

**The First International Conference on
Building a Cooperative Taxpaying Culture
4th and 5th December 2000
University House, Australian National University, Canberra**

Conference Report
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On the 4th and 5th of December 2000 the worlds of academia and administration were brought together when the Centre for Tax System Integrity (CTSI) hosted their first International Conference on Building a Cooperative Taxpaying Culture. CTSI is a research partnership between the Australian National University and the Australian Taxation Office. The partnership aims to extend our understanding of how and why different taxpayer behaviours occur within the tax system. The Conference, which included international guests representing five university campuses and four tax administrations, discussed the feasibility of developing participative tax paying cultures within the global community.

Following the Opening Address by Mr Bruce Jones, Second Commissioner of the Australian Taxation Office, Dr Valerie Braithwaite (Director of CTSI) presented her findings from the Community Hopes, Fears and Actions Survey involving over 2000 Australian taxpayers. Her paper used the survey to explain how taxpayers come to adopt different motivational postures to the tax system, including commitment, resistance, capitulation and disengagement. The paper also examined the consequences of adopting these postures for tax compliance. In her discussion, Dr Braithwaite revealed a new motivational posture that is central to participation in tax avoidance and tax minimization activities, the game playing posture.

Drs Natalie Taylor and Michael Wenzel from the Centre for Tax System Integrity also presented papers using data from the Community Hopes, Fears and Actions Survey. Dr Taylor argued that what taxpayers spontaneously say about tax is important in understanding the attitudes and motivational postures that they adopt toward paying tax. She pointed out that what people say reflects their perception of who they are, how they perceive themselves within the tax system, and whether they perceive the tax office and government to be acting fairly and legitimately in matters related to tax. Dr Michael Wenzel discussed the role of perceived justice in tax compliance. He noted that deterrence does not always work to reduce non-compliance and argued the case for a cooperative relationship with taxpayers building a sense of common identity, nurturing feelings of justice and fairness and clarifying the forms of tax non-compliance that are illegal and socially not accepted.

Four distinguished scholars involved in compliance research in the UK and US also presented papers at the Conference. Dr Doreen McBarnet from Oxford University presented a paper that discussed the special challenges posed by 'creative compliance', and drew on research in the UK on tax avoidance and creative accounting to argue that clarifying law does not always aid compliance

with the spirit of the law. In particular, Dr McBarnet discussed how recent attempts to control creative accounting, through giving regulators broad powers, have fared and what lessons can be learned from these innovations. Dr John Hasseldine of Nottingham University presented planned research and research underway in the UK which addresses issues of tax compliance. Prof Neal Shover of The University of Tennessee reported on the implementation and short-term impacts of the Compliance Model among small firms in the Australian building and construction industry. Professor Shover reported increasing awareness of the Compliance Model amongst staff but observed that it was early days to be assessing the effectiveness of the Compliance Model. Professor Tom Tyler, a psychologist from New York University, discussed why people obey the law. Prof Tyler used his research to highlight the importance of procedural justice when dealing with compliance. He noted that when people view the procedural rules of an organisation as fair they are in turn more likely to comply with the rules of that organisation.

Finally, Peter Noble from the New Zealand Inland Revenue Authority reported the findings of an investigation into tax evasion among small and medium businesses in New Zealand. Mr Noble discussed what environmental, industry and business dynamics drove tax evasion and non-compliance in these businesses and suggested possible strategies to address the issues.

Overheads used in some of the presentations are available on the CTSI website. The conference proceedings will be compiled into a book which will be released later in 2001. Please check the CTSI website from time to time for an update on these conference proceedings (ctsi.anu.edu.au). The first in a series of working papers "The Taxpayers' Charter: Does the Tax Office comply and who benefits" was also launched at the Conference. The working paper series is available on the CTSI website and can also be obtained from Tina Murphy (Tina.Murphy@anu.edu.au or (02) 6249 4438).