

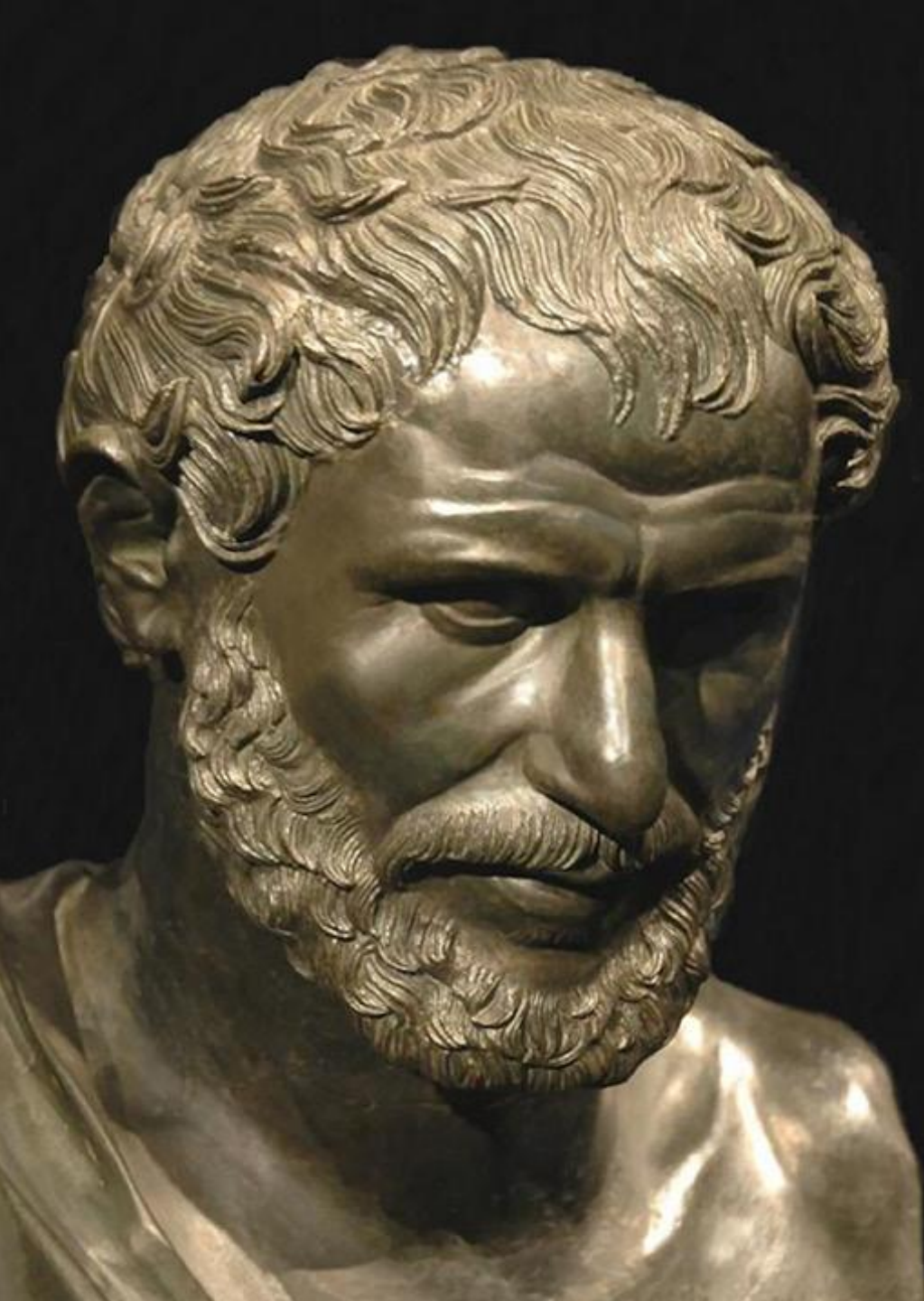


## Possible reform models – blue skies session

A glimpse at the past  
to frame the future

Thomas Pippas 12 June 2014





“The only thing that is constant is change”

