PPTA

NEW ZEALAND POST PRIMARY TEACHERS' ASSOCIATION

TE WEHENGARUA

www.ppta.org.nz

NZ Post Primary Teachers' Association

Submission to the

Tax Working Group

on the

Future of Tax

April 2018

Contents

1. About PPTA

1.1. PPTA is the professional body and union for secondary teachers. We represent over 17,000 members including secondary teachers, principals in secondary and composite schools and manual and technology teachers and technology centres.

1.2 Under our constitution, all PPTA activity is guided by the following objectives:

(a) To advance the cause of education generally and of all phases of secondary and technical education in particular;

(b) To uphold and maintain the just claims of its members individually and collectively; and

(c) To affirm and advance Te Tiriti O Waitangi.

1.3 This submission is from the PPTA Executive on behalf of our members.

1.4 In making this submission PPTA acknowledges that it is not an expert in taxation. The Association presentation focusses on what we want to see the New Zealand tax system achieve and the types of tax changes that we would be likely to support and that we encourage the Working Party to consider.

1.5 While we recognise the terms of reference (TOR) of the Working Group, constrain what the Working Group may comment on, we have at times deliberately made observations and recommendations that stray outside of those TOR. We have done this in the belief that the fundamental and pressing issues of tax reform will not be adequately addressed by remaining within these TOR and that a number of the suggestions in this submission anticipate complementary changes in income tax rates in order to achieve fairness in the overall tax system.

2. Society and tax

2.1. The Association takes the position that taxes are the collective contribution we make towards public goods and services. They support our public schools, streets and highways, hospitals, national parks and beaches, our public health infrastructure, the delivery of safe food and water, our personal safety and national defence as well as a range of other services. They also provide incentives for taxpayers to engage in desired activities or providing emergency assistance. And they help to redistribute wealth and reduce inequality, which enables people who need assistance and support to lead a healthier life and raises the general health of the population overall.

2.2. In all developed countries, public spending covers much of the cost of education and health services: about three quarters of the cost in Europe and half in the United States. The goal is to give equal access to these basic services; every child should have access to education, regardless of their parents' income, and everyone should have access to health care especially when circumstances are difficult.

2.3. We depend on public services for many of the daily activities that we take for granted. The services that taxes fund make a more civilised life, a civilised society, possible. They enhance our well-being in many ways and if we don't raise enough tax, we undermine our society and the services and structures which support it. The poster child for the adverse effects of low taxes and inequitable distribution is the low-tax U.S., which performs worse than most of its OECD partners on a wide variety of social indicators.

2.4. Even libertarians might, on reflection, agree that quality of life would suffer if people do not have reliable police, clean water, safe roads or good schools, and that public and common goods are necessary. Ultimately, then, the optimal taxation system is the system that allows the society to function well, while fairly recognising their ability to contribute.

2.5. However, in recent years, corporations and many governments have sought to redefine us as consumers and taxpayers, rather than as citizens. Alongside that, for ideological reasons, they have sought to downplay the role of the public sector, not just by promoting cost-cutting and lowered taxes but by creating a discourse in which public servants are characterised as lazy or incompetent or both.

3. Education, the economy and the tax system

3.1. The Association believes that high quality publicly funded education and the economy are intertwined; that these two vital elements must combine to produce equitable and sustainable social and economic outcomes for all students and their families[1]. We believe that strong public services are a key component in a strong economy and cohesive society.

3.2. Education, science, technology and innovation are key areas Aotearoa/New Zealand should focus on to move our economy forward[2].

3.3. New Zealand's current expenditure per capita in the compulsory sector education is low compared with other OECD countries.

3.4. User pays economics (which relies upon tax reduction to transfer collective costs from the state to the individual) has created a growing underclass of people who cannot access

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[1] Rorris, A. & McKenzie, P. (2009). *Rebuilding education in the global recession*; Rorris, A. (2009). *Rebuilding Australian Schools* – A Report for the Australian Education Union.

[2] Callaghan, Sir Paul. (2011). *Sustainable Economic Growth for New Zealand – Mapping our future*.

services to meet their health and welfare needs. This has led to many of our children growing up in poverty and with poor health.[3]

3.5. In terms of supporting public services, state funding of education needs to be sufficient to support state schools, which would in turn be supported by an effective Ministry of Education, Oranga Tamariki, health and social welfare services[4].

