

Tax Working Group Public Submissions Information Release

Release Document

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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.

From: Manu Donald [1]
Sent: Friday, 2 November 2018 12:00 AM
To: TWG Submissions
Subject: Reply submission to Tax Working Group's interim report and proposals

Kia Ora to all members of the Tax Working Group,

Although this is submission based on a generic response from the Taxpayers Union, it has been modified to more accurately reflect my personal views in reply to the proposals and questions set out in the Working Group's [Interim Report](#).

Capital taxation of land

NZ currently has a two tier tax system when it comes to owning land. Developers are taxed on gains without consideration of inflation. This creates a “wild west” culture and disincentives a prudent investor from “improving” and thus gaining productivity from land.

Investors on the other hand are not taxed on capital gains in land so the tax system is promoting passive investment in land which is our most valuable resource. If we are to lift productivity, I believe we need to reverse the land taxation system so that developing or improving land achieves tax benefits and simply passively investing increases tax obligations.

I also support lower company taxation but at the same time support greater oversight and regulation of company taxation and regulation.

Indexation of income tax brackets

I submit that the Working Group recommend legislating annual income tax threshold adjustments indexed to changes in inflation. However, as the rise in equality also increases we should be sure to target this so that it affects the lower tax rates to a comparable extent. Indexing to “average wage rises” would serve to misrepresent the savings to those who achieved greater than average increases.

I note that the TWG comment that the top earning group play an important role in funding government. However, I would also like to point out that the top 10% of earners only pay 35% of the tax while they own over 54% of the wealth. It should also be noted that the generation of wealth relies on taxpayer funded services, be that roads, government employees or stable health and education services to a greater extent than individuals that live on less means.

I appreciate the opportunity provided to make this submission.

Yours sincerely,

Manu Donald