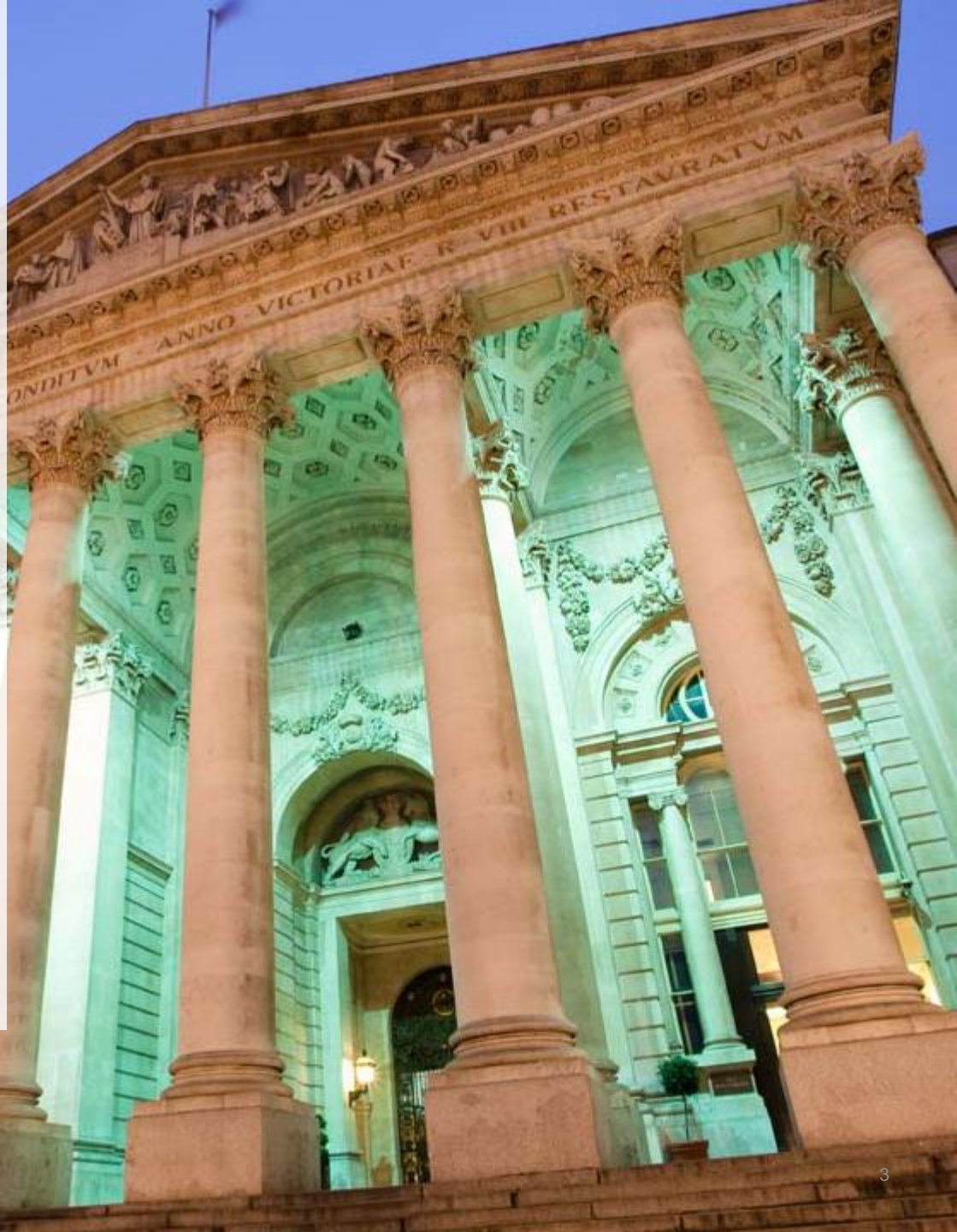
Heraclitus 535 – 475 BC

- This also applies to tax administration
- There is no real destination
- Just markers along a journey
- A story that started in 1840



# Taxation 1840-1880's

- First taxes
- Customs taxes
- Stamp & death duties
- Land taxes
- Poll tax
- Property tax
- Land Tax Department 1878





# Liberal Party taxes

1890-1912

## *Making waves*

Promised tax cuts for most middle income earners

Introduced income tax with progressive rates


The first income tax – 1891

- Exemption for income under £300 (c\$50k)
- Top tax rate 5% for income over £1000 (c170k)
- Company tax 5% on profits

Land & Income Tax Department  
1892



***Rt. Hon. Richard John Seddon***  
*Liberal politician and Prime Minister of New Zealand*



# War, depressions and increased taxes 1914-1935

First World War and tax

Progressive rates

- Top rate rises from 6.67% to 43.75%

Depression poll taxes

Sales tax



# First Labour Government Taxes 1935-1949

- Welfare state
- Second World War
- High taxation

The top tax rate in 1949 was 76.5% - but the working classes paid very little tax





# Post war taxation 1950-1959

PAYE is introduced in 1958

The 'Black Budget'

