

ATTA News February 2013

<http://www.asb.unsw.edu.au/attanews>

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ATTA website <http://www.asb.unsw.edu.au/atta>

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1 Presidential column

Firstly, I would like to thank you all for the honour of electing me to be the President of ATTA. It feels as if I have come full circle: some of the early (I hesitate to say older) members of ATTA would remember that I was the first Secretary/Treasurer, holding that position from 1993 to 1996. The feeling of déjà-vu is accentuated when I look at the most important item of business before the Executive this year, which is the review of the ATTA constitution – which was also the first item of business when tax teachers decided to formalise the association in the early 1990s. I would like to thank Brett Freudenburg and Brett Bondfield for taking on this task. As noted in item 5 of this newsletter they are keen to receive input from members of ATTA: so please contact them if you would like to contribute.

The academic year kicked off with another excellent conference. Although teaching does not start until March for many of us, for me the ATTA conference in late January always signals the start of the academic year, as February quickly disappears preparing for classes and in other academic administration. I would like to thank the team from Auckland University for their efforts in organising the 2013 conference – having convened two organising committees in the past I know how much work is required to make the process run smoothly.

The coming year looks like it will be an interesting year in terms of tax. The Australian Prime Minister has announced an election date, and tax has already been targeted as an election issue. Although the heat seems to have gone out of the Great Carbon Tax Debate, the Mining Tax Debacle has taken its place in the public forum. The MRRT is an interesting case study in tax policy: the politics of the introduction; the trade-offs required; and how that has impacted on the outcomes of the tax. The equity of the tax system is also emerging as an

issue, with tax rates and superannuation concessions having already been raised as potential targets in the pre-election budget. There will be plenty to feed into papers for next year's ATTA conference at Griffith University, with the theme "The Politics of Tax". For those of us who prefer to explore the more technical aspects of tax law, we have the introduction of the amendments to Part IVA and the rewrite of the Trust provisions to be going on with.

It looks like we all have another busy year ahead – a far cry from the common perception that tax is boring! Once again, thank you for showing your confidence in me as your incoming President: I will do my best to represent the interests of Tax Teachers as required over the coming year.

Helen Hodgson

2 ATTA Conference AGM minutes 2013

ATTA AGM Minutes 2013

Venue: University of Auckland Business School

Present: 52 Persons. The apologies of the Secretary Colin Fong and Dale Pinto were noted. Shirley Carlon undertook to make a record the proceedings together with the President.

Time: 3.45 pm

The meeting was chaired by Michael Walpole

Minutes of the Previous Meeting

The minutes of the previous meeting were confirmed as a true and correct record.

Matters arising from the Minutes

It was noted that the request for members to update their details via the Secretary had not been heeded.

It was suggested that membership should be valid for three years after attendance at a Conference and thereafter those members would be asked to request continuation of their membership. The practicalities of this were discussed and the Executive was asked to consider this approach and revert to the membership.

It was noted there was a call for papers by Keith Kendall and John McLaren for the Journal of Australian Taxation.

Arrangement of Agenda

In the interests of dealing with important matters whilst quorate and without delaying delegates in catching flights the Agenda was dealt with out of order.

Election of Office Bearers

The President, Michael Walpole indicated that his term had come to an end and he would be standing down.

Helen Hodgson was elected President for 2013/14 (proposer Brett Freudenberg, seconder Audrey Sharp)

Adrian Sawyer was elected to the Executive Committee to replace Michael Walpole (Proposer Andrew Maples, seconder Lisa Marriott)

Brett Bondfield was elected to the Executive Committee to assist with changes to the Constitution. (Proposer Michael Dirkis, Seconder Brett Freudenberg),

Brett Freudenberg; Ranjana Gupta; and Colin Fong indicated their willingness to continue on the committee and were re elected. (No objections)

President's Report

Constitution

The President reported that the work on Amendment of the Constitution requested at the 2012 AGM had been undertaken. Brett Freudenberg and Brett Bondfield had reviewed the current Constitution and advised that as it was outdated and did not reflect the manner in which ATTA currently functions. As an example the membership of ATTA is determined by attendance at an ATTA Conferences not payment of subs. There are other examples.

It was resolved that a new Constitution be presented to the membership for adoption at the next AGM. The team responsible for this will be Brett Freudenberg, Brett Bondfield. Ann O'Connell kindly offered to assist should her experience in such matters be needed.

ATTA Doctoral Selection

The President Reported that the selection panel for the ATTA Doctoral Series had been unable to justify the selection of a suitable doctorate in 2012.

Treasurer's Report 2013

In the absence of the Treasurer the Assistant Treasurer read the Report. It was noted that no report on the financial outcome of the 2012 Conference had yet been provide by Sydney University. Michael Dirkis undertook to provide one shortly.

The Report of the Auditor was noted and the Auditor Richard Collins was thanked for his audit and the finalization of the 2009; 2010 and 2011 Income Tax Returns.

The meeting resolved to appoint Richard Collins as the Auditor for the following year.

Secretary's Report 2013

In the absence of the Secretary the Assistant Treasurer read the Report. It was noted that members had not updated their information as requested.

Doctoral Students attending ATTA Conference

The President reported that the Executive had resolved to continue to support the attendance of Doctoral students at ATTA, according to need, each year and that the support would be to advance an appropriate sum to the conference organizers – which sum might be used as a 'float' for some advance expenditures.

ATTA Website

It was noted that the website had migrated to a new platform at UNSW and that there had been teething problems. Members were asked to bring anomalies to the attention of the Executive Committee to be resolved in liaison with relevant UNSW personnel.

ATTA Conference 2014

Brett Freudenberg presented on the ATTA Conference 2014 which is to be hosted at Griffith University Southbank Campus, Brisbane from 20th January 2014.

Expressions of Interest ATTA Conference 2015

Domenic Carbone and John Tretola of Adelaide University undertook to investigate whether their institution might host ATTA in January/February 2015.

Report of ATTA 2013 Conference

Peter Vial reported briefly on the 2013 Conference. Peter and his colleagues at Auckland University (Audrey Sharp, Craig Elliffe, Pam Kam, Barnard Hutchinson, Mark Keating and Chris Spells) were thanked for a highly successful conference.

The ATTA Conference prizes were announced:

Teaching paper: John Minas, Sonia Shimeld, Simone Bingham, "Using one-on-one interviews in tax teaching", University of Tasmania;

Best PhD Presentation: Raihana Mohdali, "The influence of religiosity on taxpayers' compliance attitudes: empirical evidence from a mixed-methods study", Curtin University.

Best conference paper: John Bevacqua, “From moral duty to rule of law – lessons from the US in treating taxpayers fairly”, La Trobe University.

Patrons’ Prize: Sally Joseph, “Income tax and environmental provisions – green gold or lead weight?” University of New South Wales.

General Business

The President recorded that the IFA Graham Hill Prize had been awarded to Celeste Black of Sydney University for her new thesis “Carbon Pricing and Taxation: An International Comparison. It was recorded that all applications for the award had been of the highest quality.

JATTA

It was reported that JATTA 2012 had been successfully edited and the particular contribution of Rebecca Millar as Editor was noted with thanks. It was noted that not all advice to editors had been communicated and this should be remedied for future editors.

Mark Keating is editor of JATTA 2013.

There being no further business the meeting closed at 4.45 pm.

3 ATTA Conference 2013 – a delegate’s view

ATTA in Auckland was a delight. The wide range of conference topics and offerings made choices between various parallel sessions difficult. At the same time I was presenting on Marx and taxing rent, for example, there were two other sessions I would have gone to if humanly possible.

And the opening session from Justices Edmonds and Glazebrook, was interesting and thought provoking. Justice Edmonds comments on anti-avoidance had me thinking, and I admit, wanting to respond. As a former Assistant Commissioner in the ATO in charge of international tax reform I found the presentation at that session from Edwin Vanderbruggen, a Partner in VDB Loi, a good on the ground explanation of some of the issues of taxation and international taxation in less developed countries.

It wouldn't be a successful conference without the wit and humour of one of our patrons, Gordon Cooper on display, ably complemented by the starring role our other patron, Cynthia Coleman played in his production.

Catching up with colleagues is always a pleasure and the help I got from a number in corridor chats about my planned publications, my thesis and what to expect from the doctoral experience were invaluable. So too was the PhD session on Wednesday and my thanks to all the old hands (I use that phrase guardedly given my position in the age spectrum) for their advice and help.

The administration of the whole event, on a beautiful campus in a wonderful harbour city and a great building, was exemplary.

The Conference dinner was again a highlight as people relaxed and talked, talked and talked, re-establishing old friendships and making new ones. As a non-drinker I am not in a position to make any comment on the quality of New Zealand red wine.

Well done to all involved and to all who attended. It was a great conference.

John Passant
Graduate Teaching Fellow

4 2014: ATTA's 26th Annual Conference

ATTA's 26th Annual Conference will be held at Griffith University (South Bank campus) in the week commencing 20 January 2014 (either Monday to Wednesday or Wednesday to Friday). The theme of the conference is "The Politics of Tax" and papers are invited to be submitted that explore the way that politics has and continues to influence the tax system. Papers on this theme are strongly encouraged; although the submission of papers on any aspect of taxation is welcome. Also, papers that explore the scholarship of tax teaching and learning are invited. Current PhD students are encouraged to submit an abstract as there will be special mentoring workshops for them.

There will be prizes for best tax research paper, tax teaching paper and PhD student paper.

Abstracts of no more than 500 words should be emailed to Ms Renata Steenland at r.steenland@griffith.edu.au by Friday 16th August, 2013.

Further information about the conference (including accommodation options and the programme) will be included in the future ATTA newsletters. In the meantime if you have any questions please contact Renata Steenland (r.steenland@griffith.edu.au or phone: +61 7 3735 3930)

5 Review of ATTA Constitution

As discussed at the 2013 AGM in Auckland below is a summary of the review undertaken of ATTA's Constitution by Brett Freudenberg and Brett Bondfield.

A primary question is whether or not ATTA should incorporate as part of the process of updating its constitution. If you would like to provide initial feedback on this please email your comments to Brett Freudenberg by 30 April 2013 (b.freudenberg@griffith.edu.au)

Summary

Below is a summary of the review of ATTA's Constitution.

Perspectives:

1. We are advised that ATTA is an unincorporated association.
2. From the analysis the most obvious things ATTA does not always strictly adhere to its rules. While this is not perfect this does not appear to particularly disadvantage individual members or groups of members.
3. The objects clause is a confusion of things and should just be an objects clause rather than an old style powers and objects clause. Again its current existence does not pose practical or legal impediments on ATTA's functioning.
4. ATTA submits itself to annual audit.

Where are we now?

The threshold issue is whether to incorporate or not and the answer is not as straightforward as many may think.

The **advantage** of the current position is the ease of operation. ATTA is only accountable to itself.

- Thus the non-observance of rules does not draw the wrath of a regulator. There may be actions in contract to enforce the strict observance of the rules as they stand but we cannot foresee a realistic scenario where this is probable.
- The reporting and audit requirements are self-imposed and to the membership, there is no regulatory reporting mandated.

The single obvious **disadvantage** is that without ATTA having separate legal personality personal liability attaches to the executive committee members and, in certain circumstances, may also extend to the members. The executive committee members may therefore be sued for ATTA's debts and the negligence of any of its members. That sounds scary but it needs to be viewed in the following context.

- The largest single thing ATTA does is the annual conference and this is done by individuals acting on ATTA's behalf through their respective institutions. Thus the risk would seem to rest with the organising institution rather than ATTA. But we can't get blasé about this, if something went seriously wrong the institution may well come looking for someone to sue.
- The only obvious, but unlikely, other risk we could think of was a defamation action taken for something said at a conference or in JATTA or ATTA News.

Another downside of being unincorporated is that grants from government or private bodies may be dependent on the applicant being a legal entity. This could be dealt with in practice by having an institution apply on ATTA's behalf.

Impact of incorporation

Separate legal entity is achieved.

There would not be a great practical ongoing impact. ATTA submits itself to annual audit now and if ATTA were incorporated in NSW there is no legal obligation for audited accounts to be prepared (given ATTA's current levels of turnover and the assets it holds). There would need to be a public officer appointed and there would be a few more documents that we would need to keep and make available for inspection, such as a register of members etc etc.

At transition there would be a bit of mucking about as regards bank accounts and ABNs but that should be straightforward. The model rules of incorporated associations have standard provisions to transfer the assets and memberships from the unincorporated association to the incorporated one.

Where to next?

The threshold issue is whether ATTA gets incorporated. Our preference is for incorporation but we recognise that this is not a straightforward question for an organisation that runs as ATTA does. We attach the material provided in NSW to assist associations with the decision of whether or not to incorporate. Brett Bondfield is happy to provide more detail on the ongoing obligations.

If the answer is to incorporate then there is the issue of where? As the resources are currently at UNSW it is suggested that NSW makes sense. Also as it is the most populous state there will be someone to be the public officer. Once this call is made the records need to be available in that state. In practice, this will create a restriction in the future that the management of ATTA would be best kept in NSW, though there are ways of dealing with this by keeping records and a competent public officer in NSW. The same issue would apply no matter in which jurisdiction ATTA was incorporated.

Once the 'where' is thought through and a prepared recommendation paper should be put forward to ATTA members through the ATTA newsletter seeking in principle approval that incorporation be pursued by the incoming executive and that the current constitution be reviewed and a new constitution be developed over 2013 for a 2014 vote. Noting that the current constitution permits such a vote to be put to the members at AGM through a simple decision of the Executive Committee as long as the procedures are followed.

If the decision is not to incorporate then we can start the process of review and revision of the current constitution at the 2013 AGM for a 2014 vote on the constitution.

6 Call for Papers: 2013 edition of JATTA

The closing date for submissions to the next edition of the Journal of the Australasian Tax Teachers' Association (JATTA) is **Monday 6 May 2013**.

All papers on taxation will be considered for publication. In particular, JATTA welcomes submissions from authors of the 2013 ATTA conference papers and other papers on the theme of this year's ATTA conference –Tax Alchemy: Turning Silver into Gold. JATTA can provide a forum for publication of the many excellent papers presented at the conference.

Submitting your paper to JATTA

Please submit your original paper by email to Mark Keating at m.keating@auckland.ac.nz and copy to Pam Kam at p.kam@auckland.ac.nz no later than 6 May 2013 in accordance with the following requirements:

- Submit your paper in MS Word format – not in pdf
- Use a serif font (eg Times Roman), double spaced, with quotes indented
- Comply with the Australian Guide to Legal Citation, 3ed (<http://www.law.unimelb.edu.au/mulr/aglc>)
- Provide an abstract
- For the purposes of ensuring that the refereeing process is anonymous, ensure that your name does not appear on the paper, in the headers or footers, or in the MS Word document information and also ensure that the footnotes do not reveal your identity

All submissions to JATTA are subject to double blind peer review by appropriate specialists in the particular field of taxation. JATTA satisfies the description of a refereed journal and is included in the ERA 2012 Journal List:

http://www.arc.gov.au/era/era_2012/era_journal_list.htm.

If your paper is accepted for publication, please submit your final paper in accordance with the following requirements:

Submit your paper in MS Word format.

Use the following fonts:

- Times Roman 12 for the main text
- Times Roman 11 indented, for quotes
- Times Roman 10 for footnotes

NEVER use the following:

- double paragraph markers between paragraphs
- double spaces after full stops
- tabs to indent or format text
- automatic numbering - please manually number any lists
- footnotes that exceed 300 words
- one-sentence paragraphs and multiple consecutive two-sentence paragraphs

7 Arrivals, departures and honours

Congratulations to **Rebecca Millar** on her promotion to Professor of Law, at the University of Sydney, effective from 1 January 2013.

Congratulations to Prof **Judith Freedman**, a ATTA member who was made a Commander of the British Empire (CBE) for services to tax research, in the New Year's Honours List in the UK.

Source: <http://www.taxjournal.com/tj/articles/tax-academic-awarded-cbe-31122012>

Some readers may have known **Tim Vollans** who sadly passed away on Saturday 26th January 2013. Tim served the Tax Research Network in the UK as secretary and more recently as a member of the steering group.

Source: <http://trn.taxesage.co.uk/tim-vollans>

8 New Zealand developments

The last few weeks have been fairly uneventful on the New Zealand tax scene. However, two Officials' Papers were released in mid-December. The first is an Officials' Paper on the Taxation of Multinational Companies. The report is in response to recent publicity in a number of other countries on the amounts of tax paid by large multinational organisations. The report primarily focuses on New Zealand's intent to: participate in global initiatives; work with the OECD; and coordinate with Australian officials to address the issues. The report also identifies areas in New Zealand's tax legislation that can be strengthened to protect the tax base.

The second Officials' Paper relates to GST issues. The issues raised are described as minor and not giving rise to significant policy issues; instead, the proposed changes are intended to amend legislation to allow for its intended operation. The main issues covered are:

- application of the hire-purchase time-of-supply rule to land transactions;
- treatment of directors' fees;
- consequential and remedial amendments following the introduction of the apportionment rules; zero-rating for land rules; and changes to the definitions of 'dwelling' and 'commercial dwelling'.

Lisa Marriott

9 The 4th Queensland Tax Researchers' Symposium (QTRS) AND The Inaugural Meeting of the Australasian Tax History Chapter (THC)

Call for Papers

The Queensland University of Technology Business School will host the inaugural meeting of the Australasian Tax History Chapter on Thursday, 27 June and the fourth Queensland Tax Researchers Symposium on Friday, 28 June 2013.

These two events bring together tax academics and research higher degree students to discuss and present their current research interests. This is a joint initiative between academics from various universities with Griffith University, James Cook University, and UNSW also sponsoring the event. These events build on the success of the annual symposium which has been held since 2010.

The 2013 THC and QTRS will be held at the Gardens Point Campus of QUT in Brisbane. Registration is open to academics with a research interest in tax, as well as research higher degree students who are currently undertaking an honours, Masters or PhD dissertation in a tax related topic. While registration is free, numbers are limited and attendees will need to register by Friday **3 May 2013**. Attendees may register for one or both days.

Those interested in presenting a paper (including research higher degree students) are encouraged to submit a short abstract of their work by **12 April 2013** (500 words) indicating whether they wish their paper to be part of the THC meeting on 27 June or the QTRS on 28 June. Authors will be notified of their acceptance by 26 April 2013. Note it is possible for tax academics to attend without presenting a paper.

General enquiries about both the THC and QTRS (including paper submissions and registration) should be directed to:

Professor Kerrie Sadiq
School of Accountancy, QUT
Email: Kerrie.sadiq@qut.edu.au
Ph: 07 3138 4236

Supporting Sponsors:

Taxation Institute; Thomson Reuters; CCH Australia; Griffith University; James Cook University; UNSW

10 Call for papers

The **Global Environmental Tax Conference** series is announcing its "Call for Papers". This year the host is Kyoto University's Graduate School of Economics and the Faculty of Economics. The conference will be held from October 17 - 19. The timing and choice of Kyoto was meant to coincide with the end of the first phase of the Kyoto Protocol - so it is quite significant from the historical perspective.

Being a multi-disciplinary event it will be of great interest to ATTA members.

The Conference's homepage URL is: <http://www.econ.kyoto-u.ac.jp/gcet>

The editorial board of the *World Journal of VAT/GST Law* (WJOVL) cordially invites you to submit academic papers for publication in the second or third issue of 2013. The board welcomes the submission of academic articles focusing on VAT/GST related issues that are of relevance to the international community. The journal publishes both articles that critically analyse features of existing VAT/GST systems and tax policy articles. The WJOVL is a peer-reviewed journal and publication is subject to favourable peer-review reports. For further details, please consult the website (<http://www.hartjournals.co.uk/wjvol/index.html>) or the

general editor (joachim.englisch@uni-muenster.de). The deadlines for submission of articles are end of April 2013 (for Issue 2/13) and end of August 2013 (for Issue 3/13).

Call for Papers on Taxation Law for the 2013 Society of Legal Scholars Annual Conference at Edinburgh

30 January 2013

Dear Colleagues

I'm writing to invite papers for the Taxation Law section of this year's Society of Legal Scholars annual conference. The 2013 SLS annual conference will take place at the University of Edinburgh from Tuesday 3rd September to Friday 6th September. Further information is available at <http://www.legalscholars.ac.uk>

The Taxation Law subject section will meet on Thursday 5th and Friday 6th September 2013 (in Group B). I'd be grateful if those interested in giving a paper could contact me, ideally by March 4th, with a provisional title and, if possible, a short abstract (say 200 words). You will find my contact details at the end of this notice. Potential presenters may wish to consider addressing the theme of the conference, which this year is 'Britain and Ireland in Europe, Europe in Britain and Ireland'. That aside, papers would be welcomed on any area of taxation law, from any jurisdiction, and from colleagues at all career levels. Papers reflecting postgraduate research in progress are most welcome.

You do not need to be a member of the SLS to give a paper. However, I'm asked to remind those offering papers that the SLS does require all speakers to book, **and pay for**, attendance at the subject section meeting. Those presenting papers will be expected to provide an abstract of their paper by the end of July for the paper bank, and, ideally, a copy of the full version of their paper before the conference begins. There is a prize for the best paper presented in a subject section of the SLS (the rules for which can be viewed at <http://conference.legalscholars.ac.uk/bristol/best-paper-prize.cfm>). Finally, if you are intending to give papers to more than one subject section, please could you also mention that to help in timetabling the sessions of our meeting.

I hope to see you in Edinburgh in September.

Glen Loutzenhiser <glen.loutzenhiser@law.ox.ac.uk>
SLS Subject Convenor, Taxation Law

Dr Glen Loutzenhiser
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St Margaret's Road, Oxford OX2 6LE
United Kingdom

11 ATTA members in the media

Cooper, Gordon

ABC TV 7:30 Report – New South Wales, 8 February 2013 Obeid Corp. ICAC compares NSW corruption to Rum Corps <http://www.abc.net.au/news/2013-02-08/icac-compares-nsw-corruption-to-rum-corps/4509402>

12 IFA Competitions

20 November 2012

To the members of the Permanent Scientific Committee and the Executive Committee

Dear All,

With this email we would like to draw your attention to the following competitions:

1. As you know IFA has instituted the Mitchell B. Carroll Prize in order to encourage scientific work. This Prize is awarded for a work dealing with international fiscal questions, comparative fiscal law or local fiscal law with the emphasis on the relationships with the fiscal law of foreign jurisdictions. Competition for the Prize is open to lawyers, accountants and economists.
2. In 2010 IFA launched the Maurice Lauré Prize. IFA has instituted this Prize in order to encourage scientific work on international indirect taxation. The Prize is named in honour of Maurice Lauré, who was instrumental in the first implementation of the Value Added Tax system in France, now applied in more than 160 jurisdictions.
3. Finally, IFA has initiated a so-called "Poster Programme" to attract young students to international taxation. The programme is open to a maximum of ten students graduating in international taxation who are writing a thesis on a purely theoretical or more practical subject.

For further information, rules of the competition and application we kindly revert you to the following websites.

Please note that the deadline date for sending in applications for all three competitions is **1 April 2013**.

Thank you in advance for your assistance.

With kind regards,

Anja van Zwietering
Executive Secretary
International Fiscal Association
WTC - PO Box 30215
NL-3001 DE Rotterdam
Tel: +31-10 405 2990
Fax: + 31-10 405 5031
<http://www.ifa.nl>

The website is www.ifa.nl and all of them appear under the Activities banner
http://www.ifa.nl/activities/poster_programme/pages/default.aspx
<http://www.ifa.nl/activities/mlp/pages/default.aspx>
http://www.ifa.nl/activities/mitchel_b_carroll_prize/pages/default.aspx

13 TEI Award - European and/or International Tax Law publication

Dear colleagues!

The Tax Executive Institute in cooperation with the Institute for Austrian and International Tax Law of the WU Vienna is glad to announce the TEI Award for the best short publication on European and/or International Tax Law. Eligible to the award are all doctoral researchers (aged 35 and below) who have drafted an article for a tax journal or chapter in a collective volume accepted for publication between 15 August 2012 and 15 June 2013.

Applications must include the full text of the manuscript (drafted in English, French, German, Italian or Spanish) and evidence of publication (or an official letter of acceptance for publication) will have to be sent by 30 June 2013 to Christine Wiesinger, christine.wiesinger@wu.ac.at, and will be examined by a jury composed by the Professors of the Institute for Austrian and International Tax Law.

The winner of the award (Eur 1.000,- plus an admission free of charge to a conference organised by the Institute for Austrian and International Tax Law) will be announced at the Conference on ECJ Pending Direct Tax Cases from 21 to 23 November 2013.

Kind regards,

Michael Lang / Pasquale Pistone / Josef Schuch / Claus Staringer / Alfred Storck / Jeffrey Owens

14 Fellowships and grants

Ernst Mach Worldwide grants

Dear Colleagues,

The Institute for Austrian and International Tax Law wants to inform you about the Ernst Mach Worldwide grants which are awarded by the Austrian Exchange Service (OeAD-GmbH/ICM) on behalf of and financed by the BMWF.

The Ernst Mach Worldwide grant enables young graduates (Maximum age: 35 years (born on or after Oct. 1st, 1977).) from all countries (except Austria) to apply for a research period (one to nine months) in Austria, supported by a grant. The grant benefit paid is a monthly rate of Euro 940,- (for graduates). More details can be found in the attached information sheet and on our homepage www.wu-wien.ac.at/taxlaw. Direct link: <http://www.wu.ac.at/taxlaw/research/fellowshipprograms/ernst-mach>

In order to be able to apply for the Ernst Mach grant the consent of an Austrian supervisor is needed. The Institute for Austrian and International Tax Law would be very happy to support the application of promising candidates who are doing research in International Tax Law.

We kindly ask you to tell us if you are interested in applying for an Ernst Mach grant or if you know a researcher who could be interested in applying for the Ernst Mach grant until 15th of January 2013 as the closing date for applications is 1st of March 2013 (for research periods within the academic year 2013/14)

If you are interested we would need following information:

- your CV
- list of publications

- preferred date* of beginning and end of your research stay
- second preference for start and end
- topic of your doctoral thesis/research topic

*) applications are possible for periods within the academic year 2013/14, which means that the earliest possible starting date is October 1, 2013, and the latest ending date is Sept. 31, 2014.

Please also check the attached PDF for more information.

We are looking forward to receiving your applications by email to renee.pestuka@wu.ac.at

Kind regards

Michael Lang / Josef Schuch / Claus Staringer / Pasquale Pistone / Alfred Storck / Jeffrey Owens

Fellowships at the European University Institute - Australian European University Institute Fellowships Association Inc.

Applications are now invited for Australian European University Institute Fellowships which provide the opportunity to carry out research at the European University Institute in Florence – the high profile research institute established by the Member States of the founding European Communities in 1972. A six-month Postdoctoral Fellowship will be offered for the period January-June 2014. Two three-month Postgraduate Fellowships will be offered for the period September-December 2013. In addition, one fellowship will be offered for a Visiting Scholar from an Australian university for one month during the period January-June 2014. The Fellowships are available to researchers currently undertaking research in history, law, economics, and social and political sciences who are able to identify a direct benefit for their research from a period of residence at the EUI. The Postgraduate applicants must be at an advanced stage of their research, and the Postdoctoral Fellowship is available to those who have graduated with a PhD qualification within the last five years. The Visiting Scholar Fellowship will be awarded to an established scholar who can demonstrate that a one-month sojourn at the EUI would be beneficial both to the applicant's research and to the EUI. The Postdoctoral Fellowship covers EUI fees for six months and provides a one-off payment of \$12,000 to contribute to travel (including insurance) and subsistence. The Postgraduate Fellowships similarly cover EUI fees for three months and provide a one-off payment of \$7,000 to contribute to travel (including insurance) and subsistence. For the Visiting Scholar, the AEUIFAI will cover only the EUI fees. The successful candidates will also have access to the facilities of the Monash University Prato Centre and are encouraged to participate in its activities. At the conclusion of their tenure, awardees must submit a report to the AEUIFAI on their activities and outcomes.

All applications and letters of support are to be emailed to euifellowships@monash.edu by 15 March 2013. Please stipulate in the subject line of the email your 'surname', and whether your application is an 'AEUIFAI Postdoctoral Application' or an 'AEUIFAI Postgraduate Application' or a 'Visiting Scholar Application', e.g. "Smith – Postgraduate Application". There is no special application form. Applications must include:

- a CV;
- a description (no more than 2000 words) of the applicant's research project (background, approach, methodology, significance), including the relevance of the EUI to the work to be covered during tenure there (please consult the EUI website for research interests of current faculty and related projects);
- a 50 word abstract summarizing the proposal and its significance;
- Postdoctoral applicants must include plans to publish in a peer reviewed journal as a result of the period of residence at the EUI. The successful applicant should also be prepared to

present a public lecture towards the end of their tenure (to be held at Monash Prato) or at their home institution after their return to Australia.

- Postgraduate applicants must include a complete academic transcript.

Two confidential letters of support (including one from the thesis supervisor in the case of postgraduates) are to be sent directly by separate email cover (with subject line stipulating category of award and applicant's surname, e.g. "Smith – Postgraduate – Reference"). Please note: these confidential letters of support must not be sent by the applicants.

The Visiting Scholar's tenure of one month is to be taken, by arrangement, in the period 7 January-30 June 2014.

The Postdoctoral Fellowship is to be taken up for the period stipulated, viz. 7 January-30 June 2014.

The Postgraduate Fellowships are for the three-month period September-December 2013.

Further information on the AEUIFAI is available at:

http://eeas.europa.eu/delegations/australia/more_info/aeufai/index_en.htm; on the European University Institute at: <http://www.eui.eu>; and on the Monash University Prato Centre at <http://www.ita.monash.edu>; or from the Secretary, A/Prof Peter Howard, e-mail:

peter.howard@monash.edu The selection committee reserves the right not to appoint.

Applications close 15 March 2013. The successful applicants will be notified by late June 2013.

The Australian European University Institute Fellowships Association Incorporated and its award scheme is currently generously sponsored by Monash University, the University of Melbourne, the Australian National University, and the Delegation of the European Union to Australia and New Zealand, along with the Universities of Adelaide, Western Australia and Wollongong, Charles Darwin, Curtin, Griffiths and La Trobe Universities, and the University of Technology Sydney. In order to make possible the presence of Australians at the European University Institute, Florence, the AEUIFAI was established in 1995 as an independent body comprised of a number of Australian universities and the Delegation of the European Union to Australia and New Zealand. Under an Agreement with the EUI signed in 1996 and renewed in 2004 and 2007 the AEUIFAI has awarded doctoral and postdoctoral fellowships to Australian scholars to spend periods of time at the EUI for research. Founding members were The Australian National University, Deakin University, Griffith University, Monash University, The University of Melbourne, and the Delegation of the European Union to Australia and New Zealand.

15 Tax, accounting, economics and law related meetings

Local

University of Sydney 2013 Tax Law Work in Progress Seminar Series

I hope this email finds you well and enjoying a happy healthy start to 2013. I write to announce the return of Sydney Law School's Tax Law Work in Progress Seminar Series. As in prior years, the seminars will generally be scheduled in the late afternoon on the first Tuesday of each month that school is session (though alternate arrangements can and will be made as necessary). At this point I am writing to solicit those interested in presenting a work in progress (it can really be at any stage of progress). If interested, please contact me to discuss further. I will follow up shortly when the schedule has been filled out. I am looking forward to seeing you at a seminar this year and please be in touch if you have any comments, suggestions, or questions (including recommendations for additions to our mailing list).

Thank you very much.

Yours,

Micah

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ATTA's **26th Annual Conference** will be held at Griffith University in the week commencing 20 January 2014 (either Monday to Wednesday or Wednesday to Friday). The theme of the conference is *The Politics of Tax*. The conference will celebrate 26 years of tax teaching in Australasia. The conference organisers welcome papers on taxation, the teaching of taxation and taxation research. We particularly encourage new academics and postgraduate research students to submit papers. Further information about the conference (including accommodation options and the programme) will be included in the future ATTA newsletters. In the meantime if you have any questions please contact Ms Renata Steenland at r.steenland@griffith.edu.au

Tax Institute <http://www.taxinstitute.com.au> lists many of the TI conferences, conventions, seminars, breakfast clubs. For further enquiries, contact Jessi Guy (02) 8223 0043 or email jessiguy@taxinstitute.com.au. Register online at <http://www.taxinstitute.com.au>
Call the National Events team on 1300 733 842 for more details.
Please contact the National Events Team on 1300 733 842 or by email, nationaleducation@taxinstitute.com.au Follow us on Twitter @TaxInstituteOz.
Danielle Marriott, Event and Member Services Executive The Tax Institute Phone: 02 8223 0000; Direct: 02 8223 0014 Fax: 02 8223 0077 daniellemarriott@taxinstitute.com.au

Overseas

American Accounting Association Calls for paper website <http://aaahq.org/calls/default.cfm>

Canadian Tax Foundation <http://www.ctf.ca/ctfweb/en>

Institute for Fiscal Studies Conferences and seminars
<http://www1.ifs.org.uk/conferences/index.shtml>

20th Viennese Symposium on International Tax Law "Dependent Agents as Permanent Establishments (Art 5 par 5 and 6 OECD Model Convention)", which will be held in English in Vienna on Friday 14th June 2013. This Symposium will be organized by the Institute for Austrian and International Tax Law at WU (Vienna University of Economics and Business) with the International Fiscal Association (IFA), Austrian Branch. The Symposium will be free of charge. Please find the invitation and the application forms on our website www.wu.ac.at/taxlaw

Institute for Austrian and International Tax Law Vienna and the WU Global Tax Policy Center together with the Research Council of Norway are organizing together a conference entitled **Trends and players in tax policy**. The conference will be held in the beautiful city of Rust (Burgenland, Austria) from July 4 to 6, 2013. We are happy and proud that this conference is organized in the framework of the research project on Sustainable tax governance for developing countries through global fiscal transparency, carried out under the auspices of the Norwegian Research Council. Please read more on the scope of the conference in the letter and questionnaire which are attached and available for download on our website <http://www.wu.ac.at/taxlaw/en/eventsn/trendsandplayers>

If you are interested to take an active role in this conference and to prepare the National Report for your country, we would kindly ask you to apply by email to renee.pestuka@wu.ac.at. Your CV and publication list (or link to your academic website) and a few words on your special affinity to the topic (like, e.g., having published extensively,

having worked in this area, being part of a related group or organisation) would be appreciated and helpful.

Deadline for submission of the National Report will be April 30, 2013

Seminar and PhD Seminar at Lund University: April 2013

Lund University in Sweden will host two seminars in late April focusing on VAT/GST issues. The first seminar deals with the VAT/GST treatment of public bodies. The second is a PhD seminar for those focusing on VAT/GST and/or other indirect taxes.

1. Academic Seminar on the VAT/GST Treatment of Public Bodies: 29 April 2013, Lund University (Sweden), School of Economics and Management, Department of Business Law.

In Europe, public bodies are excluded from the field of application of the VAT system when engaged in activities as a public body and not in competition with private entrepreneurs. In addition, many public body activities are exempt from VAT. The present treatment has been criticised for being too complex, distortive, and difficult to administer and comply with. In some more recently designed VAT systems, for example Australia and New Zealand, public bodies are included within the scope of their GST systems. However, how these system's treatment of public bodies actually functions in practice as compared to the European method of exclusion has not been thoroughly discussed and understood in the European context.

In this seminar, leading academics from both Europe and Australia/New Zealand will meet, together with representatives of the European Commission, to discuss the VAT/GST treatment of public bodies, with the overall aim of determining what 'best practice' would be in the European context. Questions to be discussed include: Is the EU VAT system really as bad as is suggested? If it needs reform, how can it be reformed? Are the 'full taxation' treatments adopted in countries like New Zealand and Australia superior? If so, could they simply be copied into European VAT.

