

Tax Working Group Public Submissions Information Release

Release Document

February 2019

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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.

From: Graeme Edwards [1]
Sent: Sunday, 30 September 2018 5:20 PM
To: TWG Submissions
Subject: Fwd: Submission

I wish to submit this revised submission please.

Sent from my iPad

Begin forwarded message:

From: [1]
Date: 29 September 2018 at 5:04:33 PM AEST
To: submissions@taxworkinggroup.govt.nz
Subject: Submission

I submit the following points for consideration by the TWG. I am not a tax expert but rather rely on over sixty years in business and practical wisdom arising from that

- 1 CGT accrual method will not be practical due to unreasonable valuation costs, their subjectivity, and funding thus tax with no corresponding income.
2. Should farmers' homes be on individual titles, a CGT on the entire farm property would be iniquitous. Average farmers earn a small annual return and work to retire on the proceeds of the sale of their farms. These people are the backbone of our economy.
3. The recent rapid rise in house prices due to unique market conditions appears to have led to the call for a CGT. Historically low Interest rates and population growth are the cause of the rise.

It must be remembered the market falls as part of its cycle and thus must be factored into the decision making. ‘

4. Calculations for CGT must take inflation into account.
5. Almost all SME's succeed due to long unpaid hours by the owner who often goes unpaid so staff may be paid in times of difficulty. The payoff is a gain in value over time and to tax this gain would not only be inequitable but amount to double taxation, taxes on revenue having been paid over the years.
6. As a general comment, the taxation system in NZ is straightforward and readily understood and complied with. Meddle with it at your peril.
7. The inequality in wealth created by the long period of cheap funding is an issue. It will not be resolved however by taking from the rich to give to the poor as the constant rule promoted by (physicists who are economists) that in any given group with equal wealth, within a relatively short period, 10% will be poor again, 15% will end up owning 50% of the wealth, a tiny %age will be extremely wealthy and the balance will be on a flat distribution curve. Taxation is not the remedy for wealth inequality.

8. A very large number of businesses fail every year. A CGT regime would thus be subject to claims for refunds in respect of the capital losses incurred from business failure.

These refunds could well be massive and defeat the purpose of including business in the regime.

9. The Economist and other groups have, over the years, conducted wide surveys to establish the level at which taxpayers generally accept income tax as an acceptable rate.

The results have universally arrived at a top rate of 33%. Above that rate the inclination arises to so arrange one's affairs to minimize taxation rather than for business efficiency. 10. Beware the possibility therefore to avoid the resurgence of the taxation avoidance/evasion industry as experienced in the 1980's.

Graeme Edwards

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Sent from my iPad