

TAX WORKING GROUP SUGGESTIONS FOR REDUCING TAXES

READ THE
FINAL REPORT AT

taxworkinggroup.govt.nz

The Tax Working Group's proposal for taxing more capital gains could raise roughly eight billion over the first five years.

The Government has asked for suggestions for how that money could be used to reduce taxes so that New Zealand's total tax take doesn't increase.

The Group has come up with a range of ways this could be done that would support individuals and businesses.

LOWERING PERSONAL INCOME TAX

LOWER
RATE

Allow New Zealanders to earn more at the lowest tax rate:

- » Would benefit all full-time workers
- » Support those transitioning into work
- » Reduce inequality

10.5%

There are a range of options to consider for how much income to include at the lowest tax rate of 10.5%.

ENCOURAGING SAVING

Reduce taxes for KiwiSaver:

- » Refund the Employer Superannuation Contribution Tax (ESCT) for KiwiSaver members earning less than \$48,000 a year, which would increase the money going into those employees' KiwiSaver accounts.
- » Cut the KiwiSaver tax rates for low- and middle-income savers.

These reductions mean that low and middle income New Zealanders pay less tax overall on their KiwiSaver, even if the capital gains on their accounts are taxed.

SUPPORTING BUSINESSES

Other measures could support businesses to grow, be more productive and lower what they spend complying with our tax rules:

- » Restore building depreciation for seismic strengthening work and extend more broadly for commercial and multi-unit residential buildings if fiscal conditions allow.
- » Relax the rules that allow start-up businesses to carry forward losses.

- » Expand deductions for some business expenses that aren't currently covered, also known as 'blackhole' expenses.
- » Increase the thresholds for when small businesses need to apply more complicated tax rules.

These actions could be cost-savers for businesses and help them balance out any extra costs they may face if the Government decides to tax more capital gains.



Reducing taxes is only one option the Government has for improving the wellbeing of New Zealanders. The Group has encouraged the Government to consider other measures as well.

Read the Final Report at taxworkinggroup.govt.nz