



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

### **Release Document**

**September 2018**

**[taxworkinggroup.govt.nz/key-documents](http://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.

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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.

Hi there.

I have just discovered your page and information re submissions to the tax working group.

I have not had a chance to read all of the information. However, 18 months ago, on the 19<sup>th</sup> September 2016. We were forced to close a small business that was successful in every way with the exception of income. There is only so long that you can work for good will alone.

Our business... Primary health care.

Profession.... Osteopath.... There is a shortage in NZ and after our experiences we are not surprised.

Staff        2 man and wife team.

Premises.... Owner occupied.

Experience.... Osteopath trained in the UK. Graduated in 1984, 34 yrs experience.

ACC audit... 2.4-3.2 visits per ACC claim over a 10yr period. (possibly the best in the country)

Number of clients.... 5,500 on current list at the time of closure.

Turnover..... \$120-\$130,000 per annum.

Take home pay for the workforce.... Man and wife team.... \$46,000 joint.... \$23,000 each for a 48hr+week.... Osteopath and receptionist, accounts, marketing etc. Basically \$9.98per hour. (There is no minimum wage for the self employed).

This is about tax... but first a couple of contributing issues.

ACC levy.... This has not increased with inflation for theses practitioners. It is an insult!

Poor wages of clients leads to a poor fee. A fair fee cannot be charged to those who can afford because we do not know who can afford!! The extension of the community card to this sector would help enormously!!

Now Tax.

Gst..... The fee aimed at allowing all who need help to access it, is not great enough to include the gst... Full Stop.

If we only accepted those who could afford, the practice would have been dead and buried before it opened.... What price is there on the professional ability to correct and stabilise injury induced pain, sports strains, and pain caused by postural problems inspired by bad working stations. Not to mention genetic deformity. I have not covered the ability to diagnose serious illness in its early stages. These practitioners study for 5 years and are highly qualified medically!

So a blanket tax imposed at \$60,000.

No material overheads that can be levied against the tax.... These people use their hands, experience, and intellect.

The only costs that we had that reduced the gst were

Power, rates, water, transport, insurance, professional registration, continuing professional development and any charges incurred during this process.

In other words, the gst disproportionately added to our overheads, lowering the final income.

Some countries understand this. VAT for example, means value added..... ever tried adding value to a patient? Ours were worth no more as they left than when they arrived!! Not to us anyway. Not changed, added to, or improved except maybe able to walk a little straighter and without so much discomfort. So added value to their work place and family.

New Zealand broke and destroyed this valuable business.

Blanket taxes do not work.... They never have. They need to be designed to fit.

Taxes should never threaten or cause the closure of a business, its not their function.

To cause the closure of a primary health care business due to

- 1) ACC funding not keeping in line with inflation.
- 2) GST levied at a point where it is stealing the professionals income.
- 3) Lack of the community card in this area allowing the practice to know who, and who cannot afford a higher fee.

ACC promised centres of excellence. We should have been top of the list.

Due to lack of funding, the only way that such practices now pay is to have the clients return more often than they should.... A sure way to undermine public opinion in the long term!!

Do you realise that a masseur with far less medical knowledge, can charge the same fee as a qualified medical professional.... ??? (Begs the imagination)?

GST.... 15% removed when we purchase anything.

15% removed from our wages at source.... Taken from a business before any other overheads whether or not that business can afford.

For small business, wages and therefore employment opportunity and growth strangled due to the threshold being too low.... Try increasing wages when any rise is squeezed between legitimate overheads and a threatening tax.... Hours are usually reduced to cope and then cut completely..... no room to grow!!

Do you know how many small business owners work for NO WAGE? Relying on an employed partner to bring home the income??? I interviewed many because I needed to know the mess we faced was not our fault!!!

NZ ruined a beneficial much needed primary health care practice and seriously threatens the ability of many small business owners to survive!!

So annoyed am I at our treatment.... I forgot to watch the clock.... I have missed your deadline by 20 minutes.... We kept our practice open for 10 yrs... 10yrs of stressful struggling within a system that did not want us. I just hope my submission being 20 minutes late will not be dismissed.

Your system STINKS!!

Lindsay Tatton.

