

# Tax issues

CTU online quantitative survey

April 2018



# Methodology

- Results in this report are based upon questions asked in an online survey run by UMR Research with sample recruited from SSI.
- The online survey is of a nationally representative sample of 700 New Zealanders 18 years of age and over.
- It was conducted from 19<sup>th</sup> to the 23<sup>rd</sup> of April 2018.
- The margin of error for a 50% figure at the 95% confidence level for a sample of n=700 is approximately  $\pm 3.7\%$ .

## Reporting notes:

- This survey used five-point scales for some questions. When reporting the data from these questions we generally report on the sum of 1+2 of the scale (the positive end of the scale), 3 is considered the midpoint (those with a more neutral view or no feeling either way) and 4+5 (the more negative view).
- For example, on a 1 to 5 support scale 1+2 are the people who declared concern about an issue and 4+5 are those who showed no concern on an issue.

## Note on rounding:

- All numbers are shown rounded to zero decimal places. Hence specified totals are not always exactly equal to the sum of the specified sub-totals. The differences are seldom more than 1%.
- For example:  $2.7 + 3.5 = 6.2$  would appear:  $3 + 4 = 6$

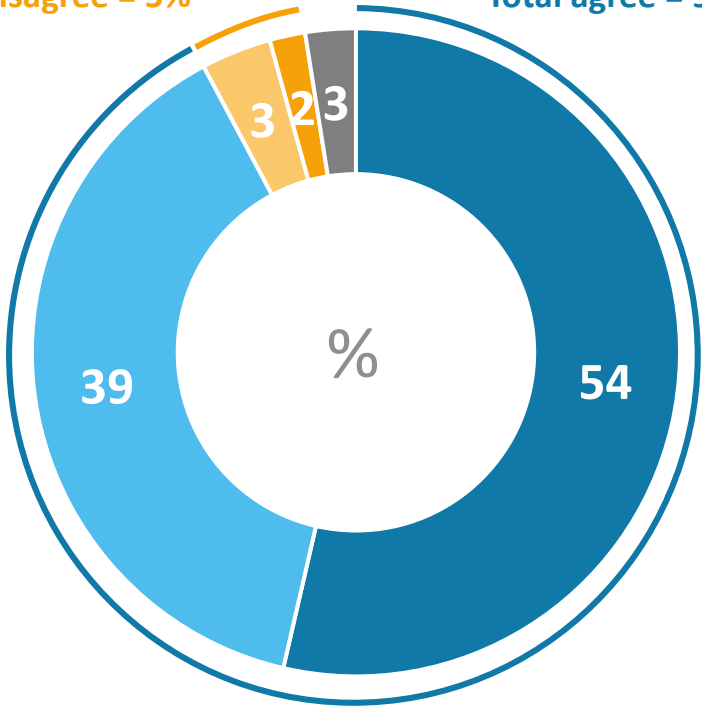
# Summary – Govt funding and public services

- 92% of New Zealanders agree (totally agree + somewhat agree) that public services are in need of increased government funding.
- 5% disagree (totally disagree + somewhat disagree) and 3% were unsure.
- Almost two thirds (65%) said the government should increase tax to at least maintain public services at their current levels into the future and around a third (35%) believe tax collected should stay the same while reducing public services.
  - Females were more likely to say that the government should increase the overall amount of tax (71%) compared to males (58%)
  - Those with higher incomes (both personal (>\$50k) and household (>\$100k)) were more likely to say the government should leave the tax amount the same (45% and 41% respectively).
  - Older respondents (60 plus) were more likely to say the government should increase tax (72%).

