

Tax Working Group Public Submissions Information Release

Release Document

September 2018

taxworkinggroup.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.

Not being a policy analyst I have found the process of contributing to this important discussion a challenge. I believe the experience of people is very important. Yet, how many people are excluded from this process by the dialogue and the way's in which they are meant to respond. I've done my best.

The Future environment

The main risks and challenges and opportunities for the tax system

The tax system effects and should matter to everybody. Unfortunately the current system is punitive towards the most vulnerable and the poor, and too easily exploited by the wealthy to have any integrity of purpose. People will do anything to avoid whatever taxes they can when their incomes are being skewed by low wages, or falling returns. Largely; because, the system failing too many people.

Dealing with inequality is the biggest challenge as there is no virtue in poverty. We have become mean spirited, and we need to re-educate our population concerning the benefits of taxation and what it means. A future focused tax system needs to first value peoples contributions paid and unpaid. Hence, a Universal Basic Income is going to become a reality we can't ignore. The principles of Tikanga Maori would help create a more future-focused tax system for everyone because it is more people focused.

Purposes and principles of a good tax system collective provision of vital public services

The collective provision is the most effective way of looking after people. The collection of tax shouldn't be a burden on households. It is important there is a sense of fairness and equity. Where a situation arises where there are anomalies there should be tax credits. The system we have is so miserly and punitive one dare not make a mistake when filing tax returns.

Secondary tax is outdated and needs to be gone. Too many households, couple or single, with or without children, are dependent on two income sources to survive. Often this will result in paying secondary tax. For beneficiaries/job seekers the situation is worse should they earn over the set amount of \$80 their benefit is deducted and then they pay secondary tax on what was earned. In some cases this results in less money before any money has been earned. Once again, it is punitive and all quite ridiculous.

The current tax system

Is not the best approach, a simple progressive tax system with exemptions at the bottom are needed. Your first 10,000 could be tax free. You would find a healthier attitude towards tax if people felt everyone was sharing the responsibility. Small business should be given the same consideration.

There should be a working group established which asks people to come talk about their experience of tax. To much is put down on paper and not enough is spent dealing with

and talking to the people decisions on taxation affect. Figures alone will never give a true picture. Higher income people have more discretionary spending. Low income people struggle to meet the basics.

Fairness and balance

The productive money, i.e., money which creates infrastructure and jobs should be treated differently from unproductive money used in financial speculation. Thus, we need a financial transactions tax which would help curb dead money speculations.

Specific challenges

Multi-national companies like Facebook, and so on need to pay tax. An overseas transaction tax needs to be applied to purchases made online to non-NZ sources. However, GST should be removed from healthy protein sources and vegetables. For example, soft drink manufacturers could be taxed at production level rather than the cost being passed on to the consumer.

Housing affordability

Housing affordability is affected by uncontrolled speculation in the housing market. Family homes should be exempt from taxes, but sales of properties other than the family home should be taxed at a flat rate when sold. We need to come down harder on the speculative buyers. These are not producing productive, affordable, housing for New Zealanders.