



**National Council of
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**Submission to the Finance and Expenditure Committee on the
Taxation (Relief, Refunds and Miscellaneous Provisions) Bill**

The National Council of Women of New Zealand (NCWNZ) is an umbrella organisation representing 43 nationally organised societies and has 35 branches throughout the country to which women from 150 societies are affiliated.

NCWNZ appreciates the opportunity to make a submission on issues, which have in the majority been well canvassed in recent discussion documents.

1. Clause 18

We support the change where vendors can on sale of a business obtain a deduction for any wage-related provisions transferred to the purchaser. Equally the purchaser should be allowed a deduction of the same amount when the amounts are eventually paid out. Both parties to the sale should agree this amount in writing.

2. Clause 22

We support the amendment where taxpayers with less than \$5000 stock can use the opening stock figure as the value for the closing stock. We appreciate that the threshold of \$1,300,000 is a common figure in taxation law but it is fairly high. This amendment will reduce compliance costs at minimal loss of revenue for the government.

3. Clause 48

The filing of interim imputation returns was an unnecessary compliance cost for small taxpayers so we support this amendment. Large taxpayers had the expertise to do this in-house whereas small taxpayers had to pay for the preparation of the return.

4. Clause 62 (4)

We do not support raising the amount of gross withholding income from \$20 to \$50 which banks and financial institutions have to communicate resident withholding tax (RWT) information to interest earners. We agree that this can be effectively communicated in a cheaper way than posting a RWT statement to all interest earners. Some banks currently provide this information to all interest earners by detailing it on the bank statement covering the 31 March period. This information should be available to all interest earners regardless of the amount of interest and tax deducted at source.

5. Clause 63 (2)(iv)

This amendment where taxpayers would not have to file a tax return if their gross income was less than \$200pa is pathetic. We suggest that \$2,500 pa (\$50pw) is more realistic. Taxpayers assume there is an amount now that under which they don't have to file a tax return but there's no consensus as to what that amount is.



**6. Clause 72**

We support this amendment which increases the Use of Money Interest (UOMI) threshold from \$30,000 to \$35,000 of residual income tax.

7. Clause 78 (3)

The bill proposes 10 working days for taxpayers to provide information sought or to respond to a counter offer. The bill doesn't impose the same 10 days on the Commissioner to respond etc. 10 days is insufficient time if there are postal delays or the taxpayers needs to communicate or visit their accountant. We suggest one month as being more appropriate and that the same time limit be imposed on the Commissioner.

8. Clause 78 177A

We support the thrust of this clause in defining serious hardship in relation to a taxpayer. We suggest an additional circumstance be included where the provision of expensive education for the taxpayer or their dependants should not be a consideration when determining if serious financial difficulties would arise if tax liabilities were met.

9. Clause 78 177B (2) (f)

While we appreciate requests for installment arrangements should not be used as a device in reducing penalties we disagree that taxpayers be limited to only one application for an installment arrangement. Personal circumstances often change and we think it is reasonable for taxpayers to be able to request installment arrangements on more than one occasion. It may be that a time period (say within 6 months) be inserted if the committee is concerned that this clause will be abused.

10. Clause 78 177B (3 to 6)

We support these clauses relating to installment arrangements as they formalise what until now has been very vague from a taxpayers' point of view.

11. Clause 78 177C (1 to 7)

We support these clauses but in sub clause 4 we suggest the extinguishing of taxpayers net loss should be at the taxpayers marginal tax rate not 33%. If the taxpayer were to use their tax loss against current taxable income then it would start at 19.5% not 33%. The use of tax losses against outstanding tax is advantageous to taxpayers not just for financial reasons but for physiological reasons in that it lessens the financial pressure felt by owing the tax department which can be greater than owing other people.

12. Clause 81 (1)

We support the change to the definition of 'input tax' where non-profit bodies are, for example, able to claim input tax credits in respect of the costs of collecting donations. This will decrease compliance costs mainly in time as volunteers administer many non-profit bodies.

13. Clause 87 (1A)

We support the increase from \$10,00 to \$18,000 for which single deductions are made in relation to GST.