# Support for increased government funding

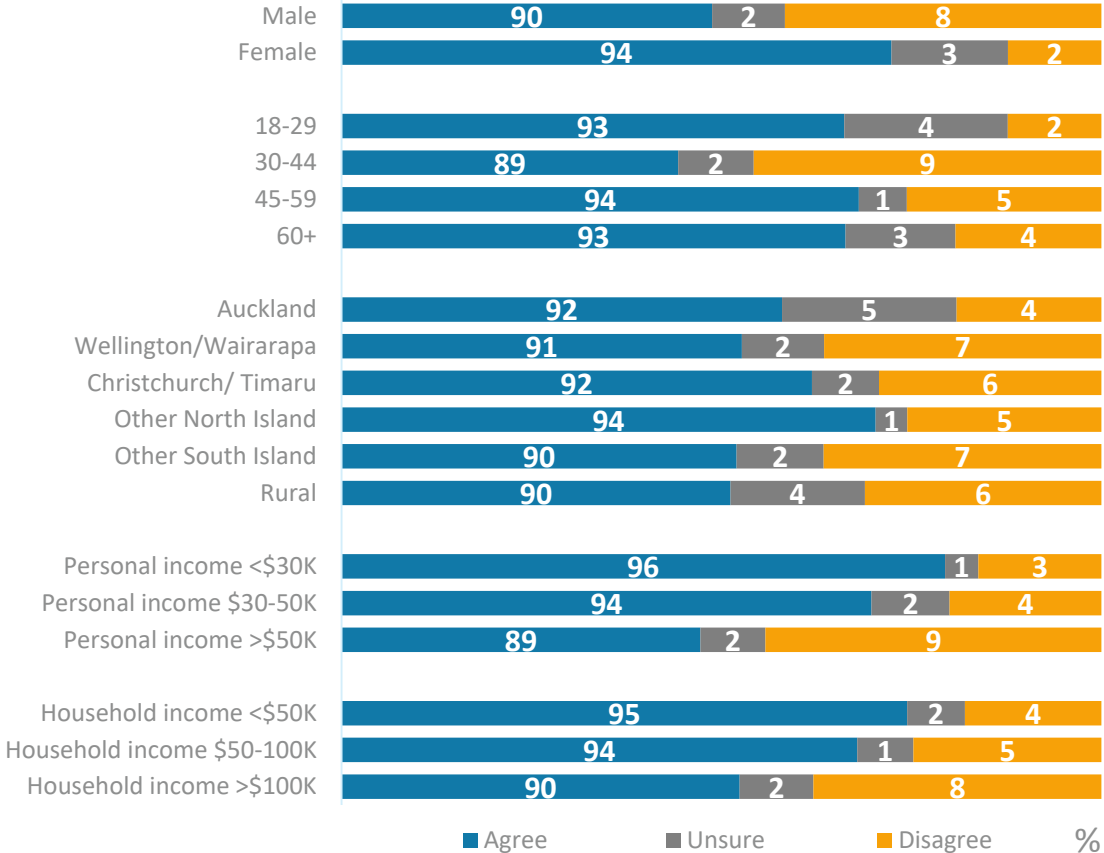
Do you agree or disagree that overall public services like hospitals, schools and the transport system are in need of increased government funding?

Total disagree = 5%      Total agree = 92%



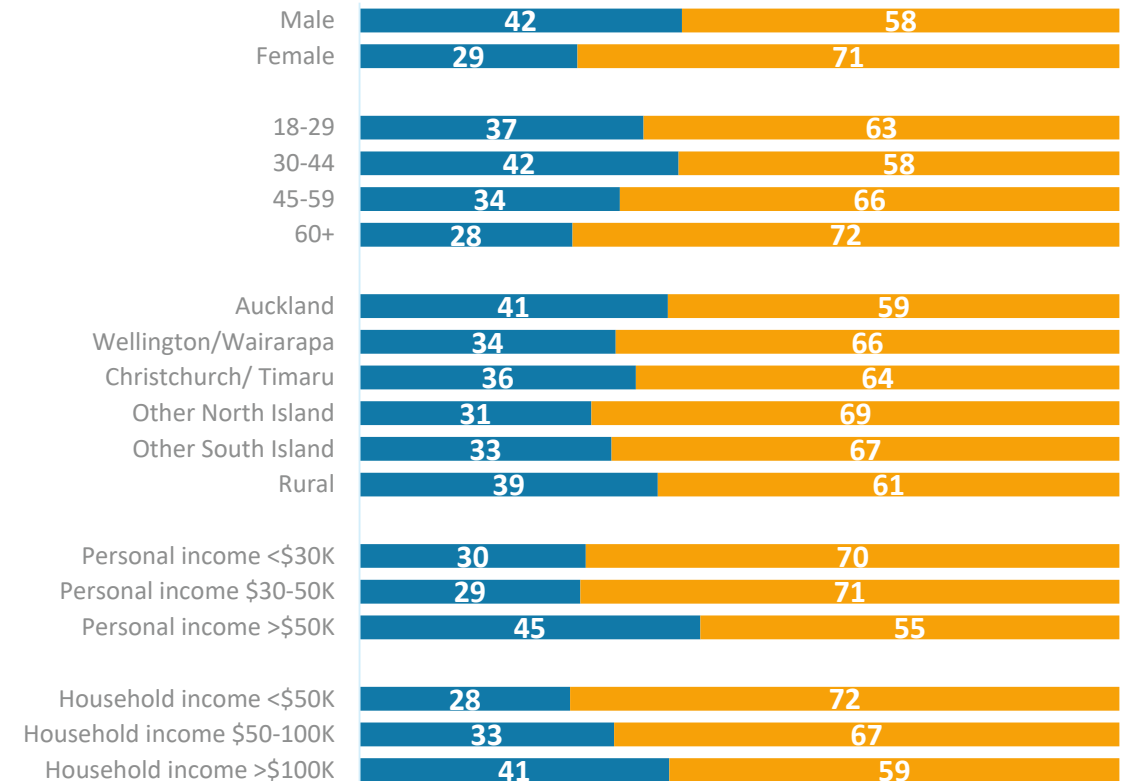
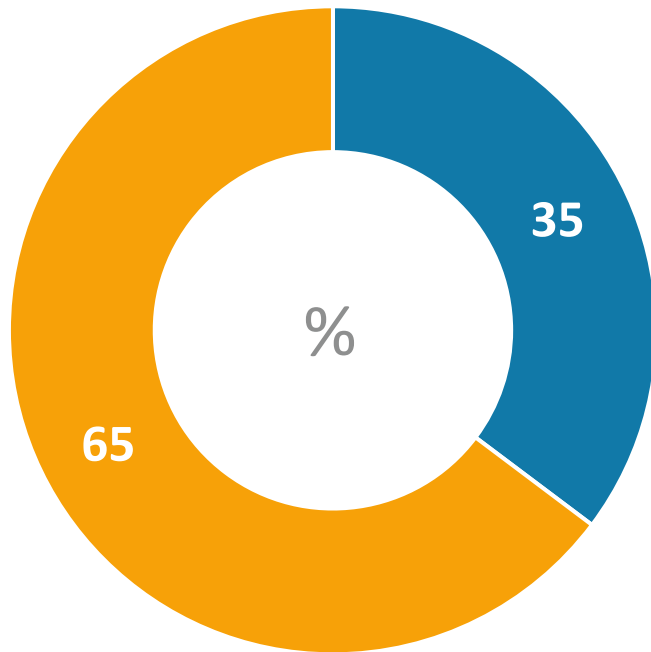
■ Totally agree ■ Somewhat agree ■ Somewhat disagree ■ Totally disagree ■ Unsure

