew nothing about. They would have had no way to plan for this, to make provision, or to make different decisions armed with the knowledge of what that might mean to their savings. This would be unfair.

There has been a lot of talk about a Capital Gains tax and if introduced, questions raised about how it should be administered. A gain or loss on capital is not realised until the asset is sold, until then it is just a paper gain or loss so how could it be taxed before the asset was sold? There was a suggestion in the working paper that gains could be taxed on an annual basis but what happens if there is a loss the following year, does the tax department refund tax paid in a previous year? How would this work for property which would need to be valued each year. Who would do this and how? How would you ensure this is a realistic valuation? Where would the money come from to pay the tax if the asset hasn't been sold?

Would a capital gains tax factor in the true cost of purchasing an asset e.g. the cost of borrowing to buy it? What about other costs incurred / investments made to a property that contributed to the gain and without which the gain would have been less?

Not all second properties are rentals. What about the family Bach, a Kiwi tradition. Some of those properties have been in the family for many years and will be for many years to come. They may have cost almost nothing when they were bought / built by the family but may now be sitting on valuable land.

Whilst the tax review needs to determine what is right for the country they must also consider what impact their decisions will have on behaviour. Surely it is good to encourage people to save for their future and their retirement. If you penalise this behaviour people may decide it is not worth it and spend for today and not think of tomorrow. Surely it is good to encourage all that can work into employment. Maybe making it worthwhile for people to work by giving them a private allowance before paying tax will increase the value to them of paid employment over benefits, thus making other savings for the government. Doesn't the country need some rental accomodation to be provided by private investors? Whilst reducing the number of property investors may result in an increase in property available to first time buyers not everybody is in a position to buy or wants to buy. There are many situations where owning is not practical e.g. a student at university. Without private investors the government will have to make up the shortfall.

From: Malcolm Reeves [1]
Sent: Tuesday, 1 May 2018 5:02 PM
To: TWG Submissions
Subject: A woefully ill organised comment done in haste

If I only had time ...... I would have loved to do a proper analysis.

Tax Review
Unfortunately I am too busy with running my business to comment in a balanced and rational way on tax changes. I wish I had more time to sensibly organise and develop my comments below. I have a lot more to say but I need better data on which to found it – not just gut feelings. For as Lord Kelvin said:
I often say that when you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot measure it, when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind.
I haven't got the time nor the required date to comply with Lord Kelvin's comment
It seems quite possible that you will get many submissions that will basically say, tax "that" lot more heavily and tax "my lot" less heavily.
Also I do not have a grip on the total tax situation – import taxes, GST, fuel taxes, excise taxes, income tax, business taxes, gift and so on. Then there is government income from fines of various types. I look at the British vote on Brexit. Did the public really understand the issues? It is way to complex for the average person and even the government's economists have not got the total impact under control and analysed. There are some many complex interactions and the impact that changes will make on human behaviour will probably not be foreseen by those involved in policy changes resulting from Brexit. The same when it comes to taxation here. I include myself in that. I do not understand nor can I predict the ramifications of changes.
Selective taxation – don't go there apart from say tobacco, petrol/diesel and alcohol which are already firmly entrenched. Already fuel tax is too high. However recall the distortions selective tax on ice cream, toilet soap (deemed a luxury item), cars with large engines (i.e. over 2 L capacity!! – we got underpowered large cars. Today offset by turbo chargers), trailers and caravans (killed those industries off around the country for many years. The introduction of GST was great. I was paying a top rate of 65 c/$ prior to that. Even now with a lack of government support (i.e. support from my fellow taxpayers because apparently, I earn too much) for certain social services, my overall tax rate is still very high when one takes into account GST, medical costs, income tax etc. We don't need to go back to the old English days of taxing windows, chimneys and pianos.
Be careful with any blanket "tourist" tax. There are many fishhooks in that one too. New Zealand is already an expensive place to visit and unlike some other countries we do not return GST on significant purchases when they are taken out of the country.
Don't get me started on sugar tax. This is a very complex topic. I have been compiling a document for a long time now but unfortunately have not had time to complete it. I have been comforted by the response of both the previous government and the latest government that a sugar tax is not in their planning. If obesity is the target then we should be looking at the total quality of the nation's diet. One only has to look at purchases by certain socio-economic groups in terms of meat for example – cheap fatty cuts and related products, deep fried takeaways, look at the amount of food consumed by obese people, look at what is in the supermarket trollies of many of the obese – it is not just soft drinks. The sugar in fruits and fruit juices is just as bad. What about people who take several teaspoons per day in coffee and tea. I have been searching for a reference that stated that in the UK about 12% of all sugar was consumed in the form of soft drinks. Will a 10% reduction in soft drink consumption cure obesity? Unlikely but a tax makes a variety of people – politicians and health "experts" feel as though they are doing something.
Prior to GST I had business friends boasting about how their companies paid for a lt of their expenditure while "you poor PAYE suckers have no way of dodging tax." They loved cash sales and subsequent cash purchases. They were annoyed when GST came in because they said it was hardly worth the effort to save just 10%. Be warned – once GST goes higher than it is now there will be increasing avoidance because the return for the risk is some much higher.

