

Tax Working Group Public Submissions Information Release

Release Document

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- [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.

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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.

Context:

This is a personal submission. I am a Husband, Dad, home owner in Whakatāne, family income around \$130 p/a. Just want Whakatāne and New Zealand to fizzle, to be awesome, to have opportunities for everyone to access a good quality of life. New Zealand needs more government resource to meet challenges like housing crisis, alcohol and drug harm, climate challenge, health and aging challenges etc. Resource needs to come from somewhere – sausage sizzles won't cut it.

A principled approach:

Lets be honest, nobody really *likes* paying tax. But tax is needed to pay for important services that we all benefit from. I think that Government services need to be improved, to help strengthen and improve outcomes for our communities. Capitalism has no inherent morality beyond profit, sure some level of altruism exists, but we cannot expect trickle-down-economics and the free-market solutions to meet many of the challenges facing New Zealand. Particularly this is the case when many challenges are systemically rooted in our economic system (wealth and wage disparity for example). We need a strong economy to ensure NZ has wealth, we need strong government policy to ensure healthy distribution of that wealth.

New Zealand's taxation review should be considered within the context of overarching principles, and these should be community centric with stronger links to Government's broader policy agenda and future societal challenges. E.g. think about taxation beyond 'a means to fund' and increasingly also as 'a mechanism to achieve outcomes'. In this way the practice of taxation itself can become even more so a tool towards achieving outcomes directly, as well as being a funding mechanism.

Low hanging fruit could provide instant opportunities. This includes looking at the potential of existing tax structures which are already in place and therefore would have lower administrative costs to implement (in particular alcohol and petrol tax – see below).

I encourage you to be bold, observe what our nation needs to be stronger, listen to your heart, and be critical of the underlying principles of those that oppose taxation increase (i.e. generally this relates to their own pocket).

Redistribution of tax liability towards where the wealth is:

The maturity of capitalism is producing an ever-growing wealth divide, with far more concentration of wealth to a very small portion of society. This will become increasingly unsustainable. Tax changes can help to redistribute benefits just a little bit more evenly across society. I am not sure what this could look like - maybe not UBI, the world is not ready for this, but changing the tax brackets would be a good start including less tax at the low end (or stretch the 10.5% tax bracket out to say \$20,000) and more tax at the higher end. In particular increase the 33% tax and introduce a new tax bracket at for the \$120,000 plus. I understand we also need more discipline towards corporate tax – but I don't have any understanding or insight into this. I am sure it is something you will be considering.

While not a taxation related comment, this suggestion also comes with the need for a perception shift towards the value of work versus the value of time contributed e.g. why is one persons 40 hour work week worth so much more or less than that of another person? Everyone works hard and wants to provide for their families. Each commit the same unit of their time for a job that needs to be done. I am not suggesting equalisation, simply looking for ways to redistribute wealth from the

top, to where it is needed. A rebalance, for a healthier society. E.g. is the contribution of the CE and the shareholders really worth so much more than the factory workers and shop assistants?

Market based salaries appear to perpetuate the problem because those in power – the higher paid positions are ultimate responsible for setting the balance of remuneration. Consider for example a flat percentage based increase across all salaries in a company – say 10%. That seems fair, everyone gets ten percent... but in dollar terms 10% is much more for someone who is already on \$150,000 a year compared to someone on minimum wage, and who actually needs the money more (why not a dollar based increase so that everyone goes up at the same rate in real terms and the wealth gap stays the same). The same principle applies to taxation – yes look at percentages but remember to look at the dollar impact too.

Specific taxation opportunities:

Alcohol tax: I strongly believe this should be increased. I enjoy a drink, who doesn't, well Mormons I guess. But extra tax on alcohol is an absolute must. Alcohol has such a huge cost (social and monetary) in our society. I understand that there are arguments that taxation increases don't necessarily make big inroads to changing consumption behaviour, but if not, at least it raises revenue that can be used to combat the impacts of alcohol. The revenue would easily have direct linkages back into many government departments – health, road safety, crime, education etc. Do it now - leave the tax at lower rates for consumption of alcohol at bars and pubs where policies and standards are in place to help manage consumption behaviours.

Petrol tax: I see you have already signalled an increase in petrol tax. Well done! Totally agree – again, potentially an incentive to support increase in alternative transport modes (hybrid, electric, public transport, walking, cycling). Also the same point that this raises much needed revenue in the transport, road safety, and alternative transport space.

Sugar tax: I am not sure whether this would be administratively possible. Sugar tax could change consumption patterns, it could also change production patterns with companies working to keep sugar levels under certain taxation thresholds. Again, it would increase government revenue to tackle related health issues.

Capital gains tax: No capital gains tax on your principle property (family home). Otherwise get on with it already ☺.

Thanks, that's all.

Be Brave!

Regards,

Wouter Vullings

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