Dr Adrian Sawyer

Professor of Taxation UC Business School University of Canterbury, Christchurch, New Zealand *Email:* adrian.sawyer@canterbury.ac.nz

INDONESIA TAX Administration Reform: Lessons Learnt and Future Direction 26 August 2020

> Tax Reform: an Australasian Perspective

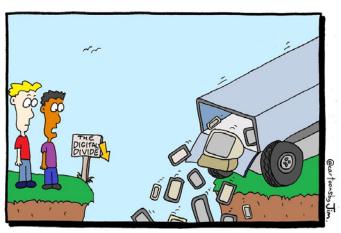


Te Whare Wānanga o Waitaha CHRISTCHURCH NEW ZEALAND

Overview of Presentation



- Introduction & background
- Significant tax reforms -Australia & New Zealand:
 - Tax gap
 - Tax law rewrite
 - Review of the tax system
 - Compliance costs
 - Digitalisation of tax
 - Taxpayers' rights
- Concluding observations
- Bibliography



"Y'know ... I appreciate the effort, but instead of trying to fill it, I reckon I'd prefer they tried building a bridge across it."



"I'm going to be honest about this — I'm from the Government, and I'm here to bamboozle you."

• **Presenter:** Dr Adrian Sawyer is Professor of Taxation and previous Research Director for the University of Canterbury (UC) Business School

- He holds a Doctor of Juridical Science (SJD) from the University of Virginia, MCom (Hons), BCom and LLB degrees from UC
- His professional memberships are: FCA (CA-ANZ), FCPA (CPA Australia) & Barrister and Solicitor of the High Court (NZ)
- He is chair of the editors of the *New Zealand Journal of Taxation Law and Policy* (ABDC 'A') & on numerous editorial boards
- Has been a consultant for NZ Inland Revenue and NZ Treasury
- Thirty year's experience as an academic: teaching, research & service
- Research interests include: tax administration, compliance & international taxation.







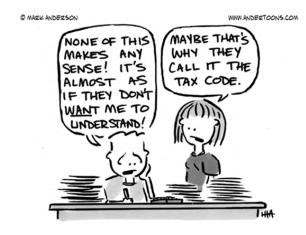
Introduction

Introduction (2)



- Australia & NZ are similar in many respects concerning their approach to tax administration, compliance & tax reform
- Both countries have a low perception of corruption
 - Transparency International (2019):
 - NZ (1st =); Australia (12th); Indonesia (85th)
- Over last thirty years major projects include:
 - Income tax legislation rewrites
 - Reviews of their tax system
 - Compliance cost measurement & 'reduction'
 - Strengthening of the integrity of their tax systems, but little in way of enhancing taxpayers' rights
 - Reducing gaps in their tax bases





Tax Gap



• Gemmell & Hasseldine (2012, p 20, emphasis added):

"[W]e argue that all of the 'conventional' estimates of the tax gap are likely to be unreliable because they *ignore behavioral responses that could be large in some cases*. Even ignoring this problem (as prior literature does), essentially there is only one method for calculating tax gaps for direct taxes, directly; that is, *to use taxpayer compliance data per the IRS's approach*. ... Tax gap estimates using taxpayer compliance data, such as those produced by the IRS, though hopefully more accurate, *probably represent a lower bound on missing tax revenue*."

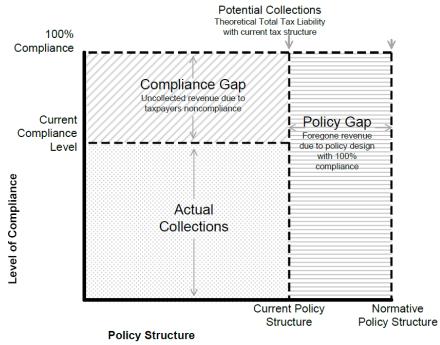
- Instead most countries look to estimate other concepts such as the 'hidden' economy, from which overall tax gaps are then sometimes derived
- NZ: Giles (1998) estimates that the hidden economy varies between 6.8% and 11.3% of measured GDP. This, in turn, implies that the tax gap is of the order of 6.4% to 10.2% of total tax liability in NZ
- Australia: ATO measures the 'tax gap' as an estimate of the difference between the amount the ATO collects and what it would have collected if every taxpayer was fully compliant with the tax law. This varies significantly based on the type of tax.
- In 2015-16 the total tax gap is estimated at \$A29-31 billion (7-8%).