4. Ensuring there are effective public services

4.1. PPTA believes that the last decade has seen the under-resourcing of the public services to an extent which seriously undermines their capacity to fulfil their core functions. We do not support the continuation of the fiscal policies and framework of the previous government as a framework for the current government to repair the damage done to those services.

5. PPTA's preferred economic model

5.1. We support a democratic market economy which serves the needs of all New Zealanders, not just the top 1% of income earners and corporations.

5.2. One of the key principles underlying a democratic market model is a fairer tax system, which:

- raises greater revenue from the wealthiest New Zealanders,
- reduces intergenerational inequities through government appropriation,
- stops tax avoidance , and
- ensures all income streams are taxed equally,
- rejects regressive tax measures (such as GST and student loans).[5]

5.3. We believe that it is necessary for the tax system to ensure that income is more equitably distributed and avoids the negative social effects inherent in high levels of economic disparity.[6]

5.4. We see that a fairer tax system would generate greater revenue which could support a free and adequately-resourced education system and reduce the negative impacts of poverty on the learning of vulnerable students.[7,8]

5.5. In moving to a democratic market model the overwhelming majority of New Zealanders would pay no additional tax and many of our citizens would pay less. It would be a central element in the fight against poverty and inequality.

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[3] Sir Peter Gluckman; Susan St John of the Poverty Action Group; Yates, M. University of Pittsburgh.
[4] Rorris, A. (2008). *Rebuilding Public Schools by 2020*.
[5] Regressive taxes place a greater burden on the poor than on the rich. Goods and services, and student loans are regressive taxes because the poor spend a higher proportion of their income on them than the rich.
[6] Stiglitz, J. (2012).; Cazeneuve, B. (2012). *Advice to the incoming French President on tax and income equality reform*.
[7] Hickey, B (2012); English, B. (2012) admission in his own budget lock-up speech that the new taxation structure had not worked to date (lower income tax for the rich, higher rate of GST).
[8] OECD. (2012). *Equity and Education: Supporting Disadvantaged Students in Schools*.

5.6. Our preferred system would tax all forms of income and avoid weighting collection of taxation against wage and salary earners over speculators and non-productive sectors of the economy. PPTA supports the removal of all sales and purchase taxes and their replacement with income and asset taxes which cover all forms of income above the annualised living wage.

6. Repaying public debt

6.1. New Zealand's debt is primarily a private sector problem. Government debt is low in international terms, even after the expansion of government debt under the previous National-led governments.

6.2. The current level of debt could be managed without reverting to measures which constrain Government's ability to ensure the delivery of education to current and future students.[9]

7. Asset inequality v income inequality

7.1. We note that asset inequality is becoming an increasing issue.

7.2. A capital gains tax would assist in offsetting this inequity and rebalancing the economy towards the acquisition of economically productive goods rather than investment in non-productive property. The tax would not apply to primary residences, property sold in relationship settlements and property transferred at death below of a benchmark amount (for example, the amount required by a couple on the median income to generate the income to sustain their income in retirement over a period of 30 years).

7.3. Additional funding from capital gains tax would help the government to repair the effect of underspending on state services and infrastructure that has been allowed to accumulate for a decade.

7.4. A land tax on the value of property above, for example, $1 million could also represent a move towards redressing asset inequality.

7.5. Land and capital gains taxes could be hypothecated taxes used primarily for supporting, for example, housing and infrastructure development and maintenance.

7.6. The importance of inherited wealth is increasing in New Zealand and the total resources accrued over a lifetime (including earned and capitalized inheritance) are even more markedly regressive at the top than when only labour incomes are considered. An estate tax that applied to 10% of the population would reflect a desire to tax unearned income more

[9] PSA research into public debt as an excuse; Boyle, D. Columbia University.

heavily than earned income, to help rebalance asset inequality and improve funding for socially important services.

8. A progressive taxation system

8.1. One way we can decide what the taxation system is optimal is to see which citizens are the happiest. If the taxation is to provide good public and common goods to citizens, and if providing good public and common goods is important to the quality of citizens' lives, then we might as well measure citizen's perceived quality of life directly, and identify the taxation system in which citizens are the most satisfied with their lives in general.

