

## NZSAS soldier's compo taxed higher because he was hurt offshore



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A [NZSAS soldier injured in Afghanistan](#) has had his disability backpay taxed at a higher rate than it would have been if he suffered the same injury in New Zealand, exposing an oversight the Government is racing to close.

Veterans appear to have been overlooked during a change in tax rules, [which has left those injured during deployments](#) to disaster and war zones overseas getting less money than people with the same injuries in New Zealand.

The disparity emerged in an injury compensation package put together for NZSAS veteran Gregg “Pup” Johnson and currently costs him an extra \$30,000 in tax out of backpay he received after his claim was accepted.

Someone receiving back-paid lump sums from ACC or the Ministry of Social Development (MSD) would not have to pay the extra tax because they come under different tax rules.

Johnson’s [Veterans’ Affairs financial support](#) was to compensate for disability caused by damage to his brain while serving in Afghanistan.

It has emerged anyone with the same injury in New Zealand – even other soldiers who weren’t sent to war - would get taxed at a lower rate and be financially better off.

Inquiries by the Herald have led to Veterans' Affairs confirming it is in talks with Inland Revenue to get the tax rules changed so veterans can be on a level playing field – and that those changes will be backdated so the oversight doesn't come at their cost.

Johnson had sought support from Veterans' Affairs two-and-a-half years ago after experiencing memory loss, mood changes and a range of other symptoms that matched up with what has become known as “breacher's brain” or “operator syndrome” in the United States.

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NZSAS troopers working through the British Council Office in Kabul in 2011 after insurgents attacked and took hostages. Photo / NZDF

The terms describe those who have suffered cumulative minor traumatic brain injuries from repeated exposure to blasts or concussive force, such as using [explosives to enter dwellings or firing heavy-calibre weapons](#).

It can lead to early dementia and was suspected to be linked to chronic traumatic encephalopathy (CTE), a degenerative brain condition.

Veterans' Affairs approved Johnson's claim in November with an annual disability payment which was to be back-paid to the date he first asked for support.

But the documentation showed that the money was to be taxed as if it were earnings in a single year, pushing his tax rate into the highest bracket and taking a much larger bite than if he had been paid the money at the time.

In contrast, ACC claimants and MSD beneficiaries receiving back-pay lump sums get their tax calculated on the average rate they were on in the past four years.

That change came into effect in April this year – with no similar arrangement made for veterans.

For Johnson, it reduced his payout significantly and undermined his plan to use the money to pay for treatments he had not been able to access through Veterans' Affairs.

The Herald has also established that the backlog of claims with Veterans' Affairs would also see back-pay taxed more the longer it took for a claim to be processed.

Veterans' Affairs has conceded this is the case although claimed it would “not be widespread”. It also said Minister for Veterans Chris Penk had been briefed on the issue but did not say when.

A spokesman said talks had been underway with Inland Revenue for two years to align tax rules for veterans with those for ACC and MSD.

The spokesman said the change had not yet been made but was included in a wider tax bill before the Finance and Expenditure Committee and – if passed – would put veterans on the same footing as ACC and MSD.



Former NZSAS corporal Gregg Johnson getting an MRI scan at the Matai Medical Research Institute for possible traumatic brain injury related to his military service. Photo / NZ Herald.

If the law change was passed, the spokesman said, “VA will work with Inland Revenue to identify any payments that would qualify for a tax refund”.

Penk – a veteran himself – said: “I have sympathy for Mr Johnson’s situation, and I am pleased that Veterans Affairs are working with their colleagues at Inland Revenue to update the law so that lump sum payments like Mr Johnson’s are more fairly taxed.”

Aaron Wood, spokesman for the veteran support group No Duff, said Veterans’ Minister Chris Penk needed to push changes through fast to reduce the impact on veterans.

“This situation is particularly unfair given that these veterans’ injuries were sustained in service to their country, yet they receive less favourable tax treatment than those claiming through ACC for domestic injuries.

“This case underscores a systemic inequity that disadvantages veterans claiming through Veterans’ Affairs.”



Former NZSAS corporal Gregg Johnson at home in Abel Tasman and (inset) in Afghanistan.  
Photo / Tim Cuff (inset supplied)

Wood said delays in processing claims should not result in “veterans being financially penalised for delays outside their control”.

“This compensation in most cases is used to pay off debt incurred for treatment for service related conditions, unfunded by VANZ up until that point.”

Wood said an alignment with ACC’s “fairer method” would ensure “veterans are not penalised for delays beyond their control”.

RSA chairman Martyn Dunne welcomed the move to change the tax rules so veterans injured offshore received the same treatment as those injured in New Zealand.

“We’re very pleased to see the Minister, Government and Veterans’ Affairs have adopted a more equitable approach for veterans who are in need.”

Veterans’ Affairs has been battling a significant backlog with delays in processing claims stretching out to an average of a year.

In Budget 2024, an extra \$4 million was made available – over four years – to reduce the waiting time for those claiming for support.

At its peak, Veterans’ Affairs had a backlog of 2800 open claims which had now been reduced to 2300 open claims.



**Minister for Veterans, Chris Penk. Photo: Supplied.**

**Penk said last month: “New Zealand’s veterans have sacrificed so much for our country, and it is simply unacceptable that some were waiting more than a year to receive the support they deserve.”**

**That workload is likely to grow with a recent decision by the Veterans’ Entitlement Appeal Board which made access to support for veterans much easier, allowing those in need to draw on a wider pool of evidence.**

**The [decision in the case of Sir Wira Gardiner](#) – a claim made ahead of his death as a test case and “koha to veterans” – has already been unsuccessfully challenged in the High Court by Veterans’ Affairs, with the agency told it was required to take a “benevolent” approach to claims. Veterans’ Affairs is again challenging the outcome but – until that case is heard – must judge claims through the more permissive lens described in the High Court decision.**

**It comes after NZDF shelved a range of recommendations made in former Ombudsman Ron Patterson's 2018 review of the 2014 Veterans' Support Act. There were a range of recommendations to improve services to and treatment of veterans which were now marked "closed" – although not completed – because they required a change in law.**

**In a briefing released through the Official Information Act, Chief of Defence Air Marshal Tony Davies cautioned Penk against carrying out an expected review of veterans' legislation next year.**

**Davies said the Defence Policy Review, currently under way, and the Waitangi Tribunal's inquiry into military veterans could impact on a review of the law. He recommended assessing "whether the defence landscape has settled enough" next year before any review.**

**David Fisher is based in Northland and has worked as a journalist for 35 years, winning multiple journalism awards including being twice named Reporter of the Year and being selected as one of a small number of Wolfson Press Fellows to Wolfson College, Cambridge. He joined the Herald in 2004.**