

Tax Working Group Public Submissions Information Release

Release Document

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- [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.

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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.

Changing Demographics

We can redefine "working age". Older people can and want to, continue to be active in the community. On the other hand there are probably many younger people who could use their time better spending more of it with their families. Age should not be the criterion but rather health and choice.

Taxing wages and salaries distorts peoples choices. I see a future where wage and salary levels are much more varied reflecting the different value of the work to the community and encouraging people to work in high value areas. A universal income would make this possible without throwing low value workers into poverty. On the other hand it would also affect the distribution of money and thus affect relative prices. Work that is currently low paid might be revealed as the truly high value work.

I have reservations about taxing "investment" income. We do not want to discourage genuine investment any more than we want to discourage valuable work. We should tax those things that exist in nature before anyone makes choices and which will be neither increased no decreased by the taxation disincentive. We should tax natural resources such as land, minerals, the carbon sink etc. We should tax those who own or have exclusive licences to use such things whether they make an income from them or not. This will discourage "land-banking" and similar attempts to profit by withholding from use.

We should all equally be considered the owners of all natural resources and as such can collectively set restrictions on in what way and in what quantity natural resources can be used.

Te Ao Maori

A universal income paid to all maori equally with non-maori will give the people the power to encourage businesses that act in accordance with their values through their purchasing decisions. The natural owners of natural resources (everyone equally) can regulate to protect natural resources.

The changing nature of work.

The automation of work is part of the changing nature of work. If the changing nature of work encourages a change from taxation of wages and salaries to taxation of natural resources this is a good thing. We need to move away from a work based community and economy to a resource based community and economy. The living of the people should be defined by the natural resources available per capita not by the availability of employment. Government income should be determined by the services the people have indicated that they are willing to pay for not by the number of people employed and the amount they are paid or by the amount of stuff that people can make and sell to people who have money to buy.

Environmental Challenges

Those emitting pollutants should be paying tax now. As far as it is possible to determine this should include insurance against future clean-up costs. They will, of course, pass this cost on to the consumers of their products thus raising awareness of the true cost of those products. In many cases this may mean a large reduction in the amount that can be produced. We are collectively responsible. We must inform ourselves well, vote well, regulate well and tax well. Only polluters who break regulations or fail to pay taxes or bonds should be held accountable for future losses unless it can be shown that, like the tobacco industry,

they knew very well the damage they were doing and deliberately encouraged misinformation.

Technology

Yes, we need to move away from a work based tax system. We can continue to tax natural resources to pay for the universal income but if we allow global population to continue to grow we cannot expect this to be enough to support continued growth in our "standard of living". Technology may help to make scarce resources go further but we are reaching limits.

Improving Productivity

Are the current settings working for New Zealand? NO. We need to consider what we are producing not consider that any production is good. We need to consider who we are producing for - those with money. So we need to consider ways to distribute money to the people we want the economy to work for - everyone equally?

Inequality

Inequality stems from property rights that were set in place before we had democratic states. The market delivers in proportion to ones initial endowment. This includes property rights. I work for the people with property. I happen to have a talent or skill valued by the people who have property. They pay me well. I have more than I need to exist so I can save. In the next round the market delivers more to me. Eventually I can buy some "property" myself. I think I invested the fruits of my labour to buy this property. No amount of labour can be equally to perpetual property rights in any natural resource. I bought stolen property from some one who grossly undervalued it because they had plenty through no virtue of their own. Most of these property rights that have been carelessly sold off originally came from the might is right era before the state. Either directly taken by force or gifted by a grateful monarch for using force to protect his property. Tax property, tax the whole asset value of the property. Pay the revenue out to everyone equally. watch relative prices change.

Globalisation

Sure it is unfair if we have GST that local producers and retailers have to pay but it is very hard to ensure that importers do. GST falls more heavily on the poor as they spend a higher percentage of their income. It is a regressive tax. Abolish it. Do not tax voluntary exchanges of goods.

Should New Zealand use the tax system to encourage better choices and discourage harmful ones? Generally only if there is a measurable social cost.

Yes tax polluters they are using a scarce collective resource. Such taxes should not be seen as incentivising good behaviour but as paying for something you have chosen to use. Tobacco and sugar taxes can be seen as paying for the extra health care services that such consuming behaviours make necessary. They should be related to accepted actual related costs. Perhaps we should tax rugby playing? Do rugby clubs pay ACC levies?

Are we taxing the right things

Absolutely not.

We should move away from taxing wages and salaries and business incomes as soon as possible. We do not want to disincentivise productivity. We should abolish GST: it is regressive.

We should not tax capital gains we should tax the unearned income value of all natural resources. The location value should go to the local

authority whose ratepayers have contributed to the surrounding infrastructure. The natural resource value should go to pay for the universal income.

Can tax make housing more affordable?