

Tax Working Group Public Submissions Information Release

Release Document

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TAX WORKING GROUP FUTURE OF TAX: INTERIM REPORT

We refer to the Tax Working Group's *Future of Tax: Interim Report* (the "Interim Report"). We would like to thank the Tax Working Group ("the TWG") for the opportunity to comment on their Interim Report and set out below our comments and submissions on some key areas that are of particular relevance and significance to Rangitāne o Wairau.

RANGITĀNE O WAIRAU – WHO WE ARE

Rangitāne o Wairau have resided in the northern South Island for many generations since the arrival of their tupuna Te Huataki in the sixteenth century. Rangitāne have close whakapapa connections with other Kurahaupo Iwi (Ngati Apa ki te Ra Toa and Ngati Kuia).

Our Rohē stretches from the Waiau-toa (Clarence) River in the south to the Wairau, including the Nelson Lakes, north to Kaituna and the Marlborough Sounds and west to the Whakatu (Nelson) area. Rangitāne customary rights often overlapped and intersected with Kurahaupo and other Iwi, especially in the Waiau-toa, Nelson Lakes, Marlborough Sounds and Whakatu Districts. Non-exclusive and shared occupation and use rights in these areas were governed by whakapapa connections and customary protocols between Iwi.

Rangitāne have continued to live on our land, we retain our tribal structures and chiefly lines and maintain our ancestral connections with the whenua.

KEY AREAS OF COMMENT

1. Taxation of Capital Income

The Rangitāne o Wairau Group does not support the introduction of a broad regime to tax capital income.

We are concerned about the impact that the taxation of capital, beyond those forms of capital that are already subject to tax, would have on our settlement asset base which was provided to compensate for both historical breaches and wrongs by the Crown and the return of culturally significant sites to Rangitāne o Wairau.

Our settlement was negotiated in good faith in a period where the significant majority of our commercial redress (land and other capital assets) would not be subject to tax. Comprehensive taxation of capital income would significantly impact on the ability of the Rangitāne o Wairau Group to meet the social and cultural needs of Rangitāne o Wairau.

A risk free rate method would have a significant impact and may result in the sale of assets to meet tax liabilities as a number of the settlement assets are locked into low yields which were part of the settlement process, eg. forestry land assets with existing rights.

2. Rollover relief to accommodate communal / collective assets

If the TWG's recommendation is that a broad taxation of capital income occur, we submit that the design of that regime must take into account the unique manner in which Māori assets are held.

In particular, the design of rollover relief needs to take into account the manner in which Māori assets are held collectively and may pass from generation to generation to different hapu, whanau or sub groups of the wider iwi membership base over time.

The design of rollover relief needs to take into account the fact that Rangitāne o Wairau assets are legally held by entities established to meet Crown requirements, for the benefit of all members and the taxation of capital income should not impose a tax cost where the assets pass from legal entity to legal entity but still within the beneficial ownership of Rangitāne o Wairau.

3. Subsidiaries of Māori authorities

Rangitāne o Wairau support the extension of the Māori authority rules to include subsidiaries of Māori authorities. We submit that the rules be extended to include subsidiaries that are wholly owned by a Māori authority or group of shareholders that are wholly Māori authorities. We also welcome the TWG's group recommendation that the Māori authority tax rate remain at 17.5% and that further consultation occur on technical aspects to improve the operation of these rules.

4. Tax exemption for charities

Rangitāne o Wairau Group supports the TWG's comments on the treatment of business income derived by charitable organisations and submits the existing tax exemption for charities deriving business income should be maintained.

The Group will be concerned if changes are made to limit access to the tax exemption on business income based on the amount that is distributed or applied to the benefit of a charitable purpose.

Any change to the tax exemption for charities needs to take into account the intergenerational view of Māori organisations. That is, it should reflect that Māori organisations do not necessarily distribute all funds each year for charitable purposes and instead look to rebuild an asset base that will sustain the ability to deliver on the cultural and social needs of iwi on an inter-generational basis.

We submit that it appears that concerns relating to the taxation of business income appear to relate to distributions in a private trust / foundation context as opposed to communal or widely held trusts. We submit that the TWG's recommendation be directed toward recommending that any changes in this area be targeted to address those entities rather than a broader change that may impact Rangitāne o Wairau and other Māori charities.

Thank you for taking the time to consider our comments. Please contact us if you have any queries in relation to the points contained, or if you would like to discuss any of these points further.

Naku noa na

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Wendy Hynes

Chairperson

Te Runanga a Rangitāne a Wairau Trust