

Abstract

The study reported in this paper examined a group of Australian taxpayers who have expressed a preference for an aggressive tax agent. The study attempted to understand how high-risk taxpayers and high-risk practitioners form their partnerships by examining aggressive taxpayers' attitudes and perceptions of the Australian tax system. Data were taken from the Community Hopes, Fears and Actions Survey, which tested a random sample of 2040 Australian taxpayers. Results from a series of independent sample t-tests revealed that there are a number of important differences between 'aggressive' and 'non-aggressive' taxpayers. Finally, a stepwise discriminant function analysis was used to determine which variables can most effectively differentiate aggressive taxpayers from other taxpayers. The best predictive model obtained from this analysis indicated that taxpayers involved in aggressive tax planning tend to have higher family incomes and are more status-oriented than other taxpayers. They are also more likely to blame the Australian Taxation Office (Tax Office) if caught for a tax offence, are more likely to be vindictive towards the Tax Office as a result, and are more likely to adopt a resistance posture towards the Tax Office. Not surprisingly, taxpayers with an aggressive tax agent are more likely to be game-players than other taxpayers. These findings are discussed in the regulatory context. Possible solutions for how tax authorities might deal with this high-risk group of taxpayers are suggested.