

## PRIVATE SAVINGS ERODED BY GST

Dear Sirs

I would like to submit the following for your consideration.

This is a subject/problem created by GST for ordinary New Zealanders, I am sure that we are not the only people to be disadvantaged in this way.

During the 1980's and 1990's the government urged us to save for our retirement. We did so in a private capacity, rather than spending we saved. We had built up a nest egg of over \$250,000 by 1995. We paid 48% and higher income tax on those earnings. Now we come to spend that capital we are paying 15% GST on everything we purchase.

My wife and I are now retired and we cannot live on interest alone.

This question is not about current income and the proposed reduction in income tax has no bearing on our problem.

This question is not about New Zealand Superannuation payments.

It is only about the erosion of our private superannuation savings. These savings are being eroded by 15% and our \$250,000 is now worth \$37,500 less. These figures are based on 1995 dollar value, we have kept our savings in safe investments and did not spend the interest. Our savings have grown to \$390,000 which is a fair present day dollar equivalent. The loss we suffer is even higher, \$58,500.

Is it fair or equitable to tax us twice on these savings?

I have read the article (Dominion Post 25 October 2010) by David Grimmond where he argues for no income tax and government revenue raised by GST. The rate estimated by him at 40 to 45%. This is even more worrying. He completely misses the issue of the erosion of hard earned savings people already have.

Surely we aren't the only people in New Zealand in this situation.

Maybe we were stupid to save and nurture our savings?

I would greatly appreciate any comment you could make on what I've said.

yours faithfully

Douglas May