



**National Council of
Women of New Zealand**

Te Kaunihera
Wahine O Aotearoa

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**Submission to the Finance and Expenditure Select Committee on the
Taxation (Annual Rates, GST, Trans-Tasman Imputation and
Miscellaneous Provisions) Bill**

The National Council of Women of New Zealand (NCWNZ) is an umbrella organisation representing 42 nationally organised societies. It has 34 branches throughout the country attended by representatives of those societies and some 150 other societies as well as individual members. Its purpose is to work for the well being of women, families and society through research, discussion and action. It forms a widespread and effective network, especially through its monthly publication known as The Circular.

NCWNZ wishes to comment on selected issues in this bill, which relate principally to women.

Specified Superannuation Contribution Withholding Tax

Members support the proposed changes that will allow tax to be deducted at 21% for employees who earn under \$38,000 per annum. This recognises the reality that people on lower incomes were not receiving the same benefit of belonging to an employer scheme as higher income earners. It was a disincentive for part time employees especially to be a member of a superannuation fund as they were being taxed at a higher tax rate than their rate (19.5%). Any impediment to belonging to superannuation funds must be examined with the overall objective of increasing long-term savings.

Specified home based services

Our members support the new legislation, which addresses a gap in the existing tax legislation. With the profusion of home-based services especially in the child care area this issue needed to be addressed. We are concerned with the minimisation of compliance costs for taxpayers who will usually be the lowest income earners through the part-time nature of their work. Part time workers are less likely than full time workers to be able to afford tax advice to correctly establish their costs to deduct from their income.

By bringing this area specifically into the tax legislation it also legitimises the nature of their work as recognised work of value. This is important in a social context and removes the fear of being 'caught' by the IRD for not declaring income. It's not the amount of tax that would be due that is the issue rather the unknown amount that concerns taxpayers.

We encourage the Commissioner to determine standard costs that reflect the different costs within New Zealand. In practical terms it may be desirable to have 3 areas being Auckland, balance of North Island and the South Island. This is necessary as the largest component of the costs will be property related and the difference between Auckland and even Wellington is significant. To have only one standard cost would disadvantage Auckland taxpayers. Of course this does not exclude taxpayers who can calculate and use their actual costs rather than using the standard costs from doing so.





In determining the standard costs we encourage the Commissioner to consult with the larger agencies that provide home-based services e.g. PORSE, Barnardos New Zealand.

Thank you for the opportunity to comment.

Beryl Anderson
National President

Gillian Leigh
Convener, Economics Standing Committee