GloBE Tax Rules

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New Zealand Council Of Christian Social Services

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Organisation Name:	New Zealand Council of Christian Social Services (NZCCSS)
Organisation Description:	The New Zealand Council of Christian Social Services (NZCCSS) welcomes the opportunity to provide feedback on the GloBE Tax Rules. NZCCSS has six foundation members: the Anglican Care Network, Baptist Churches of New Zealand, Catholic Social Services, Presbyterian Support and the Methodist and Salvation Army Churches. Through this membership, NZCCSS represents over 250 organisations providing a range of social support services across Aotearoa. We believe in working to achieve a just and compassionate society for all, through our commitment to our faith and Te Tiriti o Waitangi. Further details on NZCCSS can be found on our website https://nzccss.org.nz/

Tirohanga Whānui | Overview

NZCCSS broadly tautoko the initiative to implement the GloBE tax rules recommended by the OECD. GloBE tax rules will broadly cover excess incomes made by Multinational Entities (MNEs) which are currently untaxed on much of their earnings. We find this to be against the principles of societal fairness and justice, and support curtailing this activity, these tax rules will make business fairer and introduce more tax revenue for central government spending.

Taunakitanga | Recommendations

Comment 1: Aotearoa must adopt the GloBE tax rules; however, this must follow larger economies.

NZCCSS strongly support the adoption of the GloBE rules, if and when a critical mass does. We are experiencing a significant loss of young, educated professionals to large entities including MNEs in countries such as Australia. Implementation of these rules should consider the possibility of losing more young people and capital overseas if MNEs move to non-participating economies to avoid taxation. The main solution to this possible issue is to coordinate with areas in which industry and labour capital may move e.g., Australia and the United Kingdom and implement these rules alongside them in a synchronistic manner. Successful use of trade agreements and their constituent relationships should enable the New Zealand government to align the timing of this implementation with our trade partners.

Recommendation: NZCCSS recommends the GloBE tax rules be implemented following or alongside our large partner economies – especially Australia.

Comment 2: A critical mass of countries does not necessitate all major economies.

A critical mass in the context of implementing GloBE rules would include our major trading partners who also host a similar range of MNEs. It is imperative that the industries in which Aotearoa excels are not given the opportunity to move capital elsewhere due to the absolute advantage brought about by lower or non-existent tax rates. As discussed above, Australia must be the main trading partner whose lead we should follow in this regard, as well as the United Kingdom. The European Union has published a draft directive committing to the rules, and as an important emerging market this is reduces the risk of implementation significantly.

Major economies which do not require consideration in this process are the United States and China. The United States is unlikely to come to a consensus on this issue and may not implement the tax rules, as such Aotearoa cannot wait for this. China is another economy which does not require significant consideration due to major differences in factors and modes of production.

Recommendation: NZCCSS recommends the critical mass of countries include economies such as Australia and the United Kingdom, however, does not need to include the United States or China.