

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

### **Release Document**

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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.



# Te Rōpū Pakihi

## Kapiti-Horowhenua Māori Business Network

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Tax Working Group Secretariat  
PO Box 3724  
Wellington 6140  
New Zealand

Email: [submissions@taxworkinggroup.govt.nz](mailto:submissions@taxworkinggroup.govt.nz)

Tēnā koutou  
i ngā tini āhuatanga o te wā

Thank you for the opportunity to engage in the Future of Tax submission process.

Te Rōpū Pakihi was established in April 2002 by nine local Māori business operators. The purposes of the network include the establishment, growth and support of Māori enterprise. Te Rōpū gives effect to these purposes through regular meetings for membership luncheons, and evening hui for workshops or presentations by speakers. Te Rōpū Pakihi was incorporated as a society in 2007 and is governed by an Executive Committee. Te Rōpū Pakihi is one of four Māori business networks currently active in the Te Taihauauru rohe that meet to collaborate on planning, event promotion and government engagement.

The network has a current database of 140 Māori enterprises that it engages with regularly. The organisation has provided mentoring and support to both start up and new business operators for the past sixteen years in addition to running five Māori business awards programmes, three Māori business expos, business workshops and leadership forums.

We appreciate that the Tax Working Group has identified Māori business as an important sector for consultation. While Te Rōpū Pakihi is prepared to share its views with Inland Revenue through this submission process, this participation must not be seen as a substitute for discussions the Crown should have with Māori directly.

Te Rōpū Pakihi wants to see more resources and support made available for Māori SMEs, particularly at start up. Network members attended a workshop held at Massey University in Palmerston North with Hinerangi Raumatī and others from the area.

Following the workshop, Te Rōpū Pakihi members recommend that the TWG consider the following matters:

- New taxes, such as a capital gains tax or a land tax, will impact on Māori and it is important to ensure that these impacts are assessed appropriately.

- A capital gains tax was supported in principle, but at a relatively low rate and only on gains received from commercial activities. In addition, the group called for the exemption of any tax on personnel gains from the sale of the whānau home or Māori lands.
- “Anything that happens on our land is cultural”. The group considered that tax revenue generated from any land tax associated with a particular region should go back to that region by way of the marae or the District Māori Councils under the Māori Community Development Act 1962.
- Revenue generated from any environmental tax should be redistributed to/by Māori for Māori investment in the restoration of the environmental resource through the Māori Community Development Act mechanism above.
- There was support in principle for taxes on the commercial use of water. Any water tax should also only be imposed on the biggest water users, by having a tax-free threshold of water use below which no tax would be imposed. This would ensure that SME's drawing on water for, as an example, a coffee shop, will not be disadvantaged.
- Resource consents for the commercial use of water (for example, irrigation) can be quite valuable, so there is a need to consider the tax treatment of those consents.
- GST should be removed from bottled water so that it is a more attractive option for consumers in relation to unhealthy drinks.
- The cost of fresh fruit and vegetables was raised as an issue, and there was support for removing GST from fresh fruit and vegetables to make them comparatively cheaper.
- There was support within the membership for a tax on single-use plastic shopping bags.
- Tikanga Māori has a place in designing all policy and administrative solutions fit for Māori.
- The suggestion of a tax on certain elements of settlement redress is strongly opposed by the membership. It is impossible for the nation to arrive at a value for the taonga assets of Māori and any form of tax on those assets would be inappropriate.
- The definition of “koha” should be determined by tikanga Māori, rather than loose, equivalent western concepts.
- Māori voluntary contribution or volunteerism should be encouraged and tax barriers should be minimised as much as possible. For example, how should we treat koha (money or in-kind gifts) that is provided to kaumatua who help groups to understand or carry out Māori customary practices i.e. powhiri? The group suggested a form of “charitable status” or “exemption” attached to those who undertake voluntary work of this nature.
- The casualisation of the labour market is a particularly vexing issue for Māori, as it can create instances of over-taxation at source especially if a person has a number of part-time jobs – these problems relate to secondary tax i.e., caregivers.
- Tax is complex for start-up firms and education and mentoring should be offered to these entrepreneurs so that they get it right from the start. In addition, it is not just about tax, financial literacy is an important issue for Māori start-up firms.
- A SME tax regime with a lower tax rate was supported. It was also pointed out however that greater awareness of existing range of business vehicles would help SMEs and start-up companies.
- Charitable status of marae is an important issue for Māori in the regions. There are barriers for marae to de-register from the Charities Register because of the requirement to value their physical assets on exiting. More clarity is required for Marae in this area.
- Charities law is too restrictive in terms of the kinds of activities a charity can carry out. For example, rules prohibiting making grants to whānau businesses. Some small transfers of this kind should be allowed without affecting the entity's charitable status. Alternatively, iwi/hapū could be considered to be within one circle of membership.
- The requirement to file tax returns even if you only receive a small Māori authority distribution imposes undue compliance costs. An exemption from filing a return was proposed if the total amount of Māori authority distributions received in a year falls below a certain threshold.

- Intangible cultural assets (for example, the haka) should be protected. The use of intangible cultural assets by non-Māori should be taxed on the value created for the business and/or their brand as a result of the use of such assets. Currently cultural assets are used to derive profits, and no value is returned to the owner(s) of those cultural assets.
- Tax concessions should be offered to social enterprises to reflect the social good provided by the entity.
- The Māori Authorities tax rate should be reduced to reflect the important role that these authorities play within their iwi and communities.

Members of Te Rōpū Pakihi appreciate the opportunity to engage in this consultation process and are available for further discussions if necessary.

Ngā mihi

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Nā Daphne Luke  
Chairperson  
Te Rōpū Pakihi Inc

P O Box 54, Ōtaki 5512  
Kāpiti Coast  
T: 06 364 8598

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