The more fragmented the tax collection methods (types) become the less efficient they become. Every set of hands money passes through adds another cost and apart from adding to wealth/income of those in the handling system leaving less for the recipients or projects for whom or which the tax was collected.
Capital gains (specifically on housing). Forget It. Australia as that and they have higher house prices in Melbourne and Sydney as well as sales taxes on housing.
The taxation system needs to be simple and understandable. Making exemptions only creates distortions and a lack of fairness. Unfortunately I have not come across a definition of what is fair when it comes to taxation. When it comes to income tax because I trained hard (and forwent income during those years), worked hard as a PAYE taxpayer I have paid 2 to 3 times the income tax that the "average" NZ taxpayer has paid. Is that fair? What is fair. Where is the definition. But the tax system needs to be perceived to be fair. Unfortunately very few of us know exactly who is paying what let alone what we as individuals maybe paying in total taxes.
Some years ago I looked at the IRD website – the data was then from the 2012 tx year. I haven't had time to update it. Very few of my friends realised that;
Some 50% of the taxpaying population, with a taxable income under $25,000 pays 9.9% of the total tax. The picture becomes more interesting when another income band is added in. Some 75% of taxpayers have a taxable income of under $50,000. This 75% pay under 29% of the total income tax collected. Those with incomes between$ 25 and $50,000 pay about 15% of the income as tax.
Then 90% of people in New Zealand had taxable incomes of up to $76,000. The 15% of the population with incomes between 50 and 76,000 paid on average 24% of the total tax take. Of their income, tax amounts to almost 20%.
You can take other stats out of the table but as a matter of interest in 2012 the 72,000 or 2.1% of taxpayers with incomes greater than $140,000 paid on average more than $72,000 in tax with an average tax rate of more than 29%. Overall those 2.1% of taxpayers are paying 21% of the 2012 total tax rate.
I wish I was earning or had such oncomes – I don't. Why do the analyses? Because I am trying to understand our system. I cannot work out a definition of "fair'. Is the above uneven tax distribution fair? It depends who you are and what is your income. Whatever we need a better 9whatever that means) system. I won't say fairer for I don't think anyone can create a definition that all will agree as to what is fair when it comes to tax.
SO just as the general British population would have understood very poorly the issues about Brexit and been able to make an informed decision I consider the "average person" in NZ (whoever that is) also has a very poor understanding of tax. I have tracked aspects of our taxes for some 40years, I have taught statistics at university and I do not consider that I have a decent comprehension of what constitutes a good tax system.

Malcolm Reeves
Napier

Sent from Mail for Windows 10

From:	[1] malcolm Hine [1]
Sent:	Tuesday, 1 May 2018 7:09 AM
To:	TWG Submissions; TWG Secretariat
Subject:	Re: Thank you: Future of tax submission

Further to earlier comments:- New Zealand should have a Tax Threshold, as in many other countries.
A set figure below which you do not pay tax (say $500) NZ has this ridiculous system of taxing wages, no matter how low, and then having to give Income Support. Sounds more like Jobs for the Boys, than a fair tax system. Get it sorted.

