

Tax Working Group Public Submissions Information Release

Release Document

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From: Clint Drabble <action@campaignnow.co>
Sent: Wednesday, 31 October 2018 12:29 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 legislating annual income tax threshold adjustments indexed to changes in average earnings, or, at minimum, inflation.

Behavioural taxes

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 increases in alcohol excise and should recommend that the Government avoid implementing a sugar tax unless it can be objectively shown as being effective in combatting obesity.

Yours sincerely,

Clint Drabble