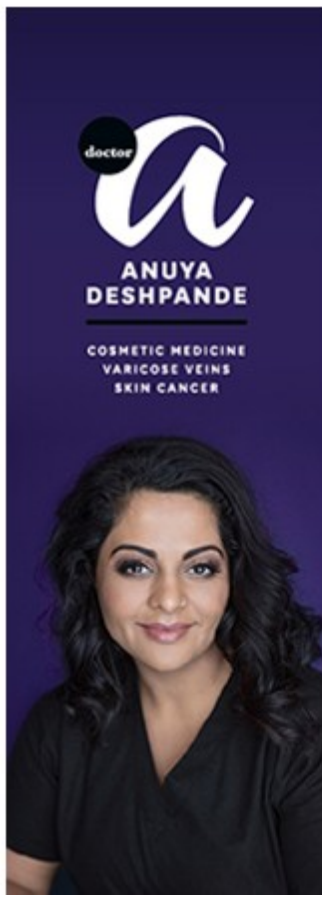




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Replace GST with FTT



The government could head off the avalanche of wage claims by scrapping GST and replacing it with a financial transactions tax.

These wage claims have the potential to wreck the economy by increasing inflation. Private sector employers will likewise be under pressure to raise wages, increasing their costs.

Replacing the 15 per cent GST with a financial transactions tax of a quarter of one per cent (25 cents in every \$100) on all financial transactions would give workers across the board a substantial increase in purchasing power greater than they would get from wage rises.

It would generate a similar revenue as GST for government, but with substantial amounts coming from the speculative sector of the economy.

Additionally, all businesses would be relieved of the burden of accounting for GST, filing returns, and audits as it's a simple tax to implement.

Replacing GST with an FFT would put more money in the hands of lower paid New Zealanders who currently pay tax far out of proportion to their incomes.

It would be fitting that Labour, the party that first introduced GST and unleashed the neo-liberal economic experiment on the country, are the ones that finally scrap it.

T Livingston, Whakamarama (Abridged).