Base: All respondents (n=700)



# Public service maintenance

Some experts like the Tax Working Group have concluded that to maintain the same level of public services that New Zealand currently has into the future, the overall amount of tax that the government collect needs to increase. Which one of the following statements is closest to what you think, even if not exact?



■ The government should leave the overall amount of tax it collects the same and reduce overall public services in New Zealand like health and education to match what is raised. %

■ The government should increase the overall amount of tax it collects to at least maintain public services at their current levels into the future.

Base: All respondents (n=700)

# Summary – Income inequality and tax brackets

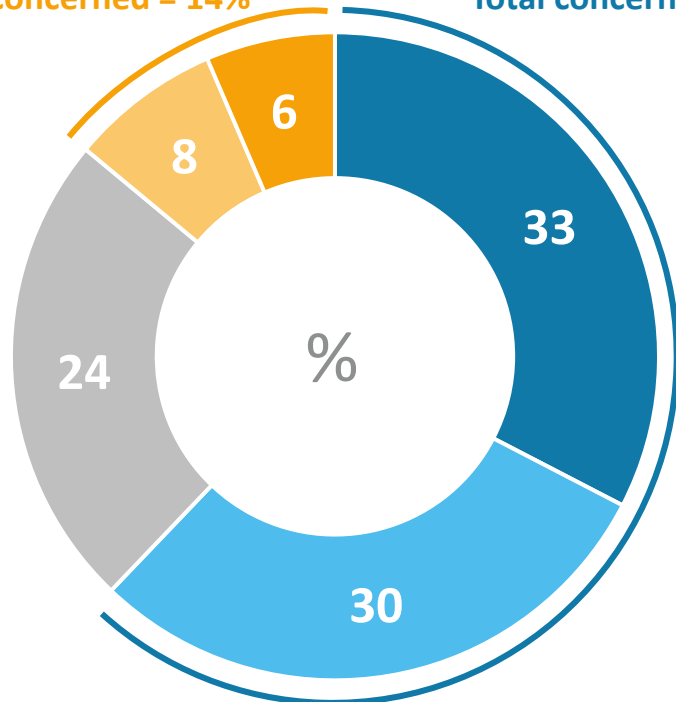
- Two fifths (62%) were concerned about the gap between those on the highest incomes and those on the lowest incomes. 14% said they were not concerned and a quarter (24%) were neither concerned or unconcerned.
  - Those with personal incomes lower than \$30k and those with a household income lower than \$50k were more likely to be concerned (71% and 70% respectively).
- A majority (59%) said the tax paid by the wealthiest 1% of New Zealand is too low. Only 11% said those individuals pay too much tax and 19% said the amount of tax paid is about right.
  - Under 30s were more likely to say the wealthiest pay too much tax (21%), compared to those 30 and over (9%).
  - Aucklanders were less likely to say the wealthiest pay too little tax (47%), compared to those outside of Auckland (63%).
- 66% of respondents said they would support (totally support + somewhat support) a fifth tax bracket for those earning significantly higher than \$70,000, while 29% opposed (totally oppose + somewhat oppose) the bracket.
  - Those with a household income lower than \$50k were more likely to support a fifth tax bracket (74%).
  - Aucklanders (57%) and those on higher incomes (55-57%) were less likely to support a fifth tax bracket.

