

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

### **Release Document**

**September 2018**

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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.

Have run out of time to make this more coherent so have simply noted down under tax types a few ideas that might work towards the 8 legs of the brief.

Bottom line: No-one likes more tax but increases geared towards the following would be well received with government otherwise living within its means like its citizens. An increased tax take should go into reducing debt and building up the health system and putting money into areas of training where the country is in need of workers. Currently this would be trade apprenticeships to build and maintain more houses and medical scholarships to train more medical personnel.

My background is that of an accountant working in small business. My comments reflect that and the following interrelated factors:

- a desire that the black market pay its tax,
- to keep the current broad base, low rate system with very few exemptions,
- nz has the money for a top class health system with no waiting lists
- Debt is paid down so that extra govt spending can come from interest savings
- Changes made are incremental across a number of areas to make the tax system fairer.

### FBT

Allocate benefits like motor vehicles to individuals so they can be tracked for social security benefits like Working for Families.

### Progressive Company Tax

If aligned to personal tax rates, these would discourage changing structures to take advantage of this. Like the idea for the following reasons

- To foster self reliance by encouraging small business,
- to grow the economic pie meaning more taxes
- help Maori and lower income people get off benefits and get more income
- consider a double tax deduction for wages to encourage employment.

### GST

It is a simple system with very few exemptions, compared to other jurisdictions. We should keep it that way. With globalisation, it is an effective tax that also brings the black market and tourists into its base.

- Increase rate (and reduce income tax). Will help with taxing gig economy, black market & cash jobs which are rife.
- Isn't regressive as rent is exempt. Higher earners contribute more in dollar terms. For example, GST on \$120/\$150K may not be a higher %, but is more dollars of tax paid than \$40/50K especially when a higher % of the \$40K is on rent which is an exempt activity.
- All overseas purchases taxed or those < than \$400 to incur an arbitrary charge
- With improved technology; consider removing the financial services exemption

### Payroll tax

- Think we should have a small tax for healthcare, with following aims...

Be EXTRA money to go into the healthcare sector to build up our capacity,  
Provide employment,  
Make medicine cheaper to study via cheaper fees or medical scholarships.

- Another small charge to go towards the reduction of government debt.

### Progressive Income Tax

Think we should have a more progressive income tax scale. But not too punitive to reduce the incentive to restructure affairs to not get into top brackets. Adjust lower brackets to assist lower income earners.

0-20K	10.50%
20-50K	17.50%
51-75K	30.00%
76-125K	31.00%
126-175K	32.00%
176-225K	33.00%
225-300K	34.00%
300-500K	35.00%
500+	36.00%

### Excise tax

- Implement a road user charge on electric vehicles (effective road subsidy now from rich to poor, as the well off can afford the electric vehicle)
- Have tariffs on imported petrol motor vehicles to encourage the move to electric
- Tiered motor vehicle registration fees that charge more for large passenger vehicles as they do in the UK. You see very few SUV's on UK highways. (This would mean less petrol used and be good for the environment.)
- Have a Healthcare levy on motor vehicle registration, like ACC
- Increase the tariff for a tourist to enter the country
- Introduce a large fee for those wanting to immigrate under the rich category that would go some way to cover the lifetime benefits that would accrue to someone and their family.

### Kiwisaver

- Make this compulsory with government providing the employer portion for those on benefits.
- rent to own state houses for Maori

### CGT

In Australia I've heard that it has been great for accountants and hasn't raised much government revenue. Hence am not much in favour. But if we have it, why not make it be comprehensive and exclude the family home by having a reasonably high threshold that would act to exclude all but mansions.