

Tax. It's Your Money.

ACT's fundamental belief is that the Government should spend less of your money.

You should keep more of it. You earned it, after all. That goes for both personal income tax that you pay on your salary, and the tax that business owners pay in company tax.

The Government's accounts are in surplus. The tax taken from New Zealanders exceeds the amount Government is spending - the Government is taking more tax than it needs.

At the same time, taxpayers bear the cost of a large amount of wasteful spending. There are numerous grants and subsidies given out to support businesses and projects that New Zealanders would never voluntarily invest their money in - golf contests, yacht races, research into the Southland accent, and subsidies to some of our biggest companies.

ACT would make savings by cutting corporate welfare, and would use this money to deliver a company tax cut. We would return government surpluses to New Zealanders by delivering a tax cut in every income tax bracket.

What Will Other Parties Do?

National want to spend more of your money. They think of the surplus as giving them 'choices'. They have begun to announce new spending measures, and are now talking down the likelihood of a tax cut any time soon - they say they would like to look at "the impact of marginal tax rates on lower and middle income earners" but only "when they have the room to do so."

Tax cuts are not a priority for National. National has only delivered on its commitment to reduce taxes when ACT has been strong.

Labour and the Greens oppose tax cuts. They have promised to work within self-set fiscal limits if they win Government, but have also promised billions of dollars worth of new spending.

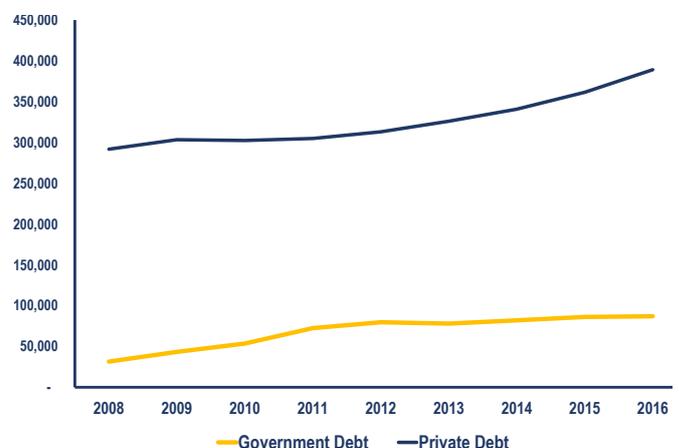
NZ First has also promised new spending. Both times that Winston Peters was in Government, spending blew out massively.

ACT is the only party that consistently supports tax cuts.

What About the Debt?

ACT supports paying down government debt over time so that the burden is not passed to future generations, but we must also cut taxes to enable New Zealanders to reduce their private debt.

New Zealand has \$400 billion in private debt, which is a risk to the country's economy. Tax cuts will enable kiwis to pay down their personal and business debt.



ACT's Tax Cuts Policy.

ACT will cut your taxes. It's only when ACT is strong that the National Party follows through on real tax cuts. This is our tax cut plan:

	Tax Bracket:	Rate:		Tax Bracket:	Rate:
Current Tax Rates:	Up to \$14,000:	10.5%	ACT's Tax Cuts:	Up to \$14,000:	10%
	\$14,001 to \$48,000:	17.5%		\$14,001 to \$48,000:	15%
	\$48,001 to \$70,000:	30%		\$48,001 or more:	25%
	\$70,001 or more:	33%			

What will this mean for you?

Our policy means that everybody gets a tax cut. A person on the average wage - around \$60,000 per year - will keep around \$1,500 per year. A person on the full time minimum wage - just over \$30,000 will keep \$500.

Professional, and middle-income people will benefit from having their top tax rate reduced from 33 cents to 25 cents. ACT's tax cuts allow people to spend, save and invest more of their own money as they choose.

Income:	Current tax bill:	Tax bill under ACT:	You keep:
\$32,760 <small>Full time on minimum wage.</small>	\$4,753	\$4,214	\$539
\$59,920 <small>Average wage at the end of 2016.</small>	\$10,996	\$9,480	\$1,516
\$70,000 <small>The current top tax rate kicks in.</small>	\$14,020	\$12,000	\$2,020
\$96,300 <small>Average income for a Financial Accountant.</small>	\$22,699	\$18,575	\$4,124

Will there be a company tax cut too?

Business owners will also benefit from a tax cut under ACT. ACT's policy is for the company tax rate to be set at 25%, a reduction from 28%.

Businesses around the country tell us that rather than the National Party's plans and strategies, and grants and subsidies, the simplest thing that the Government could do to support business growth is a reduction in business taxes. We know that reducing the tax burden on all companies will enable them to grow, take on new staff and pay higher wages.