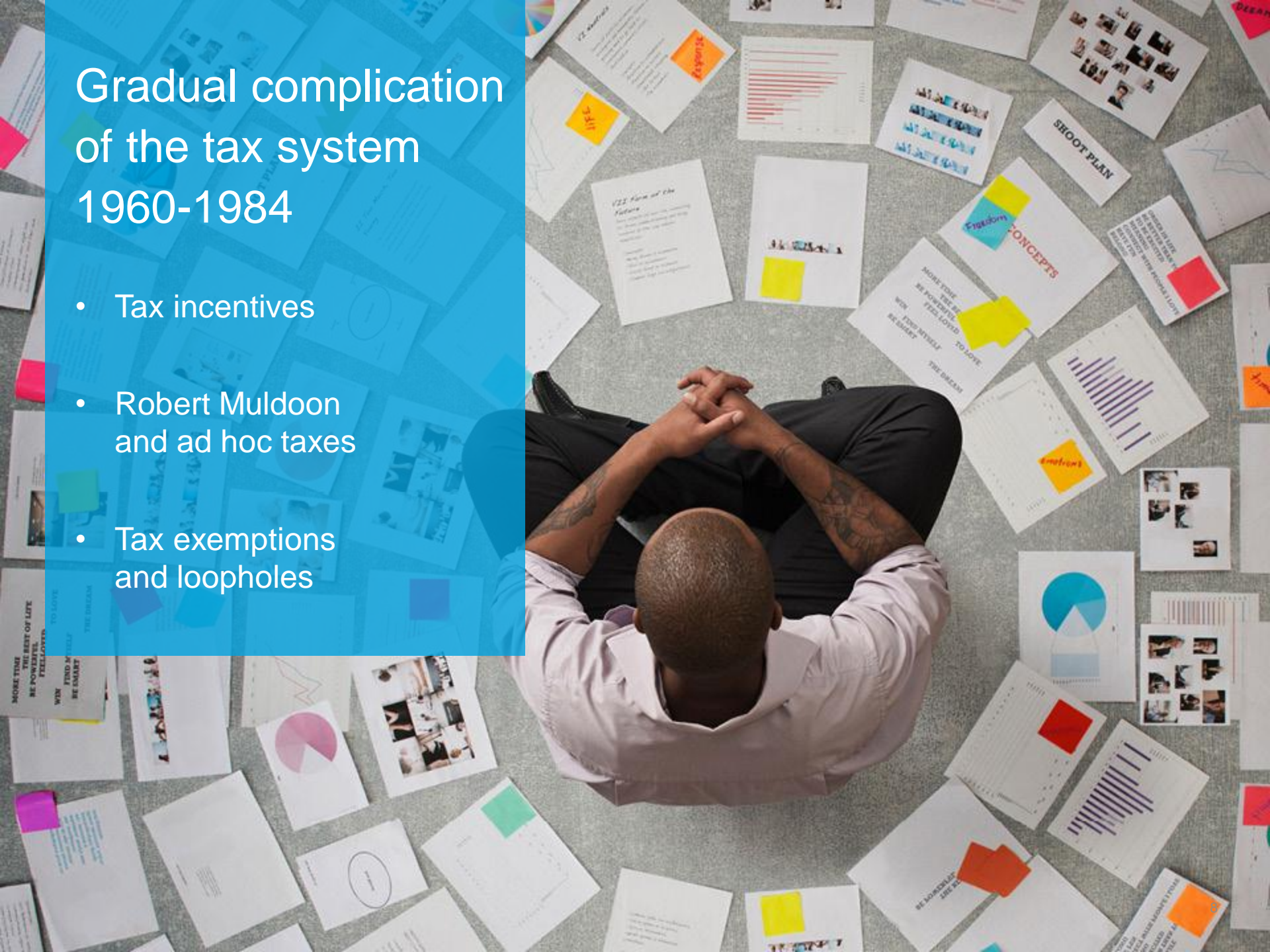
- Sin taxes
- Classical double taxation
- Vote buying

Inland Revenue Department  
1952



- Tax incentives
- Robert Muldoon and ad hoc taxes
- Tax exemptions and loopholes

- Tax incentives
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# Labour Government Reforms 1984-1990

- Fiscal drag
- Uneven tax distribution
- Broadening the tax base
  - 33:33:33
- Goods and services tax
- International tax rules
- Land tax repeal



# Organisational review of IRD 1994

- Most detailed review of IR administration
- Key strategic directions
- Recommendations
- Context – accelerated complexity







# What do we have today? What should we have tomorrow?

- Labour and capital mobility
- A journey not a destination
- Eyes to the future, not to the past
- What do businesses want?
- What is an attractive tax administration?