

## Tax Snaps

Tax Snaps presents CTSI's most recent statistics on what Australians think about tax matters. In our survey work, where we contact 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.

### From the *Australian Tax System Survey of Tax Scheme Investors (2002)*

Throughout the 1990s, tens of thousands of Australian taxpayers invested in mass-marketed tax effective schemes. In 1998 a large group of taxpayers were advised by the Australian Taxation Office (ATO) that the generous tax breaks they had enjoyed from these mass-marketed schemes were in fact an 'abuse' of the system. Between January and April 2002, a survey was posted to a random sample of these scheme investors, 2,292 completed surveys were returned.

August 2003 Tax Snap - Tax Scheme Investors
<b>Where did they get the idea to invest in a tax scheme?</b>
<ul style="list-style-type: none"><li>○ 28% of investors got the idea to invest in mass marketed tax effective schemes from a personal contact (e.g., family, friend, work colleague, or business contact), the remainder from tax agents, advisers or marketing material.</li><li>○ Only 16% of respondents indicated that they themselves had directly sought the advice of a professional to put the idea into practice</li></ul>
<b>Understanding of Australia's self assessment system</b>
<ul style="list-style-type: none"><li>○ It was found that 58% of respondents believed that receiving a tax refund from the ATO meant that the ATO had approved any deductions claimed in the tax return.</li><li>○ Further, 36% of respondents said they did not know that the ATO could disallow a tax deduction up to six years after it was made.</li></ul>
<b>Taking advice from a tax agent</b>
<p>A hypothetical scenario about when they would be prepared to accept their tax agent's advice.</p> <ul style="list-style-type: none"><li>○ 93% of investors said they would agree with their tax agent's advice NOT TO CLAIM a legally ambiguous expense.</li><li>○ Surprisingly, 63% also indicated that they would agree with advice to CLAIM a legally ambiguous expense.</li></ul>

## Tax Snap References

This information has been taken from:

Murphy, K. & Byng, K. (2002). *Preliminary Findings from the Australian Tax System Survey of Tax Scheme Investors*. Centre for Tax System Integrity Working Paper No. 40. Canberra: The Australian National University.

More detailed information from this paper can be found at

<http://ctsi.anu.edu.au/UP.Murphy.taxschemes.html>