A Responsible Proposal.

ACT's tax cuts are affordable. The responsible thing to do is to cut taxes while maintaining a balanced budget. This is how we will pay for tax cuts starting on 1 April 2018.

What will this mean for the Government?

Naturally, a tax cut means reduced revenue for the Government. ACT supports a balanced budget so our tax cut policy is balanced by surpluses and cuts to wasteful spending. Our income tax cuts are estimated to reduce revenue by \$4.4 billion. Government surpluses are growing rapidly.

ACT is the party of spending restraint, but we do not support cuts to the core functions of government: schools, hospitals and health, police or defence.

Personal Tax Cut:

Our personal income tax cuts will reduce revenue by approximately \$4.4 billion per year when it is fully in force.

Our policy is effectively to give government surpluses back to kiwis as a personal tax cut.

Company Tax Cut:

Our cut to the company tax rate is estimated to reduce revenue initially by \$1.1 billion per year. We will balance this by reducing spending on corporate welfare - grants and subsidies to businesses.

ACT's Balanced Budget Plan:

Year	16/17	17/18	18/19	19/20	20/21
Personal Tax Cut	-	\$1.10 bn	\$4.40 bn	\$4.40 bn	\$4.40 bn
Company Tax Cut	-	\$0.28 bn	\$1.13 bn	\$1.13 bn	\$1.13 bn
Trustee Tax Cut <small>(Pegged to Company Tax rate)</small>	-	\$0.13 bn	\$0.54 bn	\$0.54 bn	\$0.54 bn
Total Cost	-	\$1.52 bn	\$6.07 bn	\$6.07 bn	\$6.07 bn
Surplus <small>(OBEGAL Treasury Forecast)</small>	\$0.50 bn	\$3.30 bn	\$5.40 bn	\$6.80 bn	\$8.50 bn
ACT Savings <small>(From Corporate Welfare)</small>	-	\$1.13 bn	\$1.13 bn	\$1.13 bn	\$1.13 bn
Available Total <small>(Surplus plus Savings)</small>	\$0.50 bn	\$4.43 bn	\$6.53 bn	\$7.93 bn	\$9.63 bn
New Surplus <small>(Under ACT's Plan)</small>	\$0.50 bn	\$2.91 bn	\$0.46 bn	\$1.86 bn	\$3.56 bn

Cutting Corporate Welfare:

We believe that business growth overall will be better served by reducing the tax burden on all companies, rather than picking winners with taxpayer money. Greater after-tax returns will incentivise greater investment in new businesses and growth of existing businesses.

For Example:

"Primary Growth Partnerships"	\$261.1 million
"New Zealand Screen Production Grant"	\$31.5 million
"Economic Development: Major Events Fund"	\$13.0 million
"Support the Growth and Development of NZ Firms, Sectors and Regions"	\$172.6 million
"Research and Development Growth Grants"	\$144.2 million
"New Zealand On Air"	\$128.7 million
"International Education Programmes"	\$29.4 million

In Summary...

ACT is the only party that has consistently supported tax cuts. We have always supported reducing wasteful government spending, and reducing the tax burden on New Zealanders and New Zealand businesses. No party can match our record.

A Tax Cut for Everyone:

Our personal tax cut policy will let every New Zealander keep more of their income. We would cut the tax rate in every income bracket, and eliminate the top tax bracket entirely.

ACT has always supported lower, flatter taxes and our policy means nobody will pay more than 25% of their income in tax.

No Cuts to Core Services:

Our tax cuts will never require reductions in spending on core public services, that means no cuts to hospitals and doctors, schools and teachers, police, courts or defence.

We believe taxes are paid with the expectation that core public services are available and delivered to a high standard.

Ending Fiscal Creep:

ACT would also end the stealth tax hikes that occur when inflation pushes people into higher tax brackets. We will do this by requiring the Government to regularly adjust tax brackets for inflation, meaning you only end up paying a higher tax rate if your income increases in real terms.

If the Government had enacted this policy with its previous tax reforms in 2011, the average household would have saved \$2500 by now.

The Cost of Superannuation:

Between now and 2037, the cost of not changing the Superannuation Age is a massive \$58 billion. That's the amount that will be paid to 65 and 66 year olds between now and then.

All other parties are being irresponsible on superannuation. National's tinkering defers any change until 2037, while Labour NZ First and the Greens refuse to make any change at all.

ACT will start raising the age of entitlement in 2020, lifting it by two months per year. This is fairer on younger taxpayers.

“Our policy would mean higher take-home pay for every New Zealander, and nobody paying more than 25% tax”

DAVID SEYMOUR

