

## Standing Committee on Tax and Revenue—Inquiry on Taxpayer Engagement

In 2010, Australia’s Future Tax System Review Report (the AFTS review) envisaged a 21<sup>st</sup> century tax system that would allow taxpayers to engage with it in ways that meet their needs and preferences.<sup>1</sup> Since then, changes to technology and reporting regimes have allowed taxpayers to start receiving a more contemporary service.<sup>2</sup>

This inquiry provides an opportunity to explore in detail how different types of taxpayers, particularly individuals and small businesses, currently engage with Australia’s tax system and how they might like to do so in the future. This can help inform the Government’s longer term policy agenda.

It may also provide insights in how to respond, in both policy and administrative terms, when taxpayers deliberately choose not to engage with the tax system.

In undertaking this inquiry, the Committee may wish to have regard to the following framing questions and issues.

### *How do taxpayers currently engage?*

- What do taxpayers perceive they need to do (or think they need to do) to comply with their obligations? What informs these views?
- How do different taxpayers manage their affairs? Do they choose to engage tax advisers and other intermediaries<sup>3</sup> and, if so, what are their reasons for doing so?
- Are there any broader trends emerging from specific taxpayer experiences?

### *How could taxpayers engage in the future?*

- How do other tax systems operate<sup>4</sup> and how do they compare to Australia?
- Do other service delivery organisations (including overseas tax authorities) provide any particular behavioural insights (fairness, social norms and group effects) that could be adapted to the tax system?

### *How does this best inform a longer term policy agenda?*

- How would potential changes fit within the existing tax system? Are there any broader sensitivities, impediments or other changes that need to be in place first?
- Who would carry the compliance burdens and who would receive the compliance benefits? Are there ways of minimising these costs?<sup>5</sup>

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<sup>1</sup> See the discussion in Chapter G4 in the Final Report from Australia’s Future Tax System Review.

<sup>2</sup> The ATO is currently undertaking a range of research projects that may be of interest to the Committee, see: [www.ato.gov.au/about-ato/research-and-statistics/current-research-projects/](http://www.ato.gov.au/about-ato/research-and-statistics/current-research-projects/)

<sup>3</sup> For example, as of 30 June 2016, there were 75,436 registered tax practitioners in Australia.

<sup>4</sup> For example, see Her Majesty’s Revenue and Customs (HMRC), ‘Making Tax Digital’ 2015.

<sup>5</sup> For example, see the discussion in paragraphs 4.3-4.10 in the explanatory memorandum to Tax and Superannuation Laws Amendment (2015 Measures No 5) Bill 2015 and the discussion (Context of amendments) in Chapter 23 of the explanatory memorandum to Budget Savings (Omnibus) Bill 2016.