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Think Ahead

ACCA

Public trust in tax – New Zealand

A pulse check on
public trust and
people's views
on taxation in
New Zealand
compared to
G20 countries

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ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants, offering business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

ACCA supports its **198,000** members and **486,000** students in **180** countries, helping them to develop successful careers in accounting and business, with the skills required by employers. ACCA works through a network of **101** offices and centres and more than **7,291** Approved Employers worldwide, who provide high standards of employee learning and development. Through its public interest remit, ACCA promotes appropriate regulation of accounting and conducts relevant research to ensure accountancy continues to grow in reputation and influence.

More information is available at: www.accaglobal.com

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IFAC is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of over **175** members and associates in more than **130** countries and jurisdictions, representing almost **3 million** accountants in public practice, education, government service, industry, and commerce.

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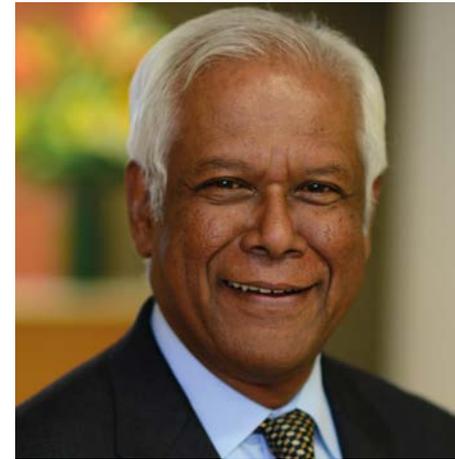
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The G20 Public Trust in Tax series is the first ever in-depth study of people's views, across all of the G20 Nations, on tax and trust. This supplementary report examines New Zealanders' views and how they compare to those of people across the G20.

Results show people in New Zealand, and the G20 alike, want their governments to cooperate for a more coherent international tax system and that they trust tax professionals. New Zealanders are more trusting of politicians on tax than their G20 counterparts and are strongly supportive of tax incentives for retirement planning and green energy projects.

New Zealand needs to continue to develop and maintain an effective tax system which is in step with technology and changing business models; and with a key focus on international cooperation to eliminate tax distortions.



G20 Public Trust in Tax conveys the voices of more than 7,600 people across the G20 countries, and this supplementary report brings together the additional views of over 400 New Zealanders to compare and contrast with those of citizens throughout the G20. We believe it is vital to listen carefully and understand how people really feel about the international tax issues being debated in a crowded policy arena, and how those views compare between countries.

Making taxation work effectively in the globalized, digital 21st century calls for collaboration among policymakers and a commitment to working together on implementing agreed steps. But it is citizens who will ultimately shape their government’s ability to implement reforms to our international tax system, and they will be the ultimate beneficiaries.

Like those throughout the G20 countries, most people in New Zealand want their governments to prioritize cooperation over competition for a more coherent international tax system, but making this a reality demands the public’s trust.

While there is much we agree on throughout the G20 world, people’s views diverge on who is paying enough tax, and who should be able to arrange their affairs in order to minimize tax—whether multinationals, local companies, or individuals at different income levels. Understanding the nuanced views of people in New Zealand and across G20 countries revealed in this study should help policy-makers better understand and tackle the challenges ahead.

We urge the New Zealand Government, as well as governments in G20 countries and beyond, to heed people’s clear call for cooperation, to constantly listen to them, and work hard to earn their trust by building a coherent international tax system fit for the 21st century.

Helen Brand OBE
Chief Executive, ACCA

Rick Ellis
Chief Executive, CA ANZ

Faye Choudhury
Chief Executive, IFAC

“It’s a very complex area. Corporations should pay tax but not to the degree that it’s prohibitive for them to operate.”