If you are interested in attending, please visit <http://www.kongresslund.se/VAT> for further information.

2. PhD Seminar focusing on VAT, 30 April 2013 Lund University (Sweden), School of Economics and Management, Department of Business Law

Research in indirect taxes, in particular the VAT/GST, is still not well developed and in the global academic tax community, there is also not much activity on indirect taxes. At the annual IFA Congresses, for example, indirect taxes seldom feature as a main theme and VAT/GST issues are generally dealt with as an adjunct to one of the main topics. The OECD, too, has only recently begun to devote more attention to this topic. We aim at remedy this situation and set up a series of seminars for PhD candidates focusing on VAT/GST. The aim of the Seminar series is for PhD candidates to meet to discuss their research issues among themselves, and with more experienced researchers whose focus is on indirect tax research. We are aiming primarily at legal researchers in VAT. However, we are open to participation from researchers focusing on indirect taxes other than VAT (e.g. in excises or customs duties).

The number of participants will be limited to 15, with approximately 6 students presenting their research. PhD candidates from Australia and New Zealand are welcome to apply. For further information, please visit <http://www.kongresslund.se/VAT>.

International Bureau of Fiscal Documentation. Various courses in Amsterdam, the Netherlands. For details, see <http://www.ibfd.org> The IBFD International Tax Academy (ITA) runs an extensive international course program. Generally all courses are held in Amsterdam.

Should you require any further information or wish to register please refer to their web site www.ibfd.org or contact the International Tax Academy at +31-20-554 0160 or by e-mail ita@ibfd.org

For 2013 courses go to

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation>.

25 - 28 Feb 2013 International Tax Aspects of Permanent Establishments

07 - 08 Mar 2013 Transfer Pricing Workshop

13 - 15 Mar 2013 Treaty Aspects of International Tax Planning

18 - 21 Mar 2013 Introduction to European Value Added Tax

12-13 March, London, United Kingdom IBC's International Transfer Pricing Summit is the world's largest & most prestigious annual gathering for the corporate transfer pricing community. With over 200 transfer pricing professionals in attendance every year, this event will give you unparalleled access to peer-to-peer advice on key transfer pricing areas

IBFD Courses in Asia-Pacific

Tax Treaty Workshop 14-15 March 2013, Kuala Lumpur

Transfer Pricing: Intangibles and Intra-Group Finance 8-10 April 2013, Kuala Lumpur

Tax Risk Management 29-30 April 2013, Singapore

Practical Aspects of International Tax Planning 27 -31 May 2013, Kuala Lumpur

The ITA also offers tailor-made in-house courses on a worldwide basis for corporate clients, tax administrations and other organizations.

Forthcoming ITA Courses

Should you have any queries, please contact Arcotia Hatsidimitris, Head of the International Tax Academy by telephone +31-20-554 0180, or by a.hatsidimitris@ibfd.org

ITA Courses Tel.: +31-20-554 0160; Fax: +31-20-620 9397; Email:itacourses@ibfd.org

IBFD's 75th Anniversary Time to Celebrate. In 2013, it's IBFD's 75th Anniversary. To celebrate 75 years of long-standing values and reliability and as a leading provider of high quality independent tax research, we have lined up a programme containing several activities. The main event though, will be our Anniversary Congress in the Beurs van Berlage (Amsterdam) on Wednesday 12 June 2013. <http://www.ibfd.org/IBFD-Tax-Portal/Events/IBFD-s-75th-Anniversary-Congress-Tax-avoidance-international-arena-legitimate> We are very pleased to announce that one of our keynote speakers on that day will be esteemed economist Prof. Dr Sweder van Wijnbergen.

IBFD Conference Speaker Competition

Another highlight during the Anniversary Congress will be the announcement of the winners of the IBFD Conference Speaker Competition. Read more under the tab "speakers" of the IBFD's 75th Anniversary Congress page.

Other activities planned for the 75th Anniversary celebration are:

11 March 2013: IBFD 75th Jubilee Workshop in Cape Town

13 March 2013: IBFD 75th Jubilee Workshop in Johannesburg

12 June 2013: IBFD's 75th Anniversary Congress: "Tax avoidance in the international arena: legitimate aim or immoral act?"

12 June 2013 (expected): IBFD's Jubilee book, covering the treatment of business profits under tax treaties.

25-30 August 2013: IFA Conference in Copenhagen

International Fiscal Association Congresses <http://www.ifa.nl/pages/default.aspx>

25-30 August 2013 **Copenhagen, Denmark**

Subject 1:

Controlled Foreign Corporation Legislation (Preliminary title)

Subject 2:

Exchange of information and the cross-border cooperation between tax authorities

International Atlantic Economic Society (IAES) conference www.iaes.org for more information. Prof Dr M. Peter van der Hoek Academy of Economic Studies, Bucharest,

Romania and Erasmus University, Rotterdam, Netherlands. Mailing address: Erasmus University (L 7-20) P.O. Box 1738 NL-3000 DR Rotterdam Netherlands Phone/Fax: +31-10-4081622 E-mail: vanderHoek@frg.eur.nl

International Tax Planning Association Forthcoming meetings

<http://www.itpa.org/meetings.html>

Other useful tax and law related conference websites include the International Bar Association:

http://www.ibanet.org/Conferences/conferences_home.aspx

IBFD Course calendar

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation.TaxCourses>

International Events and Law Conferences

<http://internationaleventsandlawconferences.yolasite.com>

Law Conferences Worldwide <http://www.conferencealerts.com/law.ht>

New South Wales Bar Association

http://www.nswbar.asn.au/docs/professional/prof_dev/CPD/programme/index.php

Law Council of Australia <http://www.lawcouncil.asn.au/conferences/events-and-conferences.cfm>

LexisNexis Professional Development Calendar of events

<http://www.lexisnexis.com.au/aus/conferences/calendar/default.asp>

See also the *inTax* Seminars Directory, published in *inTax Magazine*.

Practising Law Institute <http://www.pli.edu/>

New York County Lawyers Association <http://www.nycla.org>

American Bar Association <http://w3.abanet.org/home.cfm>

New York Bar Association <http://www.nysba.org/>

Hieros Gamos Worldwide Law Events Calendar <http://www.hg.org/calendar.html>

For social sciences and humanities conferences, meetings etc, see Mind: The Meetings Index

<http://www.interdok.com/mind> See also the magazine *Australian Conference & Exhibition Diary*, Vamosi Information Publication.

16 Recent publications

Bold indicates ATTA members. Readers are encouraged to notify the Editor of recently written publications for notification, in these pages. Please note some of the overseas publications listed may not yet be available locally.

Local

Passant, John 'How the poor are shunted into deeper poverty just for political capital' *The Age* 4 January 2013 <<http://www.theage.com.au/opinion/politics/how-the-poor-are-shunted-into-deeper-poverty-just-for-political-capital-20130103-2c74b.html#ixzz2GvBQRm2g>>.

Passant, John 'Women must spoil for a fight to win equal pay', *Canberra Times* 10 January 2012 <http://www.canberratimes.com.au/opinion/women-must-spoil-for-a-fight-to-win-equal-pay-20130109-2cgi6.html>

Passant, John 'Mining Tax shortfall: the experts respond' *The Conversation* 8 February 2013 <http://theconversation.edu.au/mining-tax-shortfall-the-experts-respond-12105>

Passant, John 'Current super concessions favour the wealthy - so why aren't we supporting reform?' *The Conversation* 8 February 2013 <http://theconversation.edu.au/current-super-concessions-favour-the-wealthy-so-why-arent-we-supporting-reform-12063>

Passant, John 'Super tax breaks yield more to the already rich' *The Canberra Times* 12 February 2013 <http://www.canberratimes.com.au/opinion/super-tax-breaks-yield-more-to-the-already-rich-20130211-2e8qr.html>

Tax Institute Seminar and convention papers published in January and February 2013

NSW – Published February:

- GST and cloud computing - Mark Tafft
- Transfer pricing and the cloud - What do multinationals need to consider? - Geoffrey Gill
- A practical guide to risk issues in cloud computing - Nick Abrahams

NSW – Published January:

- Direct income tax - Spyros Kotsopoulos
- Losses update - Kamlee Coorey and Andrew Martin
- Can we frank that dividend? - Authors: Wayne Plummer and Michelle Hogg
- An update on the consolidation regime - Jenny Clarke and Geoffrey Yiu
- Part IVA - Cory Hillier
- Tax risk and corporate governance: The ATO's growing interest in taxpayers' self risk management - Glenn Williams and Emily Marsden
- Current taxation issues in M&A - Joshua Cardwell and Andrew Sharp
- Part IVA and corporates - **Graeme Cooper**
- Tax losses: What you need to know before you can recoup - Muhunthan Kanagaratnam,
- The new director penalty provisions - Bradley Tonks

Qld – Published February:

- Estate planning timebombs - Chris Balalovski
- The nuts and bolts of property in super - Dennis Eagles
- Excess contributions tax - Neal Dallas
- New client - super checklist - Brett Griffiths
- Funding retirement - how to maximise your benefits - Peter Vilaysack

Qld – Published January:

- Tips, tricks and traps (Small Business CGT Concessions) - Richard J Friend
- Update - Recent cases and rulings (ATO) (Small Business CGT Concessions) - Peter Vilaysack
- Structuring to get the most out of Division 152 - Peter Kane
- The basic conditions (Small Business CGT Concessions) - John Middleton
- GST and other indirect taxes - Possible new directions in keeping up with the Southern states - Justin Byrne
- Restructures involving property - Duncan Bedford
- Leasing issues - Damian O'Connor
- The nuts and bolts of property in super - Dennis Eagles
- You've got the land, now what happens? Tips and traps in the development process - Hung Tran
- Property: Selling off to the developer - David Stitt
- Is your trust fixed - and why it matters - Brian J Richards
- Role of superannuation in estate planning - Neal Dallas
- Issues in tax and trust litigation - Peter Bickford
- Trust taxation reform: Where are we at? - Damian O'Connor
- Lessons learnt from 30 June - Paul Banister

SA – Published January:

- Use and abuse of corporate beneficiaries case study and solutions - Ian Snook
- Real property transactions: Opportunities and pitfalls case study and solutions - Michael Chrisohoou

- Maximising the benefits offered by SMSF structures case study and solutions - Stephen Heath
- Fixtures: What stamp duty can teach you about income tax - Antony Barrier and Philip Bisset

National - Published January:

- Assisting non-resident clients - UHY Haines Norton
- Interest or deduction? - Steven Grant
- Intellectual property, goodwill and taxation - **Domenic Carbone**

(2013) 47(7) *Taxation in Australia*

New GST laws to make it easier for creditors - Mark Gioskos

Unlocking the value of SMSFs in acquisitions and business restructures - Peter Slegers and Andrew Sinclair

Mid market focus: Dividend access shares - Guy Brandon

Superannuation - Pensions and death - Thalia Kalaboukas

Discretionary trusts: Some current issues - John Gaal

Tax cases: A case of trusts - Michael Norbury

Taxing issues: December - What happened in tax? - John Gaal

Superannuation: Excess contributions tax - Daniel Butler

Overseas

Alworth, Julian S and Arachi, Giampaolo (eds) *Taxation and the financial crisis*, Oxford, Oxford University Press, 2012

- Michael Keen, Alexander Klemm, and Victoria Perry, “Culprit, Accomplice, or Bystander? Tax Policy and the Shaping of the Crisis”

- Thomas Hemmelgarn, Gaetan Nicodeme, and Ernesto Zangari, “The Role of Housing Tax Provisions”

- Vieri Ceriani, Stefano Manestra, Giacomo Ricotti, and Alessandra Sanelli, “The Role of Taxes in Compensation Schemes and Structured Finance”

- Thomas Hemmelgarn and Gaetan Nicodeme, “Can Tax Policy Help To Prevent Financial Crisis?”

- Douglas A. Shackelford, Daniel N. Shaviro, and Joel Slemrod, “Taxation and the Financial Sector”

- Daniel N. Shaviro, “Income Tax Reform Implications of the Financial Crisis”

- Geoff Lloyd, “Moving Beyond the Crisis: Tax Policies for the Soundness of Financial Markets”

- Robert N. McCauley and Kazuo Ueda, “Government Debt Management at Low Interest Rates”

- Katarzyna Anna Bilicka, Michael P. Devereux, and Clemens Fuest, “The Effects of Fiscal Consolidation on Short-Term Growth: A Review and Implications for the UK”

- Donato Masciandaro and Francesco Passarelli, “Regulation and Taxation: Economics and Politics”

Asia-Pacific Tax Bulletin Number 1 - 2013

International - Substance over Form under Tax Treaties - Bart Kusters

Source Rule for Capital Gains from Stock Sales – History and Evolution - Xunjie Shi

Korea (Rep.) - Tax Treaty Procedures and Anti-Avoidance Rules - Sunyoung Kim

Taiwan - Structuring Inbound Investments - Yishian Lin and Alex Hsu

Asia-Pacific - Column: The Rise of Transfer Pricing Issues - Shyamal Mukherjee and Ruhi Mehta

The New United Nations Practical Manual on Transfer Pricing for Developing Countries -

Michael Lennard

Australia - Transfer Pricing Aspects of Business Restructurings - Michael Butler and Jessica Pengelly

India - Development of Transfer Pricing Jurisprudence - Dinesh Supekar and Amit Dhadphale
Reports on the following: Asia-Pacific, Australia, Australia/Malaysia, Brunei, China (People's Rep.), Fiji, Hong Kong, Korea (Rep.), Macau, Malaysia, Myanmar, New Zealand, Papua New Guinea, Philippines, Singapore, Sri Lanka and Vietnam

Bain, Kathrin E, Krever, Rick, O'Connor, AJ Australia, in: *The impact of the OECD and UN model conventions on bilateral tax treaties*, eds Michael Lang, Pasquale Pistone, Josef Schuch and Claus Staringer, Cambridge University Press, Cambridge UK, 2012, pp 68-109

Bank, Steven A *Anglo-American corporate taxation: tracing the common roots of divergent approaches*, Cambridge, UK, Cambridge University Press, 2011

Bulletin for International Taxation Number 1 - 2013

OECD/United Nations/International - Agency Permanent Establishments: in the name of and the Relationship between Article 5(5) and (6) – Part 1 - Hans Pijl

OECD/International - Unfinished Business: Domestic Thin Capitalization Rules and the Non-Discrimination Article in the OECD Model - **Craig Elliffe**

International - The Use of Tax Treaties and Treaty Shopping: Determining the Dividing Line - Volodymyr Vitko

Proceedings of a Special Conference in Honour of Professor Hugh J Ault - Brian J Arnold
Anti-Tax Avoidance Measures in China and India: An Evaluation of Specific Court Decisions - Patricia Lampreave

Bulletin for International Taxation Number 2 - 2013

OECD/United Nations/International - Agency Permanent Establishments: in the name of and the Relationship between Article 5(5) and (6) – Part 2 - Hans Pijl

The Concept of “Beneficial Ownership” in China’s Tax Treaties – The Current State of Play - Dongmei Qiu

OECD/Austria - Conflicts of Income Allocation in Tax Treaty Law: The Differing Opinions of the Austrian Federal Ministry of Finance and the OECD - Michael Lang

The OECD Report on Hybrid Mismatch Arrangements - Raffaele Russo

(2012) 60 (4) *Canadian Tax Journal*

Benefit-Cost Analysis of R & D Support Programs—John Lester

L'annulation ou la renonciation aux intérêts et aux pénalités " Un allègement plutôt lourd pour le contribuable—André Lareau, Christina Meunier-Cyret Frédéric Houle

Policy Forum: Editor's Introduction— Carbon Taxation and Related Policy Options—Kevin Milligan

Policy Forum: Reducing the Environmental Impact of Transportation—British Columbia's Tax Policy Initiatives—Werner Antweiler and Sumeet Gulati

Policy Forum: Alberta's Specified Gas Emitters Regulation—Andrew Leach

Policy Forum: The Distribution of Costs of a Carbon Tax—Nicholas Rivers

Current Cases: (FCA) Sheldon Inwentash and Lynn Factor Charitable Foundation v. Canada; (TCC) Dickie v. The Queen; (TCC) MacDonald v The Queen; (ABCA) Husky Energy Inc. v. Alberta; (ABCA) Canada Safeway v. Alberta

International Tax Planning: US Tax Reporting for Canadian Companies—Recent Developments

Personal Tax Planning: Life Insurance Update: What's Under the CRA's Microscope

Planification fiscale personnelle: L'assurance-vie sous la loupe de l'ARC (Abstract - PDF)

Selected US Tax Developments: Canada-US Treaty Election for Non-Resident Alien Beneficiaries of Canadian Pension Plans
Current Tax Reading

Eccleston, Richard *The dynamics of global economic governance - the financial crisis, the OECD, and the politics of international tax cooperation*, Cheltenham, UK, Edward Elgar, 2013. ‘This book is an exceptionally interesting and well-researched analysis of one of the most important reforms in global governance that have been put into place in the wake of the global financial crisis that began in 2007. Eccleston insightfully draws on and contributes to theories of global governance, explaining the surprisingly innovative and successful aspects of the global arrangements for combating tax evasion while also highlighting their deficiencies.’ – Tony Porter, McMaster University, Canada. This timely book highlights the challenges in post-financial crisis global economic governance, information that will strongly appeal to scholars and graduate students in the fields of political science, international political economy, global governance, international taxation and law. Stakeholders in the international tax regime including diplomats and tax administrators, international organizations, NGO and business representatives will also find plenty of enriching information in this study. January 2013, 200 pp, Hardback 978 1 84980 279 6, £65.00; Special Member Offer Price £42.25 for a limited time. **To order, *Email sales@e-elgar.co.uk quoting the discount code ECC35. Or visit our website www.e-elgar.com and enter ECC35 in the special discount code box after you have entered your delivery details. Offer ends: 31st March 2013.**

Elliott, Steven; Häcker, Birke and Mitchell, Charles *Restitution of overpaid tax*, Oxford, Hart Publishing, 2013 (due in April)

Henkow, Oskar *The VAT/GST treatment of public bodies*, Alphen aan den Rijn, The Netherlands, Kluwer, 2013

International Transfer Pricing Journal Number 1 - 2013

International - A Comparative Study of Cost Contribution Arrangements: Is Active Involvement Required To Share in the Benefits of Jointly Developed Intangible Property?
Rezan Okten

China - Landmark MAP and APA Case Concluded by Competent Authorities in 2012 -
Jessica Tien and Il-Kook Chung

India - Advance Pricing Agreement Programme - Vispi T. Patel and Yashodhan D. Pradhan
Brazil - Recent Changes in Transfer Pricing Rules - Elen Peixoto Orsini and Daniel Gustavo Peixoto Orsini Marcondes

Recent ECJ Judgement Regarding Portuguese Exit Tax Provisions - Bruno Santiago and António Queiroz Martins

China - Corporate Loss Utilization through Aggressive Tax Planning - Wendy Guo, Steven Tseng, Nancy Wei, Ye “Xavier” Xu

Colombia - Further Legislation on Transfer Pricing - Enrique Díaz Tong and Karilin Arenas Alvarado

India - Business Restructuring Transactions: Key Aspects, Valuation and the Indian Perspective - Sandeep Ahuja

Malaysia - New Transfer Pricing Regulations - Chang Mei Seen
Will Transfer Pricing Ever Arrive in Paraguay? Daniel Rybnik

Russia - Guidance Letter on Transfer Pricing Documentation - Svetlana Stroykova, Ilarion Lemetyuynen and Nika Slavinskaya

Raskolnikov, Alex “Taxation of financial products: options for fundamental tax reform” (2011) 133:12 *Tax Notes* 1549-57

Slemrod, Joel and Weber, Caroline "Evidence of the invisible: toward a credibility revolution in the empirical analysis of tax evasion and the informal economy" (2012) 19 (1) *International Tax and Public Finance* 25-53

Tiley, John and Loutzenhiser, Glen *Advanced topics in revenue law: corporation tax; international and European tax; savings; charities*, Oxford, Hart Publishing, 2013

Ting, Antony *Taxation of corporate groups under consolidation: an international comparison*, Cambridge, Cambridge University Press, 2013

United Kingdom, HM Revenue & Customs, *Lifting the lid on tax avoidance schemes: Consultation Document*, London: HM Revenue & Customs, July 23, 2012, 34 pages

United Kingdom, HM Revenue & Customs, *A general anti-abuse rule: Consultation Document*, London: HM Revenue & Customs, June 12, 2012, 48 pages

(2012) 1 (2) *World Journal of VAT/GST Law*

Guest Editorial — VAT: best bet against international tax planning - Ole Gjems-Onstad

Canada's GST at 21: a tax expenditure view of reform - Pierre-Pascal Gendron

China's turnover taxation in the pre-VAT period: 1949–93 - Yan Xu

The influence of international accounting standards in the field of VAT: a recent ECJ judgment and its impact on VAT practice - Michel Lambion

International VAT policy developments - The OECD International VAT/GST Guidelines: past and future developments - Alain Charlet and Stéphane Buydens

Legislative developments

European Union: The European Quick Reaction Mechanism against VAT fraud - Ben JM Terra

Finland: The rule on the importation of small value consignments will be amended in Finland from 2013 - Marja Hokkanen

Portugal: General transfer pricing adjustment clause introduced to the VAT regime in 2012 - Nina Aguiar

Singapore: Updates from Singapore - Tie Wee Tan

Case law

Austria: Does the running of a photovoltaic installation without a power storage facility on or adjacent to a private dwelling constitute an 'economic activity' within the VAT Directive?

Tina Ehrke-Rabel and Barbara Gunacker-Slawitsch

European Union: What looks like a duck is a duck: economic purpose and legal reality in EU VAT law - Ad van Doesum

France: Application of the AB SKF case in France - Yolande Sérandour

South Africa: There be dragons: the VAT implications arising from the De Beers SCA judgment - Carmen Moss-Holdstock

17 Quotable quotes

"Two retired accountants were focused on the implications for family trusts after evidence that Obeid family members received millions of dollars this way, apparently tax free.

Neither had faith that the commission's work would result in criminal prosecutions but held out hopes for an Al Capone-like result. "In the 1930s they got the gangsters through the taxation system," said Patrick, 75. "And I think that's what's going to happen here."

Source: <http://www.smh.com.au/nsw/laughing-all-the-way-to-icac-the-star-witness-20130211-2e905.html>

Do you think the government should cut the concessions and tax breaks enjoyed by wealthier Australians?

Yes 55%

No 45%

Total votes: 26586. Poll closed 31 Jan, 2013

Source: Sydney Morning Herald website 31 January 2013

“On a personal level faith in God and belief in a followed destiny or life’s journey where this doctorate was part of that pathway and that this work demonstrates what is possible and what can be achieved: that even a failed year 10 student (who was asked to leave one of the State’s worst technical schools) can make a solid contribution when hard work, dedication and time are applied to doing just that. My hope is that the example this represents might serve to motivate others in a similar position.”

Source: Enticott, Steven *A critical evaluation of exchange traded option ‘Delta’ as a risk management tool for self-managed superannuation funds*, A thesis submitted to the partial fulfilment of the requirements for the degree of Doctor of Business Administration (DBA) Australian Graduate School of Entrepreneurship Swinburne University of Technology, 2006 p ii, <http://www.enticott.com.au/dr/Thesis%20FINAL%20Enticott.pdf>

ATTA News March 2013

<http://www.asb.unsw.edu.au/attanews>

Editor: Colin Fong, Faculty of Law, University of New South Wales, Sydney
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ATTA website <http://www.asb.unsw.edu.au/atta>

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1 Presidential column

The semester is well underway now, with the HECS census date fast approaching and coinciding with the Easter break. An early Easter always presents challenges when scheduling work flow for the semester: how can we encourage students to use the week free for reflective learning when they are still coming to grips with the fundamentals in their course?

The new Commissioner of Taxation, Chris Jordan, gave his first official speech at the Tax Institute National Convention in Perth last week. The text is on the ATO website, but it is worth noting his themes:

- first, design of the tax system - the contribution we can make together to law design; in terms of new law, changes to existing laws and the interactions between different laws
- second, quicker resolution of technical issues and disputes, and
- third, more effective consultation and engagement.

This represents the balance of tax design, technical expertise and administration skills that we are trying to develop in our students. Although we all have a preference for different aspects of the tax system, the reality is that all three must be blended to achieve a system that functions effectively.

A fourth aspect of the tax system, over which we have little control, is the political process. We can expect the next month to produce the usual range of pre-budget leaks. The softening up process has commenced, with a flurry of rumours about changes to the Superannuation system, which were denied by the Government. There was an interesting article in the Fairfax media last week regarding the difficulties that Governments encounter in winding back tax

concessions: Going...Going....(Peter Martin; SMH, 14 March 2013). It will be interesting to see what risks the Government is prepared to take to try to balance the budget.

I wish you all the best as the pace picks up for the academic year, and that you are also able to find the right balance of teaching, research, service and family life.

Helen Hodgson

2 2014: ATTA's 26th Annual Conference

ATTA's 26th Annual Conference will be held at Griffith University (South Bank campus) in the week commencing 20 January 2014 (either Monday to Wednesday or Wednesday to Friday). The theme of the conference is "The Politics of Tax" and papers are invited to be submitted that explore the way that politics has and continues to influence the tax system. Papers on this theme are strongly encouraged; although the submission of papers on any aspect of taxation is welcome. Also, papers that explore the scholarship of tax teaching and learning are invited. Current PhD students are encouraged to submit an abstract as there will be special mentoring workshops for them.

There will be prizes for best tax research paper, tax teaching paper and PhD student paper.

Abstracts of no more than 500 words should be emailed to Ms Renata Steenland at r.steenland@griffith.edu.au by Friday 16th August, 2013.

Further information about the conference (including accommodation options and the programme) will be included in the future ATTA newsletters. In the meantime if you have any questions please contact Renata Steenland (r.steenland@griffith.edu.au or phone: +61 7 3735 3930)

3 Review of ATTA Constitution

As discussed at the 2013 AGM in Auckland below is a summary of the review undertaken of ATTA's Constitution by Brett Freudenberg and Brett Bondfield.

A primary question is whether or not ATTA should incorporate as part of the process of updating its constitution. If you would like to provide initial feedback on this please email your comments to Brett Freudenberg by 30 April 2013 (b.freudenberg@griffith.edu.au)

Summary

Below is a summary of the review of ATTA's Constitution.

Perspectives:

1. We are advised that ATTA is an unincorporated association.
2. From the analysis the most obvious things ATTA does not always strictly adhere to its rules. While this is not perfect this does not appear to particularly disadvantage individual members or groups of members.
3. The objects clause is a confusion of things and should just be an objects clause rather than an old style powers and objects clause. Again its current existence does not pose practical or legal impediments on ATTA's functioning.
4. ATTA submits itself to annual audit.

Where are we now?

The threshold issue is whether to incorporate or not and the answer is not as straightforward as many may think.

The **advantage** of the current position is the ease of operation. ATTA is only accountable to itself.

- Thus the non-observance of rules does not draw the wrath of a regulator. There may be actions in contract to enforce the strict observance of the rules as they stand but we cannot foresee a realistic scenario where this is probable.
- The reporting and audit requirements are self-imposed and to the membership, there is no regulatory reporting mandated.

The single obvious **disadvantage** is that without ATTA having separate legal personality personal liability attaches to the executive committee members and, in certain circumstances, may also extend to the members. The executive committee members may therefore be sued for ATTA's debts and the negligence of any of its members. That sounds scary but it needs to be viewed in the following context.

- The largest single thing ATTA does is the annual conference and this is done by individuals acting on ATTA's behalf through their respective institutions. Thus the risk would seem to rest with the organising institution rather than ATTA. But we can't get blasé about this, if something went seriously wrong the institution may well come looking for someone to sue.
- The only obvious, but unlikely, other risk we could think of was a defamation action taken for something said at a conference or in JATTA or ATTA News.

Another downside of being unincorporated is that grants from government or private bodies may be dependent on the applicant being a legal entity. This could be dealt with in practice by having an institution apply on ATTA's behalf.

Impact of incorporation

Separate legal entity is achieved.

There would not be a great practical ongoing impact. ATTA submits itself to annual audit now and if ATTA were incorporated in NSW there is no legal obligation for audited accounts to be prepared (given ATTA's current levels of turnover and the assets it holds). There would need to be a public officer appointed and there would be a few more documents that we would need to keep and make available for inspection, such as a register of members etc etc.

At transition there would be a bit of mucking about as regards bank accounts and ABNs but that should be straightforward. The model rules of incorporated associations have standard provisions to transfer the assets and memberships from the unincorporated association to the incorporated one.

Where to next?

The threshold issue is whether ATTA gets incorporated. Our preference is for incorporation but we recognise that this is not a straightforward question for an organisation that runs as ATTA does. We attach the material provided in NSW to assist associations with the decision of whether or not to incorporate. Brett Bondfield is happy to provide more detail on the ongoing obligations.

If the answer is to incorporate then there is the issue of where? As the resources are currently at UNSW it is suggested that NSW makes sense. Also as it is the most populous state there will be someone to be the public officer. Once this call is made the records need to be

available in that state. In practice, this will create a restriction in the future that the management of ATTA would be best kept in NSW, though there are ways of dealing with this by keeping records and a competent public officer in NSW. The same issue would apply no matter in which jurisdiction ATTA was incorporated.

Once the 'where' is thought through and a prepared recommendation paper should be put forward to ATTA members through the ATTA newsletter seeking in principle approval that incorporation be pursued by the incoming executive and that the current constitution be reviewed and a new constitution be developed over 2013 for a 2014 vote. Noting that the current constitution permits such a vote to be put to the members at AGM through a simple decision of the Executive Committee as long as the procedures are followed.

If the decision is not to incorporate then we can start the process of review and revision of the current constitution at the 2013 AGM for a 2014 vote on the constitution.

4 Call for Papers: 2013 edition of JATTA

The closing date for submissions to the next edition of the Journal of the Australasian Tax Teachers' Association (JATTA) is **Monday 6 May 2013**.

All papers on taxation will be considered for publication. In particular, JATTA welcomes submissions from authors of the 2013 ATTA conference papers and other papers on the theme of this year's ATTA conference –Tax Alchemy: Turning Silver into Gold. JATTA can provide a forum for publication of the many excellent papers presented at the conference.

Submitting your paper to JATTA

Please submit your original paper by email to Mark Keating at m.keating@auckland.ac.nz and copy to Pam Kam at p.kam@auckland.ac.nz no later than 6 May 2013 in accordance with the following requirements:

- Submit your paper in MS Word format – not in pdf
- Use a serif font (eg Times Roman), double spaced, with quotes indented
- Comply with the Australian Guide to Legal Citation, 3ed (<http://www.law.unimelb.edu.au/mulr/aglc>)
- Provide an abstract
- For the purposes of ensuring that the refereeing process is anonymous, ensure that your name does not appear on the paper, in the headers or footers, or in the MS Word document information and also ensure that the footnotes do not reveal your identity

All submissions to JATTA are subject to double blind peer review by appropriate specialists in the particular field of taxation. JATTA satisfies the description of a refereed journal and is included in the ERA 2012 Journal List:

http://www.arc.gov.au/era/era_2012/era_journal_list.htm.

If your paper is accepted for publication, please submit your final paper in accordance with the following requirements:

Submit your paper in MS Word format.

Use the following fonts:

- Times Roman 12 for the main text
- Times Roman 11 indented, for quotes
- Times Roman 10 for footnotes

NEVER use the following:

- double paragraph markers between paragraphs
- double spaces after full stops
- tabs to indent or format text
- automatic numbering - please manually number any lists
- footnotes that exceed 300 words

- one-sentence paragraphs and multiple consecutive two-sentence paragraphs

Editor's note: Rick Krever emailed me on 1 March 2013 to say JATTA makes it on to the top citation list:

http://taxprof.typepad.com/taxprof_blog/2013/02/2012-tax.html

5 Arrivals, departures and honours

Congratulations to **Prafula Pearce** on the completion of her PhD thesis on the topic "Using tax and regulatory measures to reform choice and usage of motor vehicles for personal transportation in Australia for the sustainability of oil", from Curtin University. Professor Dale Pinto and Professor Peter Newman were her supervisors.

Kevin Holmes left the Victoria University of Wellington to work as an international tax consultant for the Asian Development Bank in the Maldives. He is still teaching tax courses in Asia and Africa, and is involved in research projects relating to taxation in developing countries.

Catherine Ikin retired from teaching at the Research School of Accounting and Business Information Systems ANU College of Business and Economics.

Tax Triathletes (...not)

Earlier this month a team from the UNSW School of Taxation and Business Law (appropriately named Ataxia – a "lack of voluntary coordination of muscle movements") successfully completed a mini triathlon (300m swim, 8kms bike ride and 3kms run) by the Sydney Opera House in a collective team time of 2 hours 43 minutes. Each of the three team members (**Chris Evans**, **Dale Boccabella** and **Gordon Mackenzie**) made it in under one hour or very close to one hour, the benchmark time they had set themselves. They would have been even faster had Dale not ignored the sage counsel of his older team members not to warm up before the event. He chose to ignore the advice and tore a calf muscle in his warm up routine. Further team time savings could also have been achieved had Chris not chosen to argue for 3 minutes with a pernickety event marshal about having the strap of his cycling helmet unclipped at the point where he was "transitioning" from cycling to running ("I wasn't even on my bike!"); and had Gordon not been burdened with a Coles green shopping bag containing his shorts and running shoes as he finished the swimming and sprinted (sic) towards his cycle. Despite these problems, the team came a highly creditable (!) 692nd out of the 726 teams that finished – but about another 250 teams did not even complete the course. The team rather suspects it was the oldest team competing and was quite pleased to find out that this year's winners were only twice as fast as Ataxia, at 1 hour 24 minutes. The team has already raised over \$4,000 for the Children's Tumour Foundation of Australia. Thanks to all of you who contributed. If you haven't had a chance to contribute, you can still donate until the end of the month at <https://give.everydayhero.com/au/christine-brooks>

6 New Zealand developments

The long-awaited outcome in the *Alesco Corporation* case is now known. This case is of particular interest in the Australasian environment, as it is viewed as a test case for a number of trans-Tasman companies who have challenged the Inland Revenue Department's treatment of similar financial arrangements (including Telstra, Qantas and MediaWorks).

The Alesco case concerns the use of optional convertible notes by Australian home renovation company Alesco Corporation (now owned by Dulux as of December 2012). Optional convertible notes are a hybrid financial instrument that allows the holder of the notes to convert the debt into shares in the company that issued the notes. Alesco Corporation purchased two NZ businesses in 2003 through a wholly owned NZ subsidiary (Alesco NZ). Alesco NZ issued \$78 million of zero coupon optional convertible notes to Alesco Corporation in return for advances of \$78 million, over a term of 10 years. At maturity, Alesco Corporation could be repaid the \$78 million or convert the notes into shares in Alesco NZ.

The tax outcome was that a deduction was claimed in New Zealand for interest deemed to arise under the financial arrangement rules; no New Zealand interest withholding tax was paid, as no interest was paid; and there was no assessable income in Australia for Alesco Corporation as the holder of the notes. The tax dispute relates to deductions claimed on interest (by Alesco NZ) on the optional convertible notes. The Commissioner of Inland Revenue denied the interest deductions and considered the structure to be a tax avoidance arrangement.

The case was heard in the High Court in New Zealand (in December 2011), with a decision in favour of the Inland Revenue Department. Three reasons were given in the High Court for finding that the notes were tax avoidance arrangements:

1. The notes were designed to allow Alesco NZ to claim interest deductions without any equivalent return of taxable income.
2. There was no commercial purpose for the optional convertible note structure aside from gaining a tax advantage.
3. As no real interest expense was incurred, the notional interest claimed did not reflect an economic loss.

