

Tax Working Group Public Submissions Information Release

Release Document

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taxworkinggroup.govt.nz/key-documents

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people;
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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.

April 30, 2018

Dear Tax Working Group.

Below is a submission regarding the invitation here:

<https://taxworkinggroup.govt.nz/your-submissions>

1. Housing prices are a problem. While there are many factors, certainly an inflationary monetary system and high GST rates contribute to this.
2. Recommend reducing GST to 7.5%. This benefits low income people and also reduces the cost of homes.
3. Phase out of the Reserve Bank system and being fully supportive of private based monetary exchange systems based on precious metals. This will bring pricing stability.
4. Residents with incomes under the \$14,000 level should be exempt from income tax.
5. GST raises house prices, deters uptake of electric cars, and taxes lower income people more. These are reasons the GST rate needs to be reduced.

In other countries like the UK and the United States, there are sales tax rebates for purchase of electric cars. Electric cars are very important for clean air and water and reducing the dependency on oil imports and therefore drastically lowering the flow of money out of the country for oil. GST needs to be completely exempt on electric cars.

Longer-term there is the potential that greatly reduced purchases of foreign oil will reduce house prices because this will mean that there is less selling of the New Zealand dollar versus the currencies used to purchase the oil causing the New Zealand dollar to be stronger. With a stronger New Zealand dollar this then makes house prices less affordable to foreigners thereby reducing the effect of higher prices due to foreign purchases of homes.

6. New Zealand should have a competitive company tax. It should be reduced significantly. The desire should be to cause companies that have no environmental or other detrimental impact to relocate to New Zealand and immigration policy needs to accommodate this to be fully supportive of allowing easy migration of these businesses.

7. Immigration policy goes hand-in-hand with tax policy because the more productive immigrants that are in this country, the more economic activity, and therefore more revenue not only for government, but for the public in general. Productive immigrants, especially in the IT sector, should have very easy means of entry into this country without restrictions.

8. One proposal would be a new category of company that would be entitled to a 12% rate. For example, if a company has 80% of its income from foreign sources (in other words, it is primarily exporting its goods or services) and employs New Zealanders whether existing residents or new immigrants, and has no environmental impact, then it should be entitled to this low rate. This will bring a great influx of non-impacting business activity into this country which is only going to be a positive. It is not going to take away from other businesses in this country, and it is not going to have any detrimental impact. It is only going to be a positive.

For example, information technology companies can relocate to New Zealand even if their primary customer base is elsewhere. This can make New Zealand a major information technology hub for the world. Think of all of the opportunity there is to bring new IT businesses into this country from elsewhere. Think of all the highly qualified people that will come.

You need to consider what a company would be getting relocating to New Zealand if it is facing a 28% rate. Does it really make sense that the NZ government is a one third shareholder in every NZ company especially when the company may be primarily doing foreign business.

You should have the mindset of what New Zealand can do for the world and how New Zealand can be a hub of zero impact (meaning not competing with existing NZ companies and having no environmental impact) world

benefiting businesses, not trying to figure out how to raise more revenue. The more economic activity in the country, then naturally the additional income will come into this country and any essential services that have to be paid for, can be funded through this increased economic activity.

9. There needs to be more reliance on user fees (like vehicle registration fees) targeting the use of infrastructure rather than general tax. For example, the cost of roads and other infrastructure needs to be paid for through user fees to the extent this is not already the case. With technology, there is the means to track infrastructure use more easily.

10. While it is not the tax working groups role to be setting government spending policy, it needs to be pointed out to the government that spending is a very important consideration. It is the spending which is creating the need for tax. The government should not underestimate the ability of people in the free market to innovate and provide for themselves and greatly reduce the need on government. Communications technology and the goodwill of people can help with this.

With modern communications and concepts like crowdfunding, an increasing population, and the ratio of the resident population to elected representatives at an increasing ratio, it is important, that the concept of decentralization be followed.

11. Opposed introducing a capital gains tax.

12. The world is changing and there is globalization and this is really an opportunity for letting the free market and private sector grow and be more self-sufficient, and allow the people to create healthier, happier and more helpful relations between each other. We see peace between North and South Korea now. This is a path that needs to be followed by all peoples and this lessens the need for tax revenue because there will be less need for defense.

13. It should not be the role of government to decide what categories of food items are taxable or not. This is going to be administratively a burden for all involved. Simply reduce the GST. And exempt lower income people

altogether from income tax.

14. Finally, while most people may not recognize this, tax is compulsory. Therefore, you have to think carefully before changing tax policy, or increasing taxes. Any changes should ultimately should result in neutrality or lower taxes overall, and more freedom for the people to innovate.

With modern advanced communications, freedom of travel, lower taxes, the people themselves can innovate more and create solutions for themselves to be more self-sufficient and reduce the need raise to revenue through tax since there will be less need for government services and greater efficiencies.

I would be happy to be contacted to discuss these ideas.

Respectfully submitted,

Anthony Sarafa