



Tax Working Group, 2018

# Future of Tax

*Interim Report*



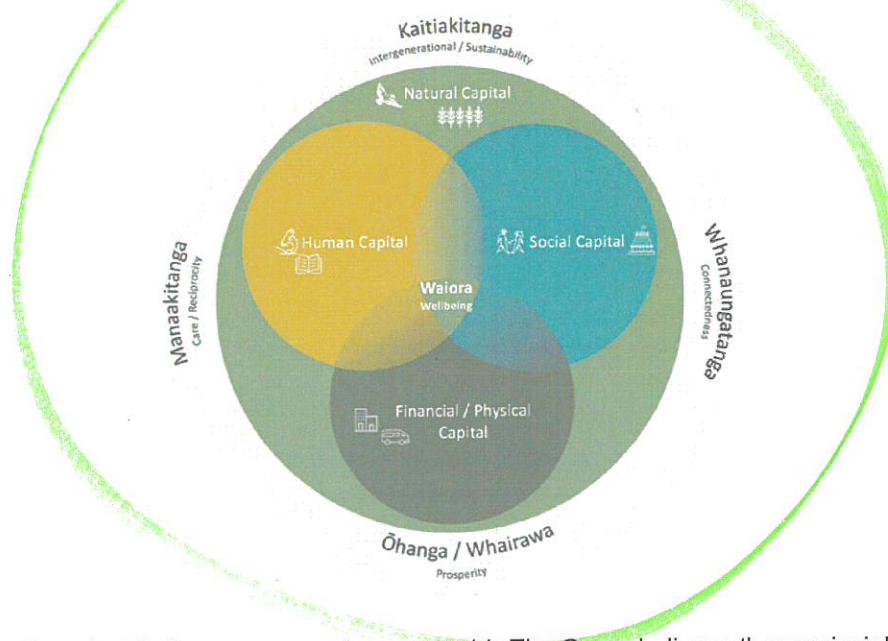
*Tax Working Group*

*Te Awheawhe Tāke*

*'Nāu te rourou, Nāku te rourou, ka ora ai te iwi'*

*'With your contribution and mine, the people will prosper'*

Figure 2.1: Bringing together Te Ao Māori perspectives and the Living Standards Framework



10. The Group will conduct further engagement on the development and application of this framework in October, to ensure that the framework is meaningful, inclusive, and enhances tax policy development for Māori and all New Zealanders. This process will also inform the ongoing development of the Living Standards Framework.
11. While this framework is still under development, the Group has noted areas in subsequent analysis where tikanga concepts seem to have particular resonance – but this is very much a work in progress that will need to be fleshed out further in the Final Report, following further engagement with stakeholders.

### The established principles of tax policy design

12. Previous tax reviews, in New Zealand and elsewhere, have used a relatively consistent set of principles to assess the design of the tax system. These principles are *efficiency, equity and fairness, revenue integrity, fiscal adequacy, compliance and administration costs, and coherence*.
13. Two further important principles in the tax system are *predictability and certainty* – meaning that taxpayers should be able to understand clearly what their obligations are before those obligations are due.

14. The Group believes these principles remain valid and useful in assessments of the tax system, particularly when considering the costs and benefits of options for reform. These principles complement the systems perspective offered by a broader living standards analysis.

### Submitter perspectives on assessment frameworks

15. Many public submitters commented on the Group's choice of assessment framework. Most submitters supported the Group's decision to apply both the established principles of tax policy design and a broader Living Standards lens.
16. These submitters felt that the established principles provided a proven method of evaluating tax policy, while the Living Standards Framework ensured that the analysis would incorporate a fuller range of perspectives.
17. Māori submitters also encouraged the Group to bring a Te Ao Māori perspective to the design of the tax system.
18. A broader message the Group has taken from submitters is that it is necessary to bring a wide range of perspectives to bear on its analysis. This will ensure stakeholders have a clear understanding of the wellbeing and living standards impacts of the options before us.