# Income inequality

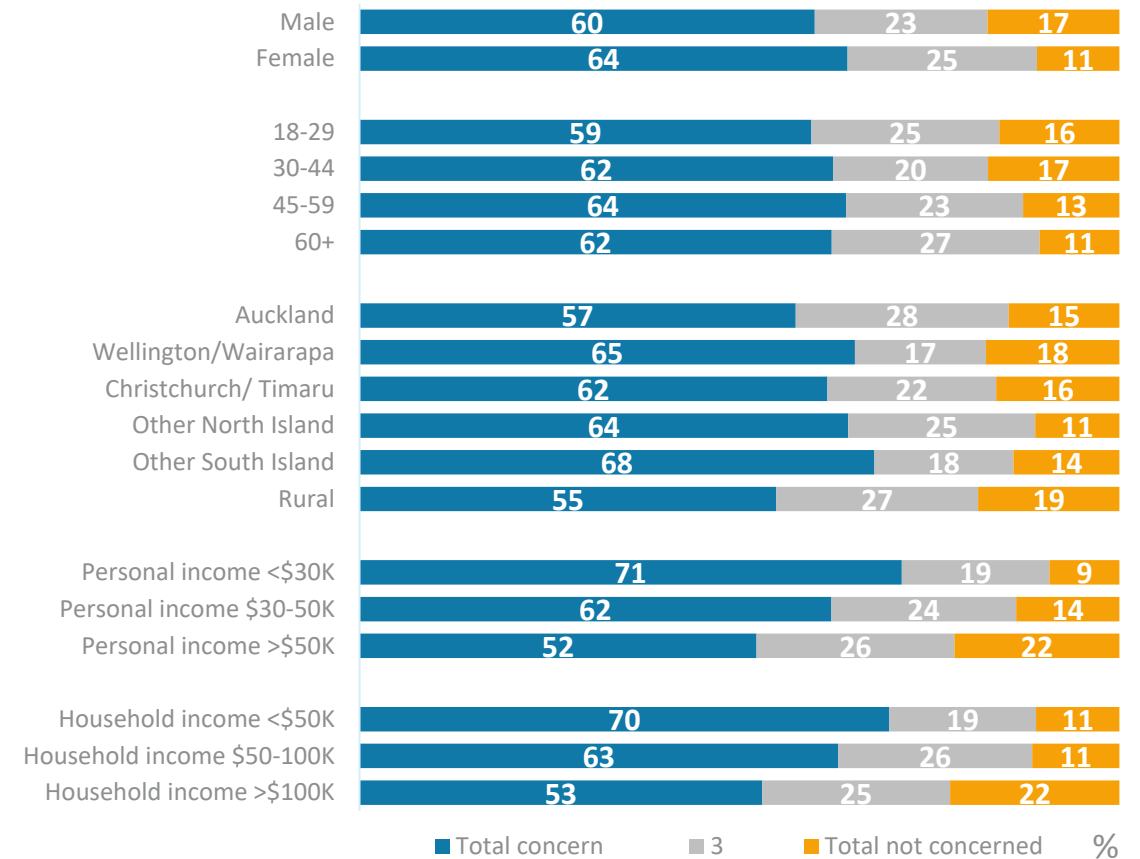


How concerned are you about the gap between those on the highest and lowest incomes in New Zealand?

