Tax Working Group
Te Awheawhe Tāke

Tax Working Group Public Submissions Information Release

Release Document

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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: Pete Radford <action@campaignnow.co>
Sent: Tuesday, 30 October 2018 8:40 PM
To: TWG Submissions
Subject: Reply submission to Tax Working Group's interim report and proposals

Dear Sir Michael and members of the Tax Working Group,

This is a submission in reply to the proposals and questions set out in the Working Group's Interim Report.

Indexation of income tax brackets

Many government benefits and entitlements are indexed — income tax thresholds should be no different.

Inflation pushes taxpayers into higher tax brackets every year, meaning a higher tax burden despite not being financially better off. If the Government wants to increase taxes it should pass a law and consult with the public, not just watch as inflation punishes taxpayers years after year.

While the Working Group says that inflation is best handled by "periodic reviews of the thresholds" but New Zealanders haven't had a tax cut since Budget 2010. In that time average income earners have been made worse off by $500 per year from failing to adjust tax thresholds.

I submit that the Working Group recommend that personal income tax is UNLAWFUL and should be stopped immediately

Capital taxation

New Zealand has one of the highest company tax rates in the OECD. The result is a low-investment, low-productivity economy. The Government must be committed to increasing New Zealand's productivity and allowing for greater growth in incomes.

Instead, the Working Group has put forward two proposals for an even higher tax burden on capital and investment. New Zealand will never become prosperous if we use an opportunity to review our tax system to simply punish entrepreneurship and investment.

If the Working Group does choose to recommend a form a capital taxation, it should recommend that any additional revenue is used to fund tax cuts in other areas. Full capital expensing would be a good use of any revenue. This would encourage businesses to accelerate plans for investment and expansion – putting a rocket under economic growth.

I submit that the Working Group recommend against implementing new capital taxation

Taxes on savings

With interest rates so low, inflation eats away at savings by making the tax rate on interest income artificially high. If the Working Group wants to encourage households to save more for their retirement they should exempt the inflation component of interest income from tax.

Savers were paying an effective tax-rate of 77.8% on income in a six-month term deposit in September this year, which is far too high to encourage anyone to save.

I submit that the Working Group recommend that the inflation component of interest income is also UNLAWFUL and must be stopped

Environmental taxes

There needs to be more evidence on the costs and benefits of increasing the waste disposal levy before the Working Group recommends an increase. The main report used by the Working Group to justify the tax fails to take into account the cost of an increase in the levy to households.

Any change in the emissions trading scheme needs to be tightly focussed on the costs to households – especially low income households who are estimated to be more than twice as affected as households with an average income. Until there is an objective framework developed to assess the trade-off between economic growth and any environmental benefits from strengthening the ETS, the Working Group should not recommend a change.

I submit that the Working Group should recommend that environmental taxation is UN BULLSHIT

Behavioural taxes

With alternative nicotine products becoming more available on the market, reduced-harm products will be an important part of reaching the Smokefree 2025 target. Instead of hiking tobacco excise even higher, the Working Group should recommend that the Government adjust excise on reduced harm products according to their risk.

Alcohol excise should be simplified, but the Working Group should not treat simplification as an opportunity to increase alcohol excise across the board. While the Working Group suggests excise is progressive, excise is actually higher as a proportion of low-price alcohol, making alcohol excise regressive.

Sugar taxes should be avoided. Taxes on sugar hurt low-income households the most and the evidence shows they are not effective in reducing consumption or combatting obesity.

I submit that the Working Group should not recommend any taxes at all

Yours sincerely,

P RADFORD