Tax Gap (2)



• Warren (2019, p 573, emphasis added) offers the following (using the IMF's model):

"What tax gap estimates can therefore do is transparently link tax policy design, revenue administration performance and taxpayer behaviour to the broader questions of economic growth, fiscal sustainability (or funding government) and fiscal effort and capacity. Tax gap also raises issues about the spatial (e.g., regional), temporal (e.g., time trends) and compositional (e.g., varying behaviour across groups) aspects of tax.



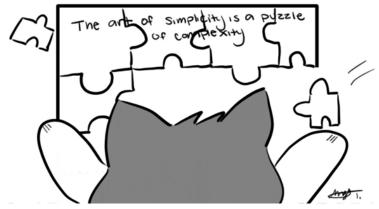
It also asks *fundamental questions about data and its integrity* as reported by the revenue administration and the official statistician (such as the treatment of the black economy). It can also provide insights into issues with *economic, social, political and institutional origins.*"

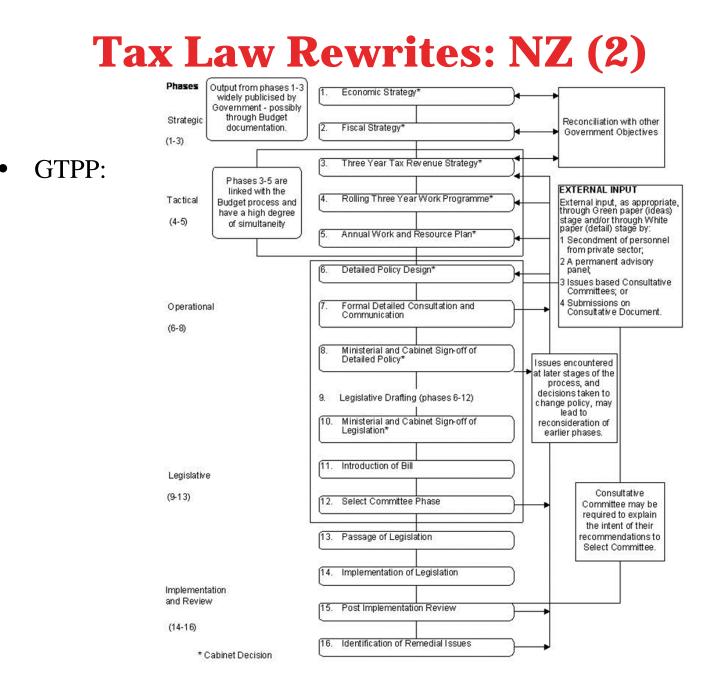
Tax Law Rewrites: NZ



7

- NZ was the first to commence in 1993, following a recommendation in 1992 by a Consultative Committee undertaking a simplification review
- Commenced with reorganisation into three new statutes: Income Tax Act (ITA 1994), Tax Administration Act (TAA 1994) and Taxation Review Authorities Act (TRAA 1994)
 - Rewriting of Core Provisions
 - Rewriting of Parts A E and Y: new ITA 2004
 - Rewriting of remainder of ITA: new ITA 2007
- No rewriting of TAA 1994 or TRAA 1994, or the GSTA 1985
- No "big P" policy issues, but Rewrite Advisory Panel (RAP) played key role, as did Generic Tax Policy Process (GTPP)
- Sawyer (2007) suggests that some improvement in terms of readability was achieved
- Insights from Richardson (2012) on reasons for success are invaluable chaired the RAP, a retired appeal court judge & tax expert.







Tax Law Rewrites: Australia (3)

- Commenced in 1994 following Tax Simplification Task Force
- The Tax Law Improvement Project (TLIP) had a similar aim to NZ's project for understandability, as well as to a lesser degree to reduce compliance costs
- Undertook to rewrite various regimes, creating new ITAA 1997, leaving legislation yet to be rewritten in the ITAA 1936
- After about four years became subsumed into a review of business taxation, leaving two principal acts
- In 2006 over 4000 pages of redundant provisions were removed
- TLIP was rejuvenated in 2009, with aspirational completion date of 2013. Outstanding parts to be rewritten in a less formal manner, as remaining parts of 1936 Act were addressed
- Major contributions made in: 1995, 1997, and again in early 2000s. As at 2020 TLIP is still not fully completed.





