# Tax Working Group Public Submissions Information Release

## Release Document

## September 2018

**taxworkingroup.govt.nz/key-documents**

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.

Submission to Tax Working Group

**Double taxation of pensions**

Pensions in New Zealand are effectively double taxed as opposed to some other investments. Property investment is not taxed and people are not taxed on the increased value of their property every year yet the funds paid into your Kiwisaver are taxed first and then every year you get taxed on the increased value of your pension and then when you retire you get taxed on your pension payments.

**Overseas Pensions**

Currently when people move to New Zealand or come back from working overseas they may have a private pension that cannot be transferred to New Zealand therefore when they retiree they get charged exorbitant tax on the pension payments twice. Not only do they get taxed on the payments but they also get taxed on the capital gains of their pension which is very unfair.

There should only be one tax on the pension payments.

Also there is also a requirement to pay for increase in value of your overseas pension on a yearly basis but this is unfair as people have no access to funds to do this. This does not happen for property investment in New Zealand.

NZ is quick to do double taxation arrangements with other countries but very unfair when if another country has different pension arrangements to work with this in a fair manner.

**Pension inputs should not be taxed**

Countries overseas allow people to make contributions to their pension funds tax free on the basis that when they retire they pay tax on their pension. This allows the pension fund to increase in value and should there be a drop in the value of the fund due to a correction then people will not have overpaid on tax. When they start receiving their pensions then their payments are taxed and as they are retirees they should be on a lower tax band which will give them a bigger disposable income in their retirement.

**Tax Free Allowance**

Overseas some countries allow people to earn up to a certain amount before they pay tax, NZ should also do this, it would benefit a large chunk of society from young people doing a part time job, those on lower incomes and retirees who have a limited income and need all the help they can get to make it go further.

Pensions are to allow people to live in their retirement, instead of taxing pensions to the hilt - contributions, then in effect a capital gains tax and then tax on pension payments the government should change the system to allow people to build up the best nest egg with no taxation until they draw down their pension to allow them a comfortable retirement. Any reduction of tax income could be offset by taxing existing areas that are currently not taxed like investment property, investments of fine wine, art, cars and shares.  I feel that this would be a more equitable situation for the majority of New Zealanders.