

27 June, 2001

TAX – TIME FOR A CHANGE

The Investment Savings & Insurance Association (ISI) commends the Government for commissioning the McLeod Tax Review and believes it provides a valuable stocktake from a qualified group of recognised tax experts on the strengths and weaknesses of the New Zealand taxation system. The McLeod report comes nearly 20 years since the last major review.

"It is important that politicians are not dismissive of the report simply because it contains some meaty issues that may be difficult to manage politically," said Vance Arkinstall, Chief Executive of ISI.

"The truth is that any tax system has a major influence on the choices made by individual taxpayers and on the overall savings and expenditure patterns by society, therefore achieving the right tax regime is important" Mr Arkinstall said.

"The ISI has consistently drawn to the attention of Governments in the past that there is an over-investment in housing in this country because of the favourable tax treatment this form of investment has over other forms of investment."

"If we allow this over-investment in housing to continue it will seriously inhibit balanced and diversified investment by New Zealanders and could be damaging to growth and jobs in the NZ economy," Mr Arkinstall said.

"The low level of personal savings in New Zealand has already been recognised by the Government and politicians from most parties and by international groups such as OECD. It is time for changes within the tax system to remedy that position," said Mr Arkinstall.

"The Tax Review Committee has undertaken a thorough and comprehensive review in line with its terms of reference. Some of the outcomes in the Issues Paper may be regarded as tough and radical but it may be what NZ needs if it is to lift its game in the competitive international market place," Mr Arkinstall said.

"We encourage Members of Parliament to engage in intelligent debate that just might lead to fairer, simpler and even lower taxes for the average New Zealander."

"Whilst we strongly disagree with the view reached by the Committee on savings levels, ISI is firmly of the view that the Taxation Review Committee should be encouraged to complete its consultations and not be discouraged from presenting its appraisal on the strengths and weaknesses of our taxation system."

Ends

Vance Arkinstall
Chief Executive
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