8.2. Schimmack, Diener, and Oishi [10] examined the relation between the degree of progressive taxation and the average happiness of citizens across 54 nations and determined that residents of nations with more progressive taxation were happier than those of the nations with less progressive taxation[11].

8.3. Nations with the most progressive taxation among the 54 nations they considered were:

- Sweden (the top income bracket's tax rate 57%, the lowest is 0%, a 57% difference),
- the Netherlands (52% difference), and
- Japan (45% difference).

8.4. The nations with the least progressive taxation[12] were:

- Bulgaria,
- Czech Republic,
- Estonia and
- other countries with flat tax rates.

8.5. Citizens of the nations with progressive taxation were more satisfied with public and common goods such as transportation, education, and clean water, and also satisfied with their lives in general and reported smiling, enjoying life, being well-rested, and doing something interesting on a daily basis. It was not the amount of government spending per se, but the progressive taxation that was associated with higher levels of well-being[13].

8.6. The findings of Wilkinson and Picket in their book; The Spirit Level: Why More Equal Societies Almost Always Do Better (2010) also demonstrate the high correlation of unequal

[10] Oishi, S., Schimmack, U., & Diener, E. (2012). Progressive taxation and the subjective well-being of nations. *Psychological Science, 23*, 86-92.
[11] Correlation coefficient: r = .33 with general life satisfaction and r = .46 with daily positive experiences.
[12] The U.S. ranked 34th with 20% difference (the top income bracket rate was 35%, the lowest 15%). It was considered to be a low tax jurisdiction, and its tax rates and differentials were less than those in New Zealand.
[13] Progressive taxation was not associated with GDP per capita (r = .15) or income inequality, Gini coefficient (r = .13). Controlling for these variables did not reduce the original correlations. The degree of progressive taxation was associated with higher levels of satisfaction with public and common goods (r = .54, p < .01).

societies to many other social, mental and physical including a shorter life expectancy, a higher infant mortality rate, more crime (including murder), high prison rates, more births to teenage mothers etc.

8.7. However, if we look at the evidence of recent times in New Zealand we have seen wealth accumulation for some alongside greater hardship for others. Most tellingly, all the economic indicators show the poor in New Zealand remain relatively poorer, families in the middle are being squeezed (in the US the evidence for this process in a similar tax-regimen is far starker) and the rich, the embedded elite, are wealthier than ever. Recent data show New Zealand's number of multi-millionaires and super rich has doubled in the past decade.

8.8. The stark reversal of equality of income since the beginning of the 1990s has had a pronounced and negative effect on New Zealand society, including poor economic growth, physical and mental health, social cohesion, trust, serious crime levels and social mobility. The CTU provides evidence (from the Household Incomes Report, MSD, 2017) that:

> *"In terms of household shares of income, after adjusting for household size and after tax and transfers, all the increase in income in the economy going to households over either the full period 1982-2016, or the period of the last Government 2007-2016 (2008 is not available), has gone to the highest income 10 percent of households. This is without accounting for capital gains which will also tend to have gone disproportionately to the highest income households*."

8.9. Pikkety notes that in all developed countries the size of the decrease in marginal tax since the 1980s is closely related to the size of the increase in the top centile's share of the national income but that there is no statistically significant relationship between the decrease in the top marginal tax rates and the rate of productivity growth in the developed countries in that time. He notes that *"the spectacular decrease in the progressivity of income tax in the United States and Britain since 1980 probably explains much of the increase in the very high earner incomes, accompanied by cuts to corporate tax rates and exemptions of interest, dividends and other financial revenues from the taxes to which labour incomes are subject*." He also observes that research in the US shows that parents' income has become "an almost perfect indicator of university access.[14]"

8.10. He suggests that in order to close the gap "findings suggest only dissuasive taxation of the sort applied in the United States and Britain before 1980 can do the job[15]" and cites evidence that a rate of 80% on incomes over $500,000 or $1,000,000 a year would not reduce growth of the US economy but would distribute the fruits of growth more widely while imposing reasonable limits on economically useless (or even harmful) behaviours.

