

## **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.

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.

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**From:** Caroline McNeish <sup>[1]</sup>  
**Sent:** Wednesday, 24 October 2018 10:44 AM  
**To:** TWG Submissions  
**Subject:** Capital Gains Tax Exemption of Family Home

The Interim Report states that the "family home and the land under it" should be exempted from any future CGT.

My concern is that the use of the word "under" could imply that any land around a family home would be subjected to a CGT.

If you are to recommend that there be a limit to the size of the land exempted under the family home, please could you ensure that you take into consideration that this could create a serious "unfairness" between city and rural family home owners.

Generally most family homes in the larger cities are on minimal plots, so the majority would be totally exempted from CGT. However, provincial town dwellers with larger plots may not be exempt.

Some of the cheapest housing stock in New Zealand, with the lowest capital gains, are very rural properties, remote from towns and cities. These houses are often old, but may come with a few acres of land that not suitable for income generation.

It is without question that the Auckland housing market has seen the highest capital gains in recent years, whilst rural New Zealand has seen very little.

If a CGT was be introduced on land around a family home it would mean that a family sitting in a house in Auckland worth \$3m with no land would be exempted and yet a family in a rural house with 5 acres worth \$350,000 in the provinces would not. That would not be fair and would be penalising the poorest.