

TAX SNAPS

Tax Snaps presents CTSI's most recent statistics on what Australians think about tax matters. In our survey work, where we contact random samples of Australians, we often find views that are a little different from those we commonly hear about in the media. These are the views that we select as a Tax Snap.

January 2003 Tax Snaps

What are the priorities for designing a new tax system?

People surveyed considered the highest priority was (1) ensuring corporations pay their fair share of tax followed by (2) getting rid of the grey areas of the law. Next on the list were (3) ensuring wealthier citizens pay their tax, (4) giving corporations incentives to serve the community, (5) minimizing regulation and paperwork, (6) making sure the government has a secure source of revenue to provide public goods, and (7) making the amount of tax paid by all large corporations publicly available. The eighth highest priority was keeping taxes as low as possible.

When do Australians think tax evasion is justified?

Only 12% think tax evasion is justified when a person is under great financial strain and only 7% think it is justified if you can get away with it. But just over 20% think it is justified if the tax system is unfair.

Are we in step with our fellow citizens on tax?

While 72% think we should honestly declare cash earnings on our tax returns and only 8% think it is acceptable for us to overstate our deductions, Australians think that their views are at odds with their fellow citizens. Only 20% thought that most Australians believed in honestly declaring cash earnings on their tax return and a substantial 53% thought that most of their fellow citizens believed that overstating deductions was ok. Michael Wenzel calls this pluralistic ignorance. We believe that others think it's alright to abuse the tax system when the majority are actually just like us and say no, it should not happen.

Tax Snap facts

- On average, Australians had \$182 go through their purse in an ordinary week in 2000. The median was \$150. In 2002, the average rose to \$187, but the median stayed at \$150.
- Almost half of Australians (46%) thought the GST had a smooth introduction, all things considered.
- Approximately 20% of Australians believe it is fairly easy to avoid paying GST.

Tax Snap References

Tax Snap data comes from the Community Hopes, Fears and Action Survey (2000) and the Australian Tax System: Fair or Not Survey (2002). For a more detailed and complete analysis of what taxpayers think about tax matters see the CTSI Working Paper Series (<http://ctsi.anu.edu.au/publications.html>) or our Work in Progress page (<http://ctsi.anu.edu.au/unpublished.html>). For further details on Michael Wenzel's studies regarding pluralistic ignorance see <http://ctsi.anu.edu.au/WP7.pdf> and <http://ctsi.anu.edu.au/WP8.pdf>.