



**National Council of
Women of New Zealand**

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Wahine O Aotearoa

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**Submission to the Finance and Expenditure Select Committee
on the
Taxation (Annual rates, Venture Capital and Miscellaneous Provisions) Bill**

The National Council of Women of New Zealand (NCWNZ) is an umbrella organisation representing 41 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.

General Comment

NCWNZ is particularly interested in aspects advantageous to women in business, whether firms or farms, hence our approval of items considered tax-payer friendly. Generally the improvements to dispute procedures outlined in Part 3 of the Bill found approval with our members. A more accessible small claims process is much to be desired. For small to medium businesses time spent in litigation of any sort must be minimised.

Part 2, Clauses 10 & 11

The deductibility of patent costs and resource management application costs are supported by NCWNZ. Such costs are usually undertaken in the belief that a taxable activity will eventuate so, in the name of fairness, such deductions should be allowed whether the applications are granted or not. NCWNZ believes that **Clauses 10 and 11** encompass this concept.

Part 2, Clause 13

The horticultural amortisation changes proposed in **Clause 13** should be welcomed by those engaged in related industries. These changes are seen as offering relief from dependency on bank overdraft facilities.

Part 2, Clause 33

This refers to amendments to the 1994 Income Tax Act which would allow individuals who derive income from self employment or partnerships to receive a rebate for payment of tax in the first year of payment. NCWNZ strongly supports this amendment. Such incentives are necessary to encourage the early payment of tax which is not required to be paid until the second year of trading. To attract earlier payment of taxes, members suggest the interest rate needs to be slightly higher than offered in order to compete with bank term deposit rates.





Part 3, Clause 78 (2)

NCWNZ does have reservations about the proposed time frame within which a taxpayer may claim a GST refund. Two years seems unnecessarily short as there can sometimes be errors and omissions which go undetected for a considerable period. Members were concerned that this measure might disadvantage legitimate claims which may arise when court cases signal to other taxpayers that they too could be entitled to some kind of refund for prior periods.

NCWNZ believes that this Bill should be acceptable to most businesses provided the compliance costs are kept in check.

Thank you for the opportunity to comment.

Beryl Anderson
National President

Heather Smith
Convener, Economics Standing Committee