Total not concerned = 14%      Total concern = 62%



■ 1 - very concerned   ■ 2   ■ 3   ■ 4   ■ 5 - Not all concerned



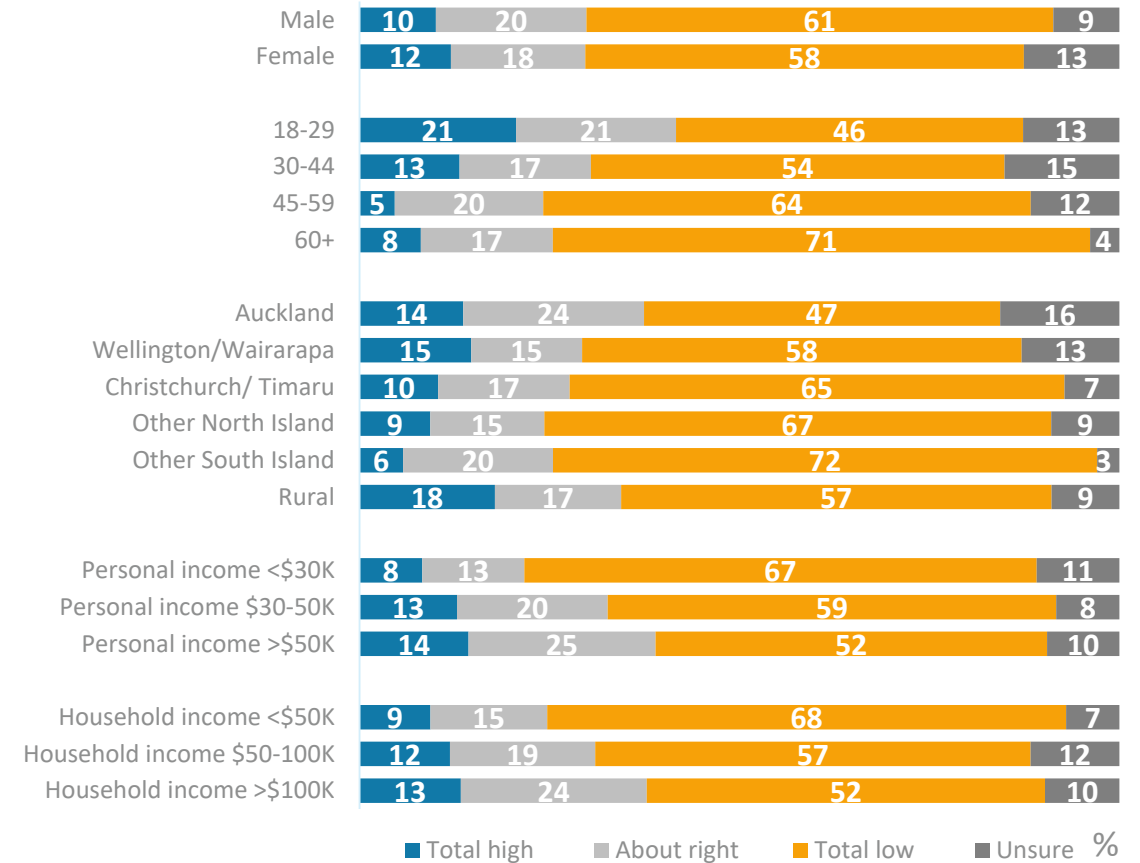
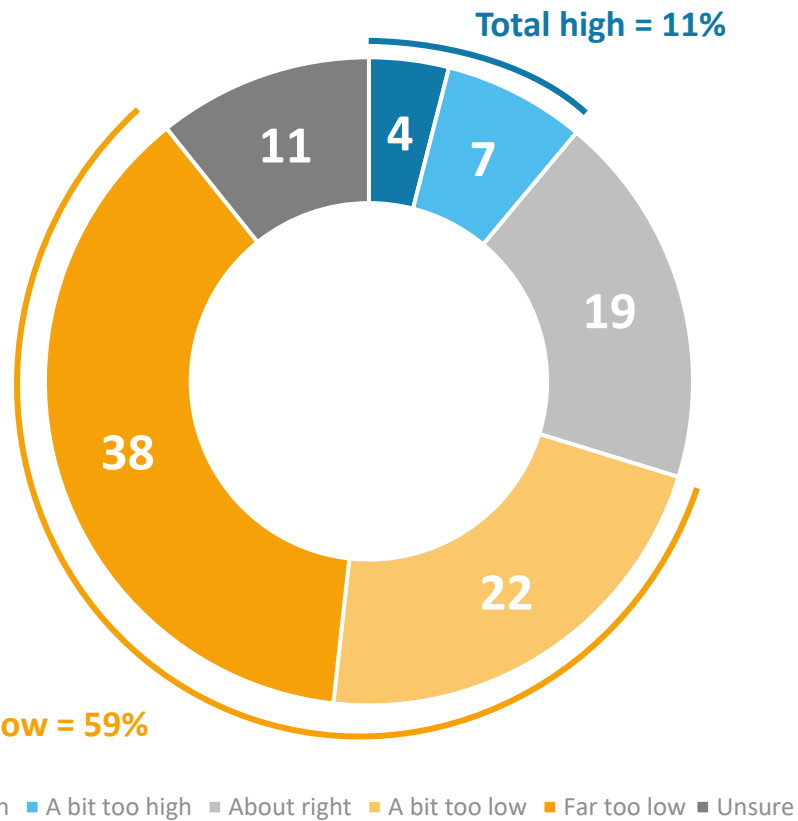
■ Total concern   ■ 3   ■ Total not concerned   %

Base: All respondents (n=700)

# Tax on the wealthiest 1%



The amount of tax paid in New Zealand by the wealthiest 1% of individual is...?



Base: All respondents (n=700)



