



25 February 2004

S04.07

**Submission to the Inland Revenue Department on the  
Streamlining the Taxation of Fringe Benefits**

The National Council of Women of New Zealand (NCWNZ) is an umbrella organisation representing 42 nationally organised societies. It has 33 branches throughout the country attended by representatives of those societies and some 150 other societies. The Council's function is to serve women, the family and the community at local, national and international levels through research, study, discussion and action.

NCWNZ welcomed the opportunity to comment on this discussion document. Members are impressed that such a meticulous review is being undertaken. The difficulties in promoting fairness while trying to avoid distortions were appreciated.

While the document is quite lengthy, covering a number of issues, NCWNZ wishes only to make four comments for your consideration.

1. Although there is a compelling case for imposing Fringe Benefit Taxes, members feel that they represent yet another compliance cost for small to medium businesses and charities to cope with. This is of concern to NCWNZ, itself a charity, as women are more involved in these areas than in the large corporate sector, unless as employees.
2. To the question: "What should be a tax benefit?" (2.4) NCWNZ is of the opinion that FBT should apply only to those benefits that are easily substitutable for cash. As an example, a firm may provide employees with a gymnasium and/or swimming pool as an incentive to improve fitness for those who may not otherwise have the time or the resources, let alone the motivation, outside the workplace. Such an amenity is not readily substitutable for cash even if, for some employees, cash is saved owing to the fungibility of money. Distinguishing between those for whom the amenity saves cash and those who avail themselves of the chance to improve their health because encouraged by company policy, would be unrealistic.
3. A major concern for NCWNZ is the way the FBR affects charities. NCWNZ policy to date has been the granting of tax-exempt status for "bodies that provide services of a charitable nature to the community". These days such a definition, "charities", can be challenged, especially as many "charities" are often perceived as performing duties once the proper role of government. Members were none-the-less relieved to find the document states that "benefits provided to employees of charitable organisations are exempt from FBT..." (10.1)
4. Vehicles / Car parks. With two-thirds of FBT revenues coming from the provision of vehicles and car-parks members feel it is time to question this practice. NCWNZ has long been committed to policies of sustainability and energy conservation, policies now subscribed to by Government. Members strongly recommend that a significant reduction in road traffic and car-park space could be achieved by the issuing of non-transferable travel vouchers, where applicable, for use on buses and trains and exempt from FBT.

NCWNZ thanks the Inland Revenue Department for involving the public in this review and is most interested in the outcome.

Beryl Anderson  
**National President**

Heather Smith  
**Convener, Economics Standing Committee**