An appeal was upheld in favour of the Inland Revenue Department in the Court of Appeal on 5th March. This court decision confirmed the position that the optional convertible notes would not have been adopted in the absence of the tax deductions, with the courts agreeing with the Inland Revenue Department's position that the economic reality of the notes was an interest free advance with a valueless option attached.

The decision has been colourfully described in the New Zealand media as a "*complete slam dunk*" for the Inland Revenue Department (by ATTA member Mark Keating from Auckland University). Meanwhile the Inland Revenue Department confirm their position that claiming deductions on interest-free loans will be viewed as tax avoidance.

Lisa Marriott

7 The 4th Queensland Tax Researchers' Symposium (QTRS) AND The Inaugural Meeting of the Australasian Tax History Chapter (THC)

Call for Papers

The Queensland University of Technology Business School will host the inaugural meeting of the Australasian Tax History Chapter on Thursday, 27 June and the fourth Queensland Tax Researchers Symposium on Friday, 28 June 2013.

These two events bring together tax academics and research higher degree students to discuss and present their current research interests. This is a joint initiative between academics from various universities with Griffith University, James Cook University, and UNSW also sponsoring the event. These events build on the success of the annual symposium which has been held since 2010.

The 2013 THC and QTRS will be held at the Gardens Point Campus of QUT in Brisbane. Registration is open to academics with a research interest in tax, as well as research higher degree students who are currently undertaking an honours, Masters or PhD dissertation in a tax related topic. While registration is free, numbers are limited and attendees will need to register by Friday **3 May 2013**. Attendees may register for one or both days.

Those interested in presenting a paper (including research higher degree students) are encouraged to submit a short abstract of their work by **12 April 2013** (500 words) indicating whether they wish their paper to be part of the THC meeting on 27 June or the QTRS on 28 June. Authors will be notified of their acceptance by 26 April 2013. Note it is possible for tax academics to attend without presenting a paper.

General enquiries about both the THC and QTRS (including paper submissions and registration) should be directed to:

Professor Kerrie Sadiq
School of Accountancy, QUT
Email: Kerrie.sadiq@qut.edu.au
Ph: 07 3138 4236

Supporting Sponsors:

Taxation Institute; Thomson Reuters; CCH Australia; Griffith University; James Cook University; UNSW

8 Call for papers

The **Global Environmental Tax Conference** series is announcing its "Call for Papers". This year the host is Kyoto University's Graduate School of Economics and the Faculty of Economics. The conference will be held from October 17 - 19. The timing and choice of Kyoto was meant to coincide with the end of the first phase of the Kyoto Protocol - so it is quite significant from the historical perspective.

Being a multi-disciplinary event it will be of great interest to ATTA members.

The Conference's homepage URL is: <http://www.econ.kyoto-u.ac.jp/gcet>

The editorial board of the *World Journal of VAT/GST Law* (WJOVL) cordially invites you to submit academic papers for publication in the second or third issue of 2013. The board welcomes the submission of academic articles focusing on VAT/GST related issues that are of relevance to the international community. The journal publishes both articles that critically analyse features of existing VAT/GST systems and tax policy articles. The WJOVL is a peer-reviewed journal and publication is subject to favourable peer-review reports. For further details, please consult the website (<http://www.hartjournals.co.uk/wjvol/index.html>) or the

general editor (joachim.englisch@uni-muenster.de). The deadlines for submission of articles are end of April 2013 (for Issue 2/13) and end of August 2013 (for Issue 3/13).

Call for Papers on Taxation Law for the 2013 Society of Legal Scholars Annual Conference at Edinburgh

30 January 2013

Dear Colleagues

I'm writing to invite papers for the Taxation Law section of this year's Society of Legal Scholars annual conference. The 2013 SLS annual conference will take place at the University of Edinburgh from Tuesday 3rd September to Friday 6th September. Further information is available at <http://www.legalscholars.ac.uk>

The Taxation Law subject section will meet on Thursday 5th and Friday 6th September 2013 (in Group B). I'd be grateful if those interested in giving a paper could contact me, ideally by March 4th, with a provisional title and, if possible, a short abstract (say 200 words). You will find my contact details at the end of this notice. Potential presenters may wish to consider addressing the theme of the conference, which this year is 'Britain and Ireland in Europe, Europe in Britain and Ireland'. That aside, papers would be welcomed on any area of taxation law, from any jurisdiction, and from colleagues at all career levels. Papers reflecting postgraduate research in progress are most welcome.

You do not need to be a member of the SLS to give a paper. However, I'm asked to remind those offering papers that the SLS does require all speakers to book, **and pay for**, attendance at the subject section meeting. Those presenting papers will be expected to provide an abstract of their paper by the end of July for the paper bank, and, ideally, a copy of the full version of their paper before the conference begins. There is a prize for the best paper presented in a subject section of the SLS (the rules for which can be viewed at <http://conference.legalscholars.ac.uk/bristol/best-paper-prize.cfm>). Finally, if you are intending to give papers to more than one subject section, please could you also mention that to help in timetabling the sessions of our meeting.

I hope to see you in Edinburgh in September.

Glen Loutzenhiser <glen.loutzenhiser@law.ox.ac.uk>
SLS Subject Convenor, Taxation Law

Dr Glen Loutzenhiser
Faculty of Law, University of Oxford, St Hugh's College
St Margaret's Road, Oxford OX2 6LE
United Kingdom

9 IFA Competitions

20 November 2012

To the members of the Permanent Scientific Committee and the Executive Committee

Dear All,

With this email we would like to draw your attention to the following competitions:

1. As you know IFA has instituted the Mitchell B. Carroll Prize in order to encourage scientific work. This Prize is awarded for a work dealing with international fiscal questions, comparative fiscal law or local fiscal law with the emphasis on the relationships with the fiscal law of foreign jurisdictions. Competition for the Prize is open to lawyers, accountants and economists.
2. In 2010 IFA launched the Maurice Lauré Prize. IFA has instituted this Prize in order to encourage scientific work on international indirect taxation. The Prize is named in honour of Maurice Lauré, who was instrumental in the first implementation of the Value Added Tax system in France, now applied in more than 160 jurisdictions.
3. Finally, IFA has initiated a so-called “Poster Programme” to attract young students to international taxation. The programme is open to a maximum of ten students graduating in international taxation who are writing a thesis on a purely theoretical or more practical subject.

For further information, rules of the competition and application we kindly revert you to the following websites.

Please note that the deadline date for sending in applications for all three competitions is **1 April 2013**.

Thank you in advance for your assistance.

With kind regards,

Anja van Zwietering
Executive Secretary
International Fiscal Association
WTC - PO Box 30215
NL-3001 DE Rotterdam
Tel: +31-10 405 2990
Fax: + 31-10 405 5031
<http://www.ifa.nl>

The website is www.ifa.nl and all of them appear under the Activities banner
http://www.ifa.nl/activities/poster_programme/pages/default.aspx
<http://www.ifa.nl/activities/mlp/pages/default.aspx>
http://www.ifa.nl/activities/mitchel_b_carroll_prize/pages/default.aspx

10 TEI Award - European and/or International Tax Law publication

Dear colleagues!

The Tax Executive Institute in cooperation with the Institute for Austrian and International Tax Law of the WU Vienna is glad to announce the TEI Award for the best short publication on European and/or International Tax Law. Eligible to the award are all doctoral researchers (aged 35 and below) who have drafted an article for a tax journal or chapter in a collective volume accepted for publication between 15 August 2012 and 15 June 2013.

Applications must include the full text of the manuscript (drafted in English, French, German, Italian or Spanish) and evidence of publication (or an official letter of acceptance for publication) will have to be sent by 30 June 2013 to Christine Wiesinger, christine.wiesinger@wu.ac.at, and will be examined by a jury composed by the Professors of the Institute for Austrian and International Tax Law.

The winner of the award (Eur 1.000,- plus an admission free of charge to a conference organised by the Institute for Austrian and International Tax Law) will be announced at the Conference on ECJ Pending Direct Tax Cases from 21 to 23 November 2013.

Kind regards,

Michael Lang / Pasquale Pistone / Josef Schuch / Claus Staringer / Alfred Storck / Jeffrey Owens

11 IBFD Library catalogue now in the Tax Research Platform

The largest collection of international tax publications in the world is now available to you via the Tax Research Platform. Simply enter your search terms and view relevant information appearing in:

- 19,000 books
- over 1,100 journals and online databases
- 8,000 law texts and official documents
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Visit the IBFD Library Catalogue

http://ibfd.ent.sirsidyntix.net.uk/client/external?utm_source=IBFD+February+Newsletter&utm_medium=Email&utm_content=Library+Catalogue&utm_campaign=GN28-02-2013

12 Tax, accounting, economics and law related meetings

Local

University of Sydney 2013 Tax Law Work in Progress Seminar Series Schedule (below).

I hope you will join us for some or all of these thought-provoking and fun get-togethers.

Please let me know if you know of someone who should be on our email list, and also let me know if you have interest in presenting your work-in-progress during semester 2 (there are a few slots still open). Unless otherwise indicated, seminars are held on Tuesdays from 4:30 (usually until around 5:30 or 6:00).

9 April – Chloe Burnett, Barrister, Intragroup debt at the crossroads: worldwide group or stand-alone approach?

30 April – Prof Michael Littlewood, University of Auckland, Tax treaties with tax havens: is Australia sensibly standing aloof or sadly missing out?

7 May – Assoc Prof Dale Boccabella and Kathrin Bain, Australian School of Business, UNSW, GST and low value imports

4 June – Prof. Richard Vann, University of Sydney, International corporate taxation

Micah Burch, Senior Lecturer, Faculty of Law, The University Of Sydney,

Rm. No. 414 New Law Building | The University of Sydney | NSW | 2006

T +61 2 93510462 | F +61 2 93510200

E micah.burch@sydney.edu.au | W <http://sydney.edu.au>

Atax 25th GST Conference, Sofitel Brisbane Central on 22 & 23 April 2013. Admission Price: \$1,450.00, www.asb.unsw.edu.au/tbl

ATTA's **26th Annual Conference** will be held at Griffith University in the week commencing 20 January 2014 (either Monday to Wednesday or Wednesday to Friday). The theme of the conference is *The Politics of Tax*. The conference will celebrate 26 years of tax teaching in Australasia. The conference organisers welcome papers on taxation, the teaching of taxation and taxation research. We particularly encourage new academics and postgraduate research students to submit papers. Further information about the conference (including accommodation options and the programme) will be included in the future ATTA newsletters. In the meantime if you have any questions please contact Ms Renata Steenland at r.steenland@griffith.edu.au

Tax Institute <http://www.taxinstitute.com.au> lists many of the TI conferences, conventions, seminars, breakfast clubs. For further enquiries, contact Jessi Guy (02) 8223 0043 or email jessiguy@taxinstitute.com.au. Register online at <http://www.taxinstitute.com.au> Call the National Events team on 1300 733 842 for more details. Please contact the National Events Team on 1300 733 842 or by email, nationaleducation@taxinstitute.com.au Follow us on Twitter @TaxInstituteOz. Danielle Marriott, Event and Member Services Executive The Tax Institute Phone: 02 8223 0000; Direct: 02 8223 0014 Fax: 02 8223 0077 daniellemarriott@taxinstitute.com.au

Overseas

American Accounting Association Calls for paper website <http://aaahq.org/calls/default.cfm>

Canadian Tax Foundation <http://www.ctf.ca/ctfweb/en>

Institute for Fiscal Studies Conferences and seminars

<http://www1.ifs.org.uk/conferences/index.shtml>

Institute for Austrian and International Tax Law together with the Association of Austrian Private Foundations lecture and discussion, Monday 8th April at 17.30 at the Institute for Austrian and International Tax Law (Althanstrasse 39-45, 1090, Vienna, Staircase 5, floor 4). The Canadian Federal Court of Appeal rendered a judgment a few months ago regarding the liability of a Canadian beneficiary for tax payable on a gain made by an Austrian private foundation. The judgment, and the judgment of the lower court which preceded it, has raised some very interesting questions regarding the classification of Austrian private foundations from the point of view of common law jurisdictions and the taxability of their income from a tax treaty perspective. The judgment might therefore have far-reaching consequences for Austrian private foundations and their beneficiaries. An invitation can be found at: www.wu.ac.at/taxlaw. Speakers include Roger Taylor and Prof Hellwig Torggler, who had both been involved in the Canadian case as well as Dr Peter Sommerer whose tax liability was at stake in the case, also contributions from Professors Lang and Staringer. We look forward to your participation and please register for the event at: office@stiftungsverband.at

Tax Treaty Case Law around the Globe, Ceremony Hall of WU (Vienna University of Economics and Business), 23-25 May 2013, recent court decisions on double tax treaties will be presented at the conference. As there are a limited number of places available, please sign

up as soon as possible to avoid disappointment! The list of cases has also been updated to include recent interesting cases, such as those in Canada and Kazakhstan. Please find further information and an updated programme on our website Direct link: http://www.wu.ac.at/taxlaw/eventsn/ttcl_around_the-globe2013. Most of the judgments have been decided on basis of model conventions that have been drafted similar to the OECD and UN Model Conventions, and therefore the decisions are relevant for other countries, as well. Many well renowned experts out of the respective countries already agreed to present the cases and judgments of their courts. The conference is a joint initiative of the Institute for Austrian and International Tax Law of WU and European Tax College, with friendly support of Ernst & Young Stiftung e.V. The conference will start on Thursday, May 23rd, 2013, in the evening and end Saturday, May 25th in the evening. On the evening the conference starts, the Inaugural Lecture of Prof. Neil Buchanan (PwC Visiting Professor) will be held (Thursday, May 23rd, 17.00), followed by a panel discussion and a cocktail reception on invitation of PwC. More information can be found at: <http://www.wu.ac.at/taxlaw/eventsn/inaugurallecture>

20th Viennese Symposium on International Tax Law “Dependent Agents as Permanent Establishments (Art 5 par 5 and 6 OECD Model Convention)”, which will be held in English in Vienna on Friday 14th June 2013. This Symposium will be organized by the Institute for Austrian and International Tax Law at WU (Vienna University of Economics and Business) with the International Fiscal Association (IFA), Austrian Branch. The Symposium will be free of charge. Please find the invitation and the application forms on our website www.wu.ac.at/taxlaw

Institute for Austrian and International Tax Law Vienna and the WU Global Tax Policy Center together with the Research Council of Norway are organizing together a conference entitled **Trends and players in tax policy**. The conference will be held in the beautiful city of Rust (Burgenland, Austria) from July 4 to 6, 2013. We are happy and proud that this conference is organized in the framework of the research project on Sustainable tax governance for developing countries through global fiscal transparency, carried out under the auspices of the Norwegian Research Council. Please read more on the scope of the conference in the letter and questionnaire which are attached and available for download on our website <http://www.wu.ac.at/taxlaw/en/eventsn/trendsandplayers>

If you are interested to take an active role in this conference and to prepare the National Report for your country, we would kindly ask you to apply by email to renee.pestuka@wu.ac.at. Your CV and publication list (or link to your academic website) and a few words on your special affinity to the topic (like, e.g., having published extensively, having worked in this area, being part of a related group or organisation) would be appreciated and helpful.

Deadline for submission of the National Report will be April 30, 2013

Institute for Austrian and International Tax Law. In September 2013 both a full-time and part-time course of the LLM International Tax Law Program will start. To date we received numerous applications from all around the world. The deadline for applications is **April 15, 2013**. For further details please visit the website www.international-tax-law.at or contact Ms. Barbara Ender, b.ender@wt-akademie.at.

We are looking forward to hearing from you!

Best regards,

Michael Lang / Josef Schuch / Claus Staringer / Pasquale Pistone / Alfred Storck / Jeffrey Owens

Seminar and PhD Seminar at Lund University: April 2013

Lund University in Sweden will host two seminars in late April focusing on VAT/GST issues. The first seminar deals with the VAT/GST treatment of public bodies. The second is a PhD seminar for those focusing on VAT/GST and/or other indirect taxes.

1. Academic Seminar on the VAT/GST Treatment of Public Bodies: 29 April 2013, Lund University (Sweden), School of Economics and Management, Department of Business Law.

In Europe, public bodies are excluded from the field of application of the VAT system when engaged in activities as a public body and not in competition with private entrepreneurs. In addition, many public body activities are exempt from VAT. The present treatment has been criticised for being too complex, distortive, and difficult to administer and comply with. In some more recently designed VAT systems, for example Australia and New Zealand, public bodies are included within the scope of their GST systems. However, how these system's treatment of public bodies actually functions in practice as compared to the European method of exclusion has not been thoroughly discussed and understood in the European context.

In this seminar, leading academics from both Europe and Australia/New Zealand will meet, together with representatives of the European Commission, to discuss the VAT/GST treatment of public bodies, with the overall aim of determining what 'best practice' would be in the European context. Questions to be discussed include: Is the EU VAT system really as bad as is suggested? If it needs reform, how can it be reformed? Are the 'full taxation' treatments adopted in countries like New Zealand and Australia superior? If so, could they simply be copied into European VAT.

If you are interested in attending, please visit <http://www.kongresslund.se/VAT> for further information.

2. PhD Seminar focusing on VAT, 30 April 2013 Lund University (Sweden), School of Economics and Management, Department of Business Law

Research in indirect taxes, in particular the VAT/GST, is still not well developed and in the global academic tax community, there is also not much activity on indirect taxes. At the annual IFA Congresses, for example, indirect taxes seldom feature as a main theme and VAT/GST issues are generally dealt with as an adjunct to one of the main topics. The OECD, too, has only recently begun to devote more attention to this topic. We aim at remedy this situation and set up a series of seminars for PhD candidates focusing on VAT/GST. The aim of the Seminar series is for PhD candidates to meet to discuss their research issues among themselves, and with more experienced researchers whose focus is on indirect tax research. We are aiming primarily at legal researchers in VAT. However, we are open to participation from researchers focusing on indirect taxes other than VAT (e.g. in excises or customs duties).

The number of participants will be limited to 15, with approximately 6 students presenting their research. PhD candidates from Australia and New Zealand are welcome to apply. For further information, please visit <http://www.kongresslund.se/VAT>.

International Bureau of Fiscal Documentation. Various courses in Amsterdam, the Netherlands. For details, see <http://www.ibfd.org> The IBFD International Tax Academy (ITA) runs an extensive international course program. Generally all courses are held in Amsterdam. Should you require any further information or wish to register please refer to their web site www.ibfd.org or contact the International Tax Academy at +31-20-554 0160 or by e-mail ita@ibfd.org

For 2013 courses go to

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation>.

IBFD Courses in Asia-Pacific

Transfer Pricing: Intangibles and Intra-Group Finance 8-10 April 2013, Kuala Lumpur

Tax Risk Management 29-30 April 2013, Singapore

Practical Aspects of International Tax Planning 27 -31 May 2013, Kuala Lumpur

The ITA also offers tailor-made in-house courses on a worldwide basis for corporate clients, tax administrations and other organizations.

Forthcoming ITA Courses

Should you have any queries, please contact Arcotia Hatsidimitris, Head of the International Tax Academy by telephone +31-20-554 0180, or by a.hatsidimitris@ibfd.org
ITA Courses Tel.: +31-20-554 0160; Fax: +31-20-620 9397; Email: itacourses@ibfd.org

IBFD's 75th Anniversary Time to Celebrate. In 2013, it's IBFD's 75th Anniversary. To celebrate 75 years of long-standing values and reliability and as a leading provider of high quality independent tax research, we have lined up a programme containing several activities. The main event though, will be our Anniversary Congress in the Beurs van Berlage (Amsterdam) on Wednesday 12 June 2013. <http://www.ibfd.org/IBFD-Tax-Portal/Events/IBFD-s-75th-Anniversary-Congress-Tax-avoidance-international-arena-legitimate> We are very pleased to announce that one of our keynote speakers on that day will be esteemed economist Prof. Dr Sweder van Wijnbergen.

IBFD Conference Speaker Competition

Another highlight during the Anniversary Congress will be the announcement of the winners of the IBFD Conference Speaker Competition. Read more under the tab "speakers" of the IBFD's 75th Anniversary Congress page.

Other activities planned for the 75th Anniversary celebration are:

12 June 2013: IBFD's 75th Anniversary Congress: "Tax avoidance in the international arena: legitimate aim or immoral act?"

12 June 2013 (expected): IBFD's Jubilee book, covering the treatment of business profits under tax treaties.

25-30 August 2013: IFA Conference in Copenhagen

International Fiscal Association Congresses <http://www.ifa.nl/pages/default.aspx>

25-30 August 2013 **Copenhagen, Denmark**

Subject 1:

Controlled Foreign Corporation Legislation (Preliminary title)

Subject 2:

Exchange of information and the cross-border cooperation between tax authorities

International Atlantic Economic Society (IAES) conference www.iaes.org for more information. Prof Dr M. Peter van der Hoek Academy of Economic Studies, Bucharest, Romania and Erasmus University, Rotterdam, Netherlands. Mailing address: Erasmus University (L 7-20) P.O. Box 1738 NL-3000 DR Rotterdam Netherlands Phone/Fax: +31-10-4081622 E-mail: vanderHoek@frg.eur.nl

International Tax Planning Association Forthcoming meetings

<http://www.itpa.org/meetings.html>

Other useful tax and law related conference websites include the

International Bar Association:

http://www.ibanet.org/Conferences/conferences_home.aspx

IBFD Course calendar

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation.TaxCourses>
International Events and Law Conferences

<http://internationaleventsandlawconferences.yolasite.com>

Law Conferences Worldwide <http://www.conferencealerts.com/law.ht>

New South Wales Bar Association

http://www.nswbar.asn.au/docs/professional/prof_dev/CPD/programme/index.php

Law Council of Australia <http://www.lawcouncil.asn.au/conferences/events-and-conferences.cfm>

LexisNexis Professional Development Calendar of events
<http://www.lexisnexis.com.au/aus/conferences/calendar/default.asp>
See also the *inTax* Seminars Directory, published in *inTax Magazine*.
Practising Law Institute <http://www.pli.edu/>
New York County Lawyers Association <http://www.nycla.org>
American Bar Association <http://w3.abanet.org/home.cfm>
New York Bar Association <http://www.nysba.org/>
Hieros Gamos Worldwide Law Events Calendar <http://www.hg.org/calendar.html>
For social sciences and humanities conferences, meetings etc, see Mind: The Meetings Index
<http://www.interdok.com/mind> See also the magazine *Australian Conference & Exhibition Diary*, Vamosi Information Publication.

13 Recent publications

Bold indicates ATTA members. Readers are encouraged to notify the Editor of recently written publications for notification, in these pages. Please note some of the overseas publications listed may not yet be available locally.

Local

(2013) 42 (1) *Australian Tax Review*

Editorial

The tax treatment of farmouts: Do rulings MT 2012/1 and MT 2012/2 chart a path to revenue Nirvana or Hades? – **Ian Murray**

Tax on my mind: Advisors' recommendations for choice of business form – **Brett**

Freudenberg

Building flexibility into Commonwealth tax legislation: A case for the use of an extra statutory concession power – **Nicole Wilson-Rogers**

Bradbury, David, Assistant Treasurer, Minister assisting for Deregulation, 'Stateless income' - a threat to national sovereignty', Tax Institute of Australia National Convention, Perth, 15 March 2013

<http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=speeches/2013/003.htm&pageID=005&min=djba&Year=&DocType=>

Fong, Colin 'Researching personal property securities: an Australian perspective' (2012) 20 *Australian Law Librarian* 214-22

Jordan, Chris 'Tax, the way ahead', Tax Institute 28th Annual Convention, Perth, 14 March 2013

<http://www.ato.gov.au/content/00348633.htm?headline=TaxTheWayAhead&segment=home>

Lendon, Alison 'ATO compliance update', Speech by Deputy Commissioner Superannuation, to 2013 SPAA SMSF National Conference, 15 February 2013, Melbourne

<http://www.ato.gov.au/corporate/content.aspx?doc=/content/00346600.htm>

Perram, Nye 'Context and complexity: some reflections by a new judge', *Challis Taxation Discussion Group*, The Australian Club, Sydney, 6 August 2010

<http://www.fedcourt.gov.au/publications/judges-speeches/justice-perram>

Seymour, Elen "Taxation: an overview by financial planners" and "Tax strategies" in: Sharon Taylor et al, *Financial planning in Australia*, 5th ed, Chatswood, NSW Lexis Nexis, 2012

Pagone, *GT Tax effective writing*, Leichhardt, NSW, Federation Press, 2013, RRP \$79.95 or direct price \$75.00

The Tax Bar Association, of the Victorian Bar has a website with links to various tax publications: <http://www.vicbar.com.au/bar-associations/tax/publications>

(2013) 16 (3) *Tax Specialist*

- Charities: commercial activity, competitive neutrality and tax - **Fiona Martin** and **Ann O'Connell**
- The role of foreign tax outcomes in defending cases under Pt IVA - Gareth Redenbach
- The investment manager regime... so far - by Paul L Dowd
- Changing perpetuity periods and vesting dates - by David W Marks

(2013) 47 (8) *Taxation in Australia*

- Tax cases: When is a redundancy genuine? - Michael Norbury
- Superannuation – Tinkering or reform? - Robert Jeremenko
- Mid market focus: Paying a dividend at year end? Tim Smith
- LAFH changes increase employer compliance burden - Paul Mather
- Taxation, civil forfeiture and unexplained wealth: Part 1 - Mathew Leighton-Daly
- Substantiating an experiment: The R&D tax conundrum - Gloria Lim, Adam Rogers and Damian Smyth
- Tax education: What happens when SMSF trustees don't agree? - Daniel Butler and David Oon
- Dealing with Div 7A loans: A different approach - David Montani

Tax Institute *Seminar papers*:

NT – published February

- Stamp duty for accountants and lawyers - Leon Loganathan

SA – published February

- SMSF syndication and fundraising - Bees around the honey pot - Matthew Andruchowycz
- Stamp duties - Here to stay - Julie Van der Velde
- Main residence and CGT - Karen Gregor
- GST - In the real world - Lisa Smith
- Income tax and CGT - In the real world - Simon How
- Land tax - Lessons learnt from "epic fails" - Andrea Melillo
- Unit trusts - The optimal vehicle for property acquisitions? - Leo Efthivoulou

Tax Institute National Division – published February

- GST and RITCs on trustee services - Amelia O'Rourke and Bill Packwood
- Income tax case update - **Cameron Rider**
- TOFA - A new world of economic substance? - Phillip Cole
- The promoter penalty regime - How the ATO is applying it in practice - Bruce Collins and Nathan Firth
- The Rubik's Cube of tax - An update on trusts - Andrew Mills and Matt Hartshorn
- Losses - Julian Humphrey
- The shifting Part IVA landscape - Larry Magid and James Pettigrew
- The attribution of income, losses and outgoings to foreign permanent establishments of Australian banks - Ian Fullerton
- Transfer pricing and funds management - Damian Preshaw

Taxation Today – Issue 58, December 2012/January 2013

“Tax Policy Options to Consider Long-Term Fiscal Challenges: Long-Term Fiscal External Panel Considers Options” – The Editor

““Reconstruction” or “Destruction”? [Part 2]: The Approach of the Commissioner and the Courts to Section GA 1” – Timothy McLeod

Overseas

Barrios, Salvador; Huizinga, Harry; Laeven, Luc; et al 'International taxation and multinational firm location decisions' (2012) 96 *Journal of Public Economics* Special Issue 946-958

[2012] *British Tax Review* No 5

Tackling Complex Discrimination in International Taxation - Werner Haslehner

Tax Crime and Punishment in New Zealand - **Lisa Marriott**

Building Incoherence into the Law: A Review of Relief for Tax Losses in the Early Twentieth Century - Dominic de Cogan

[2013] *British Tax Review* No 1

Taxing Corporate Profits in a Global Economy - Malcolm Gammie

Corporate Tax Reform in Australia: Lucky Escape for Lucky Country? **Richard Vann**

The Use of Advance Pricing Agreements in Transfer Pricing Management - Helen Rogers and **Lynne Oats**

Article 15 of the OECD Model: The 183-day Rule and the Meaning of "Employer" - Kasper Dziurdz

de Clermont-Tonnerre, Jean-Francois & Ruchelman, Stanley C 'A layman's guide to FATCA due diligence and reporting obligations' (2013) 42 *Tax Management International Journal* 75-82

Derivatives and Financial Instruments Number 1 - 2013

Editorial - Tax Planning 2.0 - Silvain Niel

India - Beneficial Ownership: Recent Scrutiny of Offshore Derivative Instruments and Case for Clarity - Richie Sancheti

Turkey - Taxation of Derivatives under Temporary Article 67 of Personal Income Tax Law 193 - Birol Ubay

Australia - Recent Australian Tax Case on Hybrid Bank Capital - Tom Toryanik

International - Opinion of Advocate General in GfBk Has an Impact on the VAT Position of Investment Advisers - Edwin van Kasteren

European Taxation Number 2/3 - 2013

Austria - Debt-Financed Acquisitions of Inter-Company Shareholdings – Recent Developments - Andreas Baumann and Karin Simader

European Union - Applying the Merger Directive beyond Its Scope in Third-Country Scenarios: An Alternative Approach to A Oy (Case C-48/11) – Part 2 - Ignacio Gordillo Fernández de Villavicencio

European Union - Dividends Received by Investment Funds: An EU Law Perspective – Part 1 - Giampaolo Genta

European Union - The Role of the Concept of Control under CFC Legislation within the European Union vis-à-vis Third Countries - Joao Santos Pinto

EU update - European Union Commission - Laura Pakarinen

CFE - Opinion Statement of the CFE on the Review of Existing Legislation on VAT Reduced Rates- CFE Fiscal Committee

What's going on in ...

Austria/Switzerland - Tax Agreement between Austria and Switzerland - Benjamin Twardosz

European Union - 2012 Update to the OECD Model (2010): Exchange of Information for Non-Tax Purposes - Cihat Öner

France - The New French 3% Withholding Tax on Profit Distributions: A Minefield for the French Government - Eric Robert

Germany - The Proposed Draft AIFM Implementation Tax Act - Petra Eckl

United Kingdom - New UK CFC Rules - Paul Smith

Gordon, Roger H & Cullen, Julie Berry 'Income redistribution in a Federal system of governments' (2012) 96 *Journal of Public Economics* Special Issue 1100-1109

Lang, Michael; Pistone, Pasquale; Schuch, Josef; Staringer, Claus & Storck, Alfred (eds) *ECJ – recent developments in direct taxation 2012*, Linde, Vienna, 2013, ISBN 978-3-7073-2290-3. Please find more information and an order form at our website www.wu.ac.at/taxlaw. This book contains the highly up-to-date results of an international conference organized by the Institute for Austrian and International Tax Law at WU (Vienna University of Economics and Business) on November 30 to December 1, 2012. In the book, well renowned national and European tax law experts analyse the cases currently pending at the ECJ in direct taxation.

Lanis, Roman & **Richardson, Grant** 'Corporate social responsibility and tax aggressiveness: a test of legitimacy theory' (2013) 26 *Accounting Auditing & Accountability Journal* 75-100

Murray, Rebecca *Tax avoidance*, London, Sweet & Maxwell, 2012, ISBN: 9781847037749, £180.00

Weisbach, David A 'Carbon taxation in the EU: expanding the EU carbon price' (2012) 24 *Journal of Environmental Law* 183

World Tax Journal Number 1 - 2013

Capital Gains: The History of the Principle of Symmetry, the Internal Order of Article 13 and the Dynamic Interpretation of the Changes in the 2010 Commentary on "Forming Part" and "Effectively Connected" - Hans Pijl

European Tax Controversies: A British-Dutch Debate: Back to Basics and Is the ECJ Consistent? Tom O'Shea

Forum: Interaction of State Aid, Free Movement, Policy Competition and Abuse Control in Direct Tax Matters - Peter J Wattel

WU Vienna University of Economics and Business has started an *International Taxation Research Paper Series*. Due to the comprehensive nature of the research, the series will be included in Economics Research Centers Papers within the Economics Research Network (ERN), Accounting Research Centers Papers within the Accounting Research Network (ARN), and in Law Research Centers Papers within the Legal Scholarship Network (LSN). WU International Taxation Research Paper Series. View Abstracts: <http://www.ssrn.com/link/WU-Intl-Taxation-RES.html>. Subscribe: <http://hq.ssrn.com/jourInvite.cfm?link=WU-Intl-Taxation-RES>. The WU International Taxation Research Paper Series includes work in progress, published papers, and abstracts from a monodisciplinary, multidisciplinary and interdisciplinary perspective. The disciplines involved include those with a strong connection to international business taxation, in particular accounting, law, public finance, and psychology, but also history, management, or political science. The Research Paper Series is supported by a strong team of junior and senior researchers, mostly from WU Vienna University of Business and Economics and from its Doctoral Program in International Business Taxation. The Research Paper Series is edited by Eva Eberhartinger (WU), Michael Lang (WU) and Martin Zagler (WU), Erich Kirchler (University of Vienna), and Rupert Sausgruber (WU). You can subscribe to the eJournal at no cost, by clicking on the "subscribe" link listed above.

14 Quotable quotes

“Special leave days are happy days: the courtroom equivalent, some might say, of “Australia’s Got Talent”; rich in all of the emotions that come with short sharp forensic contests followed by swift and final outcomes. Of course, none of those emotions is permissible in a High Court Judge and I have eradicated them entirely. But contentment is permissible. So is appreciation.”

Source: Ceremonial - Welcome to Gageler J - Sydney [2012] HCATrans 304 (16 November 2012) <http://www.austlii.edu.au/au/other/HCATrans/2012/304.html>

Cartoon of Prime Minister, Julia Gillard talking to the Treasurer, Wayne Swan
Julia Gillard: Teachers teach, cooks cook,
Julia Gillard: Bricklayers lay bricks
Wayne Swan: And your point Julia?
Julia Gillard: Treasurers create taxes that tax!!

Source: Golding, Matt *The Sun-Herald* 17 February 2013 p 74

“Taxes should rise to improve university teacher quality, the head of Universities Australia says.

Glyn Davis, who is also vice chancellor of Melbourne University, made the call while launching a \$5 million pre-election ad campaign promoting the sector and calling for a multi-billion dollar boost in federal funding.

Professor Davis said Australia spent too little on university teaching by world standards and needed a 2.5 per cent increase - or \$1.8 billion over three years.

"I'm not brave enough to say, on behalf of all of the vice chancellors I'm purporting to represent, I'd like to see tax increases," he told the National Press Club.

But calling for rational, political debate on tax policy, he said it would be "hypocritical to stand up and say we shouldn't raise taxes and yet we'd like to see more public spending."

Source: Marszalek, Jessica ‘Universities Australia boss Glyn Davis calls for higher taxes to boost teacher standards’ News Ltd Network 28 February 2013
<http://www.news.com.au/money/cost-of-living/universities-australia-boss-glyn-davis-calls-for-higher-taxes-to-boost-teacher-standards/story-fnagkbpv-1226587178453>

“It is generations since Australia had a serious debate about what the role of government is, how big or small it should be, how infrastructure and services are funded, and the relationship between taxes paid and what government delivers.

Despite being completely untrue, the accepted wisdom is that Australia is a high-tax country and that taxes should be reduced to make Australia more competitive.

The reality is that amongst the OECD club of 34 rich countries only a handful take a lower percentage of GDP in tax than Australia.

Australia is in the super-low tax league with the US, Chile, Mexico, Turkey and Korea. None of these is a country Australians aspire to emulate in government services or infrastructure.

