

Tax Working Group Public Submissions Information Release

Release Document

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Submission to Government Tax Working Group

Submitter: John Garwood

[1]

I wish to speak to the submission

My Views on Future Taxation

Income Tax

- Should be significantly more progressive than as at present ie with higher taxes for very high incomes and lower or no taxes for those on very low incomes

GST on Food

- Our current GST system is very simple. Removing GST on food would introduce unnecessary complications.
- GST catches all (particularly for food), including those who engage in the black economy, or otherwise evade/avoid other forms of taxation.
- There are calls to remove GST from food but I would expect that GST on food to be one of the main revenue earners. Rather than removing GST on food those most affected (those on lower incomes) should be assisted by increasing the beneficiary/superannuation (Transfer) payments. With the move towards the “Living Wage” (which might practically coincide with the introduction of any new tax system) then the costs to the lower income wage groups would be automatically catered for.

GST on Imports

- GST on imports should be lowered to all imports over \$40, to avoid discrimination against local retailers.

Capital Gains Tax

- There should be a broad based capital gains tax on profits of all assets sold (or disposed of) after an allowance for inflation. There should be a minimum taxable level set. Capital losses to be offset against current or future CGT profits – not other income. Profits should be taxed at income tax rates with consideration being given to allow the spreading of those net profits over say the 3 previous years, but only where the profit has arisen over an extended period.
- It should include the family home (though it is noted that this is outside your brief – but could be commented on in your final report).
- The CGT should replace the International Tax Regime

Investment Property Income (Rental housing)

- Should be taxed as currently but losses should only be offset against future income of that category, not other income.

Harmful activities

- There should be a tax on sugar and its substitutes where those substitutes are known to be harmful to humans.
- Similar taxes should be introduced where recommended by health professionals to avoid societal health costs.
- Environmental harmful activities should be taxed/fined/controlled by the relevant Regional Local Authority. However central government should be responsible for implementing recycling levies/schemes at the point of importation/manufacture for items such as electronic goods/tyres/plastics/glassware etc.

Superannuation

- Should be catered for under a progressive income tax system
- Should be further taxed where other income exceeds a set amount (say \$150,000) to be fully offset (at say \$200,000).

Registered Charities

- There are large commercial organisations that are operating as Registered Charities, gaining cash flow advantages compared with taxable equivalent organisations, thus allowing the Registered Charities to expand their operations unfairly. Profits retained in the ongoing operations of Registered Charities should be taxed at normal rates.

Inheritances

- Should be re-introduced where the value of the estate is over say two million dollars with that figure being inflation adjusted annually.

Globalisation

- Taxation should be applied on realistic levels of imputed profits for overseas companies making on line sales in New Zealand