[14] Piketty, P. *Regulating Capital in the Twenty-First Century*. P485

[15] Piketty T et al "*Optimal Taxation of Top Labour Incomes*, cited *Regulating Capital in the Twenty-First Century*. Piketty, P. P512.

8.11. PPTA notes that the differential between the earnings of those in senior positions and others in the workforce has expanded rapidly and considers that at a certain level incomes (and accumulated wealth) begin to be seen as socially unacceptable and economically unproductive. While taxing a certain level of income at even 70-80% is unlikely to raise much additional revenue, the goal would be to strongly discourage the perpetuation of high levels of inequality.

8.12. In addition we suggest that the Brexit referendum outcome and 2017 presidential elections in the US contain clear messages about the consequences of failing to respond to the unequal impact that globalisation weighs on the least skilled in the wealthy countries and that a more progressive tax system is justified as a step in militating against those who gain least from free trade turning against it.

8.13. Without prohibition or expropriation progressive tax is a relatively liberal method for reducing inequality and an ideal compromise between social justice and individual freedom[16].

8.14. Pikkety again:

> *"even if taxation overall is fairly close to the proportion [of income] for the majority the fact that the highest incomes and largest fortunes are taxed at significantly higher (or lower) rates can have a strong influence on the structure of inequality. In particular, the evidence suggests that progressive taxation on very high incomes and very large estates partially explains why the concentration of wealth never regained the astronomic … levels after the shock of 1914-45[17]"*

9. Reducing and eliminating regressive tax measures

9.1 Since those on lower incomes tend to spend all or the majority of their incomes on their day-to-day needs rather than saving, across the board taxes like GST have a disproportionate impact on them compared to wealthier people. It is like a taxation version of the widow's mite, seemingly gaining little but taking the large part of what they have.

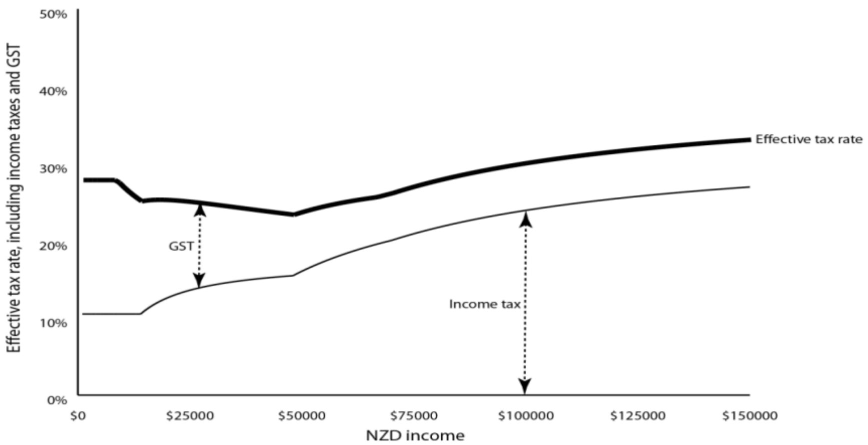
9.2 For those in the lowest income band and no savings GST and income tax makes the effective tax rate 23.5% on income. For someone on $100,000 who is able to put aside 10% of net earnings in savings this would mean an effective tax rate of 41.8% on income.

9.3 Combining the effects of income tax and GST in these two instances lowers the taxation differential between the upper and lower income tax bands from 22.5% to a combined differential of 17.9% on income and expenditure taxes. This makes it one of the least redistributive systems in the western world.

[16] Piketty, P. *Regulating Capital in the Twenty-First Century*. pp495-6
[17] Ibid p495

9.4 The flattening effect of GST on tax rates is illustrated in the graph below[18].

Figure 8.2: Effective New Zealand tax rates net of income taxes and GST, 2011



9.5 The greater capacity of those on higher incomes to save part of their income contributes to the compounding asset inequality, and this effect increases with income and wealth accumulation. What can be seen as fiscal secession of the wealthiest citizens could potentially do great damage to fiscal consent in general. It is essential to maintain progressivity.

9.6 Piketty[19] notes that "Consumption taxes are often the most hated of all, as well as the heaviest burden on the lower classes" and that the overall tax regime of a country "is arguably regressive if wealth accumulation means that a large proportion of it is not accessible to consumption tax".