The last complete year for which OECD data is available is 2010. In that year Australia's governments combined took 25.6 per cent of GDP in tax compared with an OECD average of 33.8 per cent.

...

Inevitably, the Australian public wants Scandinavian levels of government, but wants it funded from United States levels of tax.

Whatever the opposition would have voters believe, the percentage of GDP taken in tax has fallen under the current federal government. The tax-to-GDP ratio fell from 29.7 per cent in 2007 to 25.6 per cent in 2010.

Spending has fallen further since then as federal budgets have been tightened. This is against a backdrop of the tax-to-GDP ratio rising in all but six OECD countries.

Labor may have introduced high-profile taxes like the carbon tax and the mining tax, but has been careful to more than offset them with tax cuts elsewhere.

This prompted former Treasury head Ken Henry to complain last year about "this idea that in order to get political acceptance of any tax change you have to bribe people through over-compensation."

In effect we have a ratchet in the system meaning the overall tax burden can only ever go down. As Ken Henry went on to say "when you ask people what they mean by tax reform, if you dig down they think reform means cuts."

...

If Australians want high-quality services and infrastructure, there needs to be a better understanding of the relationship between the amount of tax collected by governments and what they can provide.

...

With Australia's election date announced and seven months until polling day Australians would be well-served by debating these same issues and deciding whether we want low taxes and small government, or have higher taxes to invest in the future with quality infrastructure and services."

Source: Lelliott, Joff 'The thing about taxes is you get what you pay for' *The Drum Opinion*, 28 February 2013 <http://www.abc.net.au/unleashed/4543008.html?WT.svl=theDrum>

(University of Sydney) SEMINAR Ross Parsons Corporate Law Series: Lessons from the Sovereign Debt Crises: PIGS, FISH and beyond* 6-7.15pm, Tue 26 March

*PIGS: Portugal, Ireland, Greece, Spain. FISH: France, Italy, Spain, Holland.

"There is a contradiction at the heart of the way we organise our lives, the way governments regulate society and even the way the Bureau of Statistics decides what it needs to measure and what it doesn't. Ask people what's the most important thing in their lives and very few

will answer making money and getting rich. Almost everyone will tell you it's their human relationships that matter most.

And yet much of the time that's not the way we behave. Too many of us spend too much time working and making money, and too little time enjoying the company of family and friends.

We live in an era of heightened materialism, where getting and spending crowds out the social and the spiritual. That's the way most of us order our lives and it's the way governments order our society. They worry about the economy above all else.”

Source: Gittins, Ross ‘We worship materialism at our peril’, *Sydney Morning Herald* 13 March 2013 <http://www.smh.com.au/comment/we-worship-materialism-at-our-peril-20130312-2fyfl.html>

“Incidentally, 'Hightower' was my nickname at one time - who knows why?”

Source: Jordan, Chris, Commissioner of Taxation, ‘Tax, the way ahead’, Tax Institute 28th Annual Convention, Perth, 14 March 2013
<http://www.ato.gov.au/content/00348633.htm?headline=TaxTheWayAhead&segment=home>

“14. Another feature that has thrown up a challenge to the viability of law reporting is the ever changing and exponentially expanding statute web site. It is no longer a statute book. You now check to see what version of a thousand page or more morass of parliamentary language happened to be in force on the day of an offence, a transaction, conduct or an administrative decision. Governments no longer print this material. Yet, less than 40 years ago, the 1973 reprint of Commonwealth Acts fitted into 11 neat volumes. Appallingly, some statutes today could match that.

15. This means that many more cases are decided on statutory construction of an Act that is as evanescent as a breath of fresh or, perhaps, more musty air. Literally, the statute law is here today and gone tomorrow. So reporting decisions about important questions under particular Acts becomes a problematic exercise. Will the Act remain in this form? Is the decision in a particular case simply of a few months’ useful shelf life? How do law publishers and purchasers of their products justify reporting a decision that ceases to have any relevance beyond perhaps a few months’ long window while the wording of the statute was in force?”

Source: Rares, Steven ‘The future of law reporting in Australia Forum’, in: *The Future of Law Reporting in Australia Forum*, 2 August 2012, Brisbane
<http://www.fedcourt.gov.au/publications/judges-speeches/justice-raises/raises-j-20120802>

“Practising lawyers and university law teachers are often highly specialised and expert-more so, on the topics in which they are expert, than most judges. It is their function to identify the ratio decidendi of a case-if there is one.

...

It may be the case that some modern academic lawyers are not well positioned to complain of incoherence and obscurity in case law. That is because in many of their activities they are not concerned with attempting to expound the law as a coherent and clear system-even though that is a valuable endeavour which many academic lawyers have traditionally carried out and still do. Rather they are concerned to fillet the law, to deride the attempts of judges to expound it, and even to try to explode it. The function of some academic lawyers lies almost

exclusively in defaming judges. For journalists, no news is good news. Some academics live in a Nineteen Eighty-Four world in which good judgments are bad judgments, but bad judgments are good news.

Source: Heydon, J Dyson ‘Threats to judicial independence: the enemy within’ (2013) 129 *Law Quarterly Review* 205-222

“The infamous window tax, apocryphally the origin of the term ‘daylight robbery’, was introduced by William III in 1696 in England. It was banded, with a flat rate charge of two shillings per house rising to 8 shillings for those with the most windows. It lasted 156 years, during which time the levy-free window allowance fell from 10 to six, then up again to eight. It was repealed in 1851 after campaigners branded it a tax on health and tax on light and air. Many homes from this period still bear the legacy of this tax - bricked up windows.”

Source: ‘Window tax, 1696 - 1851 - Oddest taxes in British history’, *The Telegraph* 19 March 2013 <http://www.telegraph.co.uk/finance/budget/9933323/Oddest-taxes-in-British-history.html?frame=2510923>

Editor’s note: Thanks to Patrick Nolan in the UK for this one.

ATTA News April 2013

<http://www.asb.unsw.edu.au/attanews>

Editor: Colin Fong, Faculty of Law, University of New South Wales, Sydney
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ATTA website <http://www.asb.unsw.edu.au/atta>

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1 Presidential column

Well, the lead up to next month's budget has been interesting.

We are all still working through the consequences of the Federal Government's decision to cut university funding to pay for the school reforms. I am sure that we all recognise the need for additional funding in the school sector, but it does seem counterproductive to cut university funding to do so. In addition to the efficiency dividend to be imposed directly on Universities– and we know what that will mean in the classroom – students will also be hit in the hip pocket by the changes to HECS repayments. An aspect that hasn't really been picked up by the media is the effect of capping self education expenses at \$2,000. Although the Treasurer points out that the average claim for self education is \$905, we all know that postgraduate course fees are well over this figure: so this is likely to hit universities hard as students decide they can't afford to undertake postgraduate degrees. We can only hope that there is some sort of exclusion for postgraduate tuition fees.

Of course earlier this month we all witnessed a case study in how not to develop tax policy – or in this case superannuation policy. Whether we agree with the outcome or not, it was fascinating to watch the various parties to the debate: the politicians on both sides and the industry lobby groups as they manipulated the outcome. Ultimately I think the industry lobby groups came out on top by forcing the Government to show its hand before the budget– and despite the criticism of the outcome it was less drastic than some predictions. Although I do think that it was a bit over the top to compare the outcome to Cyprus! As university academics many of us will benefit from the increase in the concessional contribution caps from next year: the current cap was particularly problematic for workers in industries where superannuation is more generous than the mandated superannuation guarantee rates. We are now halfway through the semester and the marking and assessment tasks are starting to roll in – or if you are on sabbatical leave the deadlines are looming. I trust that you are

keeping on top of the requirements of your particular role, and wish you and your families well.

Helen Hodgson

2 2014: ATTA's 26th Annual Conference

ATTA's 26th Annual Conference will be held at Griffith University (South Bank campus) from Monday 20 January to Wednesday 22 January 2014. The theme of the conference is "The Politics of Tax" and papers are invited to be submitted that explore the way that politics has and continues to influence the tax system. Papers on this theme are strongly encouraged; although the submission of papers on any aspect of taxation is welcome. Also, papers that explore the scholarship of tax teaching and learning are invited. Current PhD students are encouraged to submit an abstract as there will be special mentoring workshops for them.

There will be prizes for best tax research paper, tax teaching paper and PhD student paper.

Abstracts of no more than 500 words should be emailed to Ms Renata Steenland at r.steenland@griffith.edu.au by Friday 16th August, 2013.

Further information about the conference (including accommodation options and the programme) will be included in the future ATTA newsletters. In the meantime if you have any questions please contact Renata Steenland (r.steenland@griffith.edu.au or phone: +61 7 3735 3930)

3 Review of ATTA Constitution

As discussed at the 2013 AGM in Auckland below is a summary of the review undertaken of ATTA's Constitution by Brett Freudenberg and Brett Bondfield.

A primary question is whether or not ATTA should incorporate as part of the process of updating its constitution. If you would like to provide initial feedback on this please email your comments to Brett Freudenberg by 30 April 2013 (b.freudenberg@griffith.edu.au)

Summary

Below is a summary of the review of ATTA's Constitution.

Perspectives:

1. We are advised that ATTA is an unincorporated association.
2. From the analysis the most obvious things ATTA does not always strictly adhere to its rules. While this is not perfect this does not appear to particularly disadvantage individual members or groups of members.
3. The objects clause is a confusion of things and should just be an objects clause rather than an old style powers and objects clause. Again its current existence does not pose practical or legal impediments on ATTA's functioning.
4. ATTA submits itself to annual audit.

Where are we now?

The threshold issue is whether to incorporate or not and the answer is not as straightforward as many may think.

The **advantage** of the current position is the ease of operation. ATTA is only accountable to itself.

- Thus the non-observance of rules does not draw the wrath of a regulator. There may be actions in contract to enforce the strict observance of the rules as they stand but we cannot foresee a realistic scenario where this is probable.
- The reporting and audit requirements are self-imposed and to the membership, there is no regulatory reporting mandated.

The single obvious **disadvantage** is that without ATTA having separate legal personality personal liability attaches to the executive committee members and, in certain circumstances, may also extend to the members. The executive committee members may therefore be sued for ATTA's debts and the negligence of any of its members. That sounds scary but it needs to be viewed in the following context.

- The largest single thing ATTA does is the annual conference and this is done by individuals acting on ATTA's behalf through their respective institutions. Thus the risk would seem to rest with the organising institution rather than ATTA. But we can't get blasé about this, if something went seriously wrong the institution may well come looking for someone to sue.
- The only obvious, but unlikely, other risk we could think of was a defamation action taken for something said at a conference or in JATTA or ATTA News.

Another downside of being unincorporated is that grants from government or private bodies may be dependent on the applicant being a legal entity. This could be dealt with in practice by having an institution apply on ATTA's behalf.

Impact of incorporation

Separate legal entity is achieved.

There would not be a great practical ongoing impact. ATTA submits itself to annual audit now and if ATTA were incorporated in NSW there is no legal obligation for audited accounts to be prepared (given ATTA's current levels of turnover and the assets it holds). There would need to be a public officer appointed and there would be a few more documents that we would need to keep and make available for inspection, such as a register of members etc etc.

At transition there would be a bit of mucking about as regards bank accounts and ABNs but that should be straightforward. The model rules of incorporated associations have standard provisions to transfer the assets and memberships from the unincorporated association to the incorporated one.

Where to next?

The threshold issue is whether ATTA gets incorporated. Our preference is for incorporation but we recognise that this is not a straightforward question for an organisation that runs as ATTA does. We attach the material provided in NSW to assist associations with the decision of whether or not to incorporate. Brett Bondfield is happy to provide more detail on the ongoing obligations.

If the answer is to incorporate then there is the issue of where? As the resources are currently at UNSW it is suggested that NSW makes sense. Also as it is the most populous state there will be someone to be the public officer. Once this call is made the records need to be available in that state. In practice, this will create a restriction in the future that the management of ATTA would be best kept in NSW, though there are ways of dealing with this

by keeping records and a competent public officer in NSW. The same issue would apply no matter in which jurisdiction ATTA was incorporated.

Once the 'where' is thought through and a prepared recommendation paper should be put forward to ATTA members through the ATTA newsletter seeking in principle approval that incorporation be pursued by the incoming executive and that the current constitution be reviewed and a new constitution be developed over 2013 for a 2014 vote. Noting that the current constitution permits such a vote to be put to the members at AGM through a simple decision of the Executive Committee as long as the procedures are followed.

If the decision is not to incorporate then we can start the process of review and revision of the current constitution at the 2013 AGM for a 2014 vote on the constitution.

4 Call for Papers: 2013 edition of JATTA

The closing date for submissions to the next edition of the Journal of the Australasian Tax Teachers' Association (JATTA) is **Monday 6 May 2013**.

All papers on taxation will be considered for publication. In particular, JATTA welcomes submissions from authors of the 2013 ATTA conference papers and other papers on the theme of this year's ATTA conference –Tax Alchemy: Turning Silver into Gold. JATTA can provide a forum for publication of the many excellent papers presented at the conference.

Submitting your paper to JATTA

Please submit your original paper by email to Mark Keating at m.keating@auckland.ac.nz and copy to Pam Kam at p.kam@auckland.ac.nz no later than 6 May 2013 in accordance with the following requirements:

- Submit your paper in MS Word format – not in pdf
- Use a serif font (eg Times Roman), double spaced, with quotes indented
- Comply with the Australian Guide to Legal Citation, 3ed (<http://www.law.unimelb.edu.au/mulr/aglc>)
- Provide an abstract
- For the purposes of ensuring that the refereeing process is anonymous, ensure that your name does not appear on the paper, in the headers or footers, or in the MS Word document information and also ensure that the footnotes do not reveal your identity

All submissions to JATTA are subject to double blind peer review by appropriate specialists in the particular field of taxation. JATTA satisfies the description of a refereed journal and is included in the ERA 2012 Journal List:

http://www.arc.gov.au/era/era_2012/era_journal_list.htm.

If your paper is accepted for publication, please submit your final paper in accordance with the following requirements:

Submit your paper in MS Word format.

Use the following fonts:

- Times Roman 12 for the main text
- Times Roman 11 indented, for quotes
- Times Roman 10 for footnotes

NEVER use the following:

- double paragraph markers between paragraphs
- double spaces after full stops
- tabs to indent or format text
- automatic numbering - please manually number any lists
- footnotes that exceed 300 words
- one-sentence paragraphs and multiple consecutive two-sentence paragraphs

Editor's note: Rick Krever emailed me on 1 March 2013 to say JATTA makes it on to the top citation list:

http://taxprof.typepad.com/taxprof_blog/2013/02/2012-tax.html

5 Arrivals, departures and honours

Michael D'Ascenzo, former Commissioner of Taxation joined the Clean Energy Regulator, the regulator overseeing the carbon price regimes, during April 2013. Mr D'Ascenzo is currently a member of the Foreign Investment Review Board and is also an adviser with the International Monetary Fund.

Source: 'Former ATO head joins clean energy body', AAP 26 March 2013
<http://www.news.com.au/breaking-news/national/former-ato-head-joins-clean-energy-body/story-e6frfku9-1226606666787>

Congratulations to **Noor Sharoja Sapiei** who completed her doctorate on *Tax compliance costs and compliance behaviour of Malaysian corporate taxpayers under self assessment system*, from Monash University Sunway Campus with Professor Jeyapalan Kasipillai as her supervisor. Sharoja is now a lecturer at the University of Malaya.

Some ATTA members will recall with respect and affection **Dr Paul Gerber**, former Deputy President of the AAT, and former Reader at University of Queensland and Visiting Professor at ATAX. Sadly Dr Gerber died aged 89 on Friday 5th April 2013. Our tax law is littered with examples of Dr Gerber's fine eye for humour and his deep understanding of tax law. In the case of humour few will forget his speech to ATTA members at the Queensland ATTA Conference in 1996. His contribution to our tax law was very great and he will be missed by all who knew him. His words will of course live on in the many important decisions we use every day.

Congratulations to **Nolan Sharkey** on the conferral of his Juris Doctor with First Class Honours from the University of New South Wales in March 2013. Nolan also made the Dean's List as top performer in 2012 in Property Equity & Trusts as well as Law of International Organisations. As part of his honours he produced a thesis on "Trust, family and loyalty: equity and Chinese social institutions".

Professors **Graeme Cooper**, **Michael Dirkis** and **Richard Vann**, all from the University of Sydney are part of the Centre for International Finance and Regulation's consortium which represents leading researchers spanning the disciplines of banking, finance, economics, accounting and law.

6 New Zealand developments

A number of changes from the 2012 Budget took effect from 1st April 2013. Brief details of the primary changes are as follows:

- The minimum contribution rate for both employers and employees to KiwiSaver (the New Zealand retirement savings scheme) increases from two per cent to three per cent of gross salary or wages.
- PAYE will now be deducted from the salary or wages of school children.
- Student loan repayments increase from 10 per cent to 12 per cent of income and the voluntary repayment bonus was removed from 1st April 2013. In addition, an annual administration fee of \$40 will be charged for each year that the student loan balance is in excess of \$20.
- Individuals may no longer claim the child care and housekeeper tax credit; or the tax credit for income under \$9,880.

Lisa Marriott

7 Targeting serious crime – a NZ Government consultation

The New Zealand Government is consulting on proposals for its revenue agency, Inland Revenue, to share information that will help to tackle serious crimes, and wants to hear what you think.

You can see the proposals, say what you think and follow the discussion online here.

Sharing Inland Revenue information could help other government agencies with investigating crimes like murder, wildlife smuggling, investor fraud and immigration scams. But the Government wants to know what information you think is appropriate to share, and the controls you'd like to see to ensure confidentiality and privacy of information are safeguarded.

The forum makes it quick and easy for you to join the discussion. You can agree or disagree with proposals, post your comments and reply to others in just a few minutes. You can also read a copy of the Discussion Document and send a formal submission.

Research completed by Inland Revenue over several years shows that most people are comfortable with agencies sharing information as long as rights to privacy are balanced with the benefits to society, and there are controls in place. You can read more about the research here.

Now, Revenue Minister Peter Dunne, Police Minister Anne Tolley and Justice Minister Judith Collins have opened up the subject to wider public consultation, inviting people to join the discussion. The Ministers are keen to find the balance between continuing to value tax secrecy while having regard to outcomes that will benefit society.

All views will be presented to Government which will make the final decisions on agency information sharing based on public feedback and research.

Consultation closes on May 21.

8 United Kingdom developments

On 20 March the UK's Chancellor of the Exchequer, George Osborne, delivered his fourth Budget. The Government remained committed to eliminating the structural deficit and getting debt onto a downward track, but given the weak economic recovery (which to a large degree reflects weaknesses in the eurozone) they have pushed out the dates at which they plan to hit their targets. On the tax side the government announced or brought forward a number of initiatives. These included:

- Raising the personal allowance to £10,000 from 2014;
- Lowering the main corporate tax rate to 20 per cent by April 2015;
- Introducing an employment allowance for the £2,000 of National Insurance Contributions per employers by April 2014;
- Increased bank levy to 0.142 per cent from next year;
- Beer duty escalator scrapped; and
- Fuel duty increase from September cancelled.

The Government also introduced a new system of childcare tax vouchers for dual income families.

It is hard to discern a clear tax strategy underpinning many of these changes, and the Coalition's initial commitment to tax simplification and transparency (as shown in the establishment of the Office of Tax Simplification) seems to have been trumped by short-term political calculation. As one commentator put it on Twitter: "Beer duty cut! Brilliant! Economy screwed but at least we can drink away the pain."

Further analysis of the 2013 Budget can be found on the Public Finance website at: <http://opinion.publicfinance.co.uk/2013/03/budget-2013-protect-and-survive/>.

Patrick Nolan

9 Call for papers

The **Global Environmental Tax Conference** series is announcing its "Call for Papers". This year the host is Kyoto University's Graduate School of Economics and the Faculty of Economics. The conference will be held from 17 – 19 October 2013. The timing and choice of Kyoto was meant to coincide with the end of the first phase of the Kyoto Protocol - so it is quite significant from the historical perspective.

Being a multi-disciplinary event it will be of great interest to ATTA members. The Conference's homepage URL is: <http://www.econ.kyoto-u.ac.jp/gcet>

The organising committee of the *International Conference of Chinese Tax and Policy* is pleased to announce this call for papers for the 2013 conference. The conference is to be held at **Xiamen University, Xiamen, China on December 14-15, 2013.**

The conference is jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University.

The organising committee welcomes any paper dealing with the conference theme. The general theme of the conference is *Tax Policy and Tax Law for China in a Time of Change*. In

the next three years, there will be a session in each conference focusing on the following sub-themes:

- 2013: *Taxation of Real and Immovable Property*
- 2014: *Individual Income Tax and the Role of Taxation in Income Redistribution*
- 2015: *A Review of China's VAT Reform*

All papers will be subject to an international blind peer-review process. All accepted papers have the priority to be selected for publication in the *Journal of Chinese Tax and Policy*.

Submission Guidelines

- Please submit an abstract in English of 300 words.
- Please provide the final paper in English, and please provide the Chinese original if the work has been translated.
- For Chinese language contributors, please indicate if you cannot organise the translation of the abstract into English.
- Please send all submissions to business.jctp@sydney.edu.au.

Key Dates

May 9, 2013	Final date for submission of Abstracts. Acceptance will be notified by the end of June, 2013.
August 29, 2013	Final date for submission of written conference papers without a translated version.
September 26, 2013	Final date for submission of written conference papers if assistance is required for the translated document.
November 14, 2013	Final date for submission of written conference paper for inclusion in full conference papers made available to conference attendees on the conference website.
November 14, 2013	Final date for registration.
November 28, 2013	Final date for submission of PowerPoint presentations for conference speakers.

The editorial board of the *World Journal of VAT/GST Law* (WJOVL) cordially invites you to submit academic papers for publication in the second or third issue of 2013. The board welcomes the submission of academic articles focusing on VAT/GST related issues that are of relevance to the international community. The journal publishes both articles that critically analyse features of existing VAT/GST systems and tax policy articles. The WJOVL is a peer-reviewed journal and publication is subject to favourable peer-review reports. For further details, please consult the website (<http://www.hartjournals.co.uk/wjvol/index.html>) or the general editor (joachim.englisch@uni-muenster.de). The deadlines for submission of articles are end of April 2013 (for Issue 2/13) and end of August 2013 (for Issue 3/13).

Call for Papers on Taxation Law for the 2013 Society of Legal Scholars Annual Conference at Edinburgh

30 January 2013

Dear Colleagues

I'm writing to invite papers for the Taxation Law section of this year's Society of Legal Scholars annual conference. The 2013 SLS annual conference will take place at the University of Edinburgh from Tuesday 3rd September to Friday 6th September. Further information is available at <http://www.legalscholars.ac.uk>

The Taxation Law subject section will meet on Thursday 5th and Friday 6th September 2013 (in Group B). I'd be grateful if those interested in giving a paper could contact me, ideally by March 4th, with a provisional title and, if possible, a short abstract (say 200 words). You will find my contact details at the end of this notice. Potential presenters may wish to consider addressing the theme of the conference, which this year is 'Britain and Ireland in Europe, Europe in Britain and Ireland'. That aside, papers would be welcomed on any area of taxation law, from any jurisdiction, and from colleagues at all career levels. Papers reflecting postgraduate research in progress are most welcome.

You do not need to be a member of the SLS to give a paper. However, I'm asked to remind those offering papers that the SLS does require all speakers to book, **and pay for**, attendance at the subject section meeting. Those presenting papers will be expected to provide an abstract of their paper by the end of July for the paper bank, and, ideally, a copy of the full version of their paper before the conference begins. There is a prize for the best paper presented in a subject section of the SLS (the rules for which can be viewed at <http://conference.legalscholars.ac.uk/bristol/best-paper-prize.cfm>). Finally, if you are intending to give papers to more than one subject section, please could you also mention that to help in timetabling the sessions of our meeting.

I hope to see you in Edinburgh in September.

Glen Loutzenhiser <glen.loutzenhiser@law.ox.ac.uk>
SLS Subject Convenor, Taxation Law

Dr Glen Loutzenhiser
Faculty of Law, University of Oxford, St Hugh's College
St Margaret's Road, Oxford OX2 6LE
United Kingdom

10 Targeting tax crime e-magazine out now

In March and September the Australian Taxation Office releases the e-magazine *Targeting tax crime: a whole-of-government approach*.

The latest edition is out now and warns tax criminals that their illegal financial activity is becoming increasingly easier to track. It examines how the ATO, together with its partner agencies, has the tools, intelligence and expertise to make tax evaders visible.

It features articles on national and international reforms, including changes to the cross-border transfer pricing laws and explores how amendments to the Multilateral Convention of Mutual Administrative Assistance in Tax Matters, offers new opportunities in managing tax risks and exchange of information.

New Commissioner of Taxation, Chris Jordan, highlights how strategies and work with cross-agency partners are key to our success in identifying and addressing tax evasion.

Guest contributors Terry Hayes, Senior Tax Writer at Thomson Reuters, and Paul Stacey, Head of Tax Policy at Institute of Chartered Accountants Australia, also share their views.

Read the e-magazine at <http://www.ato.gov.au/targetingtaxcrime>. Subscribe to future editions by emailing <mailto:targetingtaxcrime@ato.gov.au>.

11 TEI Award - European and/or International Tax Law publication

Dear colleagues!

The Tax Executive Institute in cooperation with the Institute for Austrian and International Tax Law of the WU Vienna is glad to announce the TEI Award for the best short publication on European and/or International Tax Law. Eligible to the award are all doctoral researchers (aged 35 and below) who have drafted an article for a tax journal or chapter in a collective volume accepted for publication between 15 August 2012 and 15 June 2013.

Applications must include the full text of the manuscript (drafted in English, French, German, Italian or Spanish) and evidence of publication (or an official letter of acceptance for publication) will have to be sent by 30 June 2013 to Christine Wiesinger, christine.wiesinger@wu.ac.at, and will be examined by a jury composed by the Professors of the Institute for Austrian and International Tax Law.

The winner of the award (Eur 1.000,- plus an admission free of charge to a conference organised by the Institute for Austrian and International Tax Law) will be announced at the Conference on ECJ Pending Direct Tax Cases from 21 to 23 November 2013.

Kind regards,

Michael Lang / Pasquale Pistone / Josef Schuch / Claus Staringer / Alfred Storck / Jeffrey Owens

12 Vacancies

Full Professor of International Taxation (Ref.no. 224490) WU (Vienna University of Economics and Business)

WU (Vienna University of Economics and Business) is currently inviting applications for the position of a Full Professor of International Taxation at the Department of Public Law and Tax Law.

WU is the largest business university in the European Union and is centrally located at the heart of Europe. The University maintains an excellent position as a center for research and teaching and attracts an international group of students and faculty. It offers a broad range of subjects in all areas of economics and business administration. WU is one of only five accredited universities in the German-speaking world and is striving to achieve a top position among the leading European business universities. For details, please see www.wu.ac.at.

Applicants should have a solid academic qualification (e.g. PhD, habilitation) in European and International Tax Law.

The successful candidate is expected to have established an international reputation as a researcher in his/her field and have an outstanding publication record.

We expect a strong interest in teaching at bachelor and master levels (both in business law and in taxation and accounting), and PhD levels (in particular in the Doctoral Program in International Business Taxation – DIBT) as well as in executive education programs, and in doing interdisciplinary research.

Teaching experience in English is required; teaching experience in German is not necessary. Non-German-speaking candidates will be expected to acquire proficiency in German over a certain period of time.

The new professor should take an active role in the University's self-governance.

For details of the position, please contact Professor Michael Lang, Chairman, Department of Public Law and Tax Law, by phone: ++43-1-31336-4182, or email: michael.lang@wu.ac.at. Candidates should send their applications (including all relevant documents, curriculum vitae, list of publications, list of classes held, etc.) to the Rector of WU Wirtschaftsuniversität Wien, Professor Christoph Badelt, Augasse 2-6, A-1090 Vienna. Electronic applications can be sent to prof.application@wu.ac.at. Please quote the reference no. given above when submitting your application. Applications must be submitted by May 2nd, 2013.

WU is an Equal Opportunity Employer and seeks to increase the number of its female faculty members. Therefore qualified women are strongly encouraged to apply. In case of equal qualification, female candidates will be given preference. WU has established an Equal Opportunities

Working Group, which is involved in all selection proceedings pursuant to § 42 of the 2002 Universities Act.

I employed under salary group A 1 pursuant to the Collective Bargaining Agreement for University Employees [Kollektivvertrag für die Arbeitnehmer/innen der Universitäten], minimum gross yearly salary: €63,996.80; the actual annual gross salary is subject to negotiation

Appointments to the AAT; Senior Member – South Australia

Applications are invited from qualified persons who wish to be considered for appointment to the Administrative Appeals Tribunal as a part-time Senior Member (Adelaide).

The successful candidate must have the ability to conduct complex hearings and must have high level decision-making and decision-writing skills. Applicants must have been admitted as legal practitioners for at least five years, or have special knowledge or skill relevant to the duties of a Senior Member.

How to apply: For selection documentation or to submit an application, go to our online application system. For more information or assistance lodging your application, email aat.appointments@ag.gov.au.

Applications close 9 May 2013.

Members - National Disability Insurance Scheme

Four positions, commencing the second half of 2013, have arisen due to the designation of the tribunal as the external merits review body for the National Disability Insurance Scheme (NDIS). The positions are:

- a part-time member in New South Wales (Sydney) or the Australian Capital Territory (Canberra)
- a part-time member in Victoria (Melbourne)
- a part-time member in South Australia (Adelaide)

a part-time member in Tasmania (Hobart).

The successful candidate must have a high-level of demonstrated experience, knowledge or expertise with disability. Individuals with a lived experience of disability are particularly encouraged to apply. The successful candidate must have the ability to conduct hearings and must also have decision-making and decision-writing skills. Legal qualifications are not required.

For more information about the scheme, visit the National Disability Insurance Scheme website. <http://www.ndis.gov.au>

How to apply: For selection documentation or to submit an application, go to our online application system http://agd.nga.net.au/fnt_jobs_list.cfm. For more information or assistance lodging your application, email aat.appointments@ag.gov.au.

Applications close 19 April 2013.

About the tribunal

The tribunal is an independent body established under the *Administrative Appeals Tribunal Act 1975*. It performs a vital function in reviewing a broad range of administrative decisions made by Australian Government Ministers, officers, authorities and tribunals.

Contacts

For more information about lodging your application, contact:

Edward Lee

Attorney-General's Department

Call: 02 6141 3439

Email: aat.appointments@ag.gov.au

For more information about the positions, contact:

Philip Kellow

Administrative Appeals Tribunal

Call: 02 9391 2497

Email: Philip.Kellow@aat.gov.au

UTS Quentin Bryce Law Doctoral Scholarship

UTS Faculty of Law Sydney, New South Wales

UTS:Law is pleased to announce a new round of Quentin Bryce Law Doctoral Scholarships: \$30,000 p.a. per full-time PhD student for 3 years \$1,500 p.a. research support fund per student Up to 10 scholarships available in 2013/2014 Possibility of appointment as a Doctoral Teaching Fellow (\$25,000 p.a.). The Faculty's research reputation has grown rapidly in the past few years. In the Excellence in Research for Australia 2012 assessment, UTS:Law research was ranked at 4 "above world standard".

Closing Date: Friday 31 May 2013 6:00 pm

13 Tax, accounting, economics and law related meetings

Local

University of Sydney 2013 Tax Law Work in Progress Seminar Series Schedule (below). I hope you will join us for some or all of these thought-provoking and fun get-togethers. Please let me know if you know of someone who should be on our email list, and also let me know if you have interest in presenting your work-in-progress during semester 2 (there are a

few slots still open). Unless otherwise indicated, seminars are held on Tuesdays from 4:30 (usually until around 5:30 or 6:00).

30 April – Prof Michael Littlewood, University of Auckland, Tax treaties with tax havens: is Australia sensibly standing aloof or sadly missing out?

7 May – Assoc Prof Dale Boccabella and Kathrin Bain, Australian School of Business, UNSW, GST and low value imports

4 June – Prof. Richard Vann, University of Sydney, International corporate taxation

Micah Burch, Senior Lecturer, Faculty of Law, The University Of Sydney,

Rm. No. 414 New Law Building | The University of Sydney | NSW | 2006

T +61 2 93510462 | F +61 2 93510200

E micah.burch@sydney.edu.au | W <http://sydney.edu.au>

Atax 25th GST Conference, Sofitel Brisbane Central on 22 & 23 April 2013. Admission Price: \$1,450.00, www.asb.unsw.edu.au/tbl

ATTA's **26th Annual Conference** will be held at Griffith University Monday 20 January to Wednesday 22 January 2014. The theme of the conference is *The Politics of Tax*. The conference will celebrate 26 years of tax teaching in Australasia. The conference organisers welcome papers on taxation, the teaching of taxation and taxation research. We particularly encourage new academics and postgraduate research students to submit papers. Further information about the conference (including accommodation options and the programme) will be included in the future ATTA newsletters. In the meantime if you have any questions please contact Ms Renata Steenland at r.steenland@griffith.edu.au

The 4th Queensland Tax Researchers' Symposium (QTRS) AND the Inaugural Meeting of the Australasian Tax History Chapter (THC). The Queensland University of Technology Business School will host the inaugural meeting of the Australasian Tax History Chapter on Thursday, 27 June and the fourth Queensland Tax Researchers Symposium on Friday, 28 June 2013. The Plenary speaker for the 4th Queensland Tax Researchers Symposium is Professor Adrian Sawyer from the University of Canterbury. Professor Sawyer will be delivering his talk on 'Reflections on what Editors and Referees are looking for in a high quality paper'.

These two events bring together tax academics and research higher degree students to discuss and present their current research interests. This is a joint initiative between academics from various universities with Griffith University, James Cook University, and UNSW also sponsoring the event. These events build on the success of the annual symposium which has been held since 2010.

The 2013 THC and QTRS will be held at the Gardens Point Campus of QUT in Brisbane. Registration is open to academics with a research interest in tax, as well as research higher degree students who are currently undertaking an honours, Masters or PhD dissertation in a tax related topic. While registration is free, numbers are limited and attendees will need to register by Friday 31st May 2013. Attendees may register for one or both days. Please click <http://www.qut.edu.au/business/about/events/events-registration?id=410> to register.

General enquiries about both the THC and QTRS should be directed to:

Professor Kerrie Sadiq

School of Accountancy, QUT

Email: Kerrie.sadiq@qut.edu.au

Ph: 07 3138 4236

Professor Kerrie Sadiq

School of Accountancy, QUT

Email: Kerrie.sadiq@qut.edu.au

Ph: 07 3138 4236

Supporting Sponsors: Taxation Institute; Thomson Reuters; CCH Australia; Griffith University; James Cook University; UNSW

Tax Institute <http://www.taxinstitute.com.au> lists many of the TI conferences, conventions, seminars, breakfast clubs. For further enquiries, contact Jessi Guy (02) 8223 0043 or email jessiguy@taxinstitute.com.au. Register online at <http://www.taxinstitute.com.au> Call the National Events team on 1300 733 842 for more details.

