

Abstract

The study reported in this paper examined rural taxpayers' attitudes towards both the Australian Taxation Office (Tax Office) and the tax system. Data were taken from the *Community Hopes, Fears and Actions Survey* (Braithwaite, 2000), completed by a random sample of 2040 Australian taxpayers. Results from a series of independent sample t-tests revealed that rural and urban taxpayers differ on a number of dimensions. A logistic regression analysis was used to determine which variables most effectively differentiated rural taxpayers from other taxpayers. The best predictive model obtained from this analysis indicated that taxpayers who live in rural communities are less educated, less status-oriented and more security-conscious than taxpayers who live in metropolitan centres. They are more likely to question the legitimacy of the Tax Office as a fair institution, and as a result have distanced themselves from the Tax Office and their obligation towards paying tax. In addition, rural taxpayers are more likely to fear being caught for avoiding their taxes. In this paper these findings are discussed in the regulatory context, and possible solutions for how tax authorities might deal with non-compliance among this group of taxpayers are suggested. While the results reveal markers that significantly differentiate rural and urban taxpayers, findings suggest that rural and urban taxpayers may actually have more in common than they have differences. This common ground will also be investigated and implications for the Tax Office discussed.