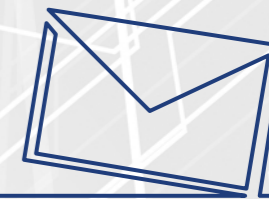


KPMG Election 2020 - Summary of parties' tax policies



Tax Policy	Current Tax Settings	Tax Working Group	ACT NZ	Green	Labour	Māori Party	National	NZ First	T O P
Personal tax (rates and thresholds)	<ul style="list-style-type: none"> 10.5% up to \$14,000 17.5% on \$14,001 to \$48,000 30% on \$48,001 to \$70,000 33% on \$70,001+ 	Different options: <ul style="list-style-type: none"> Increase bottom threshold, e.g. to \$20,000 or \$22,500 Increase bottom threshold to \$30,000 but raise 17.5% rate to 21% If a broad CGT is introduced	<ul style="list-style-type: none"> 10.5% up to \$14,000 17.5% on \$14,001 to \$70,000 33% on \$70,001+ 	\$10,000 tax free threshold New rates: <ul style="list-style-type: none"> 37% on \$100,001 to \$150,000 42% on \$150,001+ 	New 39% rate on \$180,001+ No other increases or new taxes in next term	Not stated	Temporary tax threshold increases (1 December 2020 to 31 March 2022): <ul style="list-style-type: none"> 10.5% up to \$20,000 17.5% on \$20,001 to \$64,000 30% on \$64,001 to \$90,000 33% on \$90,001+ Inflation index tax thresholds every 3 years from 2023/24	No tax rate increases	33% flat tax rate
Company tax rate	28%	No reduction to rate or progressive rates	Not stated	Not stated	No change	Not stated	No change	No change	Not stated
Trust tax rate	33%	Not considered	Not stated	Not stated	No change	Not stated	No change	No change	Not stated
Savings tax rates	PIE tax rates: 10.5%, 17.5% and 28%	Reduce low and mid PIE rates to 5.5% and 12.5%	Not stated	Not stated	No change	Not stated	Not stated	Not stated	33% flat PIE tax rate
Property and asset taxes	Five year bright-line test for residential property Ring-fencing residential rental losses	Broad CGT (except family home, personal assets, collective Māori land). Gains from a valuation day taxed at full marginal tax rates (capital losses ring-fenced for valuation day assets) Wealth and land taxes not supported	Not stated	Broad inflation indexed CGT (excluding family home) Tax on net wealth at 1% over \$1m and 2% over \$2m. Personal and household assets less than \$50,000 and certain Māori land exempt. Look through test for trust assets	No change (CGT ruled out)	Tax on vacant houses (modelled on Canada) and 2% tax on capital gains from sale of investment properties	Does not support a CGT Reduce bright-line period to two years from 2023/24 Remove residential rental loss ring-fencing from 2023/24	No change (does not support a CGT)	Tax a 3% risk-free rate on the equity value of property investment (exception for certain Māori land and phasing in for rural/farmland)
Other business tax	\$5,000 provisional tax threshold from 2020/21 \$5,000 temporary threshold for expensing assets (\$1,000 from 16 March 2021) Temporary loss carry-back (from 2021 to 2020 or 2020 to 2019). Permanent loss carry-back and loss continuity concessions (same or similar business test) <i>proposed</i> Depreciation for non-residential buildings from 2020/21 New feasibility expenditure deductibility rules <i>proposed</i>	Increase provisional tax threshold to \$5,000 Change loss continuity rules to support start-ups Reinstate depreciation on non-residential buildings (if CGT introduced) Feasibility expenditure deductibility rules	Not stated	Tax breaks for starting up sustainable businesses	No change	Not stated	\$150,000 threshold for expensing plant, equipment and machinery Double depreciation rates for plant, equipment and machinery over \$150,000 (and allow expensing once depreciated to less than \$3,000) \$25,000 provisional tax threshold Align IRD's use of money interest rate on underpayments with appropriate creditor rates Business continuity test for tax losses	Accelerated depreciation rates (same rates as Australia) Start-up tax concessions for business in rural and regional NZ SMEs (with turnover of less than \$1m) can claim immediate deductions for new or second-hand plant and equipment totalling up to \$3,000 annually	Abolish provisional tax for SMEs

