

## **Tax Working Group Public Submissions Information Release**

### **Release Document**

**September 2018**

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people;
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## Submission to Tax Working Group 2018

### Company tax

I support review the company/corporate tax rate and consideration for introducing variable tax rates based on annual turnover. For example slightly reduce the rate for smaller companies and slightly increase the rates for companies with higher turnover. This could assist in increasing the start-up of small businesses and provide increased employment. It would also decrease the tax burden on those owning smaller farms – young farmers and family farms.

Review the 'charity' status of companies that are clearly profit making businesses rather than charities. For example 'Sanitarium' and the Gloriavale farms. They should be paying normal company and income tax rates. They use infrastructure paid for out of our taxes. Also review the tax status of large church groups as while they might make considerable profits from investments it is unclear whether those profits are used for general community benefit. However I feel it is totally appropriate that charity organisations that run small businesses, such as selling second hand goods, to make money to use to support their charity work are not taxed.

Urgently address the failure of some overseas companies to pay tax on the profits they make in New Zealand.

### Other

I support the introduction of a capital gains tax or an equivalent tax. Income gained from speculation should be taxed just as personal income from employment is taxed, especially as those involved in such speculative activity are usually in upper income brackets. Exactly how this might be done I leave to those with greater expertise.

I strongly support the introduction of an entry tax on tourist visitors – e.g. in the order of \$50.

I don't believe it will stop many tourists coming here especially if they are notified in advance and given a brochure on entry explaining the reason for the tax and how it will be used. It is a small cost compared to air fares and other travel costs.

It can then be used to support infrastructure used by tourists e.g. public facilities (toilets/local parks/rubbish collection), maintenance of national parks, walkways and accommodation, and maintenance of roads and public transport.

I also strongly support removing GST from fresh fruit and vegetables. I believe this is entirely doable and that these products are easily defined.

I also support a tax on sugary drinks. There is clear evidence that, as one of a range of measures, this is effective in improving dental health and in reducing obesity over time. Besides which sugary drinks are a very poor form of nutrition and could be considered to be similar to alcohol and tobacco where increased tax leads to reduction in harmful use. Removal of GST from sanitary products should also be considered.

I support the use of tax incentives to encourage tree planting especially in rural areas. Having grown up on a farm I am dismayed at the bare pastures and roadsides I see where there used to be many more trees providing shade and shelter for stock.

I would also like to see tax incentives for smaller companies and for individuals to invest in electric vehicles, solar panels and storage batteries. I am aware that Dr Jan Wright was not in favour of household solar panel use but I believe that with the advent of reliable battery storage individual household use of solar power could be maximised. In contrast smaller businesses and light industry use most power in daylight hours so are good targets for incentivising solar power use. (I understand that Sylvia Park Shopping Centre in Auckland uses solar power and also provides free charging stations for electric vehicles.) One problem with this could be the reaction of the private power companies. Our experience was that about a year after installing solar panels on our new house the power company reduced the rate at which they paid us for the power we fed into the grid without consultation.

## Personal income tax

While it is outside the scope of the Working Group's review to increase any income tax rate I have included the following views as some of the reductions could be put in place if fiscally possible. These reductions could make a considerable difference to the rates of child poverty and family hardship.

I believe it is unjust to tax those on benefits or very low incomes. Other countries such as Australia have an income threshold below which no tax is paid. This would also be fairer, simpler and more easily applied than 'Working for Families' having to see the paperwork this involves.

I also think that the tax income brackets and rates need adjusting. It is unfair that a family raising children and just getting by on a little over \$48,000 gross income per year currently is paying only 3 cents in the dollar less in tax than those earning in the 100s of thousands of dollars per year. This is driving increasing inequality.

Earnings from running such activities as Uber taxi or renting homes through Air BNB should also be taxed either through adding to personal tax income or to personal business income.

I would support changes something in the order of the following:

No tax on earnings under \$15,000.

12.5% on earnings above \$15,000 and up to \$50,000.

25% on earnings above \$50,000 and up to \$100,000.

35% on earnings over \$100,000 and up to \$250,000.

50% on earnings over \$250,000.

Possible even consider a higher rate for those earning over \$500,000.

Tax incentives to save for retirement are a useful idea but maybe most equitably applied only to those in lower income brackets. This is a more complex topic. Means testing for superannuation is a 'can of worms' and may be better approached through taxation on superannuation.

Dr Karla Rix-Trott

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