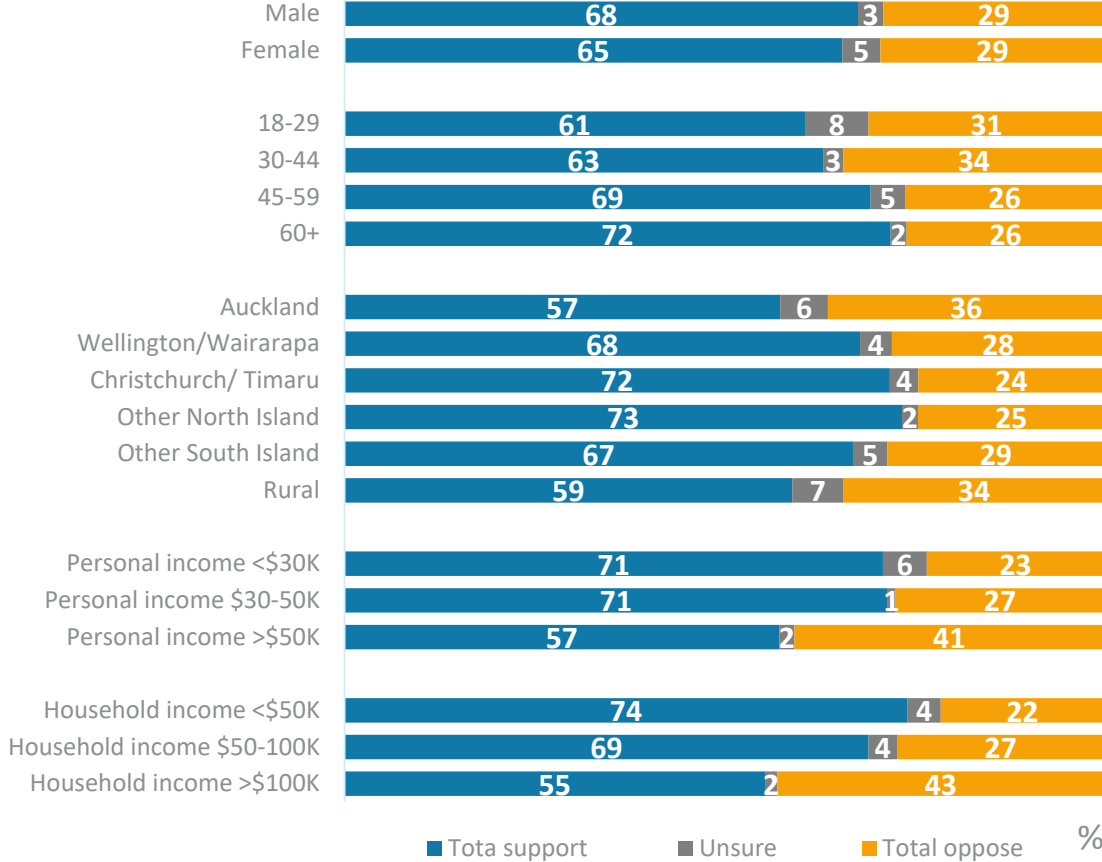
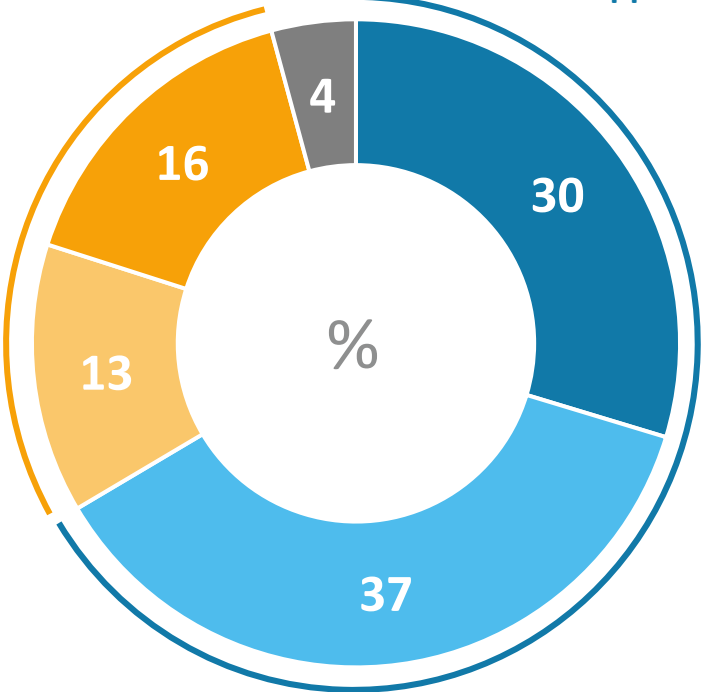
# Support for a fifth tax bracket



In New Zealand, we have tax brackets that apply higher rates of tax as people’s personal income increases. New Zealand currently has four tax brackets for people’s personal income but some countries have more brackets for higher incomes. Currently NZ’s top rate is 33% on any income earned over \$70,000. **How strongly do you support introducing a fifth tax bracket which would apply a higher rate of tax on incomes significantly higher than \$70,000?**

