

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

### **Release Document**

**February 2019**

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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.

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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.

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**From:** Dan McGuire [1]  
**Sent:** Wednesday, 26 September 2018 5:35 PM  
**To:** TWG Submissions  
**Subject:** Capital gains tax

I support the introduction of a capital gains tax, with two provisos. CGT has worked well in the United States and I believe there is currently a lot of scaremongering going on in New Zealand from those who would be caught by such a tax.

But for such a tax to be introduced. It must be deemed to be fair in the way it is applied if it is going to be acceptable. Otherwise we will see relentless efforts at evasion.

First, I remind the members of the working group of the interim report conclusion: 'there has been little use of accrual based taxes in practise by other countries and we do not support adopting one.' A CGT should only apply to realised assets, whether it be an actual sale of shares, business, etc.

The TWG should recommend that current tax law be brought into line with this assumption, because the financial arrangements tax currently imposes tax on assets or funds that have not been sold or realised. Even bonds that have not been cashed or have not matured have an accrual method imposed each year. No other country has such an imputed tax and it is most unfair, since one must sell other assets to pay the tax on assets that have not been realised and do not provide any cash to pay tax until they have matured or been cashed. New Zealand law is draconian in this regard, by international standards.

Secondly, if Maori receive special treatment in the recommended legislation, this is unreasonable. No one and no body should receive special or privileged status under the tax laws. Otherwise the laws will not be seen to be fair, and this only encourages evasion. The principle of equality applies here, that everyone is equal under the law.

Thank you.

Dan Sullivan