Respondent in New Zealand

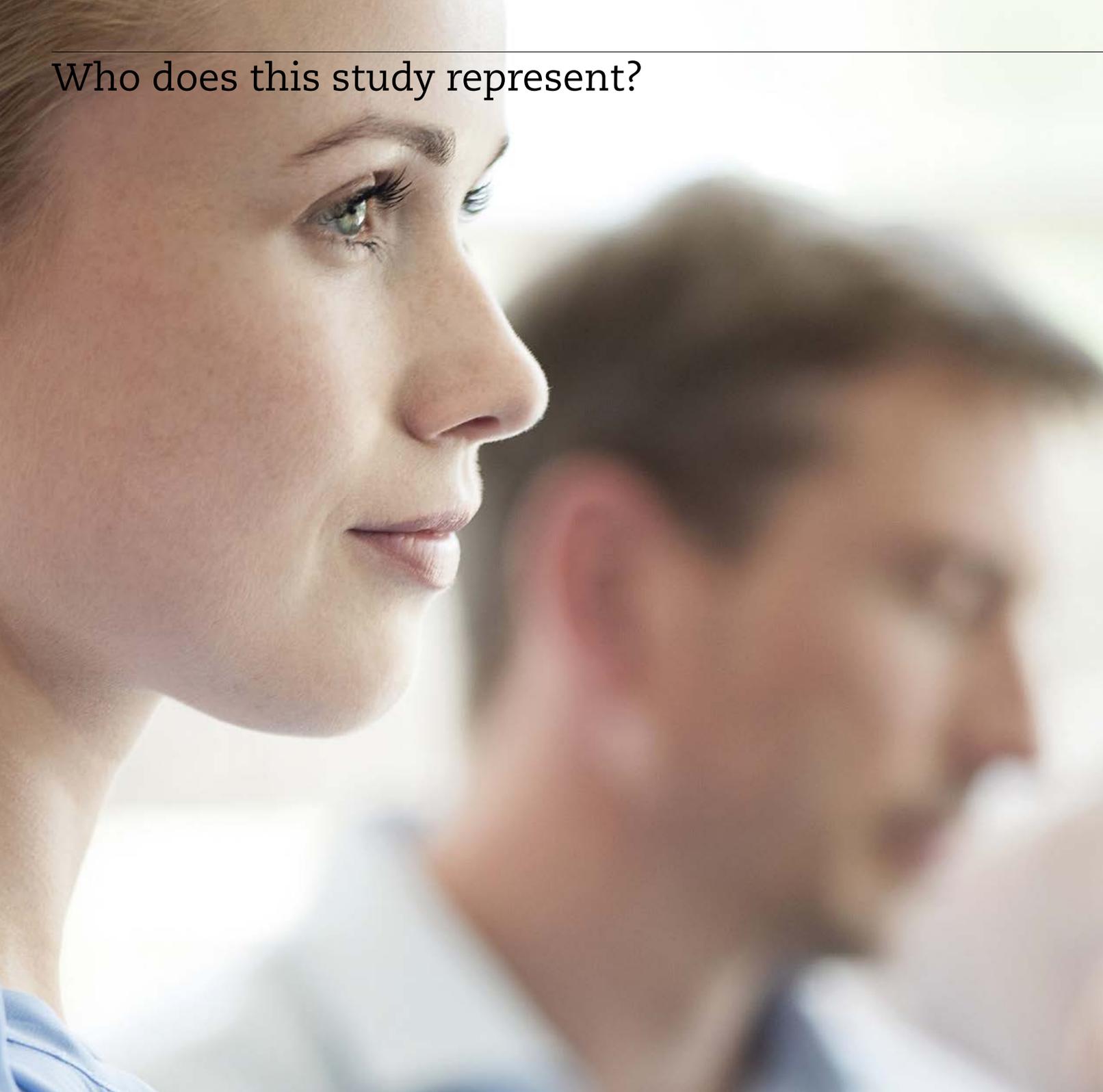
KEY FINDINGS

1. **63%** of people in New Zealand trust or highly trust professional accountants for information on the tax system, compared to **57%** across G20 countries on average (**50%** of New Zealanders trust or highly trust professional tax lawyers, and **22%** trust or highly trust non-government organizations).
2. **61%** of people in New Zealand distrust or highly distrust politicians when it comes to the tax system, compared to an average of **67%** in G20 countries. This public trust deficit extends to media (**35%** of New Zealanders distrust or highly distrust), and business leaders (**38%**).
3. New Zealanders want their government to cooperate on tax policy with other countries for a coherent international system – **5x more** prefer tax policy cooperation than competition (G20 average **3.5x more** prefer tax policy cooperation).
4. New Zealanders tend to see paying taxes more as a matter of laws and regulation, than morals and fairness – almost **2.5x more** see tax as mainly about laws and regulations (G20 countries: **twice as many** saw tax as more about laws and regulations, as those who think it is mainly about morals and fairness).
5. People in New Zealand are overall most supportive of government tax incentives for retirement planning (**83%**), and green energy projects (**76%**), while in G20 countries people overall indicated higher levels of support for tax incentives for green energy projects. People in New Zealand were substantially less supportive of tax incentives to attract investment by multinational companies (**34%**) than those across G20 countries overall (**49%**).
6. **63%** of New Zealanders agree or strongly agree average and low income earners are paying a reasonable amount of tax, while only **20%** believe multinationals are paying enough. This differs substantially from the views of people in G20 countries, where **52%** believe multinationals are paying enough, while only **46%** believe average or low income earning individuals are.
7. New Zealanders’ views on the appropriateness of arranging affairs to minimize taxation also differed from most people across the G20 countries – **67%** believe it is appropriate or very appropriate for average or low income earners to do this, while only **44%** believe it is appropriate for multinationals.
8. **47%** of people in New Zealand believe the work of professional accountants is contributing to more efficient tax systems (**47%**, more effective tax systems, **35%** more fair tax systems). More people in G20 countries had supportive views (**58%** more efficient tax systems, **56%** more effective tax systems; **49%** more fair tax systems).

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Who does this study represent?



This study is based on an online survey of more than 8,000 individuals carried out in two sessions; across New Zealand (Autumn 2017) and G20 countries (April 2017), providing a representative sample of the population in each country with a confidence level of 95% and confidence interval of 5%¹.

Respondents include approximately 400 individuals residing in New Zealand and each of the following G20 nations: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, and the United States of America (the European Union, being the 20th G20 jurisdiction, was not sampled as a separate jurisdiction although EU Countries France, Germany, Italy, and the United Kingdom are included in the study).

The sample in each country is balanced by demographics based on census data including age (targeting individuals of taxpaying age), gender, ethnicity, household income levels, and geographic location within the country.

¹ A confidence level of 95% and confidence interval of 5% mean there is a 95% probability that if you surveyed the entire population, the views expressed would be within 5% of those presented in this study.

This study is based on an online survey of more than 8,000 individuals across New Zealand and G20 countries, including approximately 400 individuals residing in New Zealand.

>8,000

individuals across New Zealand and G20 countries

Figure 1: New Zealand study participants' household incomes



■ Less than \$25,000	7.5%
■ \$25,000 to \$34,999	10.3%
■ \$35,000 to \$49,999	14.8%
■ \$50,000 to \$74,999	25%
■ \$75,000 to \$99,999	23.3%
■ \$100,000 to \$124,999	10%
■ \$125,000 to \$149,999	5.5%
■ \$150,000 or more	3.8%

Who do New Zealanders trust when it comes to the tax system?