Total oppose = 29%

Total support = 66%



■ Totally support ■ Somewhat support ■ Somewhat oppose ■ Totally oppose ■ Unsure

■ Total support ■ Unsure ■ Total oppose %

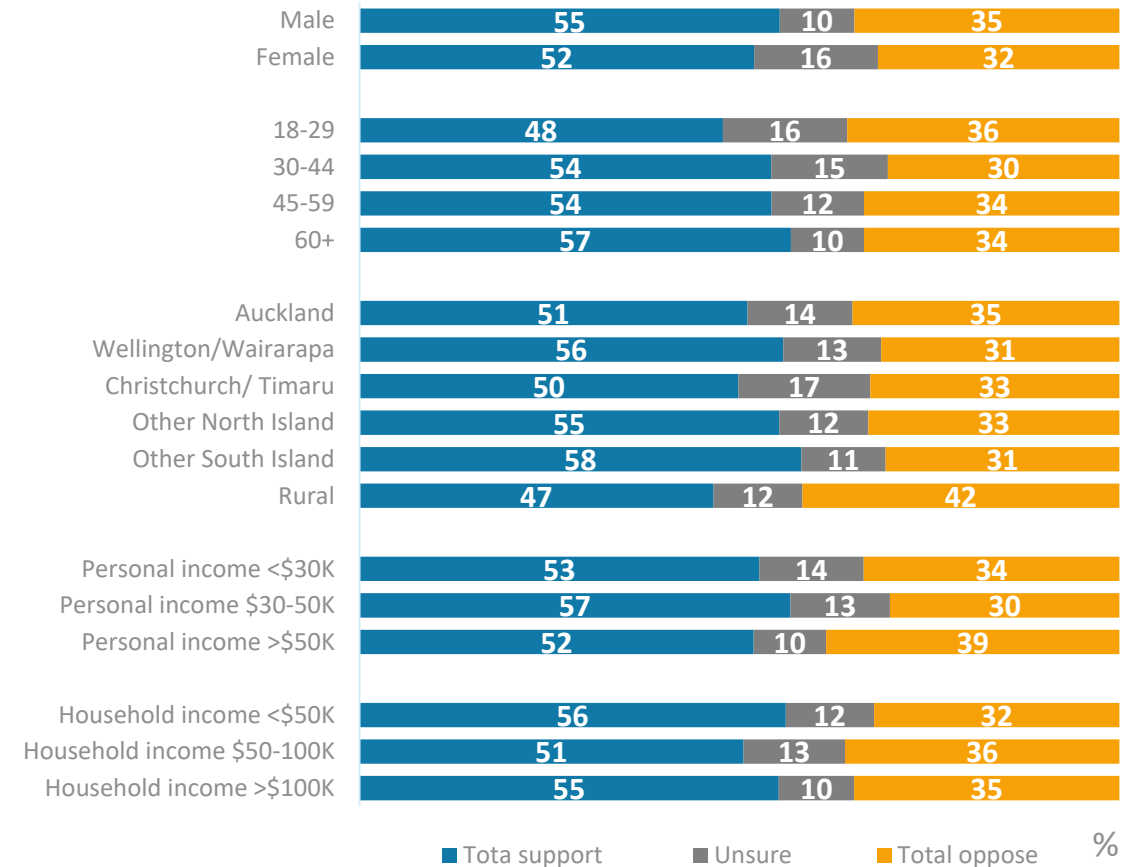
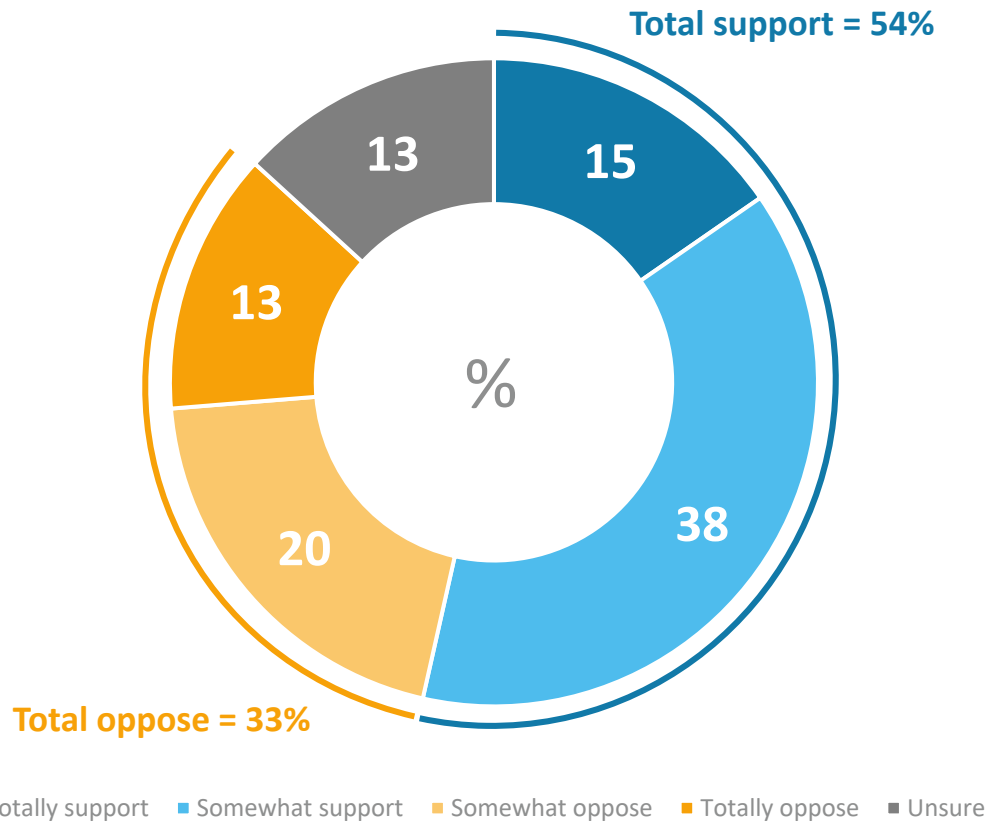
Base: All respondents (n=700)