9.7 PPTA would like to see the removal of all sales and purchase taxes and their replacement with income and asset taxes which cover all forms of income above the annualised living wage.

9.8 As interim steps towards eliminating GST in favour of income and assets taxes we would support reductions in the general GST rate and removing it completely on raw fruit and vegetables. GST could also be raised on luxury items, as an interim measure pending its replacement with other taxes.

[18]

[19] Regulating Capital in the Twenty-First Century. Piketty, P. P494.

10. Supporting businesses

10.1 PPTA would like to see greater support from businesses operating in New Zealand towards the funding of the social services and environmental protections that underpin our social and economic fabric.

10.2 Business has a social role in supporting employment and, through that, a healthy society. That can be manifested as both employing as many people as possible and paying fair and liveable wages. PPTA believes that businesses that support this social function should be supported ahead of those which minimise employment costs in order to maximise profits. We suggest that the Working Group consider options for allowing a proportion of the payroll costs of a business (excluding those employees paid below the living wage and above $100,000) to be discounted against its profits before tax is applied. For small businesses this may be enough to significantly reduce their tax liability while maintaining a consistent company tax rate across all businesses.

10.3 We suggest that the Working Group considers a progressive company tax regime similar to the individual tax regime with higher levels of income taxed at higher levels.

10.4 We suggest that the Working Group consider a higher tax on the proportion of profits of businesses which are exported overseas. This might be a direct tax or a financial transaction tax applied to the accounts of all businesses with parent companies which are foreign registered.

10.5 It is important to the general integrity of the tax system that all companies operating and earning profits in New Zealand pay their appropriate share of tax. Part of this is closing the kinds of gaps in revenue collection that the Tax Working Group background paper identifies, but it is also about transparency and as part of this there should be annually published records of businesses which have been granted special tax exemptions/status which are easily accessible to the general public.

11. Financial transactions tax

11.1 A broader tax on currency transactions, to reduce speculation and instability in financial markets should also be considered by the Working Group. There has been more support internationally since the global financial crisis of 2007/8, and even more recently the sovereign debt crisis in the Eurozone strengthened the case for an FTT. Since 2009, the European Commission has been lobbying for a global FTT.

11.2 One argument for an FTT is that it is a potential source of new revenue for government with a broadly neutral impact on household spending and growth. A second is that it discourages currency speculation.

12. Fiscal policy that acknowledges the importance of the environment

12.1 We agree that it is essential to look after the environment today so there can be a fruitful economy and a healthy society for our students now and in the future. Economic policy would be a component in addressing environmental pressures such as the impacts of climate change on New Zealand. Individuals and corporations who damage the environment must contribute towards its rehabilitation. Taxes and tax reduction incentives can encourage the use of lower environmental impact technologies and goods. PPTA is likely to support such moves.

12.2 The use of resources generated by environmental taxes should be closely aligned to the reason they are levied.

13. Income protection

13.1 We suggest that the Working Group consider a payroll tax which is dedicated to funding finance replacement income, whether government superannuation for retired workers (both contributions to the Government Superannuation Fund and to current payments, and for unemployment benefit for unemployed workers. This ensures that the taxpayer will be aware of the purpose for which the tax is being collected and used.

13.2 This would not replace worker and employer contributions to individual savings schemes (particularly Kiwisaver), but would fund the government's contribution to retirement (including superannuation payments and its annual contribution to Kiwisaver accounts).

14. Housing affordability

14.1 An unrestrained and unbalanced housing market is impacting significantly on secondary schools in an increasing number of areas of the country. The inability of young teachers in particular to live in areas like Auckland, Wellington and Queenstown Lakes is exacerbating existing structural teacher supply problems. The effects on student transience, both in terms of the negative educational impacts for transient students[20] and in terms of the pressures for schools seeking to cope with increasing levels of transience are also hidden costs of unaffordable rental and housing markets.

[20] See for example *Student mobility across schools and its links to under-achievement* (Treasury Working Paper 2018/01) Dixon S.

14.2 In addition to the need to build more houses and rental accommodation measures to rebalance investment into more productive areas of the economy and help to drop relative accommodation costs are seen as extremely desirable.

