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Contemporary taxation authorities are heavily invested in genuine engagement with the community. Taxation is a complex socio-economic phenomenon that is a great strength of the community. Voluntary compliance with their tax obligations is directly related to the salience of their relationship with the revenue authority. Engagement is therefore critical to successful administration as it improves efficiency, reduces the cost of administration and enhances compliance.

Nonetheless, taxation administration has a history steeped in rigid economic thinking. Tax agencies around the world have rigorously applied Expected Utility theory (Schaub, 2004) for building their compliance management models. However, research overwhelmingly demonstrates that humans do not behave as the idea of a rational economic man (REM) would suggest (Allingham & Sandmo, 1972; Cullis, Jones, & Lewis, 2006). Therefore, strategies designed to leverage these concepts have been counterproductive (Bergman & Nevarez, 2006; Johnson, Masclet, & Montmarquette,

recognise that encouragement and cooperation with taxpayers are the directions they  
mus





The Inspector General of Taxation Report (2012) into the ATO approach to dealing with small and medium enterprises revealed a number of weaknesses in the engagement approach towards these taxpayers. The 2012 report recommended greater visibility and expectation setting around service standards and ATO staff behaviours, as well as increased consultation and involvement of the community in shaping the administrative system.

An internal literature and operational review was conducted to understand the current research and applications of public participation and community engagement. The review was followed by an evaluation of the relationship between the ATO and the

Integrated Administrative Design (IAD) (Gallagher, 2007). This iterative methodology has five stages, involving the development of a prototype, followed by testing and evolution of the design products through use and evaluation by users.

A search of existing literature on community engagement identified several existing approaches including frameworks and support materials from both the government and private sector in Australia (Department of Communities, 2007; Department of Sustainability and Resources, 2005; Industry Skills Council, 2009, 2012; Ministerial Council on Mineral and Petroleum Resources, 2005). The two most relevant approaches were guidelines from the South Australian State Government Department of Family and Communities (Department for Families and Communities, 2006) and the International Association for Public Participation Australasia (IAP2) (International Association for Public Participation: Australasia, 2009).

The International Association for Public Participation (IAP2) *Spectrum of Engagement* is a core component for the development of the ATO framework. The Spectrum identifies the range of activities and outcomes that could be used when engaging with the public (Figure 1). The IAP2 *Spectrum of Engagement* has been utilised in existing evaluation of engagement activities for many of the Australian State Governments (International Association for Public Participation: Australasia, 2010). The spectrum provides a suitable backdrop for use within a public service engagement framework. The 'inform, consult, involve, collaborate and empower' concepts were used as a basis for the ATO framework.

**Figure 1: IAP2 Spectrum (adapted from International Association for Public Participation, 2009)**

Concurrent with the literature search, a project team<sup>5</sup> conducted the design process

additional deliverables such as a governance process, planning for the 2013 and 2014 years, capability development and communications activities, as well as the engagement framework itself. Following a brief description of the process to develop the prototype, we outline the research methods and data used for user testing and design, finalisation and evaluation of the framework.

### **3.1**

An initial workshop with ATO





of the consultation sessions was to explore implementation issues as well as staff normative beliefs that may reduce the effectiveness of the framework.

Within the focus group sessions, the consultation team undertook the roles of facilitator and observers according to their technical knowledge and skills base. Sessions followed the set format of context setting including explanation around the purpose of the consultation and discussion of participant rights and obligations (as set out in the participant agreement forwarded previously) and then the facilitator led the discussion in reference to questions as set out in the focus group and interview

An email invitation to participate in the evaluation of the framework was sent to all primary business line staff on the 30<sup>th</sup> July 2012. Staff at all levels were invited to self-select for the consultation process. This method was chosen due to the nature of the consultation and the subject matter which relates to staff engagement. It was deemed appropriate for staff to self-select for these activities. A total of 53

