

Election 2020 – Tax Policies



- Introduce a new personal income tax rate of 39% for any income earned above \$180,000.
- No other new taxes or further increases to income tax next term.
- No increase in fuel taxes.
- Continue to work with OECD to find a workable global solution for taxing digital services but will work towards implementation of a Digital Services Tax if a global solution cannot be found.
- The Small Business Cashflow Loan Scheme will be available for a further three years. Second year of the loan will be interest-free.
- Overhaul the AIM tax regime to make it easier for SMEs to move to a 'PAYE' model throughout the year.



- No new taxes
- A temporary tax stimulus package (from 1 December 2020 to 31 March 2022) which will adjust the tax thresholds for individuals to provide more money to individuals.
- National will amend the Income Tax Act so tax thresholds are adjusted every three years in line with the cost of living.
- Depreciation changes:
 - Immediate deduction for assets costing <\$150,000
 - Double depreciation for Equipment and Machinery costing over \$150,000 for 12 months.
 - Consolidate depreciation rates.
 - Review depreciation rates for investments in energy efficiency and safety equipment.
 - Allow assets to be expensed once the book value falls below \$3000.
- An electric vehicle plan will exempt EVs from FBT until 2025.
- GST changes:
 - Raise the compulsory GST registration threshold to \$75,000 turnover per year.
 - Increase the threshold to obtain a tax invoice to \$500.
- Provisional tax changes:
 - Increase the provisional tax threshold to \$25,000.
 - Change the timing of certain payments.
 - Review UOMI rates.
- Implement a business continuity test (rather than ownership test) to allow the carry forward of tax losses.



- Introduce a new net wealth tax of 1% on an individual's net wealth above \$1 million and 2% on an individual's net wealth over \$2 million.
- Introduce two new top income tax brackets:
 - 37% on income from \$100,000 - \$150,000.
 - 42% on income over \$150,000.
- Tax the money made by Facebook, Amazon, and other big digital giants in Aotearoa. This will either be through a unilateral Digital Services Tax of 3% on gross revenues that are attributable to New Zealand users or through working multilaterally through the OECD if international progress can be achieved.



- No tax rate increase for individuals and companies
- Accelerated depreciation – allowing business to depreciate at the same rate as Australia to help them bring forward their investment decisions
- A "Give it a Go" Scheme – offering special tax concessions for certain business start-ups in rural and regional New Zealand
- An Instant Asset Write-Off Scheme – allowing small businesses with turnover less than \$1 million to claim immediate deductions for new or second-hand plant and equipment purchases such as vehicles, tools and office equipment up to a combined value of \$3,000 annually (note, this policy was announced prior to the Government changing the low value asset threshold to \$5,000 from 17 March 2020-16 March 2021).



- Temporarily cut the GST rate from 15% to 10% (ending June 2021).
- Flatter marginal tax rates for individuals by permanently cutting the marginal tax rate on income between \$48,001 and \$70,000 from 30% to 17.5%.



- Universal basic income for everyone \$250 per week.
- Flat tax of 33% on all income from all sources for all entities.
- Abolish provisional tax for SMEs.
- Remove FBT on all electric vehicles.
- Introduce a Property Tax
 - The equity value (total value less debt) of property investments would be the subject of this tax.
 - The Taxable Income minimum on property would be the Equity Value multiplied by the Risk-Free Interest Rate of 3% each year.
 - Tax on this income would be derived using a new standard rate of tax of 33% (refer to TOP's Kiwi Dividend policy).



- Introduce an income tax-free threshold of \$20,000.
- Higher thresholds apply to tax brackets.
- Remove tax-on-tax effect that GST has, such that GST will not be payable on fees, rates, and excises imposed by the government.
- Repeal the regional fuel tax and roll back petrol tax and road-user charge increases.
- Explore Every Transaction Tax (ETT) as a possible replacement to GST.
- Tax imports that are non-essential or have high waste value.
- No tax on KiwiSaver contributions, with a new levy that is paid on withdrawals.



- Capital gains tax of 2% per annum on the appreciation in value of homes that are not the whānau or family home.
- A 2% tax on vacant "ghost" houses.