Please contact the National Events Team on 1300 733 842 or by email, nationaleducation@taxinstitute.com.au Follow us on Twitter @TaxInstituteOz. Danielle Marriott, Event and Member Services Executive The Tax Institute Phone: 02 8223 0000; Direct: 02 8223 0014 Fax: 02 8223 0077 daniellemarriott@taxinstitute.com.au

Overseas

American Accounting Association Calls for paper website <http://aaahq.org/calls/default.cfm>

Canadian Tax Foundation <http://www.ctf.ca/ctfweb/en>

Institute for Fiscal Studies Conferences and seminars
<http://www1.ifs.org.uk/conferences/index.shtml>

Tax Treaty Case Law around the Globe, 23-25 May 2013, recent court decisions on double tax treaties will be presented and discussed. Most of the judgments have been decided on basis of model conventions that have been drafted similar to the OECD and UN Model Conventions, and therefore the decisions are relevant for other countries, as well. The conference is a joint initiative of the Institute for Austrian and International Tax Law of WU and European Tax College, with support of Ernst & Young Stiftung e.V. The venue is the Ceremony Hall of WU (Vienna University of Economics and Business). On the evening the conference starts, the Inaugural Lecture of Prof Neil Buchanan (PwC Visiting Professor) will be held (Thursday, May 23rd, 17.00), followed by a panel discussion and a cocktail reception on invitation of PwC. More information can be found at:

<http://www.wu.ac.at/taxlaw/eventsn/inaugurallecture> As there are a limited number of places available, please sign up as soon as possible to avoid disappointment! The case law material will be provided for registered participants in advance, to prepare for the conference.

20th Viennese Symposium on International Tax Law “Dependent Agents as Permanent Establishments (Art 5 par 5 and 6 OECD Model Convention)”, which will be held in English in Vienna on Friday 14th June 2013. This Symposium will be organized by the Institute for Austrian and International Tax Law at WU (Vienna University of Economics and Business) with the International Fiscal Association (IFA), Austrian Branch. The Symposium will be free of charge. Please find the invitation and the application forms on our website www.wu.ac.at/taxlaw

Institute for Austrian and International Tax Law Vienna and the WU Global Tax Policy Center together with the Research Council of Norway are organizing together a conference entitled **Trends and players in tax policy**. The conference will be held in the beautiful city of Rust (Burgenland, Austria) from July 4 to 6, 2013. We are happy and proud that this conference is organized in the framework of the research project on Sustainable tax governance for developing countries through global fiscal transparency, carried out under the auspices of the Norwegian Research Council. Please read more on the scope of the conference in the letter and questionnaire which are attached and available for download on our website <http://www.wu.ac.at/taxlaw/en/eventsn/trendsandplayers>

If you are interested to take an active role in this conference and to prepare the National Report for your country, we would kindly ask you to apply by email to

renee.pestuka@wu.ac.at . Your CV and publication list (or link to your academic website) and a few words on your special affinity to the topic (like, e.g., having published extensively, having worked in this area, being part of a related group or organisation) would be appreciated and helpful.

Deadline for submission of the National Report will be April 30, 2013

Seminar and PhD Seminar at Lund University: April 2013

Lund University in Sweden will host two seminars in late April focusing on VAT/GST issues. The first seminar deals with the VAT/GST treatment of public bodies. The second is a PhD seminar for those focusing on VAT/GST and/or other indirect taxes.

1. Academic Seminar on the VAT/GST Treatment of Public Bodies: 29 April 2013, Lund University (Sweden), School of Economics and Management, Department of Business Law. In Europe, public bodies are excluded from the field of application of the VAT system when engaged in activities as a public body and not in competition with private entrepreneurs. In addition, many public body activities are exempt from VAT. The present treatment has been criticised for being too complex, distortive, and difficult to administer and comply with. In some more recently designed VAT systems, for example Australia and New Zealand, public bodies are included within the scope of their GST systems. However, how these system's treatment of public bodies actually functions in practice as compared to the European method of exclusion has not been thoroughly discussed and understood in the European context.

In this seminar, leading academics from both Europe and Australia/New Zealand will meet, together with representatives of the European Commission, to discuss the VAT/GST treatment of public bodies, with the overall aim of determining what 'best practice' would be in the European context. Questions to be discussed include: Is the EU VAT system really as bad as is suggested? If it needs reform, how can it be reformed? Are the 'full taxation' treatments adopted in countries like New Zealand and Australia superior? If so, could they simply be copied into European VAT.

If you are interested in attending, please visit <http://www.kongresslund.se/VAT> for further information.

2. PhD Seminar focusing on VAT, 30 April 2013 Lund University (Sweden), School of Economics and Management, Department of Business Law

Research in indirect taxes, in particular the VAT/GST, is still not well developed and in the global academic tax community, there is also not much activity on indirect taxes. At the annual IFA Congresses, for example, indirect taxes seldom feature as a main theme and VAT/GST issues are generally dealt with as an adjunct to one of the main topics. The OECD, too, has only recently begun to devote more attention to this topic. We aim at remedy this situation and set up a series of seminars for PhD candidates focusing on VAT/GST. The aim of the Seminar series is for PhD candidates to meet to discuss their research issues among themselves, and with more experienced researchers whose focus is on indirect tax research. We are aiming primarily at legal researchers in VAT. However, we are open to participation from researchers focusing on indirect taxes other than VAT (e.g. in excises or customs duties).

The number of participants will be limited to 15, with approximately 6 students presenting their research. PhD candidates from Australia and New Zealand are welcome to apply. For further information, please visit <http://www.kongresslund.se/VAT>.

International Bureau of Fiscal Documentation. Various courses in Amsterdam, the Netherlands. For details, see <http://www.ibfd.org> The IBFD International Tax Academy (ITA) runs an extensive international course program. Generally all courses are held in Amsterdam. Should you require any further information or wish to register please refer to their web site

www.ibfd.org or contact the International Tax Academy at +31-20-554 0160 or by e-mail ita@ibfd.org

For 2013 courses go to

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation>.

IBFD Courses in Asia-Pacific

Tax Risk Management 29-30 April 2013, Singapore

Practical Aspects of International Tax Planning 27 -31 May 2013, Kuala Lumpur

The ITA also offers tailor-made in-house courses on a worldwide basis for corporate clients, tax administrations and other organizations.

Forthcoming ITA Courses

Should you have any queries, please contact Arcotia Hatsidimitris, Head of the International Tax Academy by telephone +31-20-554 0180, or by a.hatsidimitris@ibfd.org

ITA Courses Tel.: +31-20-554 0160; Fax: +31-20-620 9397; Email: itacourses@ibfd.org

IBFD's 75th Anniversary Time to Celebrate. In 2013, it's IBFD's 75th Anniversary. To celebrate 75 years of long-standing values and reliability and as a leading provider of high quality independent tax research, we have lined up a programme containing several activities. The main event though, will be our Anniversary Congress in the Beurs van Berlage (Amsterdam) on Wednesday 12 June 2013. <http://www.ibfd.org/IBFD-Tax-Portal/Events/IBFD-s-75th-Anniversary-Congress-Tax-avoidance-international-arena-legitimate> We are very pleased to announce that one of our keynote speakers on that day will be esteemed economist Prof. Dr Sweder van Wijnbergen.

IBFD Conference Speaker Competition

Another highlight during the Anniversary Congress will be the announcement of the winners of the IBFD Conference Speaker Competition. Read more under the tab "speakers" of the IBFD's 75th Anniversary Congress page.

Other activities planned for the 75th Anniversary celebration are:

12 June 2013: IBFD's 75th Anniversary Congress: "Tax avoidance in the international arena: legitimate aim or immoral act?"

12 June 2013 (expected): IBFD's Jubilee book, covering the treatment of business profits under tax treaties.

25-30 August 2013: IFA Conference in Copenhagen

International Fiscal Association Congresses <http://www.ifa.nl/pages/default.aspx>

25-30 August 2013 **Copenhagen, Denmark**

Subject 1:

Controlled Foreign Corporation Legislation (Preliminary title)

Subject 2:

Exchange of information and the cross-border cooperation between tax authorities

International Conference of Chinese Tax and Policy, Xiamen University, Xiamen, China on December 14-15, 2013. Jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University. <http://sydney.edu.au/business/research/journals/jctp/conference>

International Atlantic Economic Society (IAES) conference www.iaes.org for more information. Prof Dr M. Peter van der Hoek Academy of Economic Studies, Bucharest, Romania and Erasmus University, Rotterdam, Netherlands. Mailing address: Erasmus University (L 7-20) P.O. Box 1738 NL-3000 DR Rotterdam Netherlands Phone/Fax: +31-10-4081622 E-mail: vanderHoek@frg.eur.nl

International Tax Planning Association Forthcoming meetings

<http://www.itpa.org/meetings.html>

Other useful tax and law related conference websites include the

International Bar Association:

http://www.ibanet.org/Conferences/conferences_home.aspx

IBFD Course calendar

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation.TaxCourses>

International Events and Law Conferences

<http://internationaleventsandlawconferences.yolasite.com>

Law Conferences Worldwide <http://www.conferencealerts.com/law.ht>

New South Wales Bar Association

http://www.nswbar.asn.au/docs/professional/prof_dev/CPD/programme/index.php

Law Council of Australia <http://www.lawcouncil.asn.au/conferences/events-and-conferences.cfm>

LexisNexis Professional Development Calendar of events

<http://www.lexisnexis.com.au/aus/conferences/calendar/default.asp>

See also the *inTax* Seminars Directory, published in *inTax Magazine*.

Practising Law Institute <http://www.pli.edu/>

New York County Lawyers Association <http://www.nycla.org>

American Bar Association <http://w3.abanet.org/home.cfm>

New York Bar Association <http://www.nysba.org/>

Hieros Gamos Worldwide Law Events Calendar <http://www.hg.org/calendar.html>

For social sciences and humanities conferences, meetings etc, see Mind: The Meetings Index

<http://www.interdok.com/mind> See also the magazine *Australian Conference & Exhibition*

Diary, Vamosi Information Publication.

14 ATTA members in the media

Dirkis, Michael

Fitzsimmons, Caitlin 'Multinational tax issue is an international problem' *Business Review*

Weekly 5 February 2013 [http://www.brw.com.au/p/tech-](http://www.brw.com.au/p/tech-gadgets/multinational_tax_issue_is_an_international_EGPC15u6xDOL3RiHU606HI)

[gadgets/multinational_tax_issue_is_an_international_EGPC15u6xDOL3RiHU606HI](http://www.brw.com.au/p/tech-gadgets/multinational_tax_issue_is_an_international_EGPC15u6xDOL3RiHU606HI)

Fong, Colin

<http://www.gg.gov.au/events/governor-general-meets-mowatch-national-conference-delegates>

Morabito, Vince

Quoted in Jennings, Andrew 'Slice of the action' www.lawyersweekly.com.au, 4 December 2012

Quoted in Thompson, Tuck 'The firm preparing to launch a class action against dam operators for the 2011 floods are yet to decide where to file' www.couriermail.com.au, 25 January 2013

Quoted in Solomons, Mark and Thompson, Tuck 'Fee cut entices insurers to join flood class action' www.couriermail.com.au, 24 January 2013

15 Recent publications

Bold indicates ATTA members. Readers are encouraged to notify the Editor of recently written publications for notification, in these pages. Please note some of the overseas publications listed may not yet be available locally.

Local

Anamourlis, Tony “Multinationals play by tax book”, *Australian Financial Review*, Monday 25 March 2013, p.47 and online as “The taxing question of a multinational’s fair share”, *Australian Financial Review*, Monday 25 March 2013

(2013) 13 (1) *Australian GST Journal*

Editorial

Case note - Cyonara Snowfox - Unusual arguments about ordinary transactions

GST on judgments and out of court settlements: Is GSTR 2001/4 still relevant? Christopher Sievers

Taxation of "the margin" - a different paradigm? Michael Evans

Baker, Andrew *Target 30 - Tax welfare churn and the Australian welfare state*, Centre for Independent Studies, 27 March 2013 <http://www.cis.org.au/images/stories/target30/t30.02.pdf>

Boccabella, Dale ‘Beware the pitfalls of the discretionary family trust’ *The Conversation* 9 January 2013 <http://theconversation.com/beware-the-pitfalls-of-the-discretionary-family-trust-11224>

Boccabella, Dale ‘Is it time for Australia to tackle its Warren Buffett-style tax anomalies?’ *The Conversation* 21 December 2012 <https://theconversation.com/is-it-time-for-australia-to-tackle-its-warren-buffett-style-tax-anomalies-10886>

Bradbury, David ‘Address to the Minerals Council of Australia's Biennial Tax Conference’, Brisbane, Tuesday 16 April 2013

<http://assistant.treasurer.gov.au/DisplayDocs.aspx?doc=speeches/2013/005.htm&pageID=005&min=djba&Year=&DocType=>

Hetherington, David *Per Capita tax survey 2012: public attitudes towards taxation and government expenditure*, Surry Hills, NSW, Per Capita, 25 March 2013

http://www.percapita.org.au/_dbase_upl/2012TaxSurveyFinal.pdf

Heydon, Dyson ‘Courting trouble’ *Australian Financial Review* Review 5 April 2013 pp 1, 6, “It’s a mistake for judges to second guess community attitudes”.

Heydon, Dyson ‘Threats to judicial independence: the enemy within’ (2013) 129 *Law Quarterly Review* 205-222

Memon, Najeeb ‘Key design issues in asset tax for small business in large informal economies’ (2012) 18 (4) *New Zealand Journal of Taxation Law and Policy* 371-390

Memon, Najeeb ‘Looking for Suitable Income Tax Design for Large Informal Economies in terms of Principles of a Good Tax System’ (2012) 27 (4) *Australian Tax Forum* 907-939

Memon, Najeeb ‘Looking at Pakistani presumptive income tax through principles of a good tax system’ (2012) 11(1) *e-Journal of Tax Research* 40-78

(2012) 18 (4) *New Zealand Journal of Taxation Law and Policy*

Editorial, **Adrian Sawyer** and **Lin Mei Tan**

National and International Tax Regulation Relating to E-Commerce: Does New Zealand Need to Monitor and Minimise the Loss of Tax Revenue from Internet Transactions and Business?

Clinton Alley

Key Design Issues with an Assets Tax for Small Businesses in Large Informal Economies,

Najeeb Memon

The Corporate Income Tax Compliance Costs of Small and Medium Enterprises in Thailand, Papaporn Chunchachatrachai and **Jeff Pope**

Mediation as an Alternative Option in New Zealand's Tax Disputes Resolution Procedures, Melinda Jones and **Andrew Maples**

(2012) 18 (3) *New Zealand Journal of Taxation Law and Policy*

Editorial, **Adrian Sawyer** and **Lin Mei Tan**

Comment: Are Jellies with Raspberries in them “made from” Jelly despite the Raspberries? –

Aka The Raspberry Jelly Test, Jamiee L Davidson and **Andrew J Maples**

Fat Taxes: A Proportionality Approach, Jonathan Barrett

“Reconstruction” or “Destruction”? The Approach of the Commissioner and the Courts to Section GA 1, Timothy McLeod

How to Zero-rate the GST on Food: Best and Worst Practice from the United Kingdom, Canada and Australia, Aklida van Klink

Curbing Harms through Price Control: Alcohol Excises versus Minimum Prices, Patricia Meng San Leong

(2012) 18 (2) *New Zealand Journal of Taxation Law and Policy*

Editorial, **Adrian Sawyer** and **Lin Mei Tan**

The Effects of Religiosity and External Environment on Voluntary Tax Compliance, **Raihana Mohdali** and **Jeff Pope**

A Comparison of United Kingdom and New Zealand Withholding Tax: Growing New Zealand's Bond Market, Carl Li

The Inconvenient Problem with New Zealand's Foreign Trust Regime, Jeremy Beckham and **Craig Elliffe**

An Institutional Perspective on Fighting Obesity via the GST System: A New Zealand Case Study, Jessica Burns-Grant and **Lisa Marriott**

(2012) 18 (1) *New Zealand Journal of Taxation Law and Policy*

Editorial, **Adrian Sawyer** and **Lin Mei Tan**

Islamic Finance in Australia: Interest or Not Interest? That is the Question, **Justin Dabner**

To Statutorily Regulate Tax Practitioners or Not To: The Malaysian Perspective, Lydia Thiagarajah

The “Other” Associated Persons Reform: Analysis of the 2009 Taxation Law Amendments to the Non-Land Provisions, Michael Peart and **Craig Elliffe**

The History of Death Duties and Gift Duty in New Zealand, **Michael Littlewood**

Passant, John 'The Minerals Resource Rent Tax: the death rattle of social democracy in Australia?' Submission to the Senate Standing Committee on Economics and its investigation into the Development and Operation of the Minerals Resource Rent Tax. Scroll down. His submission is number 7 at

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=economics_ctte/mrrt_2013/submissions.htm

Stewart, Miranda & Jager, Holly ‘The Australian Parliamentary Budget Office: a sustainable innovation in fiscal decision-making?’ *University of Melbourne Legal Studies Research Paper* No. 628, February 26, 2013, 31 pp

(2013) 47 (9) *Taxation in Australia*

• Release of draft regulation to provide tax certainty... maybe – Thalia Kalaboukas

• Superannuation: Don't kill the goose that lays the golden egg – **Dale Pinto**

• In an election year Budget, is tax reform just a pipe dream? – Robert Jeremenko

• Tax tips: School building funds – John Gaal

• Mid-market focus: GST implications on properties – Zuwu (Wilson) Zou and Myloan Huynh

• State tax reform: State tax reform and GST – Jack Snelling

• State tax reform: GST distribution review – Bruce Carter

- State tax reform: A practitioner's viewpoint –Michael Butler
- Taxation, civil forfeiture and unexplained wealth: Part 2 – Mathew Leighton-Daly
- Superannuation: SMSF trustee dealings with the ATO - How to handle contraventions – Bryce Figot
- A matter of trusts: Death and no testamentary trust - Establishing a trust for minor beneficiaries – Claire Leslie
- Tax cases: Increasing adjustments – Michael Norbury

Taxation Institute Seminar and convention papers:

National Division – published March

- Hot issues in super - Sharyn Long
- GST and going concern exemption - Andrew Sommer
- Employment equity arrangements - Ian Burgess and Peter Glindemann
- Tax due diligence in M&A - Fiona Cahill and Paul Culibrk
- Trusts: Where are we at with amending trust deeds after Clark? - Grahame Young
- Customs duty - Ross Thorpe
- Estate planning - How has the dust settled after Kennon vs. Spry? - Matthew Burgess and Tara Lucke
- Tax and infrastructure - Craig Saunders
- Tax law partnerships: The state of the law in 2013 - Matthew Pawson
- International tax hot topics - **Bob Deutsch**
- Facing the dragon in his lair - Martin Keating
- Employment taxation update including LAFH allowances and employment termination payments –Sarah Bernhardt and Suzanne Holstein
- Research and development - David Gelb, Phil Renshaw, Edward Bayford, and Helen Gilfiddler
- Distressed debt transactions - Adrian Varasso and Robert Yunan
- The Personal Service Income (PSI) regime 10 years on - Robert WF Scales
- Not-for-profit changes - John Emerson
- Plethora of SME topics (Structuring, UPE's, CGT, FBT, GST and more) - Grantley Stevens
- Accidentally getting caught up in tax fraud is usually not a risk on your radar - What should you be aware of? - David Williams
- Tax and native title - **Miranda Stewart**
- Taking an SME international - Michael Selth, Jeff Funnell and Robert James
- Corporate tax planning - Matt Budge and Ernest Chang
- Taxation of financial arrangements - Andrew Hirst and Anthony Frost
- Powers of Attorney - Susan Fielding
- Australian Taxation Office investigations - Recent issues - Michael Clough and Andrew Currie

Victorian Division – published April

- Varying trusts after Clark - Andrew O'Bryan
- Contractor vs employee - Joanna Monahan

SA Division – published April

- Trading stock - don't get caught - Michael McClaren
- The wine equalisation tax rebate - Brett Zimmermann
- Structuring issues for commercial fishing and aquaculture - Stephen James
- Reaping what you sow...some notes on primary production land restructure - Peter Slegers

Queensland Division – published April

- The attribution of income, losses and outgoings to foreign permanent establishments of Australian banks - Ian Fullerton
- Transfer pricing and funds management - Damian Preshaw

- The shifting Part IVA landscape - Larry Magid and James Pettigrew
- GST and RITCs on trustee services - Amelia O'Rourke and Bill Packwood
- Losses - Julian Humphrey
- The Rubik's Cube of tax - An update on trusts - Andrew Mills and Matt Hartshorn
- The promoter penalty regime - How the ATO is applying it in practice - Bruce Collins and Nathan Firth
- TOFA - A new world of economic substance? - Phillip Cole
- Income tax case update - **Cameron Rider**
- Asset financing/thin capitalisation/infrastructure update - Steve Ford and Arash Azimi

Overseas

Bhatta, Bharat P 'Pay-as-you-weigh pricing of an air ticket: Economics and major issues for discussions and investigations' (2013) 12 *Journal of Revenue and Pricing Management* 103–119 <http://www.palgrave-journals.com/rpm/journal/v12/n2/full/rpm201247a.html>

Ecker, Thomas A *VAT/GST model convention*, Amsterdam, International Bureau of Fiscal Documentation, 2013 (Volume 25 in the Doctoral Series) ISBN 978-90-8722-172-0. Based on an in-depth analysis of the basic principles underlying VATs/GSTs, this book examines the phenomenon of VAT/GST double taxation and the possible remedies. Awarded the IFA Maurice Lauré Prize 2012.

Elliott, Steven; Häcker, Birke and Mitchell, Charles (ed) *Restitution of overpaid tax*, Oxford, Hart Publishing, 2013. Published April 2013, 366pp Hbk 9781849461733RSP: £100 / €130 Discount Price: £80/€104. Hart Publishing is delighted to offer members of the Australasian Tax Teachers Association 20% discount on the book. ORDER ON-LINE
Please click on the link below to order online. When ordering online please type the reference 'ATTA' in the voucher code field and click 'apply' to receive the discount.
<http://www.hartpub.co.uk/BookDetails.aspx?ISBN=9781849461733>
Alternatively, please contact Hart Publishing and quote reference 'ATTA' to receive the 20% discount.

European Taxation Number 4 - 2013

European Union - Recent Developments and Resulting Implications Regarding a Financial Transaction Tax in Europe - Thorsten Vogel and Benjamin Cortez

European Union - Dividends Received by Investment Funds: An EU Law Perspective – Part 2 - Giampaolo Genta

Sweden - Tax Treatment of Transaction Costs - Emilie Parland and Mattias Lindblad

Denmark - Beneficial Ownership - Thomas Booker

Commission - Laura Pakarinen

Council - Laura Pakarinen

Court of Justice - Laura Pakarinen

Opinion Statement of the CFE on the Proposed Directive on the Fight against Fraud to the EU' s Financial Interests by Means of Criminal Law COM(2012)363 - CFE Fiscal Committee

European Union - The 2012 Leiden Alumni Seminar: Case Law on Treaty Interpretation Re Commissionaire and Agency PEs - Séverine Baranger, Lars A. Henie, Mónica Sada Garibay, Ignacio Gordillo and Michele Gusmeroli

The 2013 Netherlands Act on Deferral of Exit Taxation - Harm van den Broek

Key Amendments to Slovak Tax Legislation - Branislav Durajka and Zuzana Blažejová

Harris, Peter *Corporate tax law: structure, policy and practice*, Cambridge University Press, 2013, Hardback, £90.00, ISBN: 9781107033535

International Transfer Pricing Journal Number 2 - 2013

OECD: Transfer Pricing Safe Harbours - Caroline Silberstein

International - Tax Base Defence: History and Reality - Cym H Lowell and Bret Wells
Canada - Supreme Court Ruling in GlaxoSmithKline Case - Vijay Krishnamurthy
Australia - Proposed Statutory Recognition of OECD Guidelines - Anton Joseph
Chile - New Transfer Pricing Rules Introduced - Miguel Massone
Changes in the Taxation of Permanent Establishments in Germany - Andreas Kempf and Michael Jakob
Ghana - New Transfer Pricing Regime - Jude Amos
United Kingdom - The Patent Box Regime - Adrian Gregory, Andrew Casley and Katy Naish
United States - Are Advance Pricing Agreements Binding Commitments? Kevin Spencer and Michael Kelleher
Vietnam - Action Plan to Administer Transfer Pricing for 2012-2015 - Phat Tan Nguyen

International VAT Monitor Number 2 - 2013

Sponsoring of Sports Stars and Other Celebrities - Marlene Botes
EU VAT and the Conundrum of Financial Investments - Frédéric Wersand and Samuel Cazes
Home Producers of Solar Electricity under EU VAT - Frank Nellen and Marieke Herber
Quick Reaction Mechanism against EU VAT Fraud - Ine Lejeune, Stein de Maeijer and Liesbeth Vermeire
India's GST Project - Jose Sebastian
Assessment of Major GST Expenditures in Pakistan - Bilal Hassan
Overview of General Turnover Taxes and Tax Rates - The Editors
VAT news - Reports from: Algeria, Argentina, Australia, Austria, Azerbaijan, Bahamas, Belgium, Benin, Brazil, Cameroon, Canada, China (People's Rep.), Colombia, Congo (Dem. Rep.), Congo (Rep.), Croatia, Denmark, the European Union, Finland, France, Gabon, Gambia, Iceland, India, Indonesia, Ireland, Ivory Coast, Latvia, Lithuania, Luxembourg, Mauritania, the Netherlands, Niger, Norway, the OECD, Peru, Poland, Portugal, Romania, Russia, St Lucia, Serbia, Slovenia, South Africa, the United Kingdom and the United States.
VAT case notes - Case notes from: Austria, Brazil, Canada, Denmark, Finland, Russia and the United Kingdom.

Memon Najeem 'Design options in minimum tax: anomalies within the Pakistani alternative minimum tax' (2012) 69 (6) *Tax Notes International* 573-581

16 Quotable quotes

It is reputed that a taxpayer testified, "As God is my judge, I do not owe this tax".
Judge Murdoch replied, "He is not, I am; you do".

Source: As cited in: Atkinson, Roslyn 'Judgment writing', (AIJA Conference, Brisbane) (13 September 2002) at 5 <http://www.aija.org.au/Mag02/Roslyn%20Atkinson.pdf>

“Of the \$192.7 billion the Commonwealth will spend on health, social security and welfare in 2012–13, approximately \$7 billion will be spent on general administration. The Australian Taxation Office (ATO) spends about \$3.2 billion on its tax collection efforts to pay for the welfare state. While \$10 billion may seem a relatively modest administrative cost when compared to the overall Commonwealth expenditure on the welfare state, this \$10 billion pays for the direct employment of nearly 70,000 federal public servants who administer the churn. And these figures do not include the additional administration costs of state governments or private sector workers such as accountants, advisers and lawyers advising people on dealing with the tax and welfare system.”

Source: Baker, Andrew *Target 30 - Tax welfare churn and the Australian welfare state*,
Centre for Independent Studies, 27 March 2013 p 3
<http://www.cis.org.au/images/stories/target30/t30.02.pdf>

“A 15-month investigation by journalists in 46 countries has revealed valuable information about the users of secret offshore accounts.

Millions of leaked digital files reveal information on 120,000 offshore companies and nearly 130,000 individuals including Russian oligarchs, Canadian lawyers and Mongolian politicians.

...

French president Francois Hollande - who has campaigned against tax evasion - insists he does not know.

"I know nothing of these activities and if they don't conform to the fiscal law, I ask the administration to take the necessary measures," he said.

Earlier this week, his budget minister admitted he too has been hiding a Swiss bank account from tax authorities.

"Faced with these things it's a considerable shock. That's to say that a man who was in government could have lied like he did, not only to the head of state and prime minister, but also to the Parliament, to the National Assembly."

Source: 'Leaked files expose global use of tax havens', *The World Today* by Ashley Hall, ABC News 5 April 2013 <http://www.abc.net.au/news/2013-04-05/information-on-secret-offshore-accounts-revealed/4611906>

“In some parts of the government, spending on lawyers shows signs of being out of control. Does anyone really believe there could be any justification for the \$101.7m legal bill incurred last year by the Australian Taxation Office?

Can there be any legitimate reason why this bill has grown by \$25.1m -- or 34.5 per cent -- since 2008-09?

The Tax Office has become a honeypot for lawyers, spending \$65m last year on "outside" legal work -- which means this one arm of the bureaucracy was doing its bit to make the partners in certain law firms "fabulously wealthy" -- to use a term familiar to the government.

The size of the legal bills at the Tax Office guarantee that this organisation's spending practices should be the focus of any overhaul either by this government or the next. But there are other, smaller honeypots.”

Source: Merritt, Chris 'Labor's bills are taxing credibility' *The Australian* 5 April 2013 p 26
<http://www.theaustralian.com.au/business/opinion/labors-bills-are-taxing-credibility/story-e6frg98f-1226612777452>

“You're familiar, I'm sure, with the Double Irish Dutch Sandwich. It sounds tasty - but only to the big multinational companies that use it to avoid tax. According to the Assistant Treasurer David Bradbury in a speech he gave late last year, it's the device Google uses to pay very little Australian company tax on the profit it makes on an estimated \$1 billion a year in Australian advertising revenue.

...

Our rate of tax on company profits is 30 per cent, whereas Ireland's is 12.5 per cent. But that's just the start of the sandwich. The Irish subsidiary then pays a royalty payment to a Dutch subsidiary, but it's then paid back to a second Irish holding company of Google's, which is controlled in Bermuda - which has no company tax.

The media usually attribute the invention of the double Irish to Apple, Bradbury says. But evidence given to the British public accounts committee suggests Amazon paid no tax in Britain despite about \$4.9 billion in sales by routing transactions through Luxembourg, where it faced an effective tax rate of 2.5 per cent.”

Source: Gittins, Ross ‘Cracking down on global tax rorters’ *Sydney Morning Herald* 27 March 2013 pp 22-23
<http://www.smh.com.au/comment/cracking-down-on-global-tax-rorters-20130326-2gs2y.html>

“And even in class warfare, it must be said, the Poms leave us in the shade. How many trees have died in Australia in 2013 to facilitate outraged newspaper articles about our mining taxes and single-parents' welfare? While in Britain, the Cameron government has cut the top personal tax rate by 15 pence, raised taxes on Cornish pasties and will impose a penalty on welfare recipients who have spare rooms.”

Source: Crabb, Annabel ‘Poms still outclass us in social warfare’ *The Sun-Herald* 7 April 2013 p 35 <<http://www.smh.com.au/comment/poms-still-outclass-us-in-social-warfare-20130406-2hdls.html>>

“Rename the "Goods and Services Tax" as the "Health Services Tax", explicitly linking the revenue raised to health spending. Electors are more willing to pay tax if they understand where the money goes, effectively knowing what their tax dollar is buying instead of watching it disappear down government's dubious maw to go the way of party politics, Cabcharge vouchers and suspected welfare cheats. As the growing needs of the health system become obvious and the cries for more/better beds/drugs/nurses/doctors/surgery/aged care mount, the necessary solution of expanding the GST base and raising its rate becomes politically possible.”

Source: Pascoe, Michael ‘Only surety is a dearth of taxes’ *Sydney Morning Herald Business Day* 18 January 2013 p 5 <<http://www.smh.com.au/business/only-surety-is-a-dearth-of-taxes-20130117-2cw4u.html>>



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Effective tax rates and the political cost hypothesis:
A re-evaluation of Australian evidence
Sinclair Davidson and Richard Heaney

SME “life cycle” imperative
Mark Pizzacalla

Tax reform and ‘rough justice’: Is it time for
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Stamp duties, land tax and housing affordability:
The case for reform
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The rise and rise of tax compliance costs for the
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Letter from the publisher

Dear Colleague

As we start a new year, we thought we'd take the opportunity to look back at some of the highlights from *Australian Tax Forum* from 2012.

In this specially produced e-journal, you'll find a selection of some of the most popular articles we published in 2012. Take a look, and feel free to share it with your colleagues and peers.

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Effective tax rates and the political cost hypothesis: a re-evaluation of Australian evidence[†]

Sinclair Davidson^{*} and Richard Heaney^{}**

Abstract

This paper examines the relationship between effective tax rates and firm size. The Political Cost hypothesis suggests that the very largest firms would face higher effective tax rates, while the Political Power hypothesis suggests that larger firms are better able to lobby government and reduce their effective tax rate. Conversely larger firms have access to better tax planning resources and so could reduce their effective tax rate. The results in this paper show a non-linear relationship between size and effective tax rate. In contrast to the extant Australian literature this paper documents evidence in support of the Political Cost hypothesis.

Key words: *Effective tax rates, Political Cost Hypothesis, Political Power Hypothesis*

JEL Classification: *H2*

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Large business paid \$37.76 billion in company tax for the 2009 financial year, representing 62.2% of total company tax collected.

This is a significant contribution to revenue and important to the health of the tax system. In recognition of this the ATO has deployed significant resources into assisting large businesses in voluntarily complying with the tax law.

Jim Killaly, Deputy Commissioner, Large Business and International, Australian Taxation Office

1 Introduction

Australian firms are required to pay a flat-rate tax of thirty percent of their taxable income. Yet media reports often suggest that Australian pay much less than the headline rate of taxation.¹ Indeed there is some suggestion that larger firms are able to reduce their tax liability through the use of superior tax planning and/or lobbying for special privileges. A counter-argument is that larger firms are more visible to the tax authorities and so end up paying a larger tax liability than they otherwise might have done. It seems that there are good grounds to imagine, despite the flat rate taxation regime, that a relationship exists between corporate size and tax liability.

The difficulty is in establishing what that relationship might be. Theoretically it could be either a positive or a negative relationship. A large international literature shows support for both hypothesised relationships, i.e. both positive and negative relationships have been reported.² The Australian literature, *prima facie*, consistently reports a negative relationship between corporate size and tax liability.³ We report a nuanced result – we find a non-linear relationship between corporate size and tax liability.

We first explore a quadratic relationship between size and tax liability and report that the nature of the quadratic relationship is dependent on the empirical assumptions and choices when undertaking econometric modelling. Depending on whether those firms with a zero tax liability are included in the analysis or not determines the empirical relationship between size and tax liability. If firms with a zero tax liability are excluded from the analysis then we find a broadly negative relationship between size and tax liability with a positive effect for the very largest firms. This result is broadly consistent with the so-called Political Cost hypothesis posited by Zimmerman (1983). Conversely, if firms with a zero tax liability are included in the analysis then we find a broadly positive relationship between size and tax liability with a negative effect for the very largest firms.

1 See for example a front page story in the Australian Financial Review by Fiona Buffini and Allesandra Fabro on 29 March 2005.

2 Seminal papers include Zimmerman (1983), Porcano (1986) with Wilkie and Limberg (1990) offering a reconciliation of the conflicting results.

3 This literature is discussed in section 2.

The difficulty with this analysis is that the size effect is not robust. The inclusion or exclusion of zero tax liability firms should not have such a marked effect on the results. This suggests that the empirical specification is misspecified. When we include a cubic size effect into the empirical specification the signs of the coefficients are robust to the inclusion or exclusion of zero tax liability firms and also consistent with the political cost hypothesis – *ceteris paribus*, the effective tax rates for the very largest corporate taxpayers is higher than that of smaller firms.

To ensure comparability with the extant Australian literature we have closely followed the empirical method of Richardson and Lanis (2007, 2008). We augment their model with a much larger data set and additional variables and in some specifications can reasonably replicate their results, including their result of a negative size effect. Within the Richardson and Lanis (2007, 2008) framework we are able to show that the direction of the size effect is highly dependent on the inclusion or exclusion of zero tax liability firms. This explains their result of a negative size effect within Australia.

Firms with a zero corporate tax liability are not an unusual feature of the tax system. Profit and loss are treated asymmetrically in the tax system where firms that incur a loss in any given year may have a zero tax liability in that year, and may even carry forward a tax loss. In other words, the possibility of a zero tax liability in any year is a feature of the tax system and should not be excluded from any analysis that attempts to explain or understand the tax system. Simply excluding those firms with a zero tax liability from any analysis introduces selection bias and survivorship bias into the analysis. It also distorts the interpretation of the results.