**Table 3: Respondents to the online usability staff survey by business service area**

<b>Business area</b>	<b>No of respondents</b>
Primary area	288
Business area A	62
Business area B	152
Business area C	260
<b>Total</b>	<b>762</b>

#### 4.1

Participants in the sessions were eager to provide input and to be involved in the conversations around engagement with the community. A number of core themes emerged from the discussions. Staff relayed the importance of good communication in the implementation process of the framework. Participants perceived the endorsement of the senior leadership group, as well as actual delivery of the framework as essential for successful engagement. Staff expected the leaders to demonstrate the values and be visible in their support of the framework. Participants also emphasised the importance of incorporating the content of the framework into the rest of the business so that practical steps were integrated and not seen as an additional burden in their existing work processes.

Staff related strongly to a number of the principles such as mutual obligations and working collaboratively with the community. However, staff demonstrated wide variability in their understanding of collaboration and empowerment meant when working with taxpayers. Several staff were apprehensive about empowering taxpayers. The values in the framework provide subtle distinctions between facilitating compliance and preventing evasion. While many staff acknowledged the support they must provide to the community to improve compliance, their focus was on protecting the revenue system.

Many staff were able to recite values of collaboration and cooperation with the seen as negotiating with taxpayers to collect revenue and less about working together to achieve mutual outcomes for the community. Conversations with staff were influenced by issues occurring at the team level. These results demonstrated a need for greater connection between the strategic objectives of the organisation and the practical implementation of effective engagement. Participants identified staff





evaluation of engagement activities. Table 4 outlines the key components of the framework.

**Table 4: Key components of the framework**

Purpose <sup>9</sup>	Inform, Consult, Involve, Collaborate, Empower	The level of engagement should be clearly defined, shared and understood by all involved.
Guidelines	Shared understanding, Mutual obligations, Certainty, Getting it right, Good governance, Listening & doing	These guiding principles apply to all engagement activities to ensure a consistent and professional approach to interactions.
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Figure 3: The community engagement ripple effect

