

Tax Working Group Public Submissions Information Release

Release Document

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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.

Financial transaction tax

All Income tax and GST should be replaced by a financial transaction tax. This tax should be levied on all transactions into and out of bank accounts, credit cards and similar.

The tax should be low enough that it is not worthwhile avoiding (6.25 cents per \$100 approx).

Banks and financial institutions should collect the tax automatically and remit the tax to Govt daily. Banks and financial institutions would be faced with a one-off capital cost to establish the collection process. However, this should be minimal as they already have the technical ability to make charges on accounts under their control. The ongoing maintenance costs of such a collection system should be even lower.

Collection should be a requirement as part of a banking licence or other licence.

No consideration should be paid to collector banks and financial institutions, as they make super profits from NZ already.

In 2017, \$1,200,000,000,000 was transacted through Payments NZ alone.¹ (And this does not include payments between customers at the same banks).

In 2017 Govt spending was \$75,000,000,000.²

A tax rate of 0.7% would be required to generate \$75 billion in tax from \$1.2 trillion in financial transactions.

Collection of this tax would relieve Government and private enterprise of the huge collection costs of income tax and GST across the whole economy.

Low income households would be have more disposable income as there would be no income tax deducted from wages or benefits. There would also be no GST on their purchases of essential household items.

¹ Sourced 27 April 2018 from
<https://www.paymentsnz.co.nz/resources/articles/new-zealand-payments-stats-2017-review/>

² Sourced 27 April 2018 from
<https://treasury.govt.nz/publications/year-end/financial-statements-government-new-zealand-year-end-ed-30-june-2017>