- 63% of people in New Zealand trust or highly trust professional accountants for information on the tax system, compared to 57% across G20 countries on average.
- 50% of New Zealanders trust or highly trust professional tax lawyers, and 22% trust or highly trust non-government organizations.
- 61% of people in New Zealand distrust or highly distrust politicians when it comes to the tax system. Compared to an average of 67% in G20 countries.
- This public trust deficit extends to media (35% of New Zealanders distrust or highly distrust), and business leaders (38%).

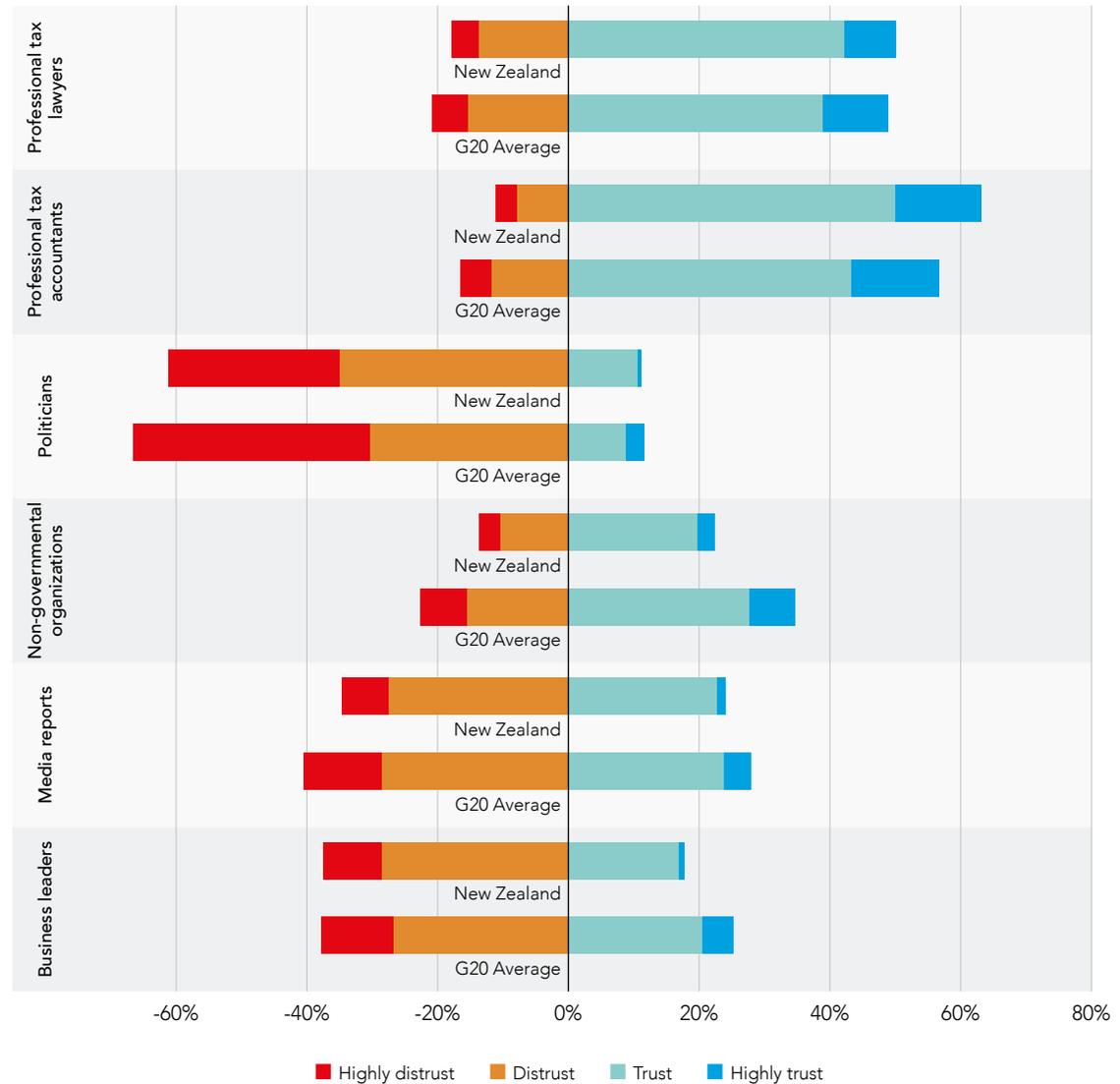


“We need to make it clearer to citizens why tax is essential for services such as education and healthcare. Too many people see tax as the government taking from the citizens, rather than an obligation to the greater good of all people.”
Respondent in New Zealand

61%

of people in New Zealand distrust or highly distrust politicians when it comes to the tax system, compared to an average of 67% in G20 countries

Figure 2: Who do people trust when it comes to the tax system?



More people in New Zealand want the government to cooperate on tax than to compete on tax, like those in G20 countries overall