14.3 The net effect of taxes on property should be to make the property and rental markets no more attractive an investment than in the productive sector. The proposals raised in the Working Group background paper, including the introduction of a capital gains tax on properties (including rental properties), other than the family home and of land tax on land valued above a benchmark level, the reintroduction of stamp duties, extension of the bright line test to five years, and the application of a loss ring-fencing policy are supported by the Association.

14.4 We note that a tax credit for land or a land value below benchmark levels for first homes could stimulate new home building.

14.5 Further, if there is a principle that unearned income (inheritance, betting and lotteries, share market and housing speculation and high level CEO salaries) should not be taxed at a lower rate than earned income (wage and salary and productive business earnings) then there is a question about whether some kinds of speculative income should not be taxed at a higher level, or have a progressive tax rate applied according to either the absolute gain, or to the percentage gain on the original layout to direct more investment back into the productive sector and away from property speculation.

14.6 PPTA believes that the tax system needs to raise more funding than currently is the case if we are to have effective and adequately resourced public services and support for our citizens. We favour a broad range of taxes to help achieve this and to share the contributions to achieving this. We note though that income and wealth should, to the greatest degree, be taxed once. Thus, if there were both a wealth tax and a property tax we would see, for example, that land would be taxed only through the property tax and not also by the wealth tax

14.7 When referring to a land tax, we are not sure what the Tax Working Party means by "excludes the land under the family home". Does it mean the land on which the house is physically situated (i.e. under the footprint of the house) or the property on which the house is located (potentially several acres)? Clearly excluding the latter from land tax would be unfair relative to someone who owned the two plots collectively of equivalent size but with a home on the smaller (untaxed) plot and paying land tax on the other. We have suggested in this submission that for fairness the land on which the home is built is not taxed below a benchmark value level but an alternative may be to define a maximum area which would be tax exempt (a quarter acre section?).

15. Charitable status

15.1 Work by Professor John O'Neill[21] on organisations with charity status in education shows that some organisations with that status generate substantial equity while making very minimal charitable contribution. He suggests:

> *"…Inland Revenue should investigate these self-styled 'not-for-profits' on the grounds that they appear to provide very little public benefit beyond the self-marketing educational events they engage in and the odd scholarship or tiny research grant they hand out…*[22]*"*

16.2 PPTA proposes that charitable status should only be granted (and continued) where a significant proportion of the income to the organisation is returned in charitable activities. Charitable tax exempt status in general may require review to ensure that all businesses are contributing fairly to the tax intake.

16. Hypothecating tax revenue

16.1 One of the vulnerabilities of the current tax system is that the lack of 'line of sight' between tax collected and expenditure exposes the whole tax system to sensationalist pressures. Arguments about the spending of a few thousand dollars (for example on a hiphop tour) can become a justification for arguments for widespread tax cuts which undermine the delivery of essential services. The need for raising taxes for spending in socially essential areas is also undermined if it is not clear that this is where the extra funding is going. Hypothecated taxation can allow some tax components to be adjusted specifically for pressure areas without a general adjustment in taxation.

16.2 PPTA suggests that the Working Party consider a broader range of progressive taxes and asset taxes, but with a greater degree of linkage between tax raised by those means and expenditure by government. We believe this would give greater levels of support for the tax system, greater stability and more flexibility to allow targeted increases to parts of the tax system to meet greater spending needs or priorities in specific areas. For example:

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[21] *For-profit and not-for-profit participation in the privatisation of state schooling.* O'Neill J. Waikato Journal of Education, Vol 22, No 1 (2017) and *Charities, philanthropists, policy entrepreneurs, international companies and state schooling in Aotearoa New Zealand*
Final report to the New Zealand Educational Institute Te Riu Roa, New Zealand Post Primary Teachers' Association Te Wehengarua, and New Zealand Primary Principals' Federation Ngā Tumuaki o Aotearoa O'Neill J, Duffy C, and Fernando S.
[22] Professor John O'Neill quoted PPTA NEWS, March 2014. P9

Expenditure group	*Possible tax link*
Core government: • Defence • Law and order • Financial costs of government/debt • Core government services • Additional funding for other areas below • Other	Companies tax GST Capital gains tax Inheritance taxes Other taxes
GSF expenses Social security and welfare	Payroll tax
Health and Education	Income tax
Heritage, cultural, environmental protection	Environmental taxes
Housing development Transport and communications	Land tax and petrol taxes

16.3 Generally PPTA would support taxes which are shown to encourage socially positive behaviours and discourage socially harmful ones. However, the funding raised should be closely linked to the issue. Alcohol and tobacco taxes (and theoretically a sugar tax) should be returned to the health system for treatment of associated illnesses or education programmes to prevent/reduce them. They should never be seen as general revenue gathering activities.

