

# 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

## 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



### 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



### International income tax

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



### 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



### Integrity of the tax system

- Undertake a review of loss trading and loss continuity rules
- Establish a centralised Crown debt collection agency



### 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