

Abstract

Prior to the introduction of the Goods and Services Tax in Australia most small business taxpayers had little if any direct contact with the Australian Taxation Office, preferring instead to employ the services of tax agents to represent them in taxation matters. With the commencement of the recent tax reform program, the Tax Office departed from its usual practice of communicating through tax agents, targeting an educational campaign directly at taxpayers. For the Tax Office, this direct communication link provided an opportunity to influence taxpayer attitudes. However, it may also have affected the relationship that previously existed between taxpayers and their tax agents, which could potentially impact on compliance behaviour.

This paper presents the findings of a field study undertaken in Proserpine North Queensland, one year after the introduction of the Goods and Services Tax. The paper first examines the relationship that existed between small business taxpayers and their tax agents in rural Australia, prior to the introduction of tax reform. It then reports on the experiences of the participants from the educational phase, through the early stages of GST and the BAS, to the current situation. This is followed by a brief discussion on what the future might hold and whether and how the relationship the participants had with their tax agents before tax reform has changed. Finally, a discussion of the possible effects of the perceived changes concludes with an assessment of the likely impact of reduced educational support and increased compliance activity by the Tax Office if directed at rural taxpayers.

The findings indicate that participants in the study experienced initial difficulties when GST and the BAS reporting requirements were introduced but that these difficulties are being resolved as they become more educated in their taxation responsibilities. It is clear that the traditional relationship between small business taxpayers in rural areas and their tax agents has changed, and these taxpayers, armed with their new level of understanding of taxation, are likely to be more demanding of their tax agents in the future. It is essential that the Tax Office is aware of, and understands these changes, and the possible consequences of moving from a supportive educational role to a strict compliance role in the future.