

30 October, 1998

"The confirmation by NZ First of its support for the Tax Credit System (TOLIS) legislation is good news for low income savers. This provides the Government with the necessary numbers to move quickly and pass this legislation," says Vance Arkinstall, Acting Chief Executive of the Investment Savings and Insurance Association.

"It has long been recognised that New Zealanders paying tax at the lower marginal rate of 21.75 cents in the dollar have been disadvantaged in their retirement savings efforts because the superannuation and investment funds they place their savings with, pay tax on investment earnings at the higher rate of 33 cents in the dollar".

"The delays in introducing this legislation have been a major frustration to the investment and savings industry at a time when we and the Retirement Commissioner are attempting to encourage increased savings for retirement.

The industry supported the Tax Credit System, even though it was not its preferred option due to its complexity and the high costs of implementation, because we were keen to see assistance for low income savers. We see this Tax Credit System as an important step towards a level playing field. We expect to work with Government towards a simplified taxation system and the removal of all barriers to saving" Mr Arkinstall said.

"The Tax Credit System will provide low income earners with much needed direction and encouragement to save. The recent moves to lower the New Zealand Superannuation floor from 65 per cent to 60 per cent serves to reinforce the importance of increased personal savings for retirement" said Mr Arkinstall.

New Zealanders should recognise the efforts of the Government in bringing this legislation to the House and acknowledge the commitment of the NZ First party in putting aside their differences with the Government in the support of this legislation.

For further information contact:

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