



Retirement Policy and Research Centre

Oral Submission on the Taxation (Annual Rates, Savings, Investment, and Miscellaneous Provisions) Bill 28th September 2006

Michael Littlewood: tax principles

Year	Description	Outcome
1998	“Taxation of Life Insurance and Superannuation” (“TOLIS”)	Abandoned
2001	McLeod Review – “Risk Free Return Method” (RFRM)	Overlooked
2004	Stobo Report – proposed an “Investment and Savings Tax” or IST	Overlooked
2005	Discussion Document – “collective investment vehicles” – concessions for traders of Australian and New Zealand shares.	Superseded
2006	The current Bill – tax based on most of gains with maximum payable in a year and carry forwards for the rest – a “smoothed approximate total economic return” basis.	Superseded
2006	New basis – a “Fair Dividend Rate” or FDR has been announced but perhaps RFRM is back on the agenda?	Details still to come

The key problem is that they all disconnect individual taxpayers from “income”. Doing that automatically creates distortions, compromises and inefficiencies.

**Retirement Policy and Research Centre
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