> On 30 April 2018 at 17:08 secretariat@taxworkinggroup.govt.nz wrote:
>
>
> Thank you again for taking the time to share your thoughts on the future of
> tax with the Tax Working Group.
>
> WHAT YOU SUBMITTED
>
> Here's a record of what you submitted.
>
> Submission ID: 4672
>
> Submitted on Monday, 30 April 2018 - 5:08pm
>
> Submitted values are:
>
> First name: Malcolm
> Last name: Hine
[1]
> Comment:
> Tax on the Rates is a Tax on a Tax. Cannot be right.
> Taxing the interest earned on Savings is the reason for the poor number of
> savings accounts held by Kiwis. Banks offer very poor interest rates for
> savings and after the tax is removed it amounts to such a small gain that it
> is not worth bothering with.
> Grandchildren receive 60c interest on their savings AND IT IS TAXED. This is
> why we do not bother to put money , which has already been taxed,into savings
> accounts for them.
>
> Sign up for email updates:
> Acknowledgement: I am aware that my submission will be released on this
> website, with my email address withheld, and have noted the Official
> Information Act [1] and privacy [2] considerations that apply.
> Question: Are we taxing the right things?
>
>
> To manage your email update subscription at any time use the
> Subscribe/Unsubscribe link in update emails or at
> https://taxworkinggroup.govt.nz/about-site#contact.
>
> WHAT HAPPENS NEXT?

>
> The Tax Working Group will be considering all submissions as it works towards
> producing an interim report to the Government in September 2018 and a final
> report in February 2019.
>
> Keep up to date with the Group's progress on
> https://taxworkinggroup.govt.nz/.
>
> OFFICIAL INFORMATION ACT
>
> Submissions will be proactively released on the Tax Working Group website and
> only redacted or withheld on the grounds of privacy, commercial sensitivity,
> or any other reason under the Official Information Act. We will withhold
> your email address as a matter of course, but not the names you supplied.
>
> Those making a submission who consider that there is any part of it that
> should properly be withheld under the Act should clearly indicate this by
> forwarding this email to submissions@taxworkinggroup.govt.nz.
>
> We cannot alert you personally when your submission has been released on the
> website.
>
> PRIVACY
>
> The Tax Working Group Privacy Policy and Privacy Officer contact details are
> at https://taxworkinggroup.govt.nz/about-this-site/privacy.
>
> Thank you again,
>
> Tax Working Group Secretariat
>
> [1] https://taxworkinggroup.govt.nz/your-submissions#oia
> [2] https://taxworkinggroup.govt.nz/your-submissions#privacy
>
>
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> CONFIDENTIALITY NOTICE
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> b. any use, dissemination or copying of this email is strictly prohibited and may be unlawful.

From: [1]
Sent: Tuesday, 1 May 2018 3:14 AM
To: TWG Submissions
Subject: Submission

To whom it may concern.
Some measure of rebalancing of equity in NZ is essential.
Currently such huge disparity exists between haves and have nots threatens the fabric of NZ society.

Companies and self employed are able to unreasonably shelter from taxation through shifting costs onto business in a way that the waged or salaried are unable to do.
For example an employee pays for their travel costs with taxed funds, whilst the business owner pays for travel with untaxed funds.

The impact of GST upon lower income people is far greater (as a percentage of income) than upon the wealthy - this even without considering the wealthy's ability to reclaim GST.

I believe the Tax Working Group should consider application of some form of money transfer tax. I understand that a tax as small as 0.1% or less could replace much if not all of our current salary and wage taxation.

The Taxation Working group should also consider the impact of Friedman's neo-liberal economic philosophies and whether they have worked in NZ - or in any other country where they have been introduced since the 1980's. A reversion to the economic principles promoted by Keynes should be seriously considered.