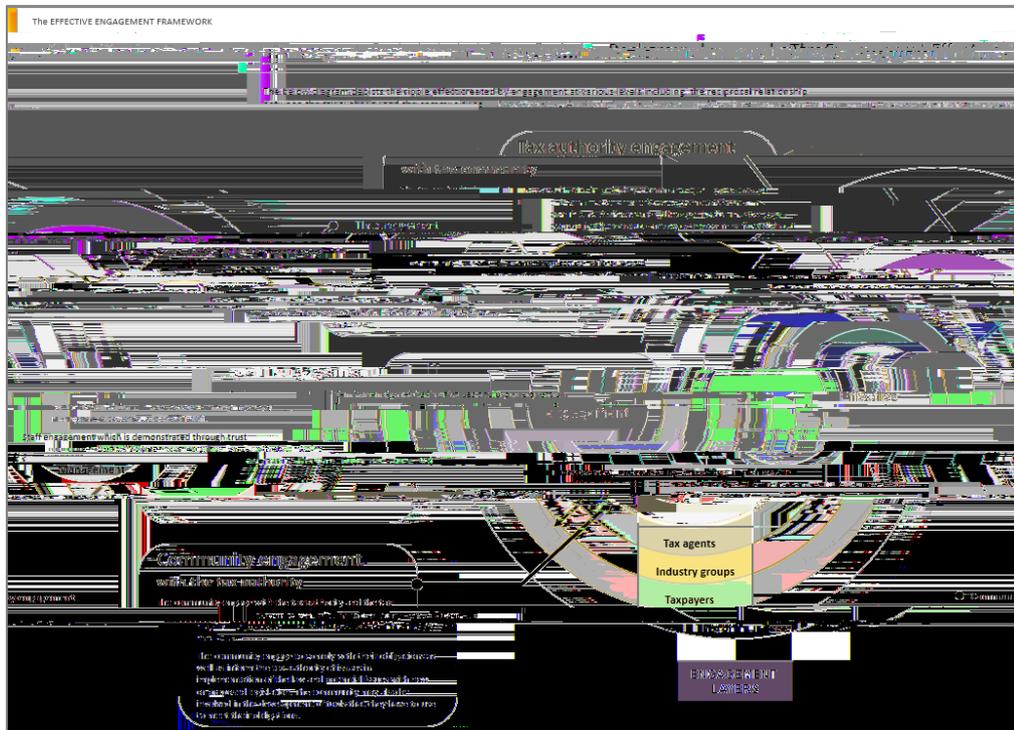
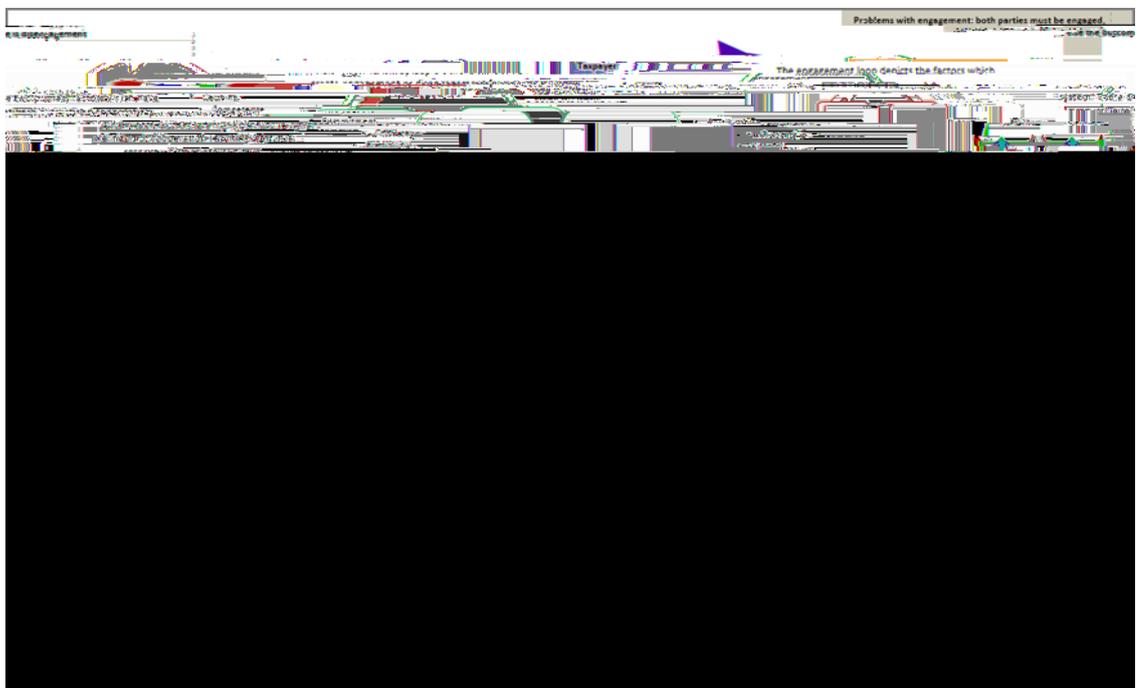


Figure 4: The engagement loop



## 5.2

As a consequence of the development of the framework, a cascade of engagement communication and planning occurred within the primary business line. Key stakeholders in the business line developed a specific set of strategies for community engagement relevant to the activities of the business line. The Effective Engagement Framework encouraged the group to set a clear purpose and intent for their activities: to eff

