TWG decisions at a glance

**Recommend to pursue**
Recommendations reached by the TWG:

**Retirement savings**
- Modest tax savings for low income earners contributing to KiwiSaver and investing in Portfolio Investment Entities (PIEs)

**Taxation of business**
- Retain the 17.5% tax rate for Māori authorities and extend the tax rate to subsidiaries of Māori authorities

**Administration of the tax system**
- There should be more aggregated statistical information released about taxes
- Statistics should be collected about tax consequences of environmental concessions or taxes
- Establish a taxpayer advocate service to assist with tax disputes
- Add a purpose clause to the Tax Administration Act 1994

**Integrity of the tax system**
- Inland Revenue should get more powers to require shareholders to provide security to Inland Revenue; directors should become personally liable for arrears on employee deduction payments

**Environmental and ecological outcomes**
- There should be periodic reviews of the Emissions Trading Scheme to ensure it is fit for purpose

**Recommend not to pursue**
The TWG has ruled out pursuing some initiatives:

**Capital and Wealth**
- Wealth tax or land tax

**GST and financial transaction taxes**
- GST should remain largely unchanged and the TWG has ruled out a reduction in the rate, exemptions for certain products and changes to financial services
- The TWG has ruled out introducing a financial transactions tax

**Personal taxes and the future of work**
- No reduction in the top marginal tax rate of 33%

**Taxation of business**
**Do not:**
- lower the company tax rate
- introduce a progressive company tax rate
- introduce alternative methods of taxing smaller businesses
- change thresholds for depreciating fixed assets

**Environmental and ecological outcomes**
- Do not change the existing petroleum and mineral royalty regimes (last reviewed in 2012)
Further work required by TWG

The TWG will provide recommendations in their final report:

**Capital and Wealth**
- The Group is still forming its views on the best approach towards extending the taxation of capital income
- Work will be undertaken to understand the potential implications for assets held by Māori

**Retirement savings**
- To continue to consider the taxation of savings as a consequence of any conclusions reached about taxing capital income

**Housing affordability**
- Housing affordability is linked to the work on the taxation of capital
- To further consider 3 initiatives which may lead to additional housing supply

**Administration of the tax system**
- A review of the information and data collected by Inland Revenue
- Considering the merits of a truncated dispute resolution process for small disputes

**Personal taxes and the future of work**
- Recommendations about personal tax rates will be included in the final report

**Taxation of business**
- Consider measures to reduce compliance costs e.g. increasing thresholds for provisional tax, trading stock and deducting legal fees

**Integrity of the tax system**
- Further consider Departure Prohibition Orders on taxpayers with unpaid tax and aligning the standard of proof for GST and PAYE offences

**Environmental and ecological outcomes**
- Review existing tax concessions for agriculture which results in degrading natural capital and consider incentives for activities which generate environmental benefits

**Corrective taxes**
- Alcohol excise taxes should be reviewed and simplified; priority should be given to measures to stop smoking rather than more increases to the tobacco excise rate; and the Government should articulate its goals in relation to sugar consumption and gambling before taxes can be considered more

**Personal taxes and the future of work**
- The Government should look to align the definitions of employee and dependent contractor for tax and employment purposes

**Environmental and ecological outcomes**
- Government should consider removing FBT from employers subsidising public transport use by employees

**Charities**
- The Government should undertake a review of the tax treatment of the charitable sector

---

Further work required by others

Areas where the TWG believes the Government, other working groups or Inland Revenue continue undertaking work:

**GST and financial transaction taxes**
- International developments in relation to taxing financial services should be monitored
- There should be a review of whether contractors should be required to register for GST
- The Government should review the GST concessions offered to non for profit organisations

**International income tax**
- The Government should be ready to implement an equalisation tax if a critical mass of other countries move in that direction

**Integrity of the tax system**
- Undertake a review of loss trading and loss continuity rules
- Establish a centralised Crown debt collection agency