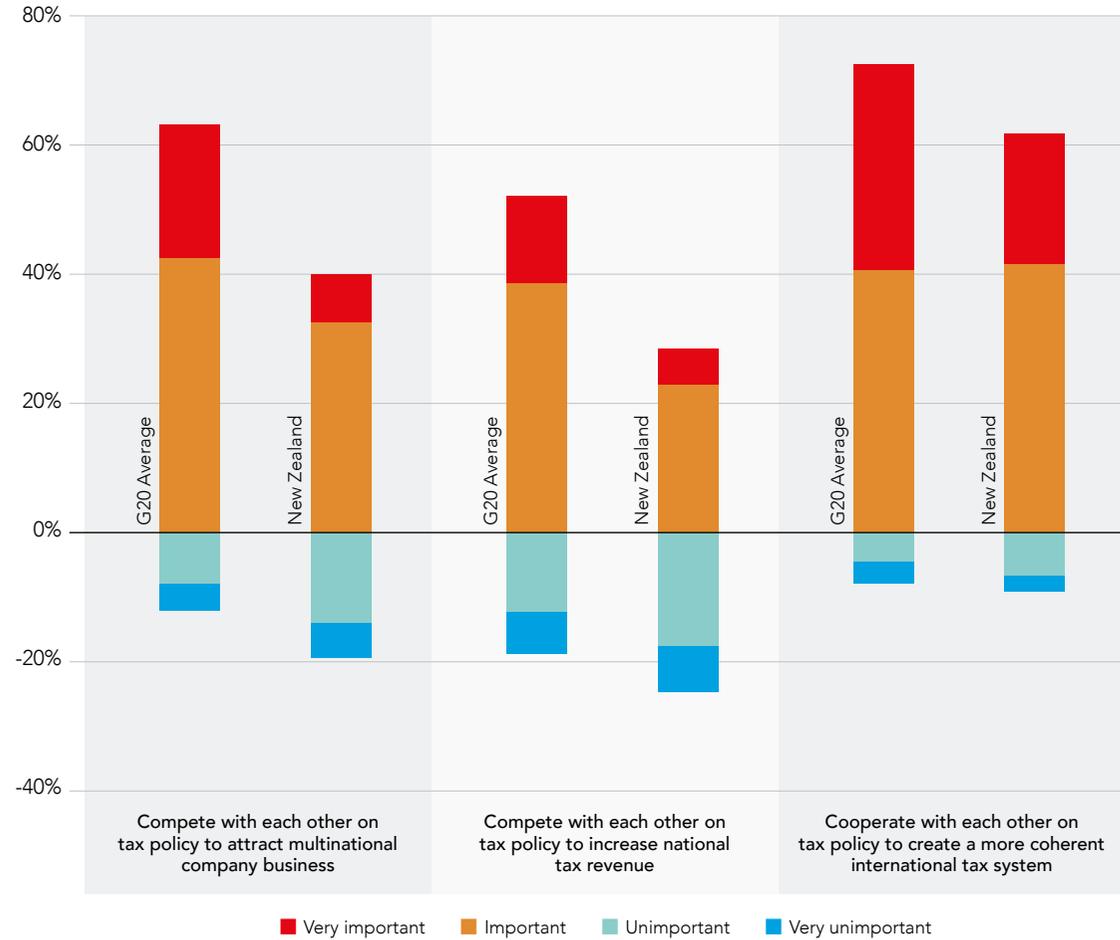
- Almost 5x more New Zealanders want their government to cooperate on tax policy with other countries for a coherent international system, than prefer tax policy competition in the national interest (3.5x prefer tax policy cooperation over competition across G20 countries).
- 62% of people in New Zealand think it is important or very important for governments to cooperate with each other on tax policy to create a more coherent international tax system (G20 countries: 73%).

“We are different from each other, that isn’t a bad thing.”
Respondent in New Zealand

62%

of people in New Zealand think it is important or very important for governments to cooperate with each other on tax policy to create a more coherent international tax system (G20 countries: 73%)

Figure 3: Should governments cooperate or compete on tax policy?



In New Zealand, more people tend to think paying taxes is about laws and regulations, than morals and fairness, also in line with people in G20 countries overall

- New Zealanders tend to see paying taxes as a matter of laws and regulation, than morals and fairness – almost 2.5x more see tax as mainly about laws and regulations (G20 countries: twice as many saw tax as more about laws and regulations, as those who think it is mainly about morals and fairness).
- 74% of people in New Zealand agree or strongly agree that paying taxes is mainly a matter of laws and regulations (G20 countries: 73%).



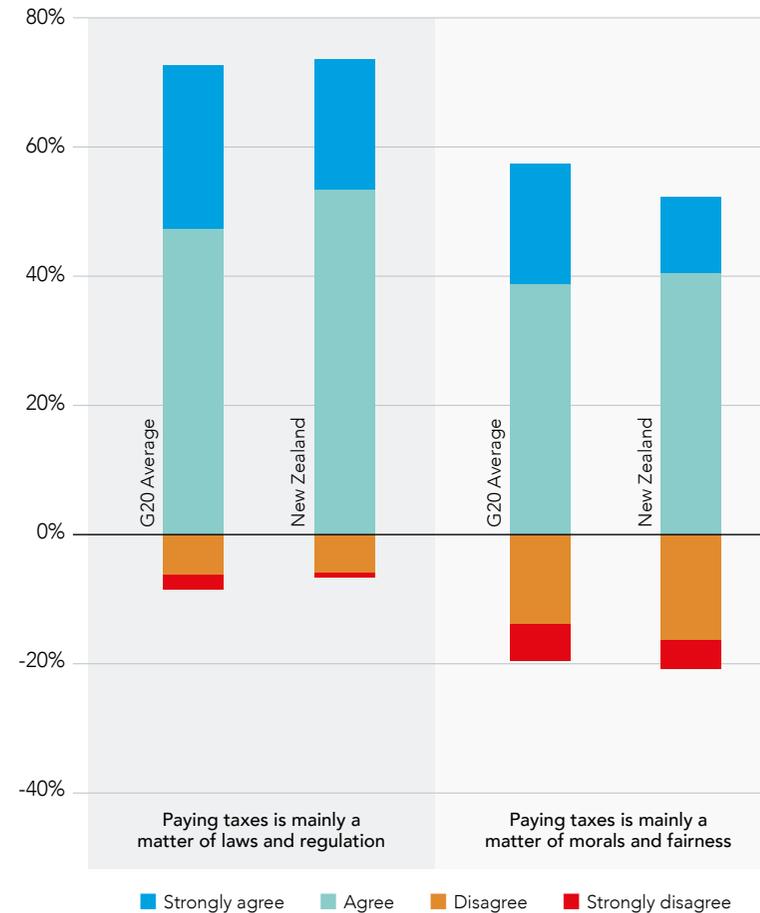
“There is nothing immoral about tax avoidance, provided that it is done legally, the problem is poor legislation.”

