

5 November, 1998

The Investment Savings and Insurance Association is bitterly disappointed that NZ First failed to support the Government when it presented the Tax Credit System (TOLIS) Bill in the House today, says Vance Arkinstall, Acting Chief Executive of the Investment Savings and Insurance Association.

Mr Peters' actions represent a change in direction from confirmations of support given to the industry last week and in a media statement dated 28 October in which he said:

"NZ First will support the TOLIS legislation because while it does have its defects it is better than nothing and it will encourage savings."

Mr Arkinstall went on to say:"It has long been recognised that New Zealanders paying tax at the lower marginal rate of 21.75 cents in the dollar have been disadvantaged in their retirement savings efforts because the superannuation and investment funds they place their savings with pay tax on investment earnings at the higher rate of 33 cents in the dollar."

"The delays in introducing this legislation have been a major frustration to the investment and savings industry at a time when we are attempting to encourage increased savings for retirement."

"The industry supported the Tax Credit System, even though it was not its preferred option due to its complexity and the high costs of implementation, because we were keen to see assistance for low income savers. We see the Tax Credit System as being in the interests of New Zealand savers who will now be penalised by further delays."

"We remain hopeful that the Government will be able to find a way to introduce this legislation which is important to low income savers," Mr Arkinstall said.

The Tax Credit System would provide low income earners with direction and encouragement to save and allow the industry to work with Government towards a simplified taxation system and the removal of all barriers to saving," Mr Arkinstall said.

For further information contact:

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