

Abstract

The task of the Centre for Tax System Integrity is to extend understanding of how and why cooperation and contestation occur within the tax system. This goal presupposes a clear distinction between cooperation and contestation. In practice, however, this distinction may be open to creative management, demonstrated clearly in the practice of 'creative compliance'.

Taxpayer compliance with tax law may seem to fall, by definition, into the category of cooperation with the tax system. Indeed, securing compliance with the law is the driving force behind the compliance model of enforcement (Ayres & Braithwaite, 1992) which has been adopted by the Australian Taxation Office (Tax Office) and other regulatory agencies (Hawkins, 1984). Securing compliance is seen as the key, as the solution to the regulatory problem of making policy effective in practice.

Yet compliance with the law can in practice be used, and used very effectively, to *frustrate* tax policy. This working paper focuses on the issue of compliance, and on the Tax Office's compliance model of enforcement. It asks: what happens to the compliance model when compliance is not the solution but the problem?