**Figure 5: Risk management bow-tie, including a focus on engagement with taxpayers**

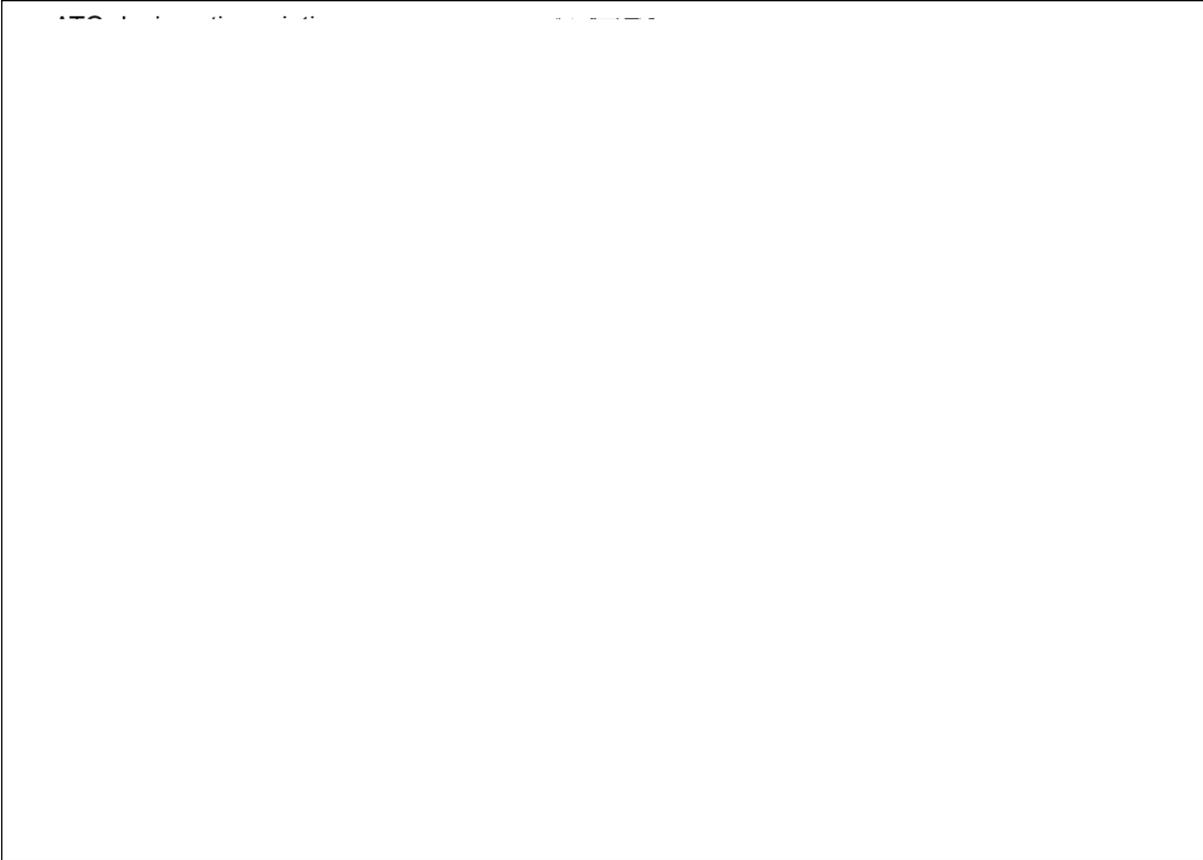
The often overlooked aspect of taxation administration is the immense effort applied

planning and conducting engagement activities with the community. The Engagement Framework has been employed by staff in designing the community engagement approach for the "Reinventing the ATO" program (Jordan, 2014). Connectedness and consultation with the community has become the mantra of the ATO leadership group,



Hoelzl, E., Kirchler, E., & Wahl, I. (2008). Enforced versus voluntary tax compliance: The "slippery slope" framework.





### Effective Engagement Framework - Survey and comprehension evaluation

**PURPOSE**

- Inform
- Consult
- Involve

**Collaborate**

Which of the above elements realize the lowest level of engagement?

Inform  
 Consult  
 Involve  
 Collaborate

0% 100%

### Effective Engagement Framework - Survey and comprehension evaluation

Please read the text below carefully. We will then evaluate your understanding of "Guidelines". The "Guidelines" are used to...

**Guidelines**

**Chapter 4** - Our shared online system based on...

**Mutual obligations**

**Certainty**

**Getting it right**

**Good governance**

**Listening and doing**