Respondent in New Zealand

74%

of people in New Zealand agree or strongly agree that paying taxes is mainly a matter of laws and regulations (G20 countries: 73%)

Figure 4: Is tax more about morals and fairness or laws and regulation?



People in New Zealand are largely supportive of tax incentives for a range of social and economic objectives, although their priorities differ from those across G20 countries overall

- People in New Zealand are overall most supportive of government tax incentives for retirement planning (83%), and green energy projects (76%).
- People in G20 countries overall preferred tax incentives for green energy projects (76%) than for retirement saving (74%).
- People in New Zealand were substantially less supportive of tax incentives to attract investment by multinational companies (34%) than people across G20 countries overall (49%).

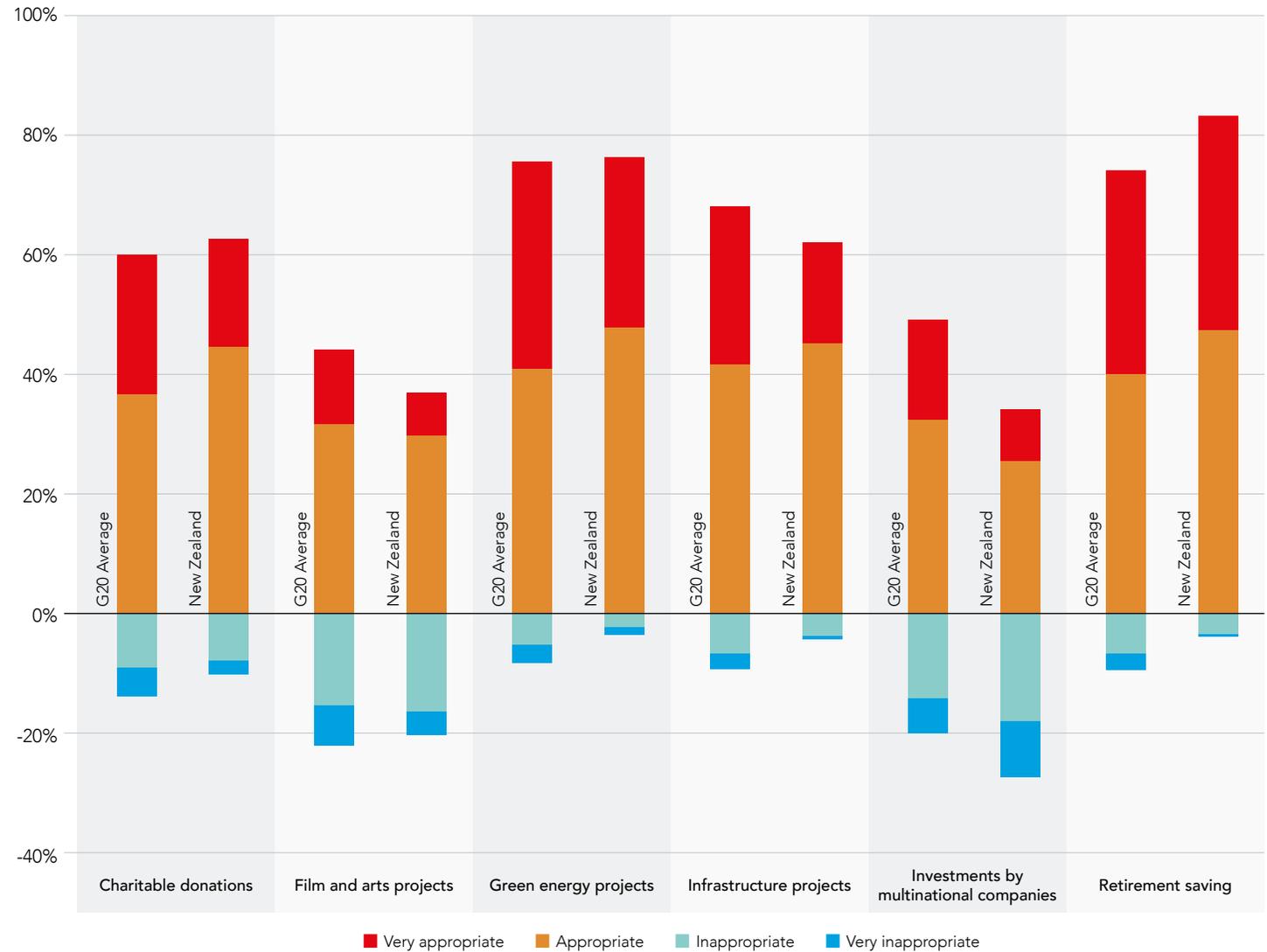


“There needs to be a balance between providing tax breaks which attract businesses to the country, and ensuring that they are not “milking it” for their own benefit – with little flow on benefits to the country.”
Respondent in New Zealand

34%

of people in New Zealand were substantially less supportive of tax incentives to attract investment by multinational companies than people across G20 countries overall (49%)

Figure 5: What are government tax incentives appropriate for?



People's strong views in New Zealand on who's paying enough tax differ significantly from views across G20 countries overall

- 63% of New Zealanders agree or strongly agree average and low income earners are paying a reasonable amount of tax, while only 20% believe multinationals are (60% of New Zealanders disagree or strongly disagree that the amount of tax paid by multinationals is reasonable).
- This differs substantially from the views of people in G20 countries, where 52% believe multinationals are paying enough, while only 46% believe average or low income earning individuals are.

