



Henry and New Zealand Tax Policy

6 July 2010

TAX

Agenda

- **Introduction & caveats**
- **Broad overview**
- **Themes**
 - Company taxation
 - Personal taxes and transfers
 - Savings
 - State taxes
 - Political economy

Tax reform: Henry's vision – 9 objectives

- 1 Concentrate revenue raising on efficient tax bases**
- 2 Taxes and transfers support productivity, participation & growth**
- 3 Equitable, transparent and simplified personal income tax**
- 4 Fair, adequate and work supportive transfer system**
- 5 Integrate consumption tax compliance with business systems**
- 6 Efficient land and resource taxation**
- 7 Retirement income reform and securing aged care**
- 8 More affordable housing**
- 9 An open, understandable and responsive tax system**

Response to Henry: to be continued

Total recommendations	>138
Actioned	~ 7
Rejected	~ 26
Outstanding	> 105

Henry development/implementation	4-yr budget allocation \$M
Treasury	65.1
ATO	1.7
Parliamentary counsel (drafting)	3.8
	70.6

Henry – too many taxes

Focus

Personal

Business tax

Economic rents

Consumption

Maintain

Tobacco

Alcohol

Gaming

Environmental

Eliminate

Insurance

Payroll

Stamp duties

Resource royalties

Property transfer
taxes

Tax on super
contributions in fund

Taxes on government
benefits

Fuel & vehicle
registration taxes

Company tax

- Retain imputation
- ACE – for the future
- No mutual recognition



A single market?

- Harmonisation of business tax
 - Company income tax
 - Capital gains tax
 - Foreign sourced income
 - Financial arrangements



Personal Tax and transfer system

- PTR 0% to \$25k, 35% to 180K, 45% \$180k+
- Removal of “offsets”
- Refocus transfer payments



Savings

- 40% discount
- Lower rate on superannuation fund



State taxation

- Rationalise state taxes
- Focus on land tax
- Cashflow tax (cf GST)
- GST tax financial services



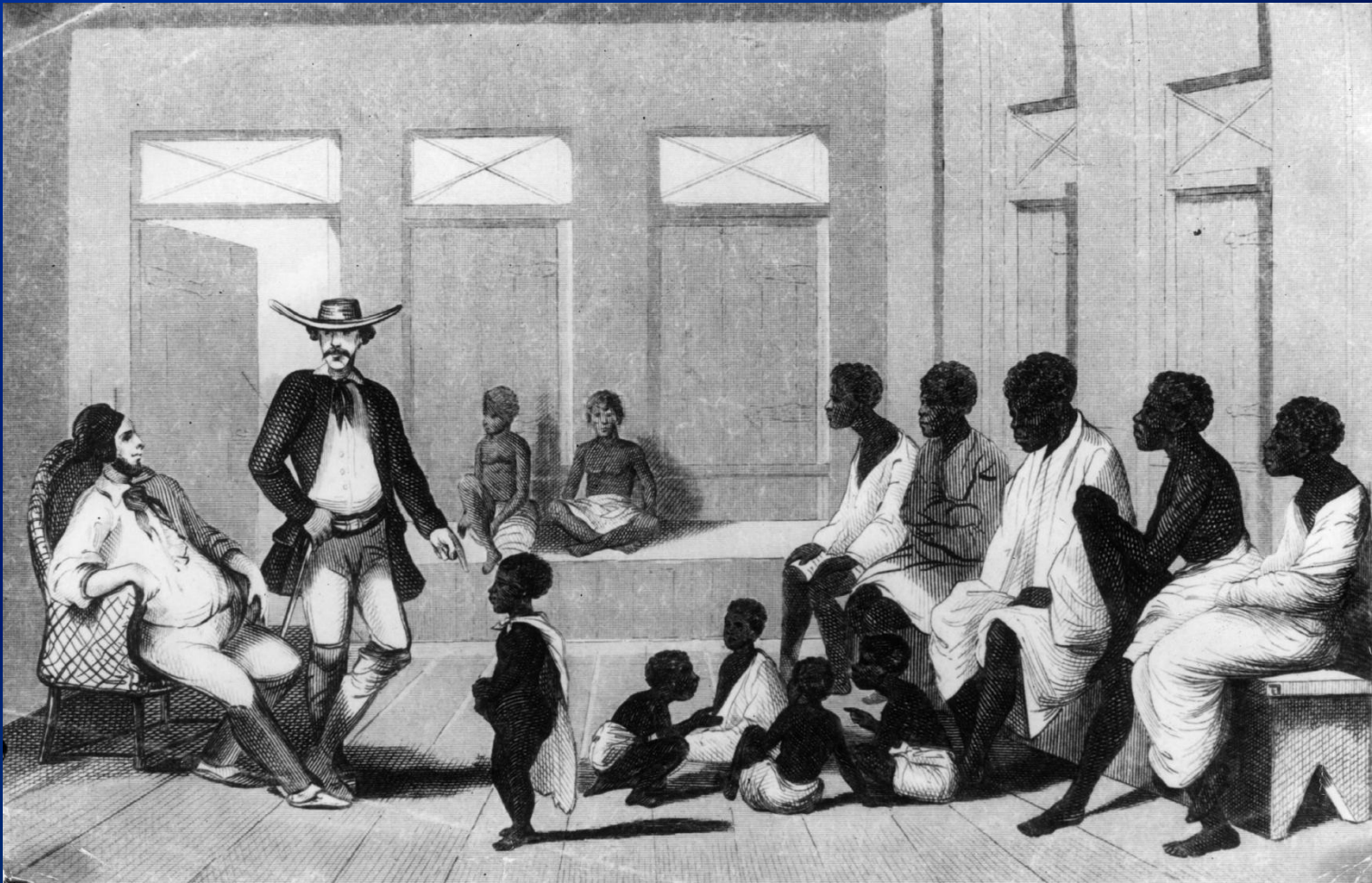
Political economy



Political economy



Political economy



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