Section two contains a brief discussion of the literature examining the size effect on effective tax rates, concentrating on the Australian literature. Section three examines publicly available Australian Taxation Office data for a relationship between size and tax liability. While it is clear that a size effect does exist, the data are too aggregated to form a clear understanding of that relationship. Section four sets out our analysis of individual corporate data for the period 2001-02 through 2006-07. A conclusion follows.

2 Literature Review

The relationship between effective tax rates and size is not just a minor academic quibble. Australia operates, in principle, a flat corporate income tax. The question then is whether the policy objectives underlying that policy choice are being realised. Is the Australian corporate income tax system regressive as Tran (1997) suggests? If so, what is the cause of that relationship? Tran and Yu (2008: 266) suggest that large firms can afford better tax planning activities *and* are better able to ‘influence political processes in their favour’. Richardson and Lanis (2007, 2008) are predisposed to the latter view pointing to a ‘political power hypothesis’ that they attribute to Siegfried (1972) – an unpublished PhD thesis. Within a US context, Salamon and Siegfried (1977) explore this notion further, conceding the point that few would deny that ‘big business’ has resources to influence government but that it is not clear how successful

big business is in pursuing its agenda at a policy level. They appear to find a large effect – a one per cent increase in size leads to a 0.08 per cent increase in the book-tax income gap (they use the term tax-avoidance rate) (1977: 1037).⁴ Results such as that would suggest that government could increase corporate tax revenue by closing the so-called book-tax income gap.⁵ Of course, if the result is simply driven by larger companies having better tax planning resources, then closing the book-tax income gap may not lead to an increase in revenue.

By contrast, Zimmerman (1983) suggests a ‘political cost hypothesis’ to explain a positive relationship between size and effective tax rates. His argument being that larger firms would be subject to greater scrutiny from the taxation authorities leading to higher effective rates of taxation. It is important to be clear what Zimmerman is arguing. He is not suggesting a monotonic relationship between size and effective tax rates – he is clear that the positive relationship exists only for the very largest companies. His other result – contrary to much of the literature – is that measures of effective tax rates calculated from financial accounting data are similar to estimates of effective tax rates calculated from US Internal Revenue Service data. He finds that financial statement data provide unbiased estimates of effective tax rates (1983: 121).

There is a small Australian literature that examines effective tax rates and the determinants of those rates. Tran (1997, 1998) has investigated the gap between effective tax rates and statutory tax rates. This gap is due to differences between accounting measures of profit and the definition of taxable income. In particular, Tran (1998) argues that the book-tax income gap is due to deliberate policy choices made by government and the differing objectives and principles of financial accounting and tax accounting.

Tran (1997: 529) finds a monotonic negative relationship between firm size and effective tax rates and concludes that the Australian corporate income tax is effectively regressive. This result is more or less confirmed by Harris and Feeny (2003) and Richardson and Lanis (2007, 2008). Tran and Yu (2008) revisit the earlier Tran (1997, 1998) results and find a slightly different result than the earlier papers. Tran (1997, 1998) had found a size effect irrespective of the proxy employed to measure size (either total assets, or profit before tax). Tran and Yu (2008: 265), however, only find a size effect when size is measured as profit before tax, when size is measured by total assets they find no size effect. The other important difference from the earlier studies is that the size effect is no longer monotonic – Tran and Yu (2008: 267) report a non-linear relationship between effective tax rates and size. Specifically they report that medium size firms (in their study) have the highest effective tax rates, while the top 20 firms ‘appear to have the lowest’.

It seems then that the empirical negative relationship between effective tax rate and size is not robust. While it has been consistently reported in the Australian literature,

4 Given the differences in political structures and scope for lobbying it is likely that the effects in Australia would be smaller than those in the US.

5 See Tran (1997, 1998), and below, for discussion.

the nature of the relationship has changed from being monotonic to (perhaps) non-linear and also from being consistent across proxies to being confined to some proxies. An obvious explanation for this change is the advent of the Ralph Review of Business Taxation reforms implemented in 2000. This view is directly tested by Richardson and Lanis (2007, 2008). They use total assets to measure size and find that the Ralph reforms had little impact on the negative size effect.⁶ There is, however, an additional inconsistency between the Richardson and Lanis (2007, 2008) papers. The 2007 paper reports an overall negative size effect for the period 1997 – 2003 and no change due to the Ralph reforms. The 2008 paper segments the data into two periods, 1996 – 1999 and 2001 – 2004, and estimates each period separately and finds no statistically significant size effect in the earlier period but does find a statistically significant negative size effect in the latter period.

Richardson and Lanis (2007: 701-702) describe their 2008 methodology as being a robustness test for the results reported in table 4 (2007: 699) and suggest that ‘the coefficient estimates for SIZE ... had identical signs and similar levels of statistical significance in the pre- and post-tax-reform periods to those reported in Table 4’.⁷

In an analysis of five Pacific-basin economies (excluding Australia) Kim and Limpaphayom (1998) report mixed evidence for the Political Cost Hypothesis. Their results vary depending on the specification of effective tax rates. When employing Zimmerman’s (1983) definition they report a consistent negative relationship between firm size and effective tax rate (Kim and Limpaphayom 1998: 60). They interpret this result as being inconsistent with the Political Cost hypothesis. At best this result is inconclusive – they make no effort to separate out the very largest firms that would be subject to political costs. The Porcano (1986) definition for effective tax rate provides mixed results with Hong Kong exhibiting a positive relationship between size and effective tax rate (Kim and Limpaphayom 1998: 61).

The Australian literature is consistent with the Wilkie and Limberg (1990) result that suggests an indeterminate relationship between firm size and effective tax rates. In particular they report that ‘the relationship between firm size and ETR is sensitive to the empirical procedures employed’ (1990: 91). Surprisingly this paper is not generally referenced in the Australian literature but is referenced by Kim And Limpaphatom (1998).

6 What they also report is that the size effect is also affected by different proxies for effective tax rates (see Richardson and Lanis (2007: 699, table 4) and Richardson and Lanis (2008: 119, table 4)).

7 We do not share that view – the results reported in their 2007 table 4 and their 2008 table 4 are not as ‘similar’ as we would like. It is possible that the additional year of data employed in each segment is driving the different results across the two papers. The explanation for the difference in results is further complicated by the fact that the two Richardson and Lanis papers do not reference each other and do not reconcile or discuss any differences between them.

3 Australian Taxation Office Data

The ATO release data on taxation for individuals, companies and trusts each year with approximately a two-year lag. The data are available, for free, for download from the ATO website. At the time of writing, the latest ATO data are for the 2007-08 tax year. While the data are extensive and informative they are not detailed and are highly aggregated.

For some years we are able to provide an analysis of tax paid by size of firm. The ATO provided information on income, expenses and tax paid by size of firm and by subtracting expenses from income and dividing that into tax paid it is possible to calculate a (rough) estimate of the ratio of tax paid to pre-tax income by firm size. The firm size classifications are very broad and somewhat arbitrary (micro, small, medium and large). Results of this exercise are shown in table one. As can be seen the ratio of tax paid to pre-tax income declines as firm size increases. It is also immediately apparent that the data for Micro firms is somewhat misleading, even nonsensical. The ATO continue to provide Net Tax paid by size category after 2003-04 but no longer provide Income and Expenses data by size so we are unable to extend the analysis.

Table 1: Average Tax Rates (%) by Firm Size

	Micro	Small	Medium	Large	Total
2001-02	65.99	39.01	21.13	16.54	22.30
2002-03	190.52	31.02	28.65	16.27	23.31
2003-04	42.75	29.07	26.93	26.55	29.24

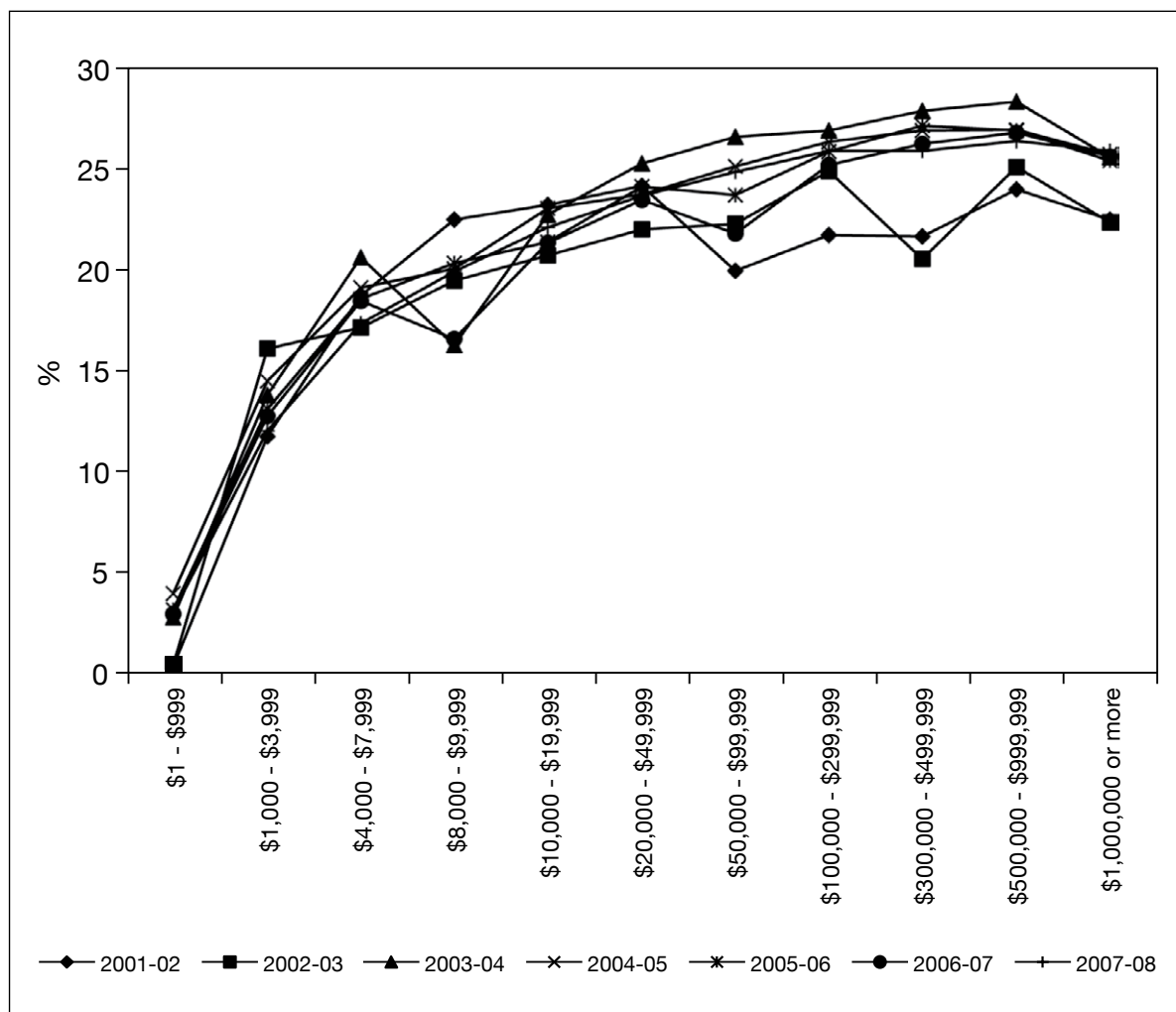
Notes to table: Source. ATO Taxation Statistics various issues. Micro firms have Total Income greater than zero and less than \$2 million. Small firms have Total Income between \$2 million and less than \$10 million. Medium firms have Total Income between \$10 million and less than \$100 million. Large Firm have Total Income greater than \$100 million.

If anything the results in table one imply that larger firms are politically advantaged and not disadvantaged as the political cost hypothesis suggests. Unfortunately, the ATO have not consistently provided information that allows us to examine the company size data over a sustained period of time and it could be the case that the time period where we are able to examine that relationship is somehow unusual.

The ATO does consistently provide information whereby we can examine the relationship between net tax paid and the ratio of net tax paid to taxable income – we refer to this ratio as the net tax rate. Net tax paid could be considered a rough proxy for size; larger firms would, on average, pay a larger dollar value of net tax. Drawing data from several issues of the ATO Tax Statistics data we plot the relationship between net tax paid and the net tax rate in figure one. In general we expect that the relationship should be constant at the statutory rate, however, that is not the case. Firms that make small dollar payments also appear, on average, to pay a lower net tax rate. To the extent that net tax paid is correlated with firm size, this appears to be consistent with the political cost hypothesis. But it is not entirely consistent with that hypothesis. The

very largest group of companies, paying one million dollars or more in net tax, have a lower net tax rate than those paying between \$500,000 and \$1 million.

Figure One: Size and Net Tax Rate (2001-02 – 2007-08)



Notes to figure: Source. ATO Taxation Statistics various issues, Table 1 Company Tax

On the other hand, this result could also be due to a profitability effect. Smaller firms could have a precarious existence and experience highly variable profitability. Unfortunately, the data are too aggregated to explore this explanation. We can, however, look at the profit-share of the largest firms and compare that to the corporate tax share of those firms.

A very small number of the firms subject to corporate income tax are responsible for paying the majority of the corporate tax revenue (see table two). Those firms that pay more than \$1 million in net tax make up about half of 1 percent of the total number of firms, yet in 2006-07 they paid 77.8 percent of net corporate income tax. To provide a starker statistic, ninety-two respondents to a Business Council of Australia (2007) survey paid \$18.1 billion in corporate income tax—nearly 37 percent of the total corporate tax revenue paid in 2005–06. Similarly in a 2008 speech, Tax Commissioner Michael D’Ascenzo (2008) indicated that ‘large corporates with a turnover of \$250

million or more contributed 65% of company tax in 2006–07. And of this, the top 50 contributed 71%, and the top 100 companies contributed 82%.’

It could well be argued that those firms paying more than \$1,000,000 in net tax earn the vast majority of profits in Australia, and consequently it is unsurprising that they should pay much more in corporate tax. We test that argument by calculating their share of total income and taxable income, and comparing that with their net tax share. In 2006-07, these firms earned 57.67 percent of total income and 74.42 percent of taxable income while paying 77.8 percent of net corporate income tax.

Table 2: Distribution of firms and net corporate tax

	Proportion of firms (%)	Proportion of Net Income (%)	Proportion of net corporate tax (%)	Effective tax rate (%)
2001–02	0.35	56.09	69.79	22.41
2002–03	0.37	63.39	70.54	22.27
2003–04	0.39	67.06	70.20	25.54
2004–05	0.38	70.11	72.59	25.68
2005–06	0.44	73.11	75.60	25.36
2006–07	0.52	74.42	77.80	25.57
2007–08	0.53	72.52	76.26	24.56

Notes to figure: Source. ATO Taxation Statistics various issues, Table 1 Company Tax

It appears that a small number of firms actually pay the bulk of corporate taxation.

Examining publicly available ATO data does not allow us to form any clear view on whether large firms pay more or less than they are required to under the law. It does appear that they pay a lower percentage of their taxable income than do firms smaller than themselves but at the same time the bulk of corporate tax is paid by a very small number of large (and profitable) corporates.

4 Corporate Data

In this section we broadly replicate the Richardson and Lanis (2007, 2008) method. They employ ordinary least squares regression analysis to examine the determinants of the variability of effective tax rates. We replicate the variables they employ in their analysis and augment their analysis with additional variables. In the first instance Richardson and Lanis (2007: 702) suggest that the extent of foreign operations may be an important determinant but could not capture that data whereas we do have that variable available for use. In addition we add a quadratic size effect and subsequently a cubic size effect to the analysis to properly test the political cost hypothesis. Recall that Zimmerman (1983) suggests that size should not have a monotonic effect on effective

tax rates and Tran and Yu (2008) suggest a non-linear relationship between size and effective tax rates. Like Richardson and Lanis (2007) we exclude the financial sector – they argue the financial sector is subject to unique regulation likely to distort effective tax rates. In our data set the financial sector generates substantial numbers of missing variables in the data due to differences in financial reporting. This is especially the case amongst the larger financial institutions. Including the financial sector in the analysis would introduce (or, at least exacerbate) reporting bias into the analysis and we exclude the financial sector on that basis. This choice does not imply that the financial sector is unimportant rather that it would bias the results and possibly provide a misleading interpretation of the results.

We have collected data for all listed firms over the period 2001-02 through to 2006-07 from the OSIRIS database and augmented that data with information from CONNECT 4 and AspectHuntley's Fin Analysis.⁸ There is no survivorship bias in the initial sample – companies that fail during the sample period are retained until they delist and companies that come into existence are included when they list on the stock exchange.

Within the literature there is considerable variation in the way that effective tax rates (ETR) are calculated. The ETR is generally based on information provided in a firm's annual reports, taking the form:

$$ETR_{it} = \frac{tax_{it}}{income_{it}} \quad (1)$$

There is a range of alternative ETR measures (Plesko 2003) with variation found in both the measure of taxation and the measure of income selected for calculation. We focus on two common ETR measures.

1. The ratio of income tax expense to accounting profit before tax. This measure is employed by Tran (1997, 1998), Harris and Feeny (2003) Tran and Yu (2008), and also Richardson and Lanis (2007, 2008). We refer to this as ETR1.
2. Income tax expense to book income before interest and taxes. This measure is employed by Gupta and Newberry (1997) and Plesko (2003). We refer to this as ETR2.

8 OSIRIS is a comprehensive database of listed companies, banks and insurance companies around the world. It covers more than 125 countries and contains information on over 43,000 companies (<http://www.bvdep.com/OSIRIS.html>). CONNECT4 provides copies of annual reports as well as IPO prospectuses and information on mergers and acquisitions. (<http://www.connect4.com.au/cgi-bin/subs/login.cgi>). Fin Analysis provides detailed financial information for all companies listed on ASX. More than 400 data items are provided and the data is audited (<http://www.aspectfinancial.com.au/>).

Other variables that we include in the analysis are SIZE – the natural logarithm of total assets, LEV – long-term debt to total assets, CINT – net property, plant and equipment to total assets, INVINT – inventory to total assets, RDINT – research and development expenditure to turnover, ROA – pre-tax income to total assets and FOR_REV – foreign revenue to total revenue. We include annual dummies in the analysis with 2004-05 selected as the base year.⁹ We also collected industry classification data and following Richardson and Lanis (2007: 696) Utilities is the base industry in the analysis. Summary statistics are shown in table three.

Our sample size is much larger than the Richardson and Lanis (2007: 694) sample. Like us they have a six-year sample period, but begin with 1,529 firms and perform their final analysis with a mere 92 firms and 552 firm years. A full 88 per cent of their initial sample is lost due to missing observations. Our initial dataset has 1,840 firms and 8210 firm-years. We eliminate the financial sector reducing the sample by 271 firms and 1,154 firm-years. Missing data further reduces our sample size. We have tried to adopt a sensible approach to missing observations. For example, research and development (R&D) expense is under-reported in Australia, with many firms not reporting any R&D. Rather than treat no R&D as a missing observation we insert a zero. Similarly we insert a zero if a firm reports no foreign revenue, rather than record a missing observation. On the other hand for those firms where no figure is recorded for net plant, property and equipment or inventory we record a missing observation.¹⁰

Richardson and Lanis (2007) claim that they have excluded firms with effective tax rates greater than one (as do we) and firms with negative income or tax refunds as this would distort the effective tax rates. We also exclude those firms that exhibit negative ETRs. It is not clear, however, what Richardson and Lanis (2007) did about those firms that have a zero ETR. What they are likely to have done in the modelling is constrain the effective tax rate to be greater than zero and less than one. They have probably not included those firms with a zero effective tax rate. We show that the size effect is very sensitive to that modelling choice and show summary statistics for firms with ETRs greater than zero and also for firms ETRs greater than and equal to zero.

9 Richardson and Lanis (2007, 2008) provide justification for the inclusion of these variables in the regression analysis.

10 Unfortunately Richardson and Lanis (2007) provide no information on which data in particular are missing.

Table 3: Summary Statistics

Panel A: Summary Statistics, ETR1 > 0									
	ETR1	CINT	FOR_REV	INVINT	LEV	RDINT	ROA	SIZE	
Mean	0.1514	0.2793	0.1418	0.1337	0.1512	0.0016	0.1183	19.3962	
Median	0.1194	0.2449	0.0000	0.0929	0.1342	0.0000	0.0935	19.0644	
Std. Dev.	0.1339	0.1979	0.2574	0.1351	0.1355	0.0098	0.0938	1.8537	
N	1413	1413	1413	1413	1413	1413	1413	1413	
	ETR1	CINT	FOR_REV	INVINT	LEV	RDINT	ROA	SIZE	
CINT	-0.0749								
FOR_REV	-0.0529	-0.0027							
INVINT	0.0020	-0.1748	-0.0463						
LEV	-0.0539	0.3468	0.0332	-0.1901					
RDINT	-0.0094	-0.0821	0.1125	-0.0037	-0.0415				
ROA	-0.1413	-0.1565	-0.0011	-0.0454	-0.3354	0.0857			
SIZE	-0.1277	0.3103	0.1880	-0.1881	0.4540	-0.0399	-0.2366		
Panel B: Summary Statistics, ETR1 ≥ 0									
	ETR1	CINT	FOR_REV	INVINT	LEV	RDINT	ROA	SIZE	
Mean	0.1009	0.2820	0.1215	0.1239	0.1412	0.0017	0.1066	18.9124	
Median	0.0625	0.2438	0.0000	0.0780	0.1120	0.0000	0.0815	18.6566	
Std. Dev.	0.1306	0.2083	0.2482	0.1293	0.1384	0.0131	0.0960	1.9171	
N	2120	2120	2120	2120	2120	2120	2120	2120	
	ETR1	CINT	FOR_REV	INVINT	LEV	RDINT	ROA	SIZE	
ETR1									

Table 3: Summary Statistics (cont)

Panel D: Summary Statistics, ETR2 ≥ 0									
	AETR2	CINT	FOR_REV	INVINT	LEV	RDINT	ROA	SIZE	
Mean	0.0872	0.2816	0.1215	0.1239	0.1412	0.0016	0.1060	18.9088	
Median	0.0526	0.2433	0.0000	0.0781	0.1125	0.0000	0.0811	18.6429	
Std. Dev.	0.1191	0.2082	0.2483	0.1293	0.1380	0.0131	0.0960	1.9170	
N	2135	2135	2135	2135	2135	2135	2135	2135	
	AETR2	CINT	FOR_REV	INVINT	LEV	RDINT	ROA	SIZE	
CINT	-0.0796								
FOR_REV	0.0274	0.0045							
INVINT	0.0339	-0.1662	-0.0352						
LEV	-0.0575	0.3604	0.0324	-0.1410					
RDINT	-0.0039	-0.0633	0.0808	-0.0114	-0.0191				
ROA	0.0441	-0.1148	0.0311	-0.0268	-0.2630	0.0386			
SIZE	0.0589	0.2533	0.1851	-0.0899	0.4281	-0.0467	-0.1135		

Notes to table: ETR1 is the ratio of income tax expense to accounting profit before tax, ETR2 is the ratio of income tax expense to book income before interest and taxes, SIZE is the natural logarithm of total assets, LEV is the ratio of long-term debt to total assets, CINT is the ratio of net property, plant and equipment to total assets, INVINT is the ratio of inventory to total assets, RDINT is the ratio of research and development expenditure to turnover, ROA is the ratio of pre-tax income to total assets and FOR_REV is the ratio of foreign revenue to total revenue. In the analysis we constrain ETR to be less than 1, ROA to be greater than zero but less than 1 and LEV to be less than 1.

The summary statistics indicated that the ETRs vary somewhat depending on whether or not we include zero values. That is to be expected; this is driven largely by smaller firms having a zero tax liability. The other variables are remarkably similar across the measures of ETR – the difference in results that we report below is not due to firms having very different characteristics.

Before undertaking our own analysis we first replicate the Richardson and Lanis (2008) result. Part of our data set over-laps with their data set, viz. the period 2001 – 2004. We estimate equation (2) for the period 2001 – 2004 and compare our results, shown in table four, to their results shown in their table four (Richardson and Lanis 2008: 119). Consistent with Richardson and Lanis (2008: 119) we include industry sector dummy variables, but do not report the coefficients for those dummy variables – coefficients are available upon request.

$$ETR_{i,j} = \alpha_0 + \beta_1 SIZE_{i,j} + \beta_2 LEV_{i,j} + \beta_3 CINT_{i,j} + \beta_4 INVINT_{i,j} + \beta_5 RDINT_{i,j} + \beta_6 ROA_{i,j} + \epsilon_{i,j} \quad (2)$$

Where ETR_i = the effective tax rate for firm i estimated from financial statements in year j ;

SIZE is the natural logarithm of total assets for firm i in year j ;

LEV is the ratio of long-term debt to total assets for firm i in year j ;

CINT is the ratio of net property, plant and equipment to total assets for firm i in year j ;

INVINT is the ratio of inventory to total assets for firm i in year j ;

RDINT is the ratio of research and development expenditure to turnover for firm i in year j ;

ROA is the ratio of pre-tax income to total assets for firm i in year j .

α , β , ϵ are estimated parameters.

The expected signs of the coefficients are shown in table four.

Table 4: Regression Results for equation (2)

Dependent Variable	ETR1 > 0	ETR1 ≥ 0	ETR2 > 0	ETR2 ≥ 0
Intercept	0.5948 (0.0000)	-0.0865 (0.1517)	0.5256 (0.0000)	-0.0628 (0.2399)
SIZE (-)	-0.0139 (0.0000)	0.0117 (0.0000)	-0.0116 (0.0001)	0.0099 (0.0000)
LEV (-)	0.0082 (0.8497)	-0.0029 (0.9240)	-0.1137 (0.0014)	-0.0739 (0.0017)
CINT (-)	-0.0800 (0.0034)	-0.0662 (0.0004)	-0.0820 (0.0007)	-0.0601 (0.0003)
INVINT (+)	-0.0081 (0.8275)	0.0681 (0.0279)	-0.0670 (0.0780)	0.0232 (0.4254)
RDINT (-)	-0.4547 (0.3536)	-0.1490 (0.3145)	-0.2960 (0.5220)	-0.1488 (0.3299)
ROA (+)	-0.3085 (0.0000)	0.0113 (0.7576)	-0.2392 (0.0000)	0.0266 (0.4718)
Annual Dummies	No	No	No	No
Industry Dummies	Yes	Yes	Yes	Yes
Adj R ²	0.0582	0.0404	0.0725	0.0377
F	4.8282	4.9915	5.9030	4.7473
N	869	1330	789	1340

Notes to table: ETR1 is the ratio of income tax expense to accounting profit before tax, ETR2 is the ratio of income tax expense to book income before interest and taxes, SIZE is the natural logarithm of total assets, LEV is the ratio of long-term debt to total assets, CINT is the ratio of net property, plant and equipment to total assets, INVINT is the ratio of inventory to total assets, RDINT is the ratio of research and development expenditure to turnover, and ROA is the ratio of pre-tax income to total assets. The estimated equation is: $ETR_{i,j} = \alpha_0 + \beta_1 SIZE_{i,j} + \beta_2 LEV_{i,j} + \beta_3 CINT_{i,j} + \beta_4 INVINT_{i,j} + \beta_5 RDINT_{i,j} + \beta_6 ROA_{i,j} + \varepsilon_{i,j}$. Values in parenthesis are White heteroskedasticity consistent p-values. We include the Richardson and Lanis (2007, 2008) predicted coefficient signs.

The results compared to Richardson and Lanis (2008) are somewhat mixed. Our estimated coefficients tend to be smaller than those reported by Richardson and Lanis (2008) while the signs for ROA are reversed. Our estimates of RDINT are not statistically significantly different from zero. On the other hand, our results are not sufficiently different from their results to generate substantive concerns. For example, our sample size is larger than their sample size and this could play a role in the differing results. What is of concern are the sign changes on SIZE as we include or exclude those firms with zero ETRs.

We estimate equation (3) including annual and industry dummies. The coefficients on those dummies are not reported – those coefficients are available upon request. Results are shown in table five. Values shown in parenthesis are White (1980) corrected p-values.

$$ETR_{i,j} = \alpha_0 + \beta_1 SIZE_{i,j} + \beta_2 SIZE_{i,j}^2 + \beta_3 LEV_{i,j} + \beta_4 CINT_{i,j} + \beta_5 INVINT_{i,j} + \beta_6 RDINT_{i,j} + \beta_7 ROA_{i,j} + \beta_8 FOR_REV_{i,j} + \varepsilon_{i,j} \quad (3)$$

Where ETR_i = the effective tax rate for firm i estimated from financial statements in year j ;

SIZE is the natural logarithm of total assets for firm i in year j ;

LEV is the ratio of long-term debt to total assets for firm i in year j ;

CINT is the ratio of net property, plant and equipment to total assets for firm i in year j ;

INVINT is the ratio of inventory to total assets for firm i in year j ;

RDINT is the ratio of research and development expenditure to turnover for firm i in year j ;

ROA is the ratio of pre-tax income to total assets for firm i in year j ;

FOR_REV is the ratio of foreign revenue to total revenue for firm i in year j .

α , β , ε are estimated parameters.

The expected signs of the coefficients, where applicable, are shown in table five.

Table 5: Regression Results for Equation (3)

Dependent Variable	ETR1 > 0	ETR1 ≥ 0	ETR1 > 0	ETR1 ≥ 0	ETR2 > 0	ETR2 ≥ 0	ETR2 > 0	ETR2 ≥ 0
	1	2	3	4	5	6	7	8
			Less Outliers			Less Outliers		
Intercept	1.4342 (0.0002)	-0.8496 (0.0001)	1.1518 (0.0007)	-1.0429 (0.0000)	1.4967 (0.0001)	-0.6974 (0.0020)	0.9118 (0.0014)	-0.7420 (0.0000)
SIZE (-)	-0.1050 (0.0059)	0.0913 (0.0001)	-0.0884 (0.0091)	0.1049 (0.0000)	-0.1155 (0.0026)	0.0762 (0.0015)	-0.0682 (0.0175)	0.0739 (0.0000)
SIZE_2	0.0023 (0.0139)	-0.0021 (0.0006)	0.0020 (0.0192)	-0.0024 (0.0000)	0.0026 (0.0067)	-0.0018 (0.0046)	0.0015 (0.0342)	-0.0017 (0.0003)
LEV (-)	-0.0191 (0.5353)	-0.0131 (0.5655)	-0.0029 (0.9080)	-0.0116 (0.5237)	-0.1032 (0.0001)	-0.0682 (0.0002)	-0.0857 (0.0001)	-0.0449 (0.0035)
CINT (-)	-0.0676 (0.0008)	-0.0500 (0.0005)	-0.0352 (0.0246)	-0.0212 (0.0600)	-0.0562 (0.0021)	-0.0394 (0.0022)	-0.0312 (0.0231)	-0.0227 (0.0232)
INVINT (+)	-0.0441 (0.1192)	0.0367 (0.1195)	-0.0221 (0.3302)	0.0420 (0.0290)	-0.0855 (0.0018)	0.0014 (0.9469)	-0.0483 (0.0135)	0.0227 (0.1521)
RDINT (-)	0.1618 (0.6742)	-0.0638 (0.6551)	0.2103 (0.5581)	0.0315 (0.8094)	0.0802 (0.8184)	-0.0803 (0.5455)	0.2263 (0.4885)	0.0319 (0.8028)
ROA (+)	-0.2934 (0.0000)	0.0154 (0.5749)	-0.1587 (0.0000)	0.1033 (0.0000)	-0.2214 (0.0000)	0.0371 (0.1772)	-0.0946 (0.0011)	0.1208 (0.0000)
FOR_REV	-0.0179 (0.2528)	0.0121 (0.3369)	-0.0225 (0.0618)	0.0122 (0.1915)	-0.0128 (0.3937)	0.0128 (0.2949)	-0.0226 (0.0285)	0.0042 (0.6079)

Dependent Variable	ETR1 > 0	ETR1 ≥ 0	ETR1 > 0	ETR1 ≥ 0	ETR2 > 0	ETR2 ≥ 0	ETR2 > 0	ETR2 ≥ 0
Annual Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adj R ²	0.0713	0.0338	0.0511	0.0676	0.0842	0.0268	0.0694	0.0636
F	6.1590	4.5319	4.5448	8.1779	7.2448	3.7947	5.9911	7.8067
N	1413	2120	1384	2079	1428	2135	1407	2106
Turning Point	22.4829	21.6106	22.2237	21.4556	22.1794	21.3763	22.3701	21.9789

Notes to table: ETR1 is the ratio of income tax expense to accounting profit before tax, ETR2 is the ratio of income tax expense to book income before interest and taxes, SIZE is the natural logarithm of total assets, LEV is the ratio of long-term debt to total assets, CINT is the ratio of net property, plant and equipment to total assets, INVINT is the ratio of inventory to total assets, RDINT is the ratio of research and development expenditure to turnover, ROA is the ratio of pre-tax income to total assets and FOR_REV is the ratio of foreign revenue to total revenue. The estimated equation is: $ETR_{ij} = \alpha_0 + \beta_1 SIZE_{ij} + \beta_2 SIZE_{ij}^2 + \beta_3 LEV_{ij} + \beta_4 CINT_{ij} + \beta_5 INVINT_{ij} + \beta_6 RDINT_{ij} + \beta_7 ROA_{ij} + \beta_8 FOR_REV_{ij} + \epsilon_{ij}$. Values in parenthesis are White heteroskedasticity consistent p-values. Columns 3, 4, 7 and 8 show regressions with outliers removed. Where applicable we include the Richardson and Lanis (2007, 2008) predicted coefficient signs.

Before discussing the results we describe some of the robustness checks that we perform. In an earlier version of this paper a referee expressed some concern about the use of the quadratic size term in equation (3); in particular the referee suggested that it might give rise to multicollinearity. The results in table five, however, are not consistent with multicollinearity which normally manifests itself as a regression with a high adjusted R² and few significant coefficients. Multicollinearity has the effect of upwardly biasing standard errors – that is not what we observe in the size effect. The White (1980) heteroskedasticity p-values are highly significant. To be sure, however, we re-estimate our equations dropping the quadratic term (results not shown but similar to the results in table four) and still find that the coefficient sign on SIZE switches depending on the inclusion or exclusion of zero ETRs. We are confident that our results are not driven by multicollinearity.¹¹

11 For additional discussion on multicollinearity see Gujarati (1995) especially pages 335 – 344. In particular Gujarati (1995: 340 – 341) argues that pooled cross-section and time series data (like that we employ here) is less likely to suffer from multicollinearity. See also Darnell (1994: 262 – 266) and Kennedy (2003: 205 – 217).

We also check for leverage points using the Cooks distance criteria – while we find no such leverage points we did observe some large outliers which we remove and re-estimate the regressions (shown in columns 3, 4, 7 and 8) in table five. While this has the effect of modifying the size and significance of the coefficients it does not change our overall impression of the results. Overall we are confident that our empirical analysis is robust.