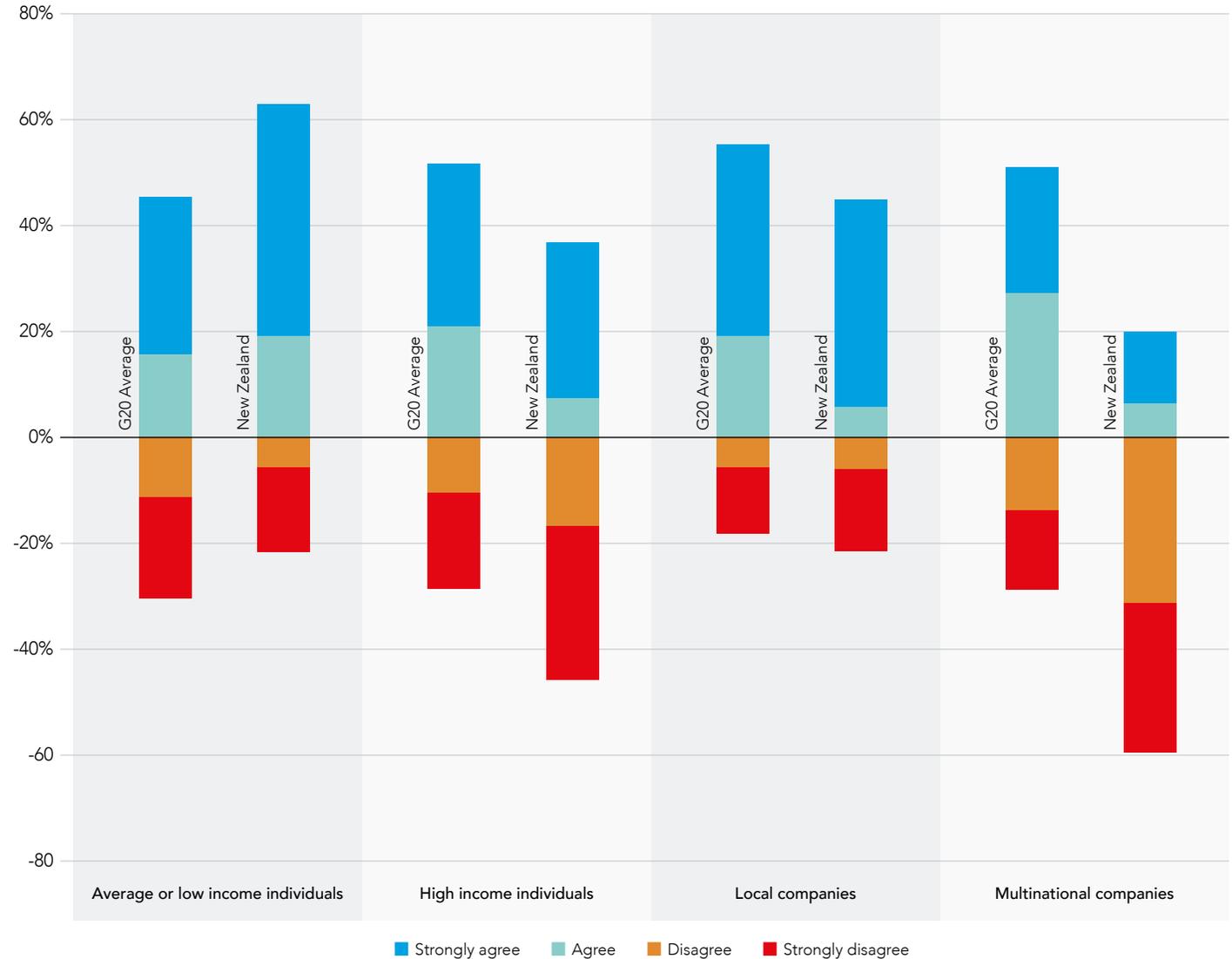


“The tax burden should be distributed equally across tax payers within society so that no one sector of the population is unnecessarily disadvantaged or advantaged.”
Respondent in New Zealand

60%

of New Zealanders disagree or strongly disagree that the amount of tax paid by multinationals is reasonable

Figure 6: Who's paying enough tax?