# Summary – New taxes and statement testing

- Around 90% of respondents said they support the initiatives: ‘doing more to ensure multinational companies pay their fair share of tax’ (93%), ‘ensuring that companies that pollute the environment pay some form of tax if they continue those activities’ (90%) and ‘making the first few thousand dollars of personal income tax free’ (87%).
  - There was slightly lower support for ‘committing more government resources to making tax-avoidance harder’ (78%) and ‘taxing any profit made from the sale of rental or investment properties’ (63%).
  - There was much less support (37%) for ‘an automatic tax of less than 1% to every electronic financial transaction’.
  - All respondents over 60 supported the statement ‘doing more to ensure multinational companies pay their fair share of tax’.
  - Home owners without a mortgage were more likely to support ‘multinational companies paying their fair share of tax’ (98%) and ‘the government committing more resources to make tax avoidance harder’ (88%).

# New forms of taxation

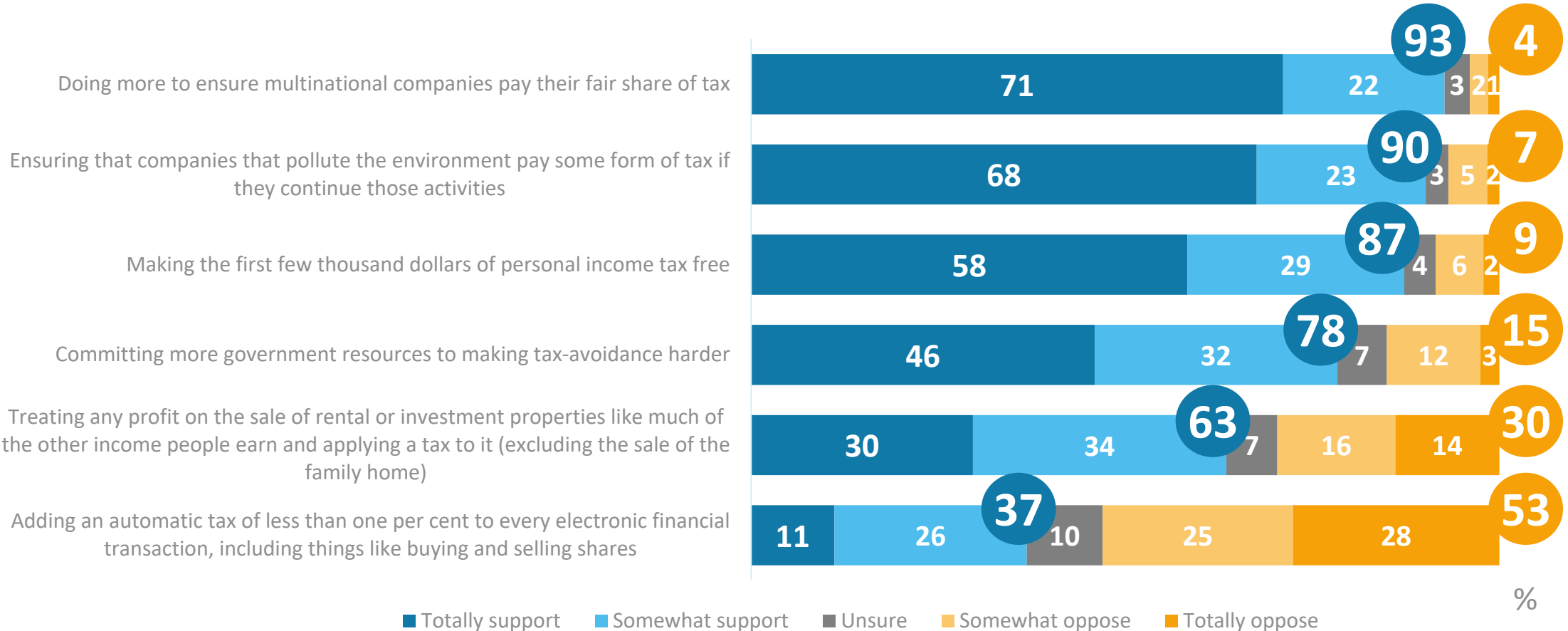
**Q** Government could change the overall amount of tax it collects or the makeup of where that tax comes from taxing things other than salaries and wages (like in some of the previous examples in this survey). **Generally speaking, how strongly do you support the government introducing new forms of taxation that are not just on salaries and wages?**



Base: All respondents (n=700)

# Statement testing

Q How strongly do you support or oppose each of the following...?



Base: All respondents (n=700)