Tax Law Rewrites (4)



- Tran-Nam (1999): 'legislative simplification' (the three projects' approach) or 'effective simplification' (ease of determining tax liability, which incorporates the costs of compliance) – need the latter approach, but unfortunately not adopted
- Other tax reforms occurring simultaneously, creating additional layers of complexity
- Richardson (2012): concerning the RAP this was key for NZ. Need a *collaborative* process; quality control; clear goals; committed experts & officials
- With benefit of hindsight, suggests major changes, e.g. planning, incorporation of "big P" policy, expectations, focus on compliance cost reduction, etc.
- Projects emphasise a lack of clear policy intent; use of excessive detail in legislation; use of principles may reduce need for detail; consider greater use of administrative guidance
- Should rewrites be extended: 'Yes', if avoid pitfalls of income tax rewrite projects
 - All took much longer than planned: NZ 15 years, UK 16 years, Australia 25 years
 - All adopted a piecemeal, not "big bang" approach
 - Scope of projects varied; NZ narrowest, UK widest
 - All involved extensive consultation but each in different manner
- Focus now much more on managing tax system complexity to make compliance easier.

Tax Law Rewrites (5)



- Budak et al (2016): a strategic approach to identifying *unnecessary complexity*:
 - 1. Identify the aims of taxation
 - 2. Consider different methods of achieving the aims taking account of likely effects on complexity in taxation and possibly elsewhere
 - 3. Analyse in terms of economic criteria.
 - 4. Examine administrative constraints and considerations relating to complexity
 - 5. Identify different risks regarding unnecessary complexity
 - 6. Analyse behaviour
 - 7. Consider the relationship between different policies and their likely effects on complexity
 - 8. Develop strategies
 - 9. Plan and implement strategies including intended outcomes
 - 10. Monitor and evaluate the performance of the strategies against the plan
- Sawyer (2010): Measures of success: readability formulae, Cloze procedure (using students, practitioners, etc.) Some improvement resulted from NZ's tax rewrite. Issue remains as to whether the benefits outweigh the costs.

Review of the Tax System



- Australia: *Henry Review* (2010):
 - Report is largely 'gathering dust' with few of its 138 recommendations adopted.
 - The group was constrained in that it could not review the GST
 - One doubts whether it was worthwhile
- New Zealand: *TWGs* (2009-10) & (2017-19):
 - TWG (1), independently established (VUW), very successful, with many recommendations accepted, as aligned with philosophy of the government of the time
 - TWG (2), government established, has to date very few of its recommendations adopted. Used (in part) *Living Standards Framework* developed by the NZ Treasury
- Sawyer (2020c): Sets out case for a permanent NZ Tax Review Commission
- Sawyer (2020b, emphasis added):

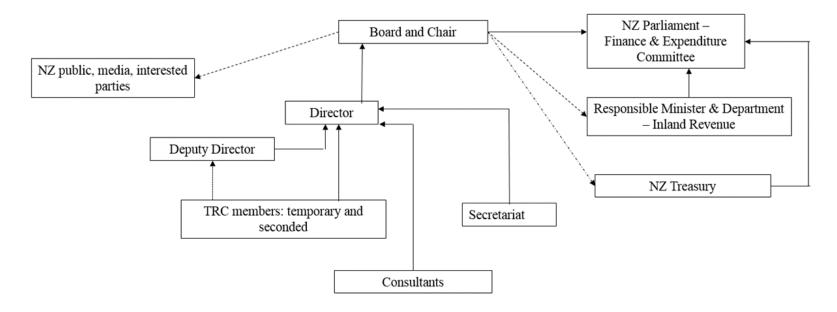
"The analysis in this paper suggests that *principles for evaluation of taxes and tax systems will evolve with time*. The most significant development is that through incorporation of the LSF, *non-financial measures will become increasingly important*, with wellbeing moving beyond a social policy principle to one that taxation also must embrace, at least in a NZ context. Incorporating Te Ao Māori perspectives (and potentially Pacific Peoples perspectives as well), along with greater engagement with Māori, must lead to the conclusion that *NZ is expected to have a unique set of policy principles* as it incorporates wellbeing into tax policy development, a significant paradigm shift."

Review of the Tax System (2)



• Sawyer (2020c):

New Zealand Taxation Review Commission: Organisational Structure



Compliance costs



- A heavily researched area in Australasia, especially from early 1990s to late 2000s
- Major findings (as summarised by Evans, 2016):
- Administrative costs are the public sector costs to the government (ultimately borne by taxpayers) of administering and collecting taxes
- Usually comprise costs of running the revenue authority
- But note many costs often not counted:
 - Capital costs on buildings etc.
 - Costs of developing tax legislation
 - Costs of tax dispute litigation and resolution
- Usually between 0.5% & 2% of revenue yield, depending on taxes
- Usually between 20% & 50% of compliance costs
- Note relationship between compliance costs and administrative costs (usually inverse).



