

Abstract

In April 1998, the Australian Taxation Office (Tax Office) adopted a policy of responsive regulation of tax compliance by small firms in the building and construction industry. Known as the Australian Taxation Office Compliance Model (ATO Compliance Model), the new approach is grounded in past research into regulation of business entities. As seen by its promoters, it promises to improve significantly tax compliance in the cash economy. Drawing from survey and interview data, we explore the Tax Office's capacity for successful implementation of the ATO Compliance Model. Specifically, we examine the extent to which it had the leadership and staff commitment to implement the policy successfully. We also explore whether or not project field-level staff saw merit in the program and eventually came to support it. We conclude by examining whether the owners of small building and construction firms changed their perspectives on the Tax Office and tax compliance following introduction of the ATO Compliance Model.