

Tax Working Group Public Submissions Information Release

Release Document

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [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.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [1] appearing where information has been withheld in a release document refers to section 9(2)(a).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

To Members of Tax Working group

I do not propose outline my suggestion in great detail –your research and information assistance will attend to that if my idea appeals to you.

The catalyst to write now is a headline in yesterday’s Herald to the effect that, 1% of NZ’s richest people own as much as the 1.6 million New Zealanders at the other end of the wealth scale.

My proposition is based on the assumption that although the 1% have no doubt organised their affairs to pay as little tax as possible, the wealth advantage they have accumulated either here or overseas frequently shows up here as very valuable city homes and lavish holiday homes. There should be a tax on such assets as one easy way of reducing the increasing inequality between those who have and those who have not.

The legislation should introduce a simple procedure involving an assessment by the Commissioner of IRD followed by an expeditious process for the recovery of the tax involved and a high rate of interest for delay in payment say after 30 days.

There should be a highly skilled independent property tax appeal authority outside the normal Court system to determine any appeal say within 30 days with a final right of appeal to the Supreme Court where a special division should be set up to deal with such appeals.

Expedition in the first step would fix the value of properties at “Quotable Value” a taxpayer would not be allowed to challenge that. In addition, and this would require careful drafting by the most capable group of lawyers available, every possible machination for arguing that the taxpayer concerned did not own or have control over the property should be identified and expressly dis allowed. Even schemes that arguably have a legitimate purpose should be excluded and any scheme seeking to make avoidance schemes retrospective after the first reading of the bill should be expressly ruled a nullity. The one exception would be a wife’s legitimate expectation of a half share in the event of a marriage break up. If that is raised before or after the Commissioner’s assessment’s he should have authority to reassess 50% to her and 50% to him.

Parliament may look to the select committee for guidance as to percentages and levels of value. Obviously the bottom one Third would be exempt. And the next third up, (basically the hard working Middle class should also be exempt, except where the properties are well outside the value of normal middle class expectations.

Otherwise my suggestion for value and % : start at \$4 million 3% tax (\$120,000) for the home 2.5% for the holiday house both raising at 1% per Million of value with the sky’s the limit. Tax to be reassessed on a 5 yearly basis.

Hon Robert Smellie QC CNZM [1]

23/1/2018

P S Without doubt there will be a howl of protest from the 1% and their Supporters .Ignore it. And if they all move overseas let’m go . We a better without them .

[1]

Received
29 JAN 2017
Office of Hon Stuart Nash