Looking at columns 1, 3, 5 and 7 (i.e. $ETR \geq 0$) our results are more or less consistent with Richardson and Lanis (2007, 2008). The coefficient on SIZE is negative and highly statistically significant. Richardson and Lanis (2008: 119) report a similar result for the period 2001 – 2004 for their ETR1 variable, but not for the 1996 – 1999 period or for their ETR2 variable. Results for LEV are mixed, for ETR1 the coefficients are negative but not statistically significantly different from zero, while for ETR2 they are negative and statistically significantly different from zero. These results are consistent with the mixed results that Richardson and Lanis (2007, 2008) report. The coefficients on CINT are all negative and statistically significantly different from zero, consistent with the Richardson and Lanis (2007, 2008) results. In contrast to the Richardson and Lanis (2007, 2008) results the coefficients on INVINT are negative and not statistically significantly different from zero in the case of ETR1. Richardson and Lanis (2007), however, indicate that the post-2000 period may have a significantly different effect on the INVINT variable and that is likely to explain the difference in our results. We note that the pre-2000 and post-2000 results reported in Richardson and Lanis (2008) are quite different. Our estimates for the coefficient of RDINT are not statistically significantly different from zero. That is inconsistent with the Richardson and Lanis (2007, 2008) results. Also inconsistent with Richardson and Lanis (2008) is that our estimated coefficients for ROA are negative and statistically significantly different from zero. Our negative coefficients, however, are not inconsistent with Richardson and Lanis (2007: 699) where their results suggest that the coefficients in the post-2000 period might be negative. The coefficients on FOR_REV are negative and only statistically significantly different from zero when outliers are removed from the equations.

What is important in the results is that we find a very strong and statistically important quadratic size effect. In the final row of table 4 we calculate turning points – those turning points are all within the data range. In other words, there are some (very large) firms that *ceteris paribus* have a *higher* ETR based on their size. This result is consistent with the Political Cost hypothesis.

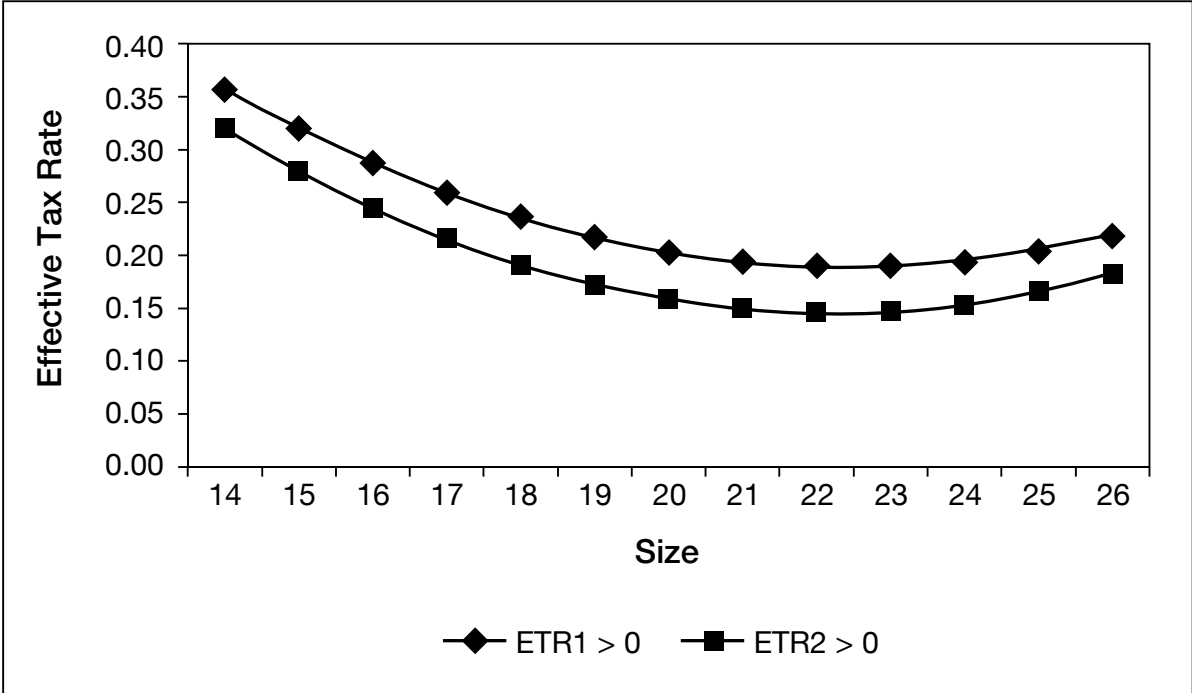
Looking now at columns 2, 4, 6 and 8 we see similar patterns in the control variables to columns 1, 3, 5, and 7. What is very different are the coefficients on SIZE. What we now observe is an overall positive relationship between ETR and SIZE – inconsistent with the Australian literature. We also observe a negative coefficient on the quadratic term that is statistically significantly different from zero. Again the turning points are within the data range. In other words, there are some (very large) firms that *ceteris paribus* have a *lower* ETR based on their size. This result is consistent with the Political Power hypothesis (this result is necessary but not sufficient for that hypothesis) and

with the notion that larger firms are better able to manage their tax affairs than are smaller firms.

What we have found is that in a statistical sense size matters. Excluding a quadratic SIZE variable in any regression analysis implies that the equation is misspecified.

We now turn our attention to whether or not the statistical result we report has much economic meaning. So while the statistical effects we have uncovered appear large, are they economically important? To evaluate this question we use the results from table five (columns 1, 2, 5 and 6) to estimate effective tax rates. We set all the variables at their average values and then estimate the effective tax rates for different sized firms and plot the results. Figure two shows the results for our ETR1 and ETR2 measures for positive tax rates and figure three shows the results for our ETR1 and ETR2 measures for zero and positive tax rates.

Figure Two: Estimated Effective Tax rates for ETR > 0 (Quadratic function)

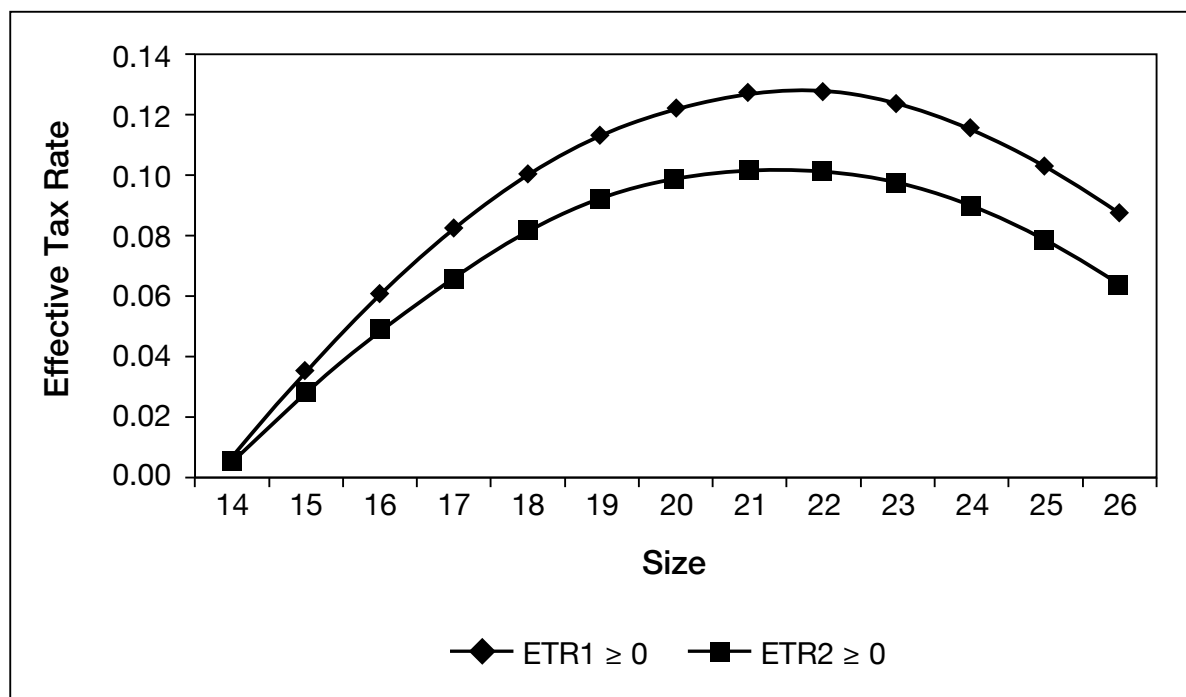


Notes to figure: Authors' calculations. Effective tax rates are estimated using results from table five (columns 1 and 5) assuming average values for all variables except SIZE. SIZE is allowed to vary across the range 14 – 26. The actual SIZE range in the data set is 15.60 – 25.34.

Looking at figure two it is apparent that larger firms tend to pay a lower effective tax rate than do smaller firms. While a quadratic effect is clear in the data, it remains the case that the largest firms will be paying a lower rate than the smallest firms. Intermediate firms may pay a lower rate than both the smaller and the larger firms. This result is consistent with the notion that larger firms are able to better engage in tax planning and tax minimisation than smaller firms and that, at some point, the political cost hypothesis applies and effective tax rates rise, but overall not enough to overcome the advantages of size and the ability to engage in superior tax planning activities. The difference between the effective tax rate (ETR1) at the turning point

(18.88 percent) and the maximum size firm (20.78 percent) is 1.91 percent.¹² While this amount is not trivial and is statistically significant, it is not clear that it represents a large economic difference. The other comparison to consider is the difference between the effective tax rate for the average sized firm (21.12 percent) in our sample and the largest firm (20.78 percent). This difference is quite small at 0.33 percent. Despite the quadratic effect in the data, the largest firms will face effective tax rates close to the average.

Figure Three: Estimated Effective Tax rates for $ETR \geq 0$ (Quadratic function)



Notes to figure: Authors' calculations. Effective tax rates are estimated using results from table five (columns 2 and 6) assuming average values for all variables except SIZE. SIZE is allowed to vary across the range 14 – 26. The actual SIZE range in the data set is 13.99 – 25.34.

The first thing to notice about figure three is that it approximates figure one. Estimates of the effective tax rate start off very low, increase dramatically and then decline for very large firms. If we assume that tax planning is associated with large fixed costs, then this pattern is also consistent with the idea that larger firms are better able to manage their tax affairs and engage in tax minimisation leading to lower ETRs. Unlike the result in figure two, there is no evidence of political costs leading to an increase in ETR for very large firms. The difference in the effective tax rate (ETR1) for firms at the turning point (12.84 percent) and the very largest firm (9.99 percent) is 2.9 percent – a somewhat larger figure than we saw in figure two. Also much larger is the difference between the effective tax rate facing the average sized firms (11.29 percent) and the largest firm (9.99 percent) of 1.39 percent. The largest firms will be facing a lower effective tax rate than the average sized firms.

¹² The calculations in this and the next paragraph are to two decimal places.

We have documented an empirical regularity – the inclusion or exclusion of zero ETR firms is driving the sign on the SIZE coefficient. Kennedy (2003: 397 – 402) provides an extensive discussion on ‘getting the wrong sign’. We have eliminated issues such as multicollinearity (table four, for example, has no potential for multicollinearity) and outliers (see table five). An omitted variable may explain the result – yet we employ the same specification as do Richardson and Lanis (2007, 2008) in table four and further augment their model in table five. We now consider the impact a cubic size effect may have in explaining the anomalous size effect results.

In table six we augment equation (3) with a cubic size effect and report the results. Values in parentheses are White (1980) corrected p-values. It is immediately clear that the signs of the SIZE coefficients are robust to the inclusion or exclusion of zero ETR firms. In the first column the SIZE and quadratic SIZE coefficients are not statistically significantly different from zero, while the cubic Size coefficient is barely significant at the ten percent level. All the other columns show highly statistically significant coefficients.

Table 6: Regression Results for Augmented Equation (3)

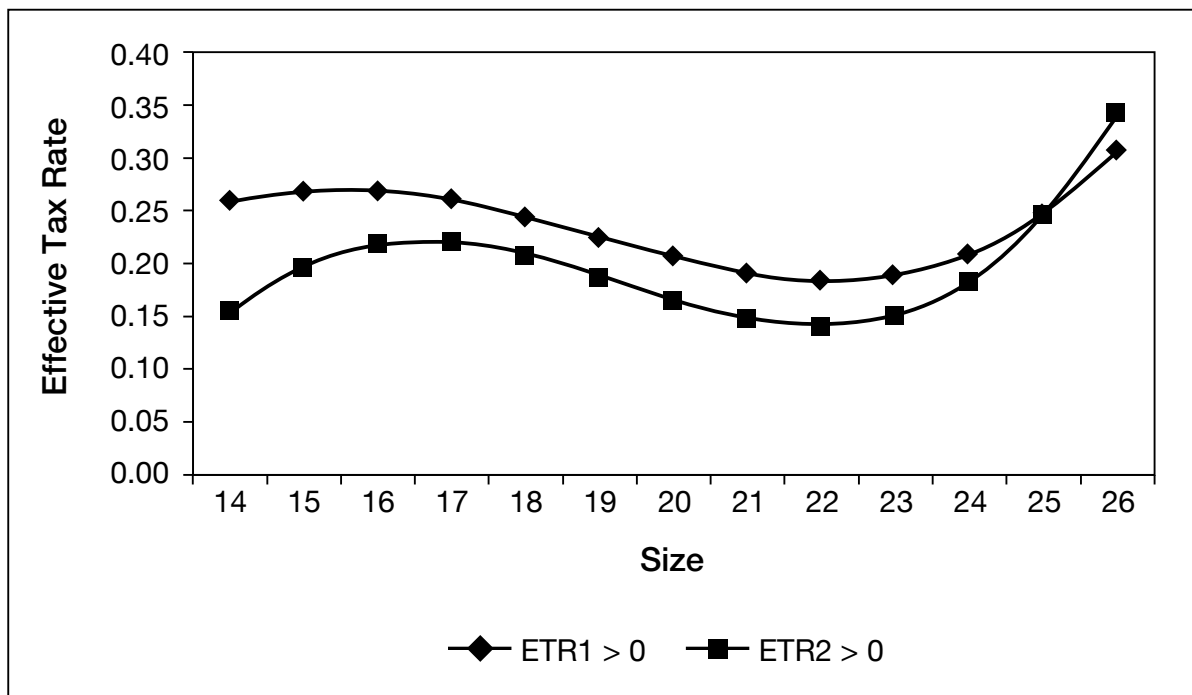
Dependent Variable	ETR1 > 0	ETR1 ≥ 0	ETR2 > 0	ETR2 ≥ 0
	1	2	3	4
C	-3.3029 (0.2528)	-5.7778 (0.0001)	-6.4922 (0.0214)	-7.7370 (0.0000)
SIZE	0.6147 (0.1555)	0.8600 (0.0002)	1.0974 (0.0102)	1.1736 (0.0000)
SIZE_2	-0.0338 (0.1152)	-0.0417 (0.0006)	-0.0583 (0.0065)	-0.0583 (0.0000)
SIZE_3	0.0006 (0.0887)	0.0007 (0.0012)	0.0010 (0.0045)	0.0010 (0.0000)
LEV	-0.0151 (0.6247)	-0.0024 (0.9151)	-0.0965 (0.0002)	-0.0531 (0.0042)
CINT	-0.0718 (0.0004)	-0.0543 (0.0002)	-0.0630 (0.0007)	-0.0453 (0.0006)
INVINT	-0.0476 (0.0920)	0.0351 (0.1360)	-0.0914 (0.0009)	-0.0009 (0.9659)
RDINT	0.1870 (0.6316)	-0.0463 (0.7482)	0.1223 (0.7313)	-0.0547 (0.6837)
ROA	-0.2949 (0.0000)	0.0118 (0.6657)	-0.2229 (0.0000)	0.0328 (0.2298)
FOR_REV	-0.0179 (0.2493)	0.0106 (0.3994)	-0.0124 (0.4018)	0.0110 (0.3689)
Annual Dummies	Yes	Yes	Yes	Yes
Industry Dummies	Yes	Yes	Yes	Yes

Dependent Variable	ETR1 > 0	ETR1 ≥ 0	ETR2 > 0	ETR2 ≥ 0
Adj R ²	0.0728	0.0380	0.0909	0.0476
F	6.0420	4.8014	7.4877	4.8023
N	1413	2120	1428	2135
Turning Point 1	15.43	16.50	19.99	18.98
Turning Point 2	22.13	21.33	21.96	21.49

Notes to table: ETR1 is the ratio of income tax expense to accounting profit before tax, ETR2 is the ratio of income tax expense to book income before interest and taxes, SIZE is the natural logarithm of total assets, LEV is the ratio of long-term debt to total assets, CINT is the ratio of net property, plant and equipment to total assets, INVINT is the ratio of inventory to total assets, RDINT is the ratio of research and development expenditure to turnover, ROA is the ratio of pre-tax income to total assets and FOR_REV is the ratio of foreign revenue to total revenue. The estimated equation is: $ETR_{i,j} = \alpha_0 + \beta_1 SIZE_{i,j} + \beta_2 SIZE_{i,j}^2 + \beta_3 SIZE_{i,j}^3 + \beta_4 LEV_{i,j} + \beta_5 CINT_{i,j} + \beta_6 INVINT_{i,j} + \beta_7 RDINT_{i,j} + \beta_8 ROA_{i,j} + \beta_9 FOR_REV_{i,j} + \varepsilon_{i,j}$. Values in parenthesis are White heteroskedasticity consistent p-values.

The relationship between corporate size and ETR is highly non-linear. We plot that relationship, ceteris paribus, in figure four (from columns 1 and 3 in table six) and figure five (from columns 2 and 4 in table six). While the exact relationship between corporate size and ETR is dependent on the inclusion or exclusion of zero ETR firms the pattern is similar. There is a size range where the ETR is either flat or slightly declining before an upturn in the ETR. That increase in ETR for large corporate taxpayers, ceteris paribus, is consistent with the political cost hypothesis.

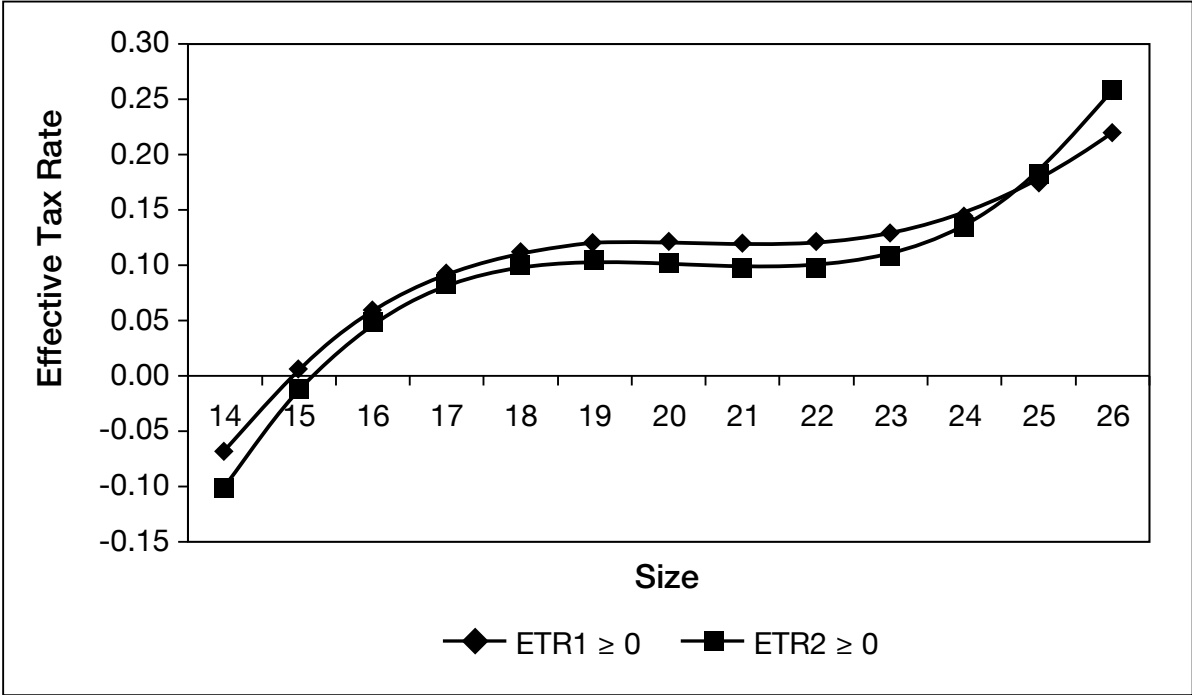
Figure Four: Estimated Effective Tax rates for ETR > 0 (Cubic function)



Notes to figure: Authors' calculations. Effective tax rates are estimated using results from table six (columns 1 and 3) assuming average values for all variables except SIZE. SIZE is allowed to vary across the range 14 – 26. The actual SIZE range in the data set is 15.60 – 25.34.

Looking at figure four it is clear that for a large range of firms the effective tax rate declines as they get larger. In the case of ETR1 that decline amounts to 9 percent and for ETR2 the decline is 8.2 percent. This is a substantial decrease in ETR. Over that size range it is clear that larger firms are better able to manage their tax liability and so decrease their overall tax burden. Consistent, however, with the Political Cost hypothesis the very largest firms have a higher ETR than do smaller firms. Furthermore for the very largest firms, ceteris paribus, the ETR is close to the statutory tax rate.

Figure Five: Estimated Effective Tax rates for ETR ≥ 0 (Cubic function)



Notes to figure: Authors’ calculations. Effective tax rates are estimated using results from table six (columns 2 and 4) assuming average values for all variables except SIZE. SIZE is allowed to vary across the range 14 – 26. The actual SIZE range in the data set is 13.99 – 25.34.

Figure five suggests that the ETR is more or less flat over a large range of corporate size. The difference in ETR between the two turning points is 0.08 percent for ETR1 and 0.76 percent for ETR2. These differences are economically small. Once we include zero ETR firms into the analysis there is little evidence to support the notion that larger firms are able to better plan their tax affairs and so reduce their corporate tax burden. As before, however, the very largest firms have a higher ETR than do smaller firms, consistent with the political cost hypothesis.

5 Conclusion

We have examined the relationship between corporate size and effective tax rates. Consistent with Tran and Yu’s (2008: 267) expectation that relationship is non-linear. Larger corporate tax payers face, ceteris paribus, a higher tax burden than do smaller corporate tax payers. This result is consistent with the political cost hypothesis posited

by Zimmerman (1983) and is inconsistent with the extant Australian literature that suggest that larger corporate tax payers face a lower tax burden than do smaller corporate tax payers.

We find that the negative relationship between corporate size and effective tax rates is a function of truncated samples – researchers have not included firms with a zero tax liability in their samples. This raises the question of whether zero values for ETR should be included in any analysis or not. Clearly the answer depends critically on the research question being asked. Before inferences can be drawn, however, about whether larger firms pay more or less tax than do small firms researchers need to know whether zero ETRs have been included in the analysis or not.

We have undertaken our analysis within the framework set out in Richardson and Lanis (2007, 2008) employing the same variable definitions as they do, and including a variable (foreign sales) that they suggest could enhance their analysis. Our sample period over-laps their sample period but starts and ends later than their sample periods while our data set is much larger than their data set. Tran and Yu (2008: 267) suggest that the inclusion of industry effects in their study may drive any observed difference with Zimmerman's (1983) results – we include industry effects and find that it is not the cause of differing size effect results.

Our overall conclusion is that claims that larger firms are paying substantially less than the headline rates of taxation or even less than smaller firms should be viewed with some caution. This in turn suggests that policy efforts to increase revenue from the corporate tax by closing the book-tax income gap are less likely to be successful. In other words, increased enforcement of existing tax laws is less likely to raise revenue relative to policies that reform the tax base or change the tax rate.¹³

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13 This is subject to the caveat that our data are aggregated at the financial statement level – to the extent that some tax planners may make use of disaggregated firm units to minimise taxation our results may be somewhat weaker.

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SME “life cycle” imperative

Mark Pizzacalla*

Abstract

This article will analyse and review Australia’s Small and Medium Enterprise (SME) taxation framework vis-à-vis the United States of America (USA) and the United Kingdom (UK), with a view to determining whether Australia should be modifying its approach to the preferential tax treatment of SMEs. SME taxation policy in Australia has been formulated by successive governments without having a full appreciation of what a SME’s needs and requirements are. The importance of understanding more about SMEs so that resources can be better targeted in this sector has also been recognised as an issue in the USA. This global SME tax policy problem arises for a number of reasons including; the fact that the SME sector comprises a significant number of entities that are at varying stages of their business life cycle; small firms are heterogeneous in nature; and not all tax concessions or subsidies will suit all firms in the SME sector. These factors make it difficult to set appropriate tax policy which can then be consistently applied across all firms in this sector. Accordingly, this article focuses on detailing an alternative approach to SME tax policy formulation having regard to a SME’s business life cycle. This article will review the literature in relation to the various business life cycle models, with specific emphasis on their application to SMEs. It will then identify the principal SME business life cycle models, and adopt one of these models for the purposes of identifying the relevant factors that should be taken into account when formulating SME tax policy.

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1 Introduction

SME taxation policy in Australia has, arguably, been formulated by successive governments without having a full appreciation of what a SME's needs and requirements are.¹ The importance of understanding more about SMEs so that resources can be better targeted in this sector has been recognised as an issue in the USA and the UK.² It is posited in this article that because Australian tax policy does not take into account the various stages of a SME's business lifecycle, policies developed are generally misguided and ineffective.

This global SME tax policy problem arises for a number of reasons. Firstly, the SME sector comprises a significant number of entities that are at varying stages of their business life cycle which, by definition, means that their needs and requirements will invariably differ. Secondly, small firms are heterogeneous in nature and the differences which exist between them are quite pronounced.³ Thirdly, not all of the various types of tax concessions or subsidies will suit all firms in the SME sector.

These factors make it difficult to set appropriate tax policy which can then be applied consistently across all firms in this sector. Accordingly, this article will, firstly, provide an overview of Australia's SME taxation framework compared to those of the USA and the UK and, secondly, detail an alternative approach to SME tax policy design and formulation by having regard to a SME's business life cycle. There is significant literature on the theory of small firm growth. Therefore, the purpose of this article is not to examine and evaluate each of the business lifecycle theories, but rather to provide an overview of the available research to determine whether it is possible to overlay tax policy across the lifecycle of a SME.

2 Australia's SME taxation framework

Australia's small business taxation framework can be broadly divided into four different and distinct periods, being; pre-1985 (i.e. pre-Capital Gains Tax (CGT)), 1985-2001 (pre-Simplified Tax System (STS) regime), 2001-2007 (STS regime) and post-1 July 2007 (Small Business Entity (SBE) regime). The reason that these distinctions are important is because up until 2001 Australia did not have any specific tax regime for SMEs. Since that time, Australia has had an optional STS regime which was available to certain small business taxpayers up to the 30 June 2007 income year. Effective 1 July 2007, this was replaced with the SBE regime.

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- 1 Mark Pizzacalla, 'Global SME Tax Policy Conundrum' (2008) 23 *Australia Tax Forum*, 50.
 - 2 Barbara Dunn, 'Family Enterprises in the UK: A Special Sector?' (1996) 9(2) *Family Business Review*, 139, 140.
 - 3 Jonathan Boswell, *The Rise and Decline of Small Firms* (George Allen & Unwin Ltd, 1972), Chapter 11. What is clear is that the SME sector, both in Australia as well as in other jurisdictions, comprise a significant number of entities at varying stages of their business lifecycle. Small firms are heterogeneous in nature and the differences between them are quite pronounced either by; size of firm; nature of industry and markets; or based on the age of such firms.

In November 2006, the Howard government announced its proposal to introduce legislation to standardise the eligibility criteria for small business tax concessions effective from 1 July 2007.⁴ The former Treasurer, Mr Peter Costello, indicated that this approach would remove the separate eligibility tests that existed in relation to small businesses accessing the various tax concessions and that a single definition of small business would result in reduced compliance costs for around 2m Australian small businesses (or 96% of all Australian businesses).⁵

Tax Laws Amendment (Small Business) Bill 2007 was subsequently introduced in the House of Representatives on 10 May 2007.⁶ The SBE regime became effective from 1 July 2007 (i.e. for the 30 June 2008 income year and subsequent income years), and from 1 April 2007 for fringe benefits tax (“FBT”) purposes.⁷ As a result of the amendments, small business taxpayers are now referred to as SBEs for tax purposes. Broadly, an entity is a SBE if it carries on a business, and satisfies the \$2m aggregated turnover test.⁸

The Explanatory Memorandum which accompanied the Bill indicated that the then existing small business framework was flawed in the following ways:

- 1.2 The current tax laws contain a number of special arrangements for smaller businesses (variously defined), which are often loosely referred to as ‘small business concessions’. Each concession has its own set of eligibility criteria based on the particular group of taxpayers being targeted. The criteria are tailored to the specific characteristics, policy objectives and constraints of each particular regime.
- 1.3 Multiple eligibility criteria across small business concessions, however justifiable when considered individually, are a source of complexity and unnecessary costs for small business.⁹

The Explanatory Memorandum further indicated that by standardising the eligibility criteria, this would mean that eligibility for all of the small business concessions would be based on one test about the size of the business, with the proviso that the entity seeking the concession also satisfies any additional criteria that already applies to each concession that do not relate to determining whether the business is in fact a small

4 Joint Press Release Treasurer & Minister for Small Business and Tourism, ‘Making the tax law easier for small business – The new small business framework’ (Press Release No. 123, 2006).

5 Joint Press Release Treasurer & Minister for Small Business and Tourism, ‘Making the tax law easier for small business – The new small business framework’ (Press Release No. 123, 2006).

6 It was previously released on 9 February 2007 in exposure draft form.

7 Division 328 heading substituted by Act 80 of 2007 s3 and Schedule 3 Item 1, with effect from 21 June 2007, applicable in relation to the 2007-08 income year and later income years.

8 For these purposes, when calculating turnover, you must include the turnover of any other business connected with the entity seeking to access the concession (Section 328-115 ITAA 1997). Further, turnover includes all income earned in the ordinary course of business for the income year (excluding GST and fuel retail sales receipts).

9 Commonwealth, ‘Explanatory Memorandum Tax Laws Amendment (Small Business) Bill 2007’ (2007), paragraphs 1.2 – 1.3.

business.¹⁰ A press release issued at the time indicated that this further demonstrated the Howard government’s commitment to reducing red tape and compliance costs for small businesses.¹¹ However, whether this is what actually transpired in practice is debatable.¹²

Australia’s major SME tax concessions which are available to SBEs are detailed at **Table 1**. It is important to note that SBEs can only utilise these concessions provided they also satisfy any other additional criteria that may apply to each concession. This approach for accessing the concessions effectively represents a policy “hangover” from the application of the previous STS regime, as well as other pre-existing small business tax concessions which were in place prior to the introduction of the SBE regime.

Table 1: Concessions available to small business entities

Item	Concession	Provision
1	CGT 15-year asset exemption	Subdivision 152-B ITAA 1997
2	CGT 50% active asset reduction	Subdivision 152-C ITAA 1997
3	CGT retirement exemption	Subdivision 152-D ITAA 1997
4	CGT roll-over	Subdivision 152-E ITAA 1997
5	Simpler depreciation rules	Subdivision 328-D ITAA 1997
6	Simplified trading stock rules	Subdivision 328-E ITAA 1997
7	Deducting certain prepaid business expenses immediately	Sections 82KZM and 82KZMD ITAA 1936
8	Accounting for goods and services tax (GST) on a cash basis	Section 29-40 GST Act
9	Annual apportionment of input tax credits for acquisitions and importations that are partly creditable	Section 131-5 GST Act
10	Paying GST by quarterly instalments	Section 162-5 GST Act
11	Fringe Benefits Tax (FBT) car parking exemption	Section 58-GA FBTA 1936
12	Pay As You Go (PAYG) instalments based on Gross Domestic Product (GDP) adjusted notional tax	Section 45-130 of Schedule 1 TAA 1953

Source: Section 328-10(1) ITAA 1997.

10 Commonwealth, ‘Explanatory Memorandum Tax Laws Amendment (Small Business) Bill 2007’ (2007), paragraph 1.5. Importantly, this meant that the A\$2m test represented an alternative to satisfying some of the pre-existing tests that would still be available. For example, a small business will be able to qualify for the small business CGT concessions if it satisfies either the “net assets value” test or the “A\$2m turnover” test.

11 Joint Press Release Treasurer & Minister for Small Business and Tourism, ‘Making the tax law easier for small business – The new small business framework’ (Press Release No.123, 2006).

12 Helen Hodgson, ‘Small business simplification - yet again?’ (2007) 11(2) *The TAX Specialist*.

As can be seen from **Table 1**, Australia's tax laws provide a total of 12 major concessions for small businesses classified as SBEs. Other major small business tax concessions include, inter-alia, the Entrepreneurs Tax Offset (ETO)¹³ (subsequently repealed effective 2012-13 income year), and a two year period for amending assessments (instead of four years).¹⁴ A detailed listing of all the tax concessions currently available to SMEs in Australia is attached at **Appendix A**.

Whilst the SBE regime provides a more streamlined approach in relation to the standardisation of the eligibility criteria for access to the small business tax concessions, what remains clearly evident is that there is still a lack of consistency in relation to the adoption of criteria and thresholds. Further, the compliance rules remain tedious and complex when you analyse and review each of the concessions in detail. (It is outside the scope of this article to compare the (former) STS regime with the new SBE regime and, in any event, this has already been dealt with comprehensively by various tax commentators.¹⁵)

3 USA and UK's SME taxation frameworks

Consistent with Australia, the USA and UK tax laws contain provisions which specifically cater for the small business / SME sector, however the following observations are pertinent when comparing the jurisdictions.

Firstly, a principal difference between Australia's SME tax incentives and those of the USA¹⁶ and the UK is that in the latter jurisdictions SME concessions are offered on two bases; firstly, incentives that provide a tax reduction to the business itself as a result of its "small business" tax status; and secondly, incentives that provide preferential tax treatment to individuals or corporates that make an investment in the small business (with these types of incentives usually providing either a tax deduction for monies invested in SMEs or special tax treatment for gains / losses arising from the investment made in the small business). Australia's SME tax incentives, on the other hand, are predominantly focused on providing concessions to the business itself, rather than (external) investors.

13 Subdivision 61-J ITAA 1997.

14 Section 328-10(2) ITAA 1997 and Section 170 ITAA 1936.

15 Michael Dirkis, 'Simplified Tax System: or STS Exposed: A Simplified Tax System for Small Business or a Tax System for Simple Business?' *Overview Seminar, Taxation Institute of Australia*. Michael Dirkis and Brett Bondfield, 'The RBT ANTS Bite: Small Business the First Casualty' (2004) 19 *Australian Tax Reform*, 107. Michael Dirkis, *Taxation Reform for Small Business*, Tax Institute of Australia (2000) . PKF Australia Limited, "Aligning Definitions for Small Business Basic Taxation – Small Business Entities (formerly Simplified Taxation System (STS))" (Paper presented at the Grace Hotel, Sydney and the Crowne Plaza, Parramatta, 4-6 September 2007); Rob Power, 'When is small business small?' (2007) (8) *CCH Tax Week*.

16 William J Greene Stewart Karlinsky, 'Small Business Income Tax Incentives: The U.S. and Other Industrial Nations' (1985) 11(3) *The International Tax Journal*.