16.4 Behaviour-targeted taxes may also allow balanced reduction in other taxes. For example, taxes aimed at changing behaviours related to poor health outcomes may be balanced by a decrease in tax rates applied for hypothecated health spending.

17. Summary of proposals for the Working Party

17.1 PPTA does not think that the tax system can be considered in parts. While we acknowledge that many of the suggestions we raise for the Working Party to consider are outside its terms of reference we present them as a package of change to significantly shift the focus of the current tax system and to support the kind of democratic market that the Association supports. In that context we propose that the following are considered by the Working Party:

17.1.1 moving quickly to reduce the standard GST tax rate to 10%

17.1.2 removing GST on fresh fruit and vegetables

17.1.3 increasing the GST rate on luxury items (defined as any good which costs in excess of the average median wage and salary - other than the purchase of a family home) to a level which compensates for the reductions in (17.1.2 above) and (17.1.4 below).

17.1.4 removing income tax on income lower than the annualised living wage

17.1.5 applying graduated additional tax rates at income bands of $50,000 on incomes at and above $100,000 at rates to a maximum rate of 80% above $1,000,000 p.a.

17.1.6 implementing a broad capital gains tax on property and assets (including shares and investment properties) other than the primary residence, death estate or property sold as part of a relationship settlement, set at the level of income tax.

17.1.7 introducing a land tax of 1% on the value of privately owned land above a benchmark level, (i.e. excluding tax on the value below the benchmark)

17.1.8 giving tax credit for the first 1/4 acre or $500,000 when the first home is built on it.

17.1.9 a payroll tax dedicated to funding finance replacement income: government superannuation for retired workers (both contributions to the government Superannuation Fund and to current payments, and unemployment benefit for unemployed workers.

17.1.10 levying business tax at the rates applying to individual tax for those who are self-employed or employees.

17.1.11 applying a higher corporate tax rate for businesses which export their earnings overseas; or a tax on the funds businesses transfer overseas as profits

17.1.12 supporting through the tax system businesses which support society through employment

17.1.13 options for allowing a proportion of the payroll costs of a business (excluding those employees paid below the living wage and above $100,000) to be discounted against its profits before tax.

17.1.14 a progressive company tax regime similar to the individual tax regime with higher levels of income taxed at higher levels.

17.1.15 a higher tax on the proportion of profits of businesses which are exported overseas.

17.1.16 annually published records of businesses which have been granted special tax exemptions/status which are easily accessible to the general public.

17.1.17 introducing a financial transactions tax

17.1.18 pollution taxes on products for which the use or production of have a high environmental impact

17.1.19 clean technology tax discounts for businesses moving to low environmental impact production techniques

17.1.20 greater hypothecating of taxation across a range of tools

17.1.21 ensuring that the use of resources generated by environmental taxes should be closely aligned to the reason they are levied.

17.1.22 consider a greater degree of linkage between area in which taxes are designed to influence positive behaviours and the expenditure of the income generated

17.1.23 reviewing requirements for granting and continuing charitable status

17.1.24 addressing housing affordability through the introduction of a capital gains tax on properties, including rental properties, other than the family home, land tax on land valued above a benchmark level, the reintroduction of stamp duties

17.1.25 considering what kinds of speculative income should be taxed at a higher level, or have a progressive tax rate applied to direct more investment back into the productive sector and away from property speculation.

17.1.26 clarifying what the Tax Working Party means by "excludes the land under the family home".

17.1.27 rebalancing tax components to give a more balanced investment environment and to provide additional funding required to meet the demands for effective social services while reducing the tax take from the majority of tax payers, particularly those earning the median wage or less.