Tax Policy	Current Tax Settings	Tax Working Group	ACT NZ	Green	Labour	Māori Party	National	NZ First	T O P
GST	15% (\$60,000 registration threshold)	No reduction to rate or narrowing of GST base	Cut rate to 10% until June 2021	Support for a broad-based GST	No change	Not stated	Raise GST registration threshold to \$75,000 Increase tax invoice threshold from \$50 to \$500	Not stated	Not stated
Environmental and road user taxes	Fuel excise Auckland Regional Fuel Tax of \$0.10 per litre	Make <i>Emissions Trading Scheme</i> more tax like Consider tax instruments to address water pollution FBT exemption for subsidised public transport	Replace fuel excise and Auckland Regional Fuel Tax with road pricing system	Review road user charging system FBT exemption for electric vehicles and subsidised public transport Ecological Tax Commission to review tax framework \$0.02 per kg nitrogen and phosphorous fertiliser sales levy	No further increase to Auckland Regional Fuel Tax or fuel excise during next term	Not stated	Abolish Auckland Regional Fuel Tax and freeze fuel excise increases for three years FBT exemption for electric vehicles until 2025	Not stated	Remove FBT on low emission vehicles \$20 tourist levy
Selected other tax and economic policies	<i>Small Business Cash Flow Loan Scheme</i> – \$10,000 plus \$1,800 per employee up to 50 FTEs. Interest free if repaid within one year. (Currently available until 31 December 2020) <i>COVID-19 Income Relief Payment</i> – up to \$490 per week for up to 12 weeks <i>COVID-19 Leave Support Scheme</i> – up to \$585.50 per week for up to 4 weeks	Financial transactions tax not supported Develop a framework for deciding when to use corrective (e.g. “sin”) taxes Consider a Digital Services Tax only if other countries move in this direction and NZ exporters are not materially affected	Abolish subsidies (for racing, forestry, film and KiwiSaver), R&D tax credits and growth grants and the Provincial Growth Fund 90-day trial for business and 3-year freeze on minimum wage increases Replace Zero Carbon Act with carbon price and remove oil and gas ban OIO exemption for investors from other OECD countries (except for national security reasons)	Work with other countries to agree a financial transactions tax Support Digital Services Tax or OECD multilateral measures to tax foreign multinationals \$250m Clean Energy Community Fund \$100m financial support for business to switch to clean energy Guaranteed minimum income of \$325 per week for everyone not in work. Simplify Working for Families tax credits	Extend the <i>Small Business Cash Flow Loan Scheme</i> to December 2023 and interest free period to 2 years Consider a Digital Services Tax if OECD process fails Replace Provincial Growth Fund with \$200m Regional Strategic Partnership Fund	Immediately raise minimum wage to \$25 per hour \$1b scheme for Māori-owned community energy projects \$300m innovative and support fund to incentivise Māori farmers to transition to regenerative and value-add farming practises \$200m fund to drive whānau, hapū and iwi education and training	<i>BusinessStart</i> package: for those made unemployed due to COVID-19 to start their own business: <ul style="list-style-type: none"> Allow access to \$20,000 from their KiwiSaver for start-up costs \$10,000 in credits to pay GST or income tax when profitable <i>JobStart</i> : \$10,000 cash payment to businesses for each new FTE employee Establish technology start up investment funds Remove oil and gas ban	Reduce tobacco excise Retain \$3b Provincial Growth Fund	Universal Basic Income of \$250 per week for each adult (\$40 per child) \$10,000 grants for SMEs to move towards digital technology or improve energy/resource efficiency Create a legal market for cannabis to tax it

Note:

Not stated denotes where we have not been able to source information on a party's particular policy

Sources:

Sources (date accessed as at 24 September 2020)

ACT NZ:

<https://www.act.org.nz/policies>

Green Party:

https://www.greens.org.nz/policy_election_initiatives_2020
https://www.greens.org.nz/economic_policy
https://www.greens.org.nz/transport_policy
<https://www.greens.org.nz/green-party-proposes-business-tax-breaks-clean-transport-options>

Labour Party:

<https://www.labour.org.nz/policy>

Māori Party:

<https://www.maoriparty.org/policy>
<https://www.newshub.co.nz/home/politics/2020/09/nz-election-2020-m-ori-party-wants-taxes-on-ghost-houses-capital-gains-from-rentals.html>

National Party:

<https://www.national.org.nz/responsible-economic-management>

New Zealand First:

https://www.nzfirst.nz/latest_news
 (tax policies as reported in <https://www.rnz.co.nz/news/political/411107/nz-first-election-policy-winston-peters-highlights-immigration-provincial-growth-fund-tax>)

TOP (The Opportunities Party):

<https://www.top.org.nz/policy>

Tax Working Group Final Report:

<https://taxworkinggroup.govt.nz/resources/future-tax-final-report.html>



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