

## **Abstract**

Between January and July 2002, researchers at the Centre for Tax System Integrity conducted a national survey of 6000 Australian taxpayers involved in tax planning schemes. According to the Australian Taxation Office (Tax Office) scheme investments were largely funded through tax deductions and relatively little private capital was at risk. The Tax Office therefore believed that these schemes exploited loopholes in the tax law and were designed in such a way to avoid tax. The anti-avoidance provisions of Part IVA of the *Income Tax Assessment Act* were applied to scheme related investments and action was first taken against investors in 1998 to recover the tax owing. Approximately 57 000 investors were issued with amended assessments telling them that they had to pay back taxes, interest and appropriate penalties.

Specific issues of interest to the survey researchers were scheme investors' views of the Tax Office, the Australian tax system and how they believed the Tax Office dealt with the schemes issue. The survey was also designed to identify the possible reasons why taxpayers invested in tax minimisation schemes, why there was such widespread taxpayer resistance against the Tax Office's debt recovery procedures, and perhaps more importantly, whether the aggressive tax planning market in Australia is supply or demand driven. This report provides a descriptive analysis of some of the more important findings from the survey, followed by a discussion of the key findings and their implications.