Secondly, whilst the nature and type of federal income tax concessions applicable to small businesses in the USA are well documented,¹⁷ by way of overall observation, it is noted that the USA's federal tax system is designed in such a way that certain provisions of the federal tax code are designed to favour small businesses over large businesses generally or, alternatively, small businesses within specific industry sectors. When reviewed more closely, however, it becomes apparent that most of the small business tax concessions only apply to a relatively limited class of taxpayers, as well as being targeted to a very narrow industry segment.¹⁸

Further, in the USA, there is no single definition of small business that applies for federal tax purposes (notwithstanding that the IRS uses a US\$10m turnover threshold to identify such entities for classification purposes). As discussed above, special rules are formulated that apply to the small business itself or to the owners of the small business, and the application of the rules and what SME definition is adopted will vary depending on the concession being offered.¹⁹

From a UK perspective, during the Global Financial Crisis (GFC), there was growing conjecture over Treasury's ability to properly articulate a long term strategy in relation to SMEs.²⁰ Clearly, in times of financial crisis, it is important that businesses in the SME sector feel comfortable with the government's SME tax policy, however, this seems to be a failing of the UK government in the Blair/Brown era. Notwithstanding, the Blair government did introduce the "Think small first" initiative when setting policy. Part of this approach to policy setting was to ensure that the impact on small businesses would be properly considered through the preparation of a Regulatory Impact Statement (RIA) which would identify the relevant SME issues prior to the policy implementation. However, this approach came under increasing scrutiny, and a survey conducted at the time found; significant differences between the estimates of implementation costs for small business; and that the RIA estimates were so generalised that it could not have been based on sufficient detailed research to properly assess the impact on small businesses.²¹

17 Stewart Karlinsky, 'How Does U.S. Income Tax Law Define A Small Business? Let Me Count the Ways' in Neil Warren (ed) *Taxing Small Business Developing Good Tax Policies* (The Australian Tax Research Foundation, 2003; Quantria Strategies, 'Effective Federal Income Tax Rates Faced By Small Businesses in the United States' (2009), 65-71.

18 Quantria Strategies, 'Effective Federal Income Tax Rates Faced By Small Businesses in the United States' (2009), 38-39.

19 Quantria Strategies, 'Effective Federal Income Tax Rates Faced By Small Businesses in the United States' (2009).

20 Accountancy Age, 'When looking for scapegoats anybody could be found' (2008).

21 The Small Business Council, 'Review of Regulatory Impact Assessments' (2007), The Small Business Council, 'Review of Regulatory Impact Assessments' (2007), 10.

Notwithstanding the increased attention given to SMEs in the UK, no published statement specifying and justifying policy aims and objectives has been forthcoming.²² This led one commentator to note that certain aspects of government policy have become:

An excess of loosely connected and apparently uncoordinated initiatives shooting off in all directions, generating noise and interest but not commensurate light.²³

Frustration with the lack of an appropriate SME policy has been noted by certain commentators in the UK who have indicated that despite several attempts to coordinate and systematize the wide range of schemes, initiatives and policies available, small firm policy in the UK still appears primarily piecemeal, designed to tackle individual identifiable examples of market failure, and non-discriminatory, in that it is aimed at the small firm sector as a whole rather than at any particular type or category of firm within the sector. This observation in relation to UK SME tax policy has also been made in the Australian context.²⁴ More globally, there appears to be a significant amount of confusion as to what governments should or should not do to assist small business.²⁵ Interestingly, it has been argued by some commentators that one reason for this is the lack of theory regarding SME policy.²⁶

4 Business life cycle of a SME

4.1 Small firms versus larger firms

SMEs are significantly different to larger firms in a myriad of ways, not just by reference to their (smaller) size. Some of these points of differentiation include the following;²⁷ firstly, a SME's ownership structure is such that it is usually owned by individuals and / or family groups. Sole proprietorships will reduce in number as the size of the firm increases, with the likelihood that other family members will share in the ownership

22 Graham Beaver and Christopher Prince, 'Management, strategy and policy in the UK small business sector: a critical review' (2004) 11(1) *Journal of Small Business and Enterprise Development*, 34-49, 42.

23 Graham Beaver and Christopher Prince, 'Management, strategy and policy in the UK small business sector: a critical review' (2004) 11(1) *Journal of Small Business and Enterprise Development*, 34-49, 42.

24 Mark Pizzacalla, 'Global SME Tax Policy Conundrum' (2008) 23 *Australia Tax Forum*, 50.

25 Hakan Boter and Anders Lundstrom, 'SME perspectives on business support services - The role of company size, industry and location' (2005) 12(2) *Journal of Small Business and Enterprise Development*, 244-258, 244.

26 Hakan Boter and Anders Lundstrom, 'SME perspectives on business support services - The role of company size, industry and location' (2005) 12(2) *Journal of Small Business and Enterprise Development* 244-258, 244. Allan A. Gibb, 'SME Policy, Academic Research and the Growth of Ignorance, Mythical Concepts, Myths, Assumptions, Rituals and Confusions' (2000) 18(3) *International Small Business Journal*, 23.

27 Graham Bannock, *The Economics and Management of Small Business: An International Perspective* (Routledge, 2005), 6-26.

of the business (together with non related family members); secondly, SMEs usually have multiple business ownership levels whereby SME owners are generally involved in more than one business venture (usually operated from more than one business structure); thirdly, the prime motivation of most SME owners is “independence”;²⁸ fourthly, the legal form of business structure can vary significantly.²⁹

Accordingly, when confronted with the challenge of designing and formulating taxation policy for SMEs, it is critical that one has an appreciation of the differences that exist between entities operating in the SME sector. Each stage of a SME’s growth will have its’ own distinctive and unique characteristics, referred to in the literature as the “life cycle” or “business life cycle” of a business.

There is significant literature in relation to life cycle theories for both small and large firms. Most of these theories follow a common and predictable progression through a series of different stages of growth, comprising anywhere from three to ten stages, with the generally accepted view being that the growth pattern of the typical small business is “S-shaped” (that is, a firm starts out small, it grows, matures, and then declines).³⁰ There are also growth models which are industry focussed³¹ and other more elaborate models which focus on understanding the internal social logic of the small firm as a social grouping.³² Whilst individual approaches may differ, all of the relevant literature incorporates elements of start-up, growth, maturity, and decline in their life cycle models. Further, irrespective of the various terms which are used to describe the different stages and the number of stages proposed, a key element is that there are distinct differences between the various stages.³³ Accordingly, this article narrows its scope and focus to the application of such business life cycle theories to SMEs only.

From a policy perspective, it is critical to understand what stage of the business life cycle that a business is operating in so as to more properly assess the most appropriate SME tax policies for each stage of the business life cycle. It is not appropriate to classify SMEs as a homogenous group of taxpayers that should all be taxed in the same way

28 Graham Bannock, *The Economics and Management of Small Business: An International Perspective* (Routledge, 2005), 10.

29 Australian Bureau of Statistics, ‘Australian Bureau of Statistics Business Register, Counts of Businesses – Summary Tables’ (2004). For example, in Australia, sole proprietorships are the most common form of legal structure with 1,162,183 (39%) followed by proprietary limited companies with 785,727 (26%) and trusts with 531,706 (18%).

30 Lawrence L. Steinmetz, ‘Critical Stages of Small Business Growth: When they occur and how to survive them’ (1969) February *Business Horizons*, 29.

31 Robert K. Kazanjian and Robert Drazin, ‘An Empirical Test of a Stage of Growth Progression Model’ (1989) 35(12) *Management Science*, 1489-1503.

32 M. J. K. Stanworth and J. Curran, ‘Growth and the Small Firm - An Alternative View’ (1976) May *The Journal of Management Studies*, 95-110.

33 Patrick McMullen Matthew W. Rutherford, Sharon Oswald, ‘Examining the Issue of Size and the Small Business: A Self Organizing Map Approach’ (2001) 7(2) *Journal of Business & Economic Studies*, 64-79.

because each taxpayer within the total population is different and, accordingly, will have its own varying needs and requirements at each stage of its business life cycle.

4.2 Benefits and limitations

In relation to choosing an appropriate SME life cycle, there will always be associated problems and limitations³⁴ including the following; as it is well established that SMEs are heterogeneous in nature,³⁵ arguably, it is not possible for any life cycle theory to properly accommodate this sector;³⁶ a number of SME growth models focus on particular industries and so whether it is possible to make generalisations across industry sectors becomes problematic; growth models may be segregated into various categories including industry models, large business growth models, small business growth models, and general growth models,³⁷ with each model having its own advantages and limitations; and growth models are frequently not empirically based (but rather wisdom based).³⁸

Notwithstanding these limitations, a number of generalisations can be drawn from a review of the various business life cycle models:

- arguably, life cycle theories do have an intuitive logic. They are useful in assisting firms to understand how to deal with internal and external challenges, and statistical techniques have been used in conjunction with life cycle theories leading to the development of empirical taxonomic structures of various types of businesses at different stages of their evolution;³⁹
- not all businesses that survive grow to be large businesses;⁴⁰
- there is a range of SME configurations that are widely recognised in the literature as follows:
 - Traditional or lifestyle SMEs - characterised by few (if any) growth aspirations, exist to provide their owner/manager a source of

34 Richard G. P. McMahon, 'Stage Models of SME Growth Reconsidered' *School of Commerce Research Paper Series: 98-5 6-7*; Neil C. Churchill and Virginia L. Lewis, 'The Five Stages of Small Business Growth' (1983) (May-June) *Harvard Business Review*, 31.

35 Leah Hertz, *In Search of a Small Business Definition* (University Press of America, 1982).

36 Richard G. P. McMahon, 'Stage Models of SME Growth Reconsidered' *School of Commerce Research Paper Series: 98-5, 7*.

37 Mel Scott and Richard Bruce, 'Five Stages of Growth in Small Business' (1987) 20(3) *Long Range Planning*, 45-52, 46.

38 Richard G. P. McMahon, 'Stage Models of SME Growth Reconsidered' *School of Commerce Research Paper Series: 98-5, 8*.

39 Francis Greene, David A. Kirby and Bahadur Najak, 'A Study of Small Businesses in the Northern Region of England: Developing a Taxonomy of Small Firm Growth and Development' (1997).

40 Mel Scott and Richard Bruce, 'Five Stages of Growth in Small Business' (1987) 20(3) *Long Range Planning*, 45-52.

employment/income, little or no employment growth, and minimal sales growth.

- Capped growth SMEs – characterised by owners who have modest growth aspirations, growth deliberately capped, not willing to surrender control, and not willing to increase accountability.
- Entrepreneurial SMEs – these concerns have high growth aspirations, a willingness to become large enterprises, operations often associated with technical and commercial innovation and having an international outlook.⁴¹
- not all firms pass sequentially through a series of growth stages;⁴²
- the vast majority of small businesses stay at the early stages of the growth process: they remain focussed on survival and on improving efficiencies so as to secure what they have achieved. What they may have is not merely a reasonable living, but the satisfaction of running a business that is an expression of their own personality;⁴³ and
- life cycle models may be limiting unless the role (and variety) of the individual is also acknowledged in the process.⁴⁴

Having regard to the foregoing, it is important when adopting the life cycle approach to the taxation of SMEs to use this tool as a means of creating a tax environment which assists with the establishment, survival and growth of small firms. Of course, in reality, it is difficult to predict how many small firms will prosper and grow, the resultant increase in jobs and output that this will produce and, hence, the resulting potential increase in government revenue. For example, in the USA context, certain studies have concluded that most new businesses established do not grow much at all after start up and remain small.⁴⁵ If this is the case, it means that caution needs to be exercised when setting taxation policy for each of the different stages of the SME's business life cycle, particularly from a government revenue perspective. Studies have also shown this to be the case in the Australian context.⁴⁶ Accordingly, when

41 Richard G. P. McMahon, 'Deriving an Empirical Development Taxonomy for Manufacturing SMEs Using Data from Australia's Business Longitudinal Survey' (2001) 17 *Small Business Economics*, 197-212, 210-212.

42 Sue Birley and Paul Westhead, 'Growth and Performance Contrasts Between 'Types' of Small Firms' (1990) 11(7) *Strategic Management Journal*, 535-557.

43 Graham Bannock, *The Economics and Management of Small Business: An International Perspective* (Routledge, 2005), 95.

44 Claire Massey, 'Applying the knowledge base: Building better support structures for small enterprises' (Speech delivered at the Understanding Small Enterprises - A healthy working life in a healthy business, Copenhagen, Denmark, 20-23 October 2009).

45 Brian Headd and Bruce Kirchoff, 'The Growth, Decline and Survival of Small Businesses: An Exploratory Study of Life Cycles' (2009) 47(4) *Journal of Small Business Management*, 531-550, 548.

46 Dr Greg Chapman, 'Why Businesses Stay Small' (2009) August 2009 *Director Books*, 1-5.

designing SME taxation policy, a ‘balancing act’ will be required between managing the short-term revenue loss to government and the medium to longer term benefits accruing to the wider economy.

4.3 SME business life cycle adaption

A review of the SME life cycle literature indicates that it is common for commentators in this field of study to refer to a series of phases or stages in growth paths through which the business passes in an enterprise life-cycle. The literature in this area is significant and concisely summarised by McMahon⁴⁷ and Greene respectively.⁴⁸ These growth models take many forms. For example, Hanks et al⁴⁹ describe the various development stages in their taxonomic life-cycle model into four stages being; start-up, expansion, maturity, and diversification. It is not the purpose of this article to analyse and review the various stage models of SME growth, but rather to acknowledge their existence, as well as their limitations and degrees of usefulness.⁵⁰

Notwithstanding the significant literature in relation to SME growth models, and the myriad of different approaches that can be adopted, there is no overall convincing model of predictive ability.⁵¹ Nonetheless, the relevant literature does provide, arguably, sufficient information about the various components in the growth process to be of invaluable assistance when setting medium to longer term SME taxation policy.

For the purposes of this article, the small business life cycle models developed by Churchill and Lewis, and Scott and Bruce respectively have been considered, however, only the Scott and Bruce model has been reviewed in detail. The rationale for doing so is that the Churchill and Lewis model applied the findings of Greiner to the small business scenario and is considered to be a classic SME theoretical model. This model features five growth stages, being: existence, survival, success, take-off and resource maturity. Subsequently, Scott and Bruce identified a similar, but broader, development model which categorises the firm’s growth pattern into five different stages, being: inception, survival, growth, expansion, and maturity (decline).⁵² A distinguishing feature between the two models is that the Churchill and Lewis model tends to focus on organisation structure, whilst the Scott and Bruce model isolates the

47 Richard G. P. McMahon, ‘Stage Models of SME Growth Reconsidered’ *School of Commerce Research Paper Series: 98-5*.

48 Francis Greene, David A. Kirby and Bahadur Najak, ‘A Study of Small Businesses in the Northern Region of England: Developing a Taxonomy of Small Firm Growth and Development’ (1997).

49 Steven H. Hanks, et al., ‘Tightening the lifecycle construct: a taxonomic study of growth stage configurations in high technology organisations’ (1993) 18:2(5-30) *Entrepreneurship Theory and Practice*.

50 Richard G. P. McMahon, ‘Stage Models of SME Growth Reconsidered’ *School of Commerce Research Paper Series: 98-5*.

51 Allan A. Gibb, *Key Factors in the Design of Policy Support for the Small and Medium Enterprise (SME) Development Process*, University of Gottingen, 32-33.

52 Mel Scott and Richard Bruce, ‘Five Stages of Growth in Small Business’ (1987) 20(3) *Long Range Planning*, 45-52.

five growth stages, the points where crises are likely to occur, and the major strategies that should be considered by the business owners at each stage. Many of the other SME development models are related to either of these two models.⁵³

By reviewing each of the different growth stages and understanding the changing financial and business requirements confronting SMEs at each stage, this enables some conclusions and recommendations to be drawn as to the nature and types of taxation policies that should be considered in relation to each stage.

4.4 The Scott / Bruce small business growth model

The following is a broad overview of the Scott / Bruce small business growth model which is premised on a small business being one which has the following characteristics; independent management (usually the managers are also the owners); the start up capital is supplied and ownership is held by an individual or small group; and area of operations is mainly local, but markets need not be local. This model will be used for the purposes of this article which comprises the following growth stages:

Stage 1 – Inception

The basic features of this stage are:

- The reasons for starting the business will be varied, but in all cases the main values driving the firm will be those of the founder(s).
- The main efforts centre around developing a commercially acceptable product and establishing a place for it in the market place.
- Usually one operating unit, operating in a single market, with limited channels of distribution.
- Sources of funds will be haphazard and will place heavy demands on the founder(s), and their friends and relatives.
- With the high level of uncertainty, the level of forward planning is low.

If owners can accept the demands that the business places on their finances, energy and time they become stage 2 enterprises.

The most likely crises are:

- *Emphasis on profit.* The major focus switches from establishing itself and its product to profitability (or at least curbing losses). Generating positive cash flows in order to survive is critical.

53 Enno Masurel and Kees van Montfort, 'Life Cycle Characteristics of Small Professional Service Firms' (2006) 44(3) *Journal of Small Business Management*, 461-473, 463-465.

- *Administrative demands.* Need for some formalisation of systems and record keeping. This is likely to create demands on the manager that he may not have the skills to handle or does not want to handle.
- *Increased activity and its demands on time.* It is likely that because of increased activity demands on the manager's time will become excessive. This along with the increased administrative load will call for a change in management style. He will have to delegate.

Stage 2 – Survival

The basic features of this stage are:

- If a company has reached this stage it is potentially a workable business entity.
- Bank overdrafts or short-term loans are common.
- The level of competition is still uncertain but it is likely that if the business is doing well the industry will be attracting new entrants.
- The product line is normally still single or at least limited with growth coming from market expansion. Expanded channels of distribution may be needed to reach the expanded market.

Many firms remain in the survival stage for some time earning marginal returns but once they decide to grow of their own accord, or because competition intensifies, they must move to the next stage.

The most likely crises are:

- *Overtrading.* From this point onwards overtrading is an ever present threat (i.e. uncontrolled growth).
- *The increased complexity of expanded distribution channels.* As the drive for sales growth increases so the existing customer base will need to be expanded. If this requires operating in new geographic areas, or selling to a different type of customer, some major changes in the way business is done is likely.
- *Change in the basis of competition.* If new competitors enter the market and the firm wishes to maintain market shares and relative competitive strength, changes will be necessary. The increase in competition is likely to place greater emphasis on price at the expense of differentiation. The need for new skills and, financing will be required. To maintain a sound equity base, further capital will need to be issued. If, as is usually the case, the founder(s) is unable to raise the cash himself he will have to consider admitting new partners.

- *Pressures for information.* All of the above crises will put huge demands on the firm's information systems. Price competition will demand cost control which, in turn, requires formalised control systems.

Stage 3 – Growth

The basic features are:

- By the time the firm reaches this stage it should be profitable but is unlikely to generate cash for the owner. It will be ploughed back into the business to help finance the increased working capital demands.
- More time will have to be spent on co-ordinating the efforts of the functional managers.
- Normal accounting systems will now be in place.
- Depending on the nature of the product the firm may have to embark on formal research and development to expand the product range.

The most likely crises are:

- *Entry of large competitors.* As the industry moves through its life cycle and starts to consolidate, or at least attract larger competitors, the basis of competition will once again change. These larger firms often use economies of scale as a major competitive weapon.
- *The demands of expansion into new markets or products.* Hand-in-hand with the first response above is the strategy of expanding into new markets and/or new products. Both of these will stretch both managerial and financial resources. Key issues facing management will be financing the growth and maintaining control of operations.

Stage 4 – Expansion

The basic features are:

- Budgetary control, regular management reports and decentralised authority accompanied by formalised accounting systems.
- As in the growth stage long-term funds will be necessary and if further equity partners were not introduced in that stage they will almost certainly have to be sought now.
- Retained earnings are still a major form of finance but dividends, especially to sweeten new investors, are by now virtually inevitable.
- The company's track record of successful operation will now allow it to seek long-term debt but it will have to provide security in the form of its assets.

The most likely crises are:

- *The distance of top management from the 'action'*. If growth is maintained decentralisation will continue apace and the entrepreneur/founder will find himself getting further and further from the “coal face”.
- *The need for external focus*. Up to this point many firms have been internally focused with the product dominant. To maintain a competitive advantage through a differentiated product requires greater focus on customer needs and adapting the product offering (including promotion) to meet those needs.

Stage 5 – Maturity

The basic features are:

- It is important to realise that unlike the conventional life cycle concept the company is still growing in the maturity phase. Most companies in this stage are on the verge of moving out of being small businesses.
- The key issues facing management are expense control, productivity and finding growth opportunities.
- Major investments are now into the marketing effort and plant upgrading and maintenance.
- Whatever happens the manager will come under pressure from shareholders to ensure the future of the company. This hinges around succession.

4.5 Which SME growth model?

It is important to recognise that the above SME growth model is just that...one model. Accordingly, the principal issue is not whether this is the “right” model, but rather improving ones’ understanding of the needs and requirements of the SME sector by reference to such a model. For example, in the context of new venture capital investments, Galbraith found that whilst organisations move through predictable stages, the managers did not think “stage wise”. As a result, managers would discover an organisation that worked well at stage one and refuse to change it at stage three when it was inappropriate.⁵⁴

In a taxation context, this demonstrates that by adopting an appropriate life cycle model and having a greater understanding of the different stages and transition issues that are likely to arise, policy makers can more easily come to terms with the nature and types of policies that should be considered in the SME context. For example, in the UK context, HM Treasury found that the potential for the tax system to have an impact on taxpayer behaviour is greatest where a small business is controlled by a small number of individuals:

54 Jay Galbraith, ‘The Stages of Growth’ (1982) 3(4) *The Journal of Business Strategy*, 70-79, 70.

In these cases, the nature of the relationship between the business and its owner(s), as well as the mechanism that is used to reward the owner(s) for any work performed, can be subject to a tax bias (real or perceived). This can in turn mean that the tax system for some small businesses can carry a disproportionate influence on normal commercial decision-making.⁵⁵

This realisation, by HM Treasury, was a direct result of the UK's failed zero rate tax band for incorporated businesses which demonstrated the problems that can arise when governments do not fully appreciate how taxpayers will react to new tax initiatives.⁵⁶ In the Australian context, it should be noted that business life cycle modelling has been used by the Australian Taxation Office (ATO) in its interpretation of the ATO compliance model which it adopts for tax audit purposes.⁵⁷ Further, the ATO's Small Business Assistance Program includes on-site visits, seminars and workshops, as well as phone calls being made to businesses at different stages of the business life cycle.⁵⁸ Clearly, the ATO's approach in segmenting the taxpayer population by reference to categories (using gross revenue as a guide) enables it to more accurately formulate its approach in terms of how to more appropriately deal with various taxpayer groups as part of its tax audit process.

5 SME life cycle policy drivers

It is often cited, in relation to the organisational lifecycle, that:

Organisations are born, grow, and decline. Sometimes they reawaken, and sometimes they disappear.⁵⁹

If this is true, the task for policy makers may be too complex to properly enable policy to be formulated to appropriately deal with all of the various permutations and combinations that exist within the SME lifecycle. This has caused researchers and policy makers from around the world to instead focus on "growth SMEs" in an effort to:

distinguish firms which grow from those that stand still or fail. This is thought important if more selective small firms policies are to be developed. Identifying distinctive features of more and less successful firms may also provide insights into the factors influencing small firm development and hence improve understandings of the growth process.⁶⁰

55 HM Treasury, *Small companies, the self employed and the tax system - a discussion paper*, (2004).

56 HM Treasury, *Small companies, the self employed and the tax system - a discussion paper*, (2004).

57 Australian Taxation Office, 'Measuring Compliance Effectiveness - Our Methodology' (2008).

58 Michael D'Ascenzo, 'Firm Foundations: Commissioner's key note address' (2010) *The 9th International Tax Administration Conference (ATAX)*.

59 John R. Kimberly, Robert H. Miles, *The Organizational life cycle: Issues in the creation, transformation, and decline of organizations*, 1st Edition (1980), ix.

60 Richard G. P. McMahon, 'Deriving an Empirical Development Taxonomy for Manufacturing SMEs Using Data from Australia's Business Longitudinal Survey' (2001) 17 *Small Business Economics*, 197-212.

In this context, some commentators argue that what is needed is selective and discriminating policies for SMEs (that is, different policies for firms in decline versus those who are in start up mode).⁶¹ Having regard to the Scott / Bruce SME business life cycle model, the following observations are made in relation to what SMEs consider to be important to them at each stage of their growth. Accordingly, it is recommended that these considerations are borne in mind when designing and formulating SME taxation policy. The purpose of this section is to focus on commercial considerations that should be taken into account when formulating SME tax policy.

5.1 Stage 1 – Inception

In the start up phase of a business, it has been posited that SME owners generally understand and accept that there are three broad categories of business risk that may ultimately determine the success or otherwise of their new business venture, being: the risk associated with the local economy within which they will operate from; secondly, the risk associated with the industry they will be entering and; thirdly, the risk unique to the business itself.⁶²

From a tax policy perspective, these are all important considerations because if it can be determined the extent to which businesses are failing due to endogenous factors versus exogenous factors, then this will directly impact government policy in relation to whether tax initiatives should be directed to the firm itself (e.g. by providing training and educational programs, and other forms of support agencies), or the economic environment within which the firm operates (e.g. tax concessions and other forms of assistance).

Notwithstanding the above, there are two key concerns that dominate a firm at the inception stage, being; start-up capital and on-going cash flow requirements.

Start-up capital and on-going cash flow management

It has been traditionally recognised that the start-up phase of an enterprise is where small firms will require the most funding compared to businesses that are at the more developed stages of their business life cycle. For example, a Hong Kong study into understanding barriers to SME growth, using a life cycle model, concluded that access to capital was the major problem that SME owner-managers had to overcome at the inception stage (and as their firms grew from commercialisation to growth), whilst competition was a major obstacle that they faced throughout all stages of development.⁶³ Sometimes it takes adverse economic events to bring SME issues to the fore! It was noted by Moy that it was not until the Asian economic crisis of 1997 that the Hong Kong government recognised the importance of SMEs and established an

61 Jonathan Boswell, *The Rise and Decline of Small Firms* (George Allen & Unwin Ltd, 1972).

62 Jim Everett and John Watson, 'Small Business Failure and External Risk Factors' (1998) 11 *Small Business Economics*, 371-390.

63 Jane W. Moy and Vivienne W.M. Luk, 'The Life Cycle Model as a Framework for Understanding Barriers to SME Growth in Hong Kong' (2003) 10(2) *Asia Pacific Business Review*, 199.

SME loan scheme to help entrepreneurs start and sustain businesses.⁶⁴ Consequently, the issue of start up capital should be reviewed to determine appropriate ways in which Australia's tax system can be used to assist SMEs at this critical stage. It has been observed that:

The process of planning and controlling cash flow...if...well executed...increases profitability while maintaining liquidity. Stressing its importance, cash is correctly referred to as the fluid of a firm's circulation system – its life blood⁶⁵

In this regard, it has been suggested that the tax system can be used to help increase the availability of cash and short term liquidity for small firms by one of three ways, being: reducing the tax rate; the provision of tax credits; and reducing tax compliance costs.⁶⁶ Each of these strategies have been used by governments around the world with varying degrees of success.

Other suggestions have included the provision of tax holidays operating for a certain period of time until a higher stage of growth is reached; deferral of tax payments during economic downturns; and reduction of frequency of income tax and GST payments.⁶⁷ In relation to the latter, the Rudd government during 2008/09 allowed taxpayers the ability to defer tax instalments on account of the GFC. Further, in June 2009, the ATO also announced a number of measures aimed at providing immediate assistance to small businesses which included a 12 month interest free payment arrangement and deferral of activity statement payment due dates.⁶⁸ In any event, Australian small businesses already have the option of remitting GST on a quarterly basis.

In the Canadian context, the issue around the elimination of small business taxes has given rise to much debate.⁶⁹ Whilst such a policy can be politically attractive, it needs to fit in to a wider SME tax policy framework. For example, if it can be demonstrated that the tax saving made by the SME is re-invested in the business, then this may at least provide a better policy outcome.

When designing SME tax policy, a 'balancing act' will be required between managing the short-term revenue loss to government (particularly in relation to assistance given to start-up enterprises) and the medium to longer term benefits accruing to the wider

64 Jane W. Moy and Vivienne W.M. Luk, 'The Life Cycle Model as a Framework for Understanding Barriers to SME Growth in Hong Kong' (2003) 10(2) *Asia Pacific Business Review*, 199, 199.

65 Khaled Soufani, 'Small business growth and tax policy in Canada - a theoretical model' (2003) 21(4) *Environment and Planning C: Government and Policy*, 576.

66 Khaled Soufani, 'Small business growth and tax policy in Canada - a theoretical model' (2003) 21(4) *Environment and Planning C: Government and Policy*, 576.

67 Khaled Soufani, 'Small business growth and tax policy in Canada - a theoretical model' (2003) 21(4) *Environment and Planning C: Government and Policy*, 576, 576-577.

68 Michael D'Ascenzo, 'Firm Foundations: Commissioner's key note address' (2010) *The 9th International Tax Administration Conference (ATAX)*; Tax Laws Amendment (2009 Measures No.1) Bill 2009; Brendan Trembath, 'The World Today - Christmas tax gift for small businesses,' 12 December 2008.

69 Jack M. Mintz, *Why the small business tax must stay* National Post <www.network.nationalpost.com>.

economy. Unfortunately, in times of economic downturn, any changes to tax policy are usually restricted by the specific terms of reference imposed by government. For example, this was evidenced by the changes to Australia's (Research and Development) R&D concession which allowed for a more favourable regime for SMEs whose gross turnover was under A\$20m. However, this policy was not driven by any considered definition of what is an SME, but rather by virtue of the fact that the government wanted to ensure that any revised R&D policy was "revenue neutral" in effect.⁷⁰

There are a number of other considerations that also need to be taken into account at the inception stage which should be addressed. Each of these will be discussed in turn.

Nature and types of small firms at Inception Stage

Generally, the numerically dominant group of small businesses are those which are "small" and, even if they survive the inception stage, are almost always likely to remain small scale operations. This is the case not only in Australia,⁷¹ but also in the USA, the UK, and Canada.⁷² This situation has caused Storey to separate this sub-set of the small business sector into three categories, namely; short-life businesses (i.e. unlikely to trade for more than three years); surviving firms (i.e. likely to continue operating for a considerable period of time, but unlikely to create significant job creation, this is also referred to by some commentators as "lifestyle" businesses or "capped growth" businesses);⁷³ and 'flyers' or 'gazelles' (being that minority of small businesses that significantly contribute to job creation).⁷⁴

The issue which arises is whether taxation policy should be used to assist small firms that remain small, or only focus on those firms that have the potential to go on and become 'gazelles'. What is clear in the literature review, however, is that there is no agreed upon framework which can be used for describing or characterising SME growth.⁷⁵ In fact, the plethora of literature directly on point makes it difficult to distil a coherent picture and caused some commentators to make the observation that:

not only a superficial but also a rather deep reading of the...literature...easily leaves the reader confused and wondering⁷⁶

70 Paula Wallace, *Proposed R&D tax credit incentives* (September 01 2009) www.theajmonline.com.au <www.theajmonline.com.au>.

71 Dr Greg Chapman, 'Why Businesses Stay Small' (2009) August 2009 *Director Books*.

72 Khaled Soufani, 'Small business growth and tax policy in Canada - a theoretical model' (2003) 21(4) *Environment and Planning C: Government and Policy*, 567, 567-568.

73 Richard G. P. McMahon, 'Stage Models of SME Growth Reconsidered' *School of Commerce Research Paper Series: 98-5*, 5.

74 D.J. Storey, *Understanding the Small Business Sector* (1994).

75 Richard G. P. McMahon, 'Stage Models of SME Growth Reconsidered' *School of Commerce Research Paper Series: 98-5*, 1.

76 Per Davidsson, Leona Achtenhagen and Lucia Naldi, *Research on Small Firm Growth: A Review*, (2005).

Nonetheless, certain commentators have attempted to develop an operational framework that distinguishes growth from non-growth SMEs,⁷⁷ whilst others discuss the concept of 'growth' as a term used for 'change in amount' or for the process that leads to that change.⁷⁸ Indeed, this latter approach may be desirable if one is trying to bring together all of the key factors influencing the growth process of SMEs rather than pursuing more narrowly focussed theoretical constructs. Schmitt-Degenhardt et al proffer four reasons as to why a small enterprise will remain small and not pursue a growth strategy (once a certain minimum size has been reached), being;⁷⁹ the basic business strategy only aims to capture a geographically clearly delimited market niche; the owner-manager values the disadvantages and risks of growth higher than the advantages and new opportunities; the owner-manager chooses voluntarily to keep his business small because of a limited achievement motivation or because of special personal reasons; and in relation to developing countries, growth beyond a certain size requires formalisation that is often a complex and cost-intensive process.

What is also important to distinguish at the start-up phase is between taxpayers that are "thinking" about starting a business (e.g. would be entrepreneurs) and those taxpayers who have made the decision to start a business and the differing tax policies which should be considered to accommodate both of these scenarios. For example, in the Australian context, the ETO did not achieve its original aim of fostering the entrepreneurial spirit of a small business⁸⁰ and has since been repealed following on from a recommendation of the Henry Review.⁸¹ Greater clarity is required in relation to what preferential SME tax policies are trying to achieve and for which SME taxpayer group that such policies are aimed at. Historically, these factors have not always been properly taken into account when setting SME tax policy in Australia, with the failed ETO concession being a clear example of this.

Start-up rates and failure rates

Business owners, when starting out, tend to be overly-optimistic about their prospects.⁸² However, the reality is that a number of studies have shown that failure

77 Scott Holmes and Ian Zimmer, 'The Nature of the Small Firm: Understanding the Motivations of Growth and Non-Growth Oriented Owners' (1994) 19(1) *Australian Journal of Management*, 97-120.

78 Per Davidsson, Leona Achtenhagen and Lucia Naldi, *Research on Small Firm Growth: A Review*, (2005).

79 Stephan Schmitt-Degenhardt, Andreas Stamm and Michael Zehdicker, *The Growth Gap: A small enterprise phenomenon*, Federal Ministry of Economic Cooperation and Development (BMZ) (2002).

80 Commonwealth Government, 'The Howard Government Election 2004 Policy, Promoting an Enterprise Culture' (2004).

81 Ken Henry, 'Australia's Future Tax System: Report to the Treasurer' (2009) Part One Overview, 81; Ken Henry, 'Australia's Future Tax System: Report to the Treasurer' (2009) Part Two Detailed Analysis Volume 1 of 2, 89.

82 John Ashworth, Peter Johnson and Cheryl Conway, 'How Good are Small Firms at Predicting Employment?' (1998) 10 *Small Business Economics*, 379-387, 385.

rates are high for new firms starting out. Much is made of small business statistics which reflect start-up rates and failure rates since the former is taken to be an indicator of entrepreneurial prosperity whilst the latter supposedly indicates weak business conditions.⁸³ More generally, in the area of small business research, in the USA context, it is not uncommon to hear that “four out of five new firms fail within the first five years”, although as Phillips notes, these figures can seem high and are not always supported by empirical evidence.⁸⁴

Small business research conducted in this area, as well as statistical analysis which have been compiled, have produced similar general themes when comparing Australia vis-à-vis the UK and the USA. Further, there have been numerous studies conducted in relation to the perceived causes of small business failure.⁸⁵ In the Australian context, it has been recorded that around 42% of the businesses started in 2003 / 04 had not survived three years later⁸⁶ which represents an annual failure rate of around 17%. In the UK context, small business statistics have shown that over 50% of firms that registered for VAT were ultimately de-registered by the sixth year, and that only 40% of companies were still in existence six years after initial incorporation.⁸⁷ This is consistent with a USA study which found that, on average, around 39.8% of new firms survive six years or more. More importantly, it found that survival rates more than doubled for firms that grow, and the earlier in the life of the business that growth occurs, the higher the chances of survival.⁸⁸ That is, whilst few firms grow in their first four years, the number of firms that grow between the fourth and sixth year more than doubles.

Lack of management skills

Any tax initiatives, in the start-up phase, should focus not just on the small business structure itself (e.g. concessions in the form of preferential tax rates), but also on its inherent needs and requirements (e.g. the education and training of the SME owners and employees). For example, in the Canadian context, it was found that 55% of small business failures were attributed to poor management (i.e. a combination

83 Graham Bannock, *The Economics and Management of Small Business: An International Perspective* (Routledge, 2005), 19-23.

84 Bruce D. Phillips and Bruce