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TAX REVIEW – OPPORTUNITY FOR RIGOROUS DEBATE

"The investment and savings industry hopes that the invitation to subject the Tax Review 2001 Final Report to rigorous scrutiny and lively open-minded debate will be exercised," said Vance Arkinstall, CEO, Investment Savings and Insurance Association (ISI).

"We support the view expressed in the report that the use of tax concessions should be measured by the net positive externalities produced by the activity. This is a position our industry has long advocated," said Mr Arkinstall.

"The Review Committee has glossed over the very low personal savings rate that exists in this country and the advantages to the economy from encouraging higher personal savings levels. NZ has the lowest savings rates as measured by the OECD and this is occurring at a time when there is much political debate regarding the positive advantages of generating individual savings accounts. Clearly, incentives should be considered in a carefully measured way as part of the solution to increased savings to benefit the economy and satisfy political objectives," said Mr Arkinstall.

"Whilst the report contains many thought provoking suggestions, we are disappointed that the Review Committee have not been able to harness their collective wisdom to produce solutions to the ongoing problem that many savers are taxed at unduly high levels on their savings, and that they have not provided a solution to the capital gains disadvantage that has historically resulted in significant over-investment in residential housing."

"It would appear that the Review leaves the challenge of creating a level taxation playing field in which all savings can compete efficiently in the hands of the politicians. This creates the feeling that a marvellous opportunity may have been lost," Mr Arkinstall said.

"It is to be hoped that as the community considers the many areas covered by this report, vigorous and open-minded debate will lead to solutions for some of the gaps that appear to exist."

Ends

Vance Arkinstall
Chief Executive
ISI