

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.

Tax Working Group Secretariat
PO Box 3724
Wellington 6140
New Zealand

Dear Members of the Tax Working Group,

Social media, international tax and mental health costs

The Tax Working Group has asked for submissions on other taxes and has noted concerns about multinational corporations and base erosion.

It is well established in our country that products that cause significant health costs, such alcohol and smoking products, are subject to additional taxes. In recent years there has been massive growth in the use of social media platforms, which are predominantly owned and operated by multinational corporations that don't seem to pay much tax in New Zealand.

There is now an emerging view that the mental health effects of using these social media platforms is negative. We have high levels of anxiety, depression and suicide in our population, particularly among our teenagers and young adults. Social media platforms are likely to be a contributing factor to the mental health problems¹ we face in our country.

Accordingly, I submit that the Tax Working Group investigate ways of taxing or levying social media platforms that have a significant online presence in New Zealand and which are contributing to the mental health crisis in our country. I envisage that this would be over and above any tax measures to combat base erosion.

A levy might be applied, for example, based on Gb of traffic or hours of connection for social media platforms that meet a specified size threshold. The tax revenue raised could be earmarked to fund mental health expenditure.

¹ Examples of recent studies showing the association between mental health problems and social media use:

Jean M. Twenge, Thomas E. Joiner, Megan L. Rogers, and Gabrielle N. Martin (2017), *"Increases in Depressive Symptoms, Suicide-Related Outcomes, and Suicide Rates Among U.S. Adolescents After 2010 and Links to Increased New Media Screen Time,"* Clinical Psychological Science, Vol 6, Issue 1, pp. 3 – 17.

Østergaard, S. D. (2017), *"Taking Facebook at face value: why the use of social media may cause mental disorder,"* Acta Psychiatr Scand, Vol 136, Issue 5, pp 439-440.

Holly B. Shakya, Nicholas A. Christakis (2017), *"Association of Facebook Use With Compromised Well-Being: A Longitudinal Study,"* American Journal of Epidemiology, Volume 185, Issue 3, pp 203–211.

It is acceptable for the Tax Working Group and the Secretariat to contact me to discuss the points raised, if required.

Yours sincerely,

[1]

John Redmayne