Compliance costs (2)



- Compliance costs are the costs (monetary and time) that taxpayers incur in complying with the tax system
- They are approximately the costs that would disappear if the tax disappeared
- Usually comprise:
 - Value of time spent by taxpayers/unpaid helpers on complying
 - Monetary costs spent on tax advisers
 - Incidentals (postage, software, travel etc.)
 - Psychological? (stress, anxiety etc.)
- Tax compliance costs = Tax computational cost + Tax planning costs
 - = Inevitable costs + Preventable costs
- = Monetary costs + Psychological costs
 - = Transitional costs + Recurrent costs
- Social tax compliance costs (costs to society) = Opportunity costs of resources expended – Managerial benefits
- Taxpayer compliance costs (costs to taxpayers) = Social tax compliance costs (Cash flow benefits + Tax deductibility benefits + Cash subsidies from govt).

Compliance costs (3)



- What does the research find (Australasia and further afield)?:
- Tax compliance costs are significant and high:
 - 2%-10% of revenue yield
 - Up to 2.5% of GDP
 - A multiple of 2 to 6 times administrative costs
- *Tax compliance costs are extremely regressive*
 - SMEs carry disproportionately high compliance costs
 - Particularly VAT/GST \bullet
 - Caused by diseconomies of scale/high fixed costs/learning curve effect
- Tax compliance costs are not diminishing significantly over time
- **Over 100 major studies since 1935**
 - National and (less so) cross national
 - Developed and (less so) developing nations
 - All taxes and all types of taxpayer
 - Variety of methodologies: primarily quantitative paradigm (survey and \bullet modelling), but increasingly qualitative approaches also being used. 16

Compliance costs (4)



• Sources of compliance costs:

- Within the control of the government
 - protection of tax revenue;
 - use of tax law for non-revenue policy objectives;
 - distinction between taxes and transfers;
 - broadening of tax base;
 - frequency of tax law change;
 - tax law drafting;
 - minimisation of revenue losses;
 - judicial tradition
- Partly within the control of the government
 - adversarial tax culture;
 - growing complexity of the economy; and
- Outside the control of the government
 - household preference for tax liability minimisation;
 - tax practitioner preference for complexity;
 - aggressive tax planning.



Compliance costs (5)



• Tax policy responses

- Adjusting tax policy settings
 - judicious use of thresholds (e.g. increased VAT)
 - simplified rules for calculating liabilities
 - elimination of special preferences
 - elimination of number of rates and taxes
 - harmonisation of tax bases and rates
- The equity-simplicity trade off
 - consider implications of choice
 - deduction simplification for personal taxpayers
- The administrative cost-compliance cost trade off
 - inverse relationship potential
- Less frequent change and more consultative change



Compliance costs (6)



• Tax administrative responses

- *Re-engineering government processes*
 - e.g. Small business reporting
- Reduced filing
- Implementing taxpayer-centric approaches
 - e.g. dedicated organisational units
- Leveraging advances in technology
 - e.g. machine to machine transactions
- *Optimising use of third party information*
 - e.g. pre-filling
- Re-designing compliance interventions
 - e.g. risk management approach.



Compliance costs (7)



- Also greater use of regulatory (compliance cost) impact reports (CCIRs)
- Sawyer (2002, 496-497) concludes:
 - In relation to the ten key principles of taxation impact statements summarised by Evans and Walpole, namely integration, iteration, measurement (qualitative and quantitative), comprehensiveness, consultation, transparency, timeliness, flexibility, proportionality and monitoring, the *New Zealand CCIRs, in theory, overall performed more satisfactorily against these benchmarks than their Australian, United Kingdom, European and United States equivalents.* However, as noted earlier, the New Zealand CCIRs, and the new RISs/BCCSs, *do not reach the standards that are expected of them in practice for recognising the impact of regulatory and statutory changes on tax compliance costs.* In fact, they fall well short especially in the measurement (*lack of any quantitative analysis*) and transparency (*the CCIR is not made available to the public until the last step in the CCIR process*) areas.
- There has been minimal improvement in CCIRs over the ensuing years
- Recent research, including work by IR, is focussing on measuring compliance costs of **large enterprises**. Issues involve:
 - How are they defined; What are the magnitude, composition and drivers; How do large enterprises' compliance costs differ from SMEs (Shekhovtsev, 2019)
- See also Evans et al (2016) for an Australian perspective on LEs.

