

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

### **Release Document**

**February 2019**

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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:** Alex Kirch <sup>[1]</sup>  
**Sent:** Tuesday, 30 October 2018 3:01 PM  
**To:** TWG Submissions  
**Subject:** Working Group's Interim Report

Dear Sir Michael and members of the Tax Working Group,

This is a submission in reply to the proposals and questions set out in the Working Group's [Interim Report](#).

### **Capital taxation**

I endorse the [tax policy](#) proposed by the Opportunities Party for the previous election. I believe if an alternative capital taxation approach is recommended by the Working Group that the resulting tax favouritism for non-income producing assets and the stockpiling of wealth should be addressed by the Working Group in their Final Report.

I do not understand the reason for the family home exclusion and believe that this goes against all of the Government's objectives for the tax system. I think that it is important that the Working Group provides justification for the exclusion in their Final Report. I would support protection for family home owners to ensure that any tax only becomes payable when cash is received and which recognises capital investments into the family home.

Finally I submit that any revenue generated from capital taxation should be used to reduce tax rates for people on low income brackets (thereby reducing growing inequality) or to allow full capital expensing to support business investment and expansion.

### **Debt interest deductibility**

Did the Working Group consider the rationale for debt interest expense deductibility. I do not believe there is any rationale for this from a financial perspective and note this goes against all of the Government's objectives for the tax system. This encourages the leveraging of businesses and rental properties (thereby not promoting long term sustainability) and creates tax favouritism for assets which can be highly leveraged such as properties.

I submit that the Working Group should consider whether debt interest expense deductibility should be phased out (to allow businesses and rental properties to adjust leverage). If this approach is not taken I think that the Working Group should provide justification for the continued allowance of interest deductibility in their Final Report.

### **Environmental taxes**

I highly support the approach set out by the Working Group regarding environmental taxes. It is critical that people and companies better understand and account for the impact of their actions on the ecosystems on which they depend. The areas identified regarding Waste Disposal Levy, ETS and potential water tax instruments all represent aspects of the environment where negative externalities are contributing to both New Zealand and global environmental damage.

I submit that any revenue generated from environmental taxes should be ring-fenced and used exclusively to address the relevant environmental damage that the tax was implemented for.

Yours sincerely,

Alex Kirch