

Tax Working Group Public Submissions Information Release

Release Document

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Submission to the Tax Working Group

Regrettably, I did not become aware of the ability to make submissions on tax in New Zealand until very recently, and have not had time to view all the information provided on the website. I would still like to contribute my small opinion for what it's worth. And I apologise that I haven't had the time to write this very well.

Tax

Educate New Zealanders about how we are taxed and what it is for, to foster a better attitude to the need for taxation.

It is interesting that with the congestion problems in Auckland, people are acknowledging the need to pay to bring about changes and improvements. Get us better educated about what our taxes are used for. I think one of the down sides of not doing annual tax returns is that we don't really think too much about it. Perhaps even just getting an automatic statement of earnings and a "thank you" letter would remind us of what we are doing and why.

Spend our taxes wisely

If the public does not trust the government to spend taxes wisely, on essential items first, then we will not be supportive of the system.

Show comparisons with countries with similar populations and expectations.

Lead by example

Government and big business should show the right attitude to fiscal and social responsibility. PAYE earners always feel like a captive target for taxation focus whereas companies, trusts etc, can and do avoid tax.

Simplify taxation. Sorry no idea how but I do wonder if we were able to start from scratch what our taxation system could be like instead of tinkering around.

Income Tax – allow people to earn say the first \$10,000 tax free.

\$10,000 is a large sum to people on low incomes who in most circumstances spend all their earnings on housing and living expenses. Any extra money would also be spent within the economy. \$10,000 is the amount of money a family of 2 adults and 2 children would spend on food (basic level as per Otago University food cost study). Perhaps this is an alternative to trying to remove GST from "healthy foods" and the difficulties involved with that. However, if the reason for the GST to be removed from "healthy foods" is also to promote better health I could go along with that but hope it doesn't become too complex.

Allow couples to split their income to reduce tax particularly where one partner has stopped work to raise a family. We do not give any recognition to the cost of raising a family for those who are not entitled to benefits. Have just watched a Nigel Latta money programme where they estimated the cost to hire people to do all the jobs the stay at home partner does and it came out at approx. \$142,000. Also, find some way to help stay at home partners access free or subsidised higher education so that they can reintegrate into the workforce more easily.

It is interesting that for allowances such as tertiary study, retirement, rest home funding etc, suddenly joint incomes are taken into account, but no tax relief is granted when one income is earned as a couple.

Environmental and Green Issues

Use a carrot and stick approach to reward companies who recover and recycle their products and tax those who don't. Look at overseas examples such as Norway, to tackle companies who produce items that cause issues on disposal such as plastic. Consider legislation to reduce the number of different plastics that are produced or used in New Zealand to simplify the disposal issue and reduce the cost. If a company makes a product they should be responsible for its disposal.

Concern that because families are operating on such tight budgets at the moment, they do not have sufficient income to maintain houses or make improvements to houses such as better insulation, more energy efficient etc. I am also concerned that the condition of housing stock in Auckland in particular is likely to decline as people stretch themselves too far financially just to get into a house and with no money left over for maintenance. (An echo of the Manukau DHB issue) Could there be tax deductions or access to low interest loans for things like insulation, double glazing?

Student Loans – overseas repayments should be aligned to the income being earned and the interest rate should be less. A lot of young people go overseas straight after finishing their degrees when their balance is at its highest just to explore the world for a year or two, but may not be earning very much. We should be encouraging them to repay their loans and not making it so hard. Surely that is cheaper in the long run than chasing up defaulters.

Submitted by

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