

Tax Working Group Public Submissions Information Release

Release Document

September 2018

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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.

SUBMISSION FOR TAX WORKING GROUP

Taxes are not just a method of income collection but are inherently a force influencing the behaviour of individuals and businesses. One can see this through the lengths people go to avoid and evade tax. Tax must be structured to bring benefits to the community and the environment and can do so on the most basic level. They can work to:

- Minimize the possibility that members of society suffer deprivation
- Motivate businesses and corporations as well as individuals to enhance rather than degrade the environment
- Deter growing inequality of income in society.

More specifically I recommend the introduction of these taxes:

1. Establishing a tax-free threshold at the bottom of the income tax scale and reducing and simplifying rates in the middle income bands of the tax scale. This will allow beneficiaries to also receive tax cuts.
2. Establishing an extra tax at a much higher rate for the top income earners to help address inequality.
3. Lifting of benefit abatement rates. This would encourage beneficiaries to transition to employment and help lift them above the poverty line.
4. A graduated pollution tax for businesses to cover the government's cost of cleaning up existing and future pollution and to discourage pollution at source including carbon emissions. The more pollution the higher the tax. Similarly a tax reduction could be considered for businesses with net carbon absorption.
5. A tax allowing central and regional government to introduce a water levy on commercial use of all water used on a volume basis. This would not apply to households or stock drinking water.
6. On a much broader scale consideration also needs to be given to further possible eco-taxes. Levies could be introduced on resources such as minerals mined, commercial fish caught, and various forms of pollution and waste including net carbon emissions.
7. An inflation adjusted capital gains tax that treats all income the same. The family home would be exempt.
8. Please consider NZ joining the group of countries working to agree on a tax on international currency movements (Tobin Tax) with a plan to set up a fund to provide capital for poor countries to improve their social and environmental wellbeing. This would discourage currency speculation without being high enough to impede genuine trade.

A cohesive and healthy society requires a reasonable level of equality, lack of deprivation and of course a clean enough environment to live in. Taxes are a key component in the means to either undermining these objectives or achieving and maintaining these objectives. Please ensure the latter.

Thank you

Claire Thornton

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