One thing is certain. NZ cannot continue on the current inequitable trajectory. It is only a matter of time before social unrest and conflict becomes an increasingly visible scar with potential for violent uprising and general conflict.

Kelvin & Julie
[1]

From: Neil Crombie [1]
Sent: Tuesday, 1 May 2018 12:00 AM
To: TWG Submissions
Subject: Submission to Tax Working Group

To Tax Working Group Secretariat,

Thank you for the opportunity to comment on the "Future of Tax". My position on all taxation is that the current approach is badly misguided. Taxation has two purposes: (1) To redistribute income and wealth from those with more to those with less; and (2) To change the behaviour of taxpayers. However, both of these goals can be achieved without any taxation. I propose the elimination of all taxation, and direct intervention in the form of a universal basic income (UBI) and bonuses for "good" behaviour for all NZ citizens. The Government has the power to create money: It should use this power rather than taxation. This will eliminate the armies of accountants, lawyers and lobbyists that represent wealth taxpayers and corporations, whose sole purpose is to circumvent the tax system. International transfer pricing rules and large corporations paying minimal income tax are a case in point.

Rising income inequality around the world highlights that the current approach to taxation (and trickle-down economics) does not work.

The underlying argument is that a carrot is more effective and easier to administer than a stick. Taxation is a stick while UBI and bonuses are carrots. For example, healthy people that do not smoke, drink or overeat - as certified by their doctor - could receive a bonus from the Government. This would be far more effective than a sugar tax or tobacco tax. Similarly, people that drive electric cars should receive a bonus. The list could be quiet extensive.

Corporations have known for the longest time that carrots are more effective than sticks. This is why bonuses are paid for "good" behaviour, rather than salary deductions for "bad" behaviour.

Of course, the question you are thinking is: What about inflation? If the Government creates money and gives it to the average person, won't this fuel inflation? Not necessarily. Note that retail banks create money on a daily basis: Every time a new loan is made, money is created. This does not fuel inflation.

I propose two ways in which inflation can be controlled: First, the Government would have a legislative limit on how much money it can create. This could be expressed as a percentage of GDP. Second, the right of retail banks to create money would be abolished. New loans would need to be tied directly to customer deposits. Customer deposits would need to be held in trust, rather than being recognised as a liability on the retail bank's balance sheet. Similarly interest paid on loans would be held in trust and then this would become interest received on deposits (less a small, regulated commission for the retail banks). As a result, retail banks would only receive fee-based income, not interest income.

Instead of trickle-down economics, I propose fountain (or trickle-up) economics. One further mechanism for fighting inflation and ensuring there is sufficient investment in long-term assets would be as follows: People would receive part of their UBI and bonuses in a chequing account and the balance in a untouchable (until retirement) savings account (e.g. Kiwisaver account). The split between spending and invested money would vary based on (1) the individual's total income with people on lower incomes receiving a high proportion as spending money, and (2) the economy's current and projected growth rate. A greater proportion of the money would be invested when the economy is growing, and vice-versa.

I realise this is a rather radical proposal, but try to imagine the benefits: NZ would receive a massive influx of overseas investment as income tax rates are reduced to zero. Kiwibank and local banks (e.g. SBS and TSB) would gain customers en masse as the Australian banks would scale down their NZ operations (because their current, astronomical profits are largely based on the Government giving them the right to create money). The people of NZ would be happier and healthier as they gain control over their income and engage in "good" behaviours to earn bonuses.

You must realise that money is different at the societal-level than the individual-level. At the individual-level, "balancing the budget" and "saving for the future" are important. However at the societal-level, money is not a resource that can be exhausted; it is a fluid that stimulates economic activity, i.e. people undertaking work or leisure, and the production and consumption of "stuff". One people's expenditure is another person's income. A government is different to a household: As it has the power to create money, it does not have to save money. And as a have argued above, inflation is not an issue if this power is kept in check.

I am happy to provide additional comments if you wish to be bold and really make a difference to the future of NZ!

Kind regards,
Neil

[1]