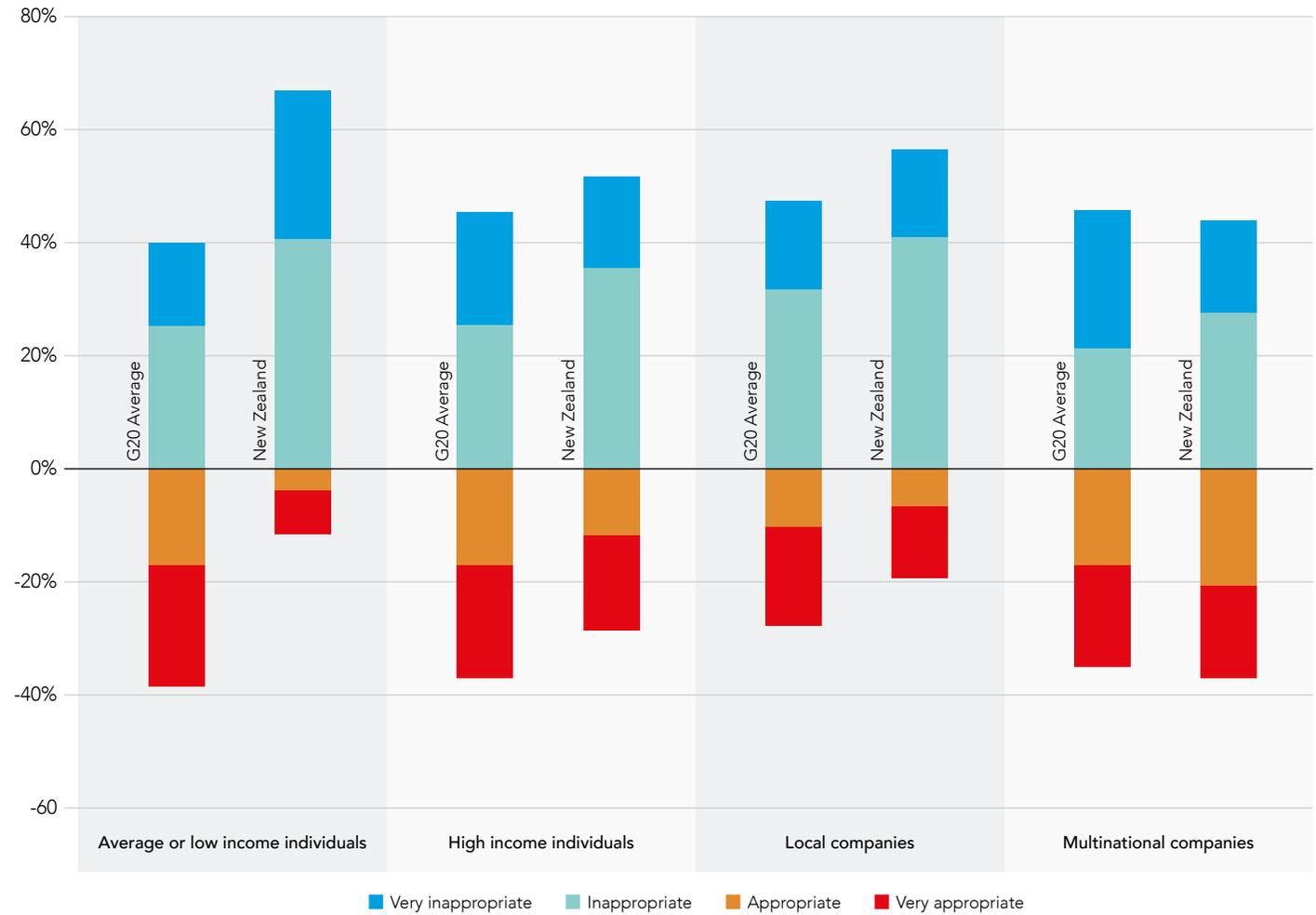


People's views in New Zealand on arranging affairs to minimize tax also differ from views across G20 countries overall



- New Zealanders' views on the appropriateness of arranging affairs to minimize taxation also differed from most people across the G20 countries – 67% believe it is appropriate or very appropriate for average or low income earners to do this, while only 44% believe it is appropriate for multinationals.
- People in G20 countries are 15% more likely to think it is appropriate or highly appropriate for multinational companies to arrange their affairs in order to minimize taxes, than for average or low income earning individuals to employ tax minimization.

Figure 7: How appropriate is it to arrange your affairs in order to minimize taxes?



“No matter where in the world, individuals will always feel that we are taxed highly.”
Respondent in New Zealand

67%

believe it is appropriate or very appropriate for average or low income earners to arrange their affairs to minimize taxation

People in New Zealand had similar views to G20 countries overall on the impact of different tax payers' share toward the country's finances

- People in New Zealand tend to believe that the amount of tax paid by high income earners and companies has a greater significance than average or low income earners' taxes on the country's financial situation and ability to provide services to citizens.
- 70% of New Zealanders think the amount of tax paid by high income earners has a significant or very significant impact, while only 42% think the taxes paid by average or low income earners has a significant or very significant impact.

