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.

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[1] 9(2)(a) - to protect the privacy of natural persons, including deceased people;

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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.

[1] Date 30.10.2018

To The Tax Working Group
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Submission to the Tax Working Group

I wish to make the submission outlined below concerning the proposed tax on unrealized capital for equity investments made through the New Zealand Stock Exchange.

I do not wish to speak to my submission and make the comment that it has been a very short timeframe to lodge submissions and very concerned that this might be the only opportunity for people to make submissions to such an important document.

Background

I am a small retail shareholder of a portfolio of company shares, property shares and fixed interest investments, also a Trustee of a small family trust.

As I mentioned above, the portfolio is small but forms an integral part of providing retirement income in addition to my single superannuation benefit so that I can remain living in the family home, pay insurance & rates **AND** pay for my medical insurance premiums which is very important to me as the public health system is very poor in the treatment of cancer patients particularly in a very timely manner using outdated drugs!

I understand from the draft report that there is a proposal to introduce a variety of tax changes including the introduction of tax on different forms of capital gain.

Also within this area of taxation, there is a proposal to include a tax on shares and other financial entities where the tax is to be calculated on any increase in value for each entity over each financial year. That is, a tax on improved theoretical or book value rather than realized value. What happens if there is a recession or downturn?

I established my portfolio to provide income which was taxed when we were earning to accumulate finance to enable us to establish a portfolio in the first place and which we already pay tax on the dividends paid to me. Any capital gain should and usually reflects inflation and this allows for changes to income levels (usually by way of dividends) and so provides some inflation proofing to the income received. Superannuation **barely covers basic living costs!**

<u>Submission</u>

<u>I am against any form of capital gains tax on unrealized capital of any form!</u>

While I am not against paying income tax on any capital realized on the sale of share equity, I feel that where a capital loss is made on the sale of share equity, there should **equally** be a tax claim on the loss value. Also there should be some allowances made for inflationary influences on money values so any tax should be made after adjustments for inflation.

The share market has been pretty good over the last few years and many shares have gained in value but despite this there are others that have lost value eg CBL, Mainzeal, Wynard, Pacific Edge, Seadragon, Fletcher Building, Sky Television, Pumpkin Patch, Pike River Coal to name a few where shareholders have lost all or a lot of their investment.

Share values are also affected by exchange rates and global events. In fact the value of a portfolio varies daily according to share market trading.

If the Tax Working Group is to target the share market and tax unrealized capital gains, then it should also target business balance sheets and tax their changes in book value of business assets.

I hereby reiterate **<u>I AM AGAINST ANY FORM OF CAPITAL GAINS TAX ON UNREALIZED</u>**

<u>CAPITAL OF ANY FORM!</u>

(Mrs) Jane E Lyndon