Digitalization of Tax



- The Business Transformation (BT) project has four key stages:
- 1. Enabling secure digital platforms;
- 2. Streamlining all tax types;
- 3. Streamlining social policy; and
- 4. Completing a new tax administration system
 - (IR, *Annual Report*, 2018, p 126): **Business Transformation** is a multiyear, multistage change programme that involves IR's people, processes, policy and technology. The activities within this appropriation will enable a *modern*, *digital revenue system* by:
 - Simplifying policy and legislative settings
 - Making more intelligent use of information to proactively ensure customers get it right from the start
 - Fitting revenue processes seamlessly into people's lives
 - Transforming IR's organizational capabilities
 - Implementing a modern technology platform (START) that is digitally based and highly automated.



Digitalization of Tax (2)



• IR (2018, 42, emphasis added):

"In 2018–19 we will implement Release 3 of our business transformation and migrate Income Tax and Working for Families Tax Credits entitlements to new systems and processes. This is a significant release as it will affect most New Zealanders. *It is more complex and higher risk than the first two releases, as changes to systems, processes and legislation will affect businesses, individuals and financial institutions. For individual customers, the changes will be the biggest in nearly 20 years. ...*

Transformation of the department's systems and processes will remain high-risk until it is complete in 2021 at which time *all of the social policy products that Inland Revenue administers will be managed from new systems*. The benefits of any policy opportunities we want to progress must be weighed against the potential to further increase the risk of, or prolong, transformation."

- Release 3 occurred with some 'hiccups'. Tax amendments and reforms will need to continually be added to new system
- *KPMG* (2017): IR doing all it can but risks remain (even with prior testing)
- Minimal public consultation over BT, but pre-testing of phases done.

Digitalization of Tax (3)



- Key is *MyIR* platform a personal taxpayer online account
- Requires access to broadband and a reasonable degree of computer literacy
- IR removing most offices, and telephone service frequently fails to meet demand
- IR (2018, 111, emphasis added):
 Not achieved: This year we answered 64% of customer calls within two minutes against the target of 75%. We had some unexpected surges in call demand during the year. For example, *in June, a high number of calls were received from customers experiencing issues with our online services.* To manage the increased number of calls from our customers during our busiest time, we increased our temporary resources and had as many people as possible answering phones. *For the year we answered 78% of calls compared to 86% last year.*



Reprinted from The Funny Times / PO Box 18530 / Cleveland Heights, OH 44118 phone: (216) 371-8600 / e-mail: tt@funnytimes.com

New Zealand's Approach to Taxpayers Rights



 Sawyer (2019): NZ no formal constitution and few legislated taxpayer rights: secrecy (s 81 TAA); legal professional privilege (s 20); limited nondisclosure right (ss 20B-20G); dispute resolution process (Parts 4A & 8A); can use a tax agent (s 34B). Formalised taxpayer obligations (s 15B)

6 Responsibility on Ministers and officials to protect integrity of tax system

(1) Every Minister and every officer of any government agency having responsibilities under this Act or any other Act in relation to the collection of taxes and other functions under the Inland Revenue Acts are at all times to use their best endeavours to protect the integrity of the tax system.(2) Without limiting its meaning, the integrity of the tax system includes—

(a) taxpayer perceptions of that integrity; and

(b) the rights of taxpayers to have their liability determined fairly, impartially, and according to law; and

(c) the rights of taxpayers to have their individual affairs kept confidential and treated with no greater or lesser favour than the tax affairs of other taxpayers; and

(d) the responsibilities of taxpayers to comply with the law; and

(e) the responsibilities of those administering the law to maintain the confidentiality of the affairs of taxpayers; and

(f) the responsibilities of those administering the law to do so fairly, impartially, and according to law.

New Zealand's Approach to Taxpayers Rights (2)



- Proposed new sections were redrafted to enable CIR to deal with a 'legislative anomaly'
- Current Inland Revenue (IR) Charter emerged in 2001 following a period of over zealous IR leading to taxpayer despair
- Charter is a 'Code of Conduct' no real rights. Indeed known as 'customers'
- No improvement over situation in late 1990s: Sawyer (1999, pp 1388-9, emphasis added):

"The absence of a constitution protecting fundamental human rights, promoting only minimalist legal protection of rights through statutory means (which can be repealed by an ordinary majority of the unicameral Parliament), and the poor attempt at providing a charter (the Statement of Principles and the more recent Customer Charter), all require rectification as soon as possible. ... [A] worse case scenario may arise - the rise of a government that ignores and overrides not only fundamental taxpayers' rights (which are currently provided through administrative enforcement accompanied by some legislative provisions), but also fundamental human rights. The current legislative environment would facilitate such a government; it is only the political will and the current diversity of political parties under the MMP system that is preventing such tragic circumstances from developing."