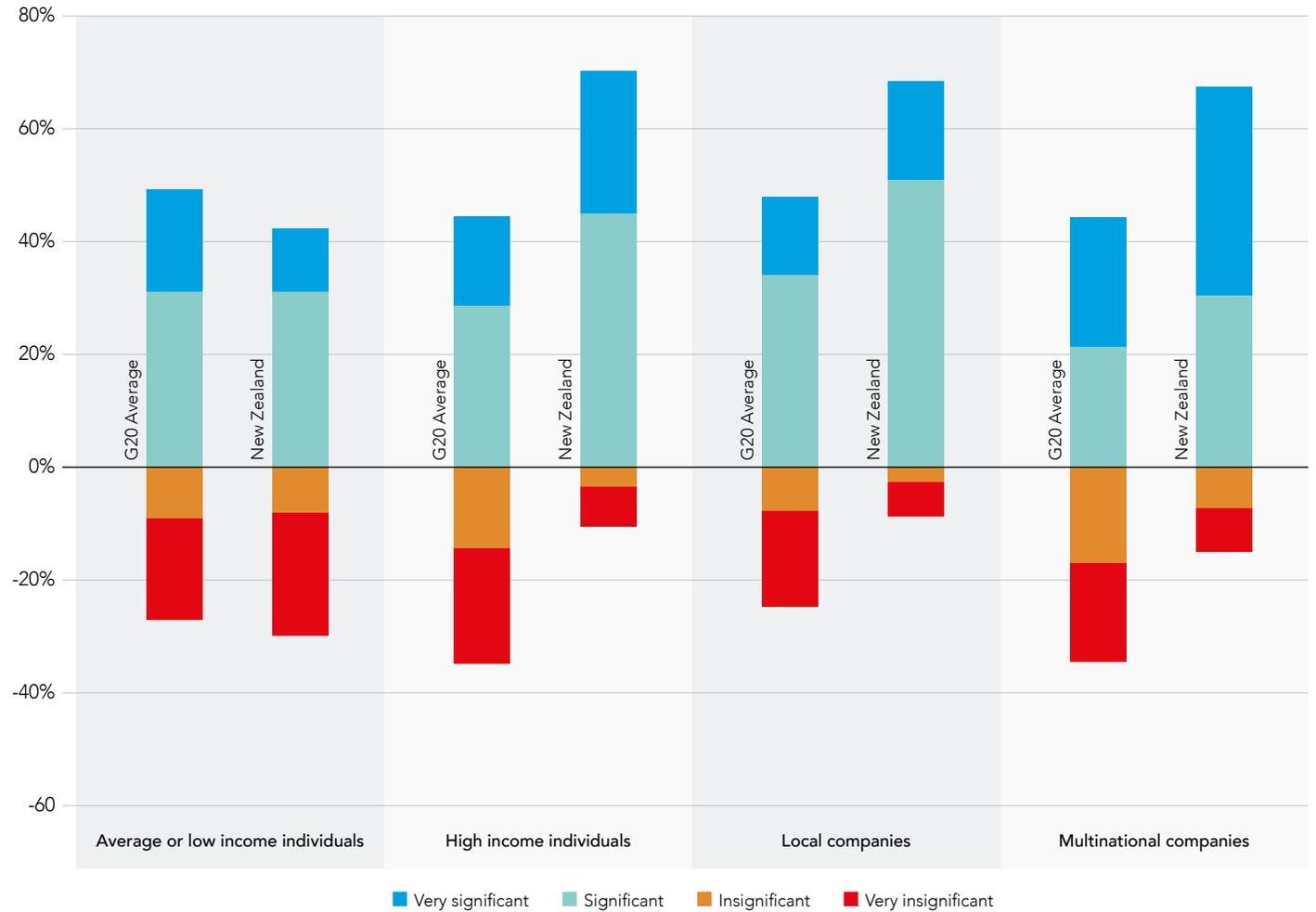


“Tax should be based on income: well off companies should still have to pay reasonable tax and get some tax breaks to encourage having their business here, but not an excessively low amount of tax.”
Respondent in New Zealand

70%

of New Zealanders think the amount of tax paid by high income earners has a significant or very significant impact

Figure 8: How significant is the amount of taxes paid by the following to your country's financial situation and ability to provide services to citizens?



People in New Zealand tend to agree professional accountants are playing an important role in the tax system

- 47% of people in New Zealand believe the work of professional accountants is contributing to a more efficient tax system (47%, more effective tax system, 35% more fair tax system).
- People in G20 countries had stronger supportive views, with 58% of people believing the work of professional accountants is contributing to more efficient tax systems (56%, more effective tax systems; 49% more fair tax systems).

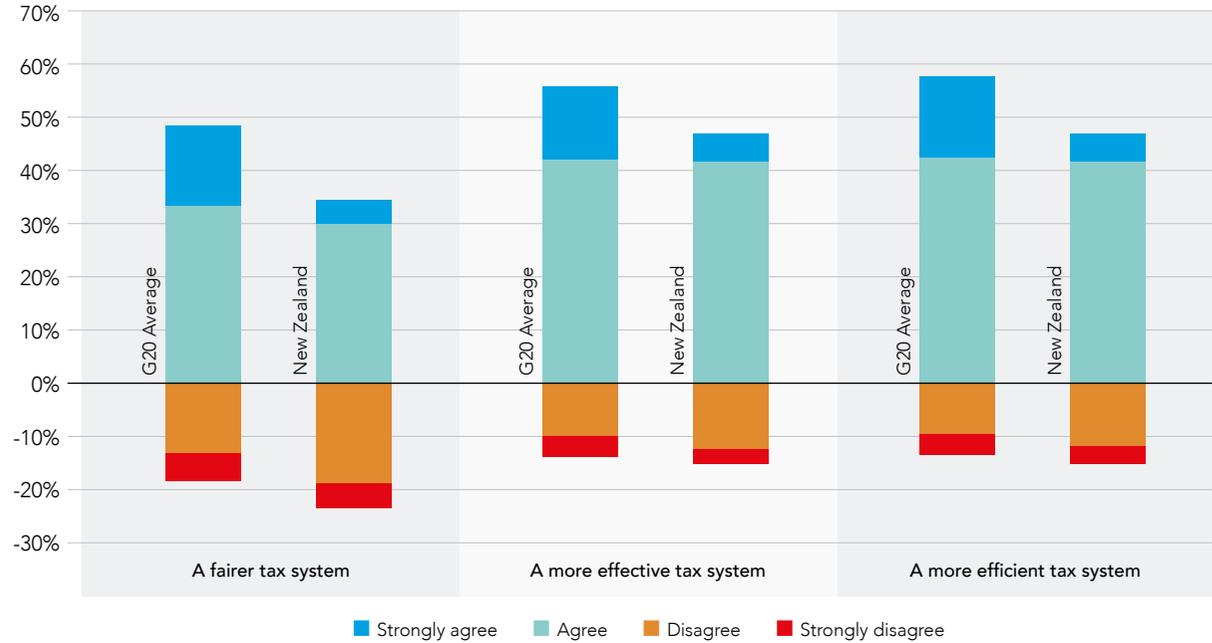


“Tax needs to be easier for individuals, and we should know where our taxes are being spent.”
Respondent in New Zealand

47%

of people in New Zealand believe the work of professional accountants is contributing to a more efficient tax system

Figure 9: Do you agree the work of professional accountants contributes to a better tax system?



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