**Q&As**

***Tax Working Group announcement – 23 November 2017***

**What are the Terms of Reference for the Working Group?**

The Group has a wide mandate to look at New Zealand’s tax system, but we have also identified some particular issues for it to review. We want the Group to have the freedom to consider a broad range of issues across the tax system. The terms of reference allow that latitude but are narrow enough to ensure the Group is focused. The Terms of Reference are being published at the same time as this Q&A.

**When will the other members be appointed?**

Before Christmas, as per the Government’s 100 Day Plan. Their first meeting will be no later than February 2018.

**What’s the process for appointing members?**

We will consult with key Ministers and the Chair about membership, to ensure we find members with the right blend of skills and experience. They will include a diverse range of tax and finance experts, and business, community sector and Maori representation. The Working Group will be supported by a secretariat of officials from Treasury and Inland Revenue and have an independent advisor to analyse the various sources of advice received.

**How independent will the Group actually be? What if they recommend against one of your campaign policies for tax?**

The Group will have complete independence and an independent advisor. They are of course, at liberty to make whatever recommendations they choose. The Government has set some parameters in the Terms of Reference in regard to our pre-election promises.

**Will the Group comprise members of the National Government’s 2009 Working Group?**

We will appoint the best people available to the Group.

**How does this Group’s mandate or focus differ from that earlier Working**

**Group?**

The starting point for this Working Group reflects what is important to this Government – a commitment to ensuringbalance and fairness across the tax system.

**IRD’s business transformation project began by asking is the tax system fit for the 21st century. Isn’t this Working Group simply duplicating that work?**

That project is doing great work in examining and fixing our tax administration and greatly simplifying processes for the 21st century. But it is not asking the sort of fundamental questions about fairness that this Working Group will focus on. The new Working Group will focus on policy questions as opposed to administrative ones.

**Will the Group consider GST on low value purchases?**

The group will have the opportunity to look at that issue, but it does not have a mandate to consider the GST rate. As the Working Group is mandated to consider fairness in the tax system, it will be able to review fairness across what GST is collected on. Due to this work already being started by the previous government, the Working Group will be given the ability to report back early on this issue, as appropriate.

**Will all the outcomes of the group only come into force after the 2020 election?**

Any significant changes will not be implemented until the 2021 tax year. There may be some areas where work was already underway, such as GST on on-line purchases, where it may be possible to make progress ahead of that timeframe.

**What about capital gains tax?**

As part of a focus on fairness in the tax system, we expect the Group will consider whether a new system of taxing capital gains (not applying to the family home or the land under it) would improve the overall balance and fairness of New Zealand’s tax system.

**Will the Group’s recommendations be binding?**

No. Like with previous Tax Working Groups, the recommendations will not be binding. The Government will make the final decisions on which avenues of advice to follow, and whether further advice or work by Treasury or IRD officials is required.