New Zealand's Approach to Taxpayers Rights (3)



• Martin (2013, p 25, emphasis added):

"While there is much to admire about the New Zealand tax system the limitations described in this article suggest that *aspects of the current system are out of balance because it does not adequately recognize and protect the rights of individual taxpayers in important areas.* If the great constitutional lawyer Sir Edward Coke were asked to review the position of taxpayer rights relative to the IRD's rights under the current tax system his response would be "you need to do much better!"

• Keating (2018, p 169, emphasis added):

"[M]ost of the failures identified in the [IFA General] Report arise from the *informality of our regime*, which *requires taxpayers to rely upon the discretion or good graces of Inland Revenue officers to protect their unwritten rights*. Fortunately, in most instances, this system generally works. ... As such, many of the apparent breaches of taxpayer rights identified in the Report are mitigated within our regime. Other breaches of minimum standards are rare or isolated, or are explicable in their narrow circumstances. Accordingly, while not without its flaws, *New Zealand's tax administration remains robust and is generally recognized as such internationally.*"

• Tax Working Group (2019, p 102, emphasis added):

"31. The Group also recognises there is a need to improve the resolution of tax disputes. The Group recommends the *establishment of a taxpayer advocacy service to assist taxpayers in disputes with Inland Revenue* and also recommends that the *Office of the Ombudsman be adequately resourced to carry out its functions in relation to tax.*

32. Following the introduction of a taxpayer advocacy service, the Group recommends that ²⁶ the *Government design a truncated tax dispute process for small taxpayers.*"

New Zealand's Approach to Taxpayers Rights (4)



- *Tax Ombudsman and Tax Advocate*: Secretariat's recommendations to TWG (2017-19) from an independent report:
- 1. The Ombudsman's office should appoint a *properly resourced deputy ombudsman with sole responsibility for oversight of complaints involving Inland Revenue (IR).* This would be in line with current best practice developments outside New Zealand.
- 2. A clear, accessible and affordable disputes process is integral to the integrity of the tax system. The present disputes regime is expensive and its cost acts as a bar to smaller taxpayers in particular, prompting the question of whether a taxpayer advocate is required to provide assistance. Furthermore, there has been a very marked fall-off in substantive tax cases appearing in the courts. This fall-off has been the subject of comment from two Supreme Court Justices. If taxpayers feel the disputes process is not available to them then that represents a threat to taxpayers' perception of the integrity of the tax system.
- 3. This threat can be countered by *simplifying the current disputes process to reduce costs principally by allowing earlier use of IR's Dispute Resolution Unit.* In conjunction with this reform, IR should establish a *Taxpayer Advocate Service (TAS) similar to the Taxpayer Advocate Service run by the United States Internal Revenue Service.*

New Zealand's Approach to Taxpayers Rights (5)



- 4. The TAS would have responsibility for providing assistance to low income earners, small businesses and individuals with English as a second language who are engaged in a dispute with IR over the quantum of tax payable. *Qualifying taxpayers would be able to request assistance from the TAS where the core tax in dispute is under \$50,000.*
- 5. Taxpayers who received assistance from the TAS in relation to a dispute with IR *should retain their existing appeal rights.* The involvement of the TAS would be an integral part of a reformed dispute regime, rather than an adjunct of it as initially suggested.
- 6. As part of IR's Charter obligations, the *TAS should also adopt the Australian Tax Office's (ATO) Dispute Assist programme*. This would provide assistance to qualifying taxpayers with other issues with IR outside the disputes process such as payment of tax due, repayment of overpaid tax credits, child support and student loans.
- 7. Although within IR, the head of the TAS would report directly to Parliament's Finance and *Expenditure Committee (FEC).* We suggest the head of the TAS is appointed from outside IR. This should promote the independence of the TAS and therefore boost public confidence in the service.
- 8. Consideration should be given into *developing the current IR Charter into a formal taxpayers' Bill of Rights similar to that available to taxpayers in the United States*. It appears taxpayer and tax agents' knowledge of the Charter is not widespread. IR should promote taxpayer knowledge of the Charter and its annual report to the FEC should include specific details on its progress in promoting the Charter.

