

## **Tax Working Group Public Submissions Information Release**

### **Release Document**

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# The Future of Tax

A submission to the Tax Working Group, April 2018.

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## **Introduction**

As financial transactions globalise, small nations struggle to gather revenue fairly and equitably for necessary development. Several strategic considerations mean significant changes tax management are required to deliver a sustainable and secure life for Kiwis.

Long term goal setting is delusional. Clear medium term setting and vision must be tied to 3 yearly governmental cycles.

### **Firstly**

Our tax take is too low. Compared to other progressive regimes, more revenue is required to sustain first world standards. Infrastructure, social services education, health, defence, recreation and financial processes never have sufficient development funds. Our society is held together by an army of volunteer organisations and charities. Expecting so many to work for nothing is unfair and exploitative. This position is untenable into the future.

The overall tax take must increase an estimated 10% or more.

### **Secondly**

Our tax administration is too complex. Too many economists, accountants, assessors and advisers are required to monitor and process finances effectively for taxpayers.

Financial relativities and settings are debated and changed in budgets by changing governments. Taxpayers require simplicity and consistency to plan and enable their working and domestic lives.

Workers are happy to pay if it is perceived as fair and manageable. Businesses too often attempt to manipulate information for avoidance and profit.

Tax administration needs much greater simplicity for direct accountability.

### **Thirdly**

Taxpayers are increasingly using card systems 'plastic money.'

A cashless society with plastic funds makes monitoring cash flows easier through systems authorised by banks and supervised by the Reserve Bank. Cash no longer needs to be legal tender making transactions traceable, accountable and enforceable.

'Black market' funds will be difficult to manage. International companies will be taxable in the country of transaction i.e. New Zealand.

A cashless society makes revenue gathering accurate and easier to monitor.

## **Fourthly**

These considerations signal dramatic changes for future tax gathering focussed on transaction monitoring. This will yield fairer, more accurate, simpler and greater revenue delivery that is more difficult to avoid.

A TRANSACTION TAX is the way of the future.

## **Conclusion**

As a small nation, New Zealand would be advised to research and prepare processes for the introduction of TRANSACTIONAL TAX in the medium term estimated at 1% of all transactions. No other tax would be required.

Our small economy could be a pilot for TRANSACTIONAL TAX. Such a visionary tax system will be introduced elsewhere. Better to be prepared and engaged than to react to financial influences from much larger economies in a state of international flux.

Investigation and reporting could be done by the end of 2019. TRANSACTION TAX then becomes an election issue for 2020. New Zealand financial foresight would deliver greater financial control over our monies and greater autonomy and resilience to shocks.

A fairer more responsible, accountable developing society is the likely result at a personal, community, national and international level.

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