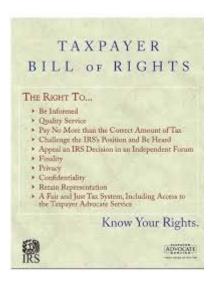
New Zealand's Approach to Taxpayers Rights (6)



- Overall, NZ has a 'poor' history of legislating for taxpayers' rights
- Focused on administrative statements of 'rights' that are largely unenforceable, placing reliance on a benevolent revenue authority
- The tax system is weighted hugely in favour of IR creating an unlevel playing field
- Parliament appears to be 'happy' with this situation
- Taxpayers unsuccessfully challenged impact on (human) rights
- Saving grace is NZ is first equal as least corrupt nation on Transparency International's corruption perception index.



"Send him our toughest collection letter, threaten him with legal action, and subliminally suggest some type of bodily harm. But put XOXOXO under my signature to show that we still love him as a customert"



New Zealand's Approach to Taxpayers Rights (7)



- NZ: Sawyer (2020a): little protection other than provided for in legislation
- However, the Ombudsman can specifically investigate:
 - IR's actions which are related to the manner in which a taxpayer's affairs are managed. For example: delays in responding to correspondence; delays in processing audits; and inadequate standard of service; and
 - IR's acts or decisions from which there is no right of review or appeal. For example: refusals to remit non-shortfall penalties or interest; refusals to provide remissions or hardship relief; deduction of money from bank accounts; and over-payment of student loan/allowance refunds
- The Ombudsman cannot normally investigate:
 - decisions on tax assessments and
 - decisions to impose tax shortfall penalties (limited to the provisions in the TAA)
- No specific body in NZ that looks at systemic issues & makes recommendations for systemic change (only committees within Parliament)
- See also IBFD's Observatory for the Protection of Taxpayers' Rights
- Australia: Inspector General of Taxation office (incorporates Office of Tax Ombudsman), plus Tax Practitioners' Board for registered tax agents. 30

Australia's Approach to Taxpayers Rights (8)



- In 2015 the IGT assessed the status of taxpayer rights in Australia & engaged independent academic experts from UNSW to research & identify all enforceable rights available in Australia (IGT, 2015)
- The majority of the enforceable rights relate to the ability to seek reasons for ATO decisions and to challenge certain decisions through the objection and appeal processes. Other enforceable rights include those relating to the issue of refunds and the right to having interest paid on overpayments
- The common law rights include those relating to claims for legal professional privilege, procedural fairness and damages for pure economic loss due to wrongful ATO conduct. There is also a 'right' to seek compensation for defective advice
- There are various practical impediments for taxpayers seeking to enforce their rights
- The ATO introduced the *Taxpayers' Charter* in July 1997 for taxpayers & tax practitioners who deal with the ATO on tax, superannuation, excise and the other laws that it administers. It assists taxpayers & tax practitioners to understand their 'rights' & 'obligations'. It also sets out steps which taxpayers and tax practitioners may take where they are dissatisfied with the conduct of the ATO & its officers
- See also research by Bevacqua (2018): relationship between rights & compliance?

Concluding observations



- Tax Gap:
- Only the US undertakes rigour & reliable research estimates of gap are large (6-10%) in Australia & NZ for 'hidden economy' gaps continue to be plugged
- Tax Law Rewrite:
- One needs to address the big policy issues concurrently NZ & Australia failed to do so. No significant *effective simplicity* resulted
- Review of the Tax System:
- Largely failed to bring about significant reform perhaps need an oversight body
- Compliance Costs:
- Considerable research worldwide largely consistent with regressive impact, some reduction is possible. Preference: administrative costs over compliance costs
- Digitalisation of Tax:
- Australia & NZ both increasing efforts here NZ more significant. Largest IT project with considerable risks involved
- Taxpayers' Rights:
- NZ less protection, as no oversight body (Australia: IGT & TPB); digitalisation increasing risks. Effective tax administrations & low perceived corruption.

Bibliography



- Bevacqua, J., "Taxpayer compliance effects of enhancing taxpayer rights a primer for discussion of a dedicated research agenda" (2018) 4(2) *Journal of Tax Administration* 6-24
- Budak, T., James, S., & Sawyer, A.J., "International experiences of tax simplification & distinguishing between necessary and unnecessary complexity" (2016) 14(2) *eJournal of Tax Research* 337-358
- Evans C.C., Krever R., and Mellor P., (eds.), *Australia's Future Tax System: The Prospects after Henry: Essays in Honour of John W Freebairn*, (Thomson Reuters, Australia, 2010)
- Evans, C. (2016), "Tax compliance costs", *Presentation to University of Canterbury* (September 2016)
- Evans C.C., Lignier P., and Tran-Nam B., "The Tax Compliance Costs of Large Corporations: An Empirical Inquiry and Comparative Analysis" (2016) 64 *Canadian Tax Journal*, 751-793
- Gemmell, N., and Hasseldine, J., "The Tax Gap: A Methodological Review" *Working Papers in Public Finance (2012/9)*, Victoria University of Wellington (September 2012)
- Giles, D.E.A., "The Hidden Economy and the Tax-Gap in New Zealand: A Latent Variable Analysis" (1998) *Econometrics Working Papers 9807*, Department of Economics, University of Victoria
- Henry, K., Hamer J., Piggott, J., Ridout, H., and Smith, G. *Australia's future tax system: Report to the Treasurer* (Commonwealth of Australia, 2010)
- IBFD, National Reports for the Observatory for the Protection of Taxpayers' Rights (2020); see: https://www.ibfd.org/Academic/National-Reports-Observatory-Protection-Taxpayers-Rights₃₃

Bibliography (2)



- Inland Revenue, Annual Report (Wellington, NZ Government, 2018)
- Inspector General of Taxation, *The protection of taxpayer rights in Australia: Report for the International Bureau of Fiscal Documentation* (Australian Government, December 2015)
- Keating, M., "Protection of Taxpayer Rights in New Zealand: A Mixed Bag" (2018) 24(2) New Zealand Journal of Taxation Law and Policy 147-170
- KPMG (2017), Independent Quality Assurance: Business Transformation Programme IQA6/TQA5
- Martin, D., "Honest taxpayers need advocates and real rights" (2013), NZ Lawyer (12 July) 22-25
- Richardson, Sir Ivor, "Simplicity in Legislative Drafting and Rewriting Tax" (2012) 43 Victoria University of Wellington Law Review, 517-530
- Sawyer, A.J., "A Comparison of New Zealand Taxpayers' Rights with Selected Civil Law and Common Law Countries: Have New Zealand Taxpayers' Been 'Short-changed'?" (1999) 32(5) *Vanderbilt Journal of Transnational Law*, 1345-1400
- Sawyer, A.J., "Compliance Cost Impact Statements in New Zealand How far have we come?: Tribute to Cedric Sandford" (2002) 17(4) *Australian Tax Forum*, 441-494
- Sawyer, A.J., "New Zealand's Tax Rewrite Program In Pursuit of the (Elusive) Goal of Simplicity" [2007] 4 *British Tax Review*, 405-427
- Sawyer, A.J., "Enhancing Compliance Through Improved Readability: Evidence from New Zealand's Rewrite 'Experiment'", in Gangi, M.E. and Plumley, A. (eds), *Recent Research on Tax Administration and Compliance: Selected Papers Given at the 2010 IRS Research Conference* (IRS, 2011, Washington DC), 221-253.

Bibliography (3)



- Sawyer, A.J., "The Impact of Digital Delivery on Taxpayer Assistance A New Zealand Perspective", *Paper presented at the Fourth International Conference on Taxpayers Rights*, University of Minnesota Law School, Minneapolis, (23-24 May 2019)
- Sawyer, A.J., "Enhancing taxpayers' rights in New Zealand an opportunity missed?" (2020a) 17(3) *eJournal of Tax Research*, forthcoming
- Sawyer, A.J., "Principles and Frameworks for Evaluating Tax Systems: A New Zealand Perspective", (2020b), *Australian Tax Forum*, under review
- Sawyer, A.J., *The Effectiveness of Tax Reviews in New Zealand: An Evaluation and Proposal for Reform*, (Centre for Commercial and Corporate Law Inc., University of Canterbury Christchurch, 2020c), forthcoming
- Shekhovtsev, N., "The Costs of Tax Compliance of Large Enterprises: Exploratory Analysis of Large Enterprises in New Zealand", *A Thesis submitted in fulfilment of the Degree of Doctor of Philosophy in the University of Canterbury* (February 2019)
- Tax Working Group, *A Tax System for New Zealand's Future* (January 2010); see: <u>https://www.wgtn.ac.nz/sacl/centres-and-institutes/cagtr/pdf/tax-report-website.pdf</u>
- Tax Working Group, *Future of Tax: Final Report* (February 2019), Vol I Recommendations; see: <u>https://taxworkinggroup.govt.nz/resources/future-tax-final-report</u>
- Tran-Nam, B. "Tax Reform and Tax Simplification: Some Conceptual Issues and a Preliminary Assessment" (1999) 21 *Sydney Law Review*, 500-522
- Warren, N., "Estimating tax gap is everything to an informed response to the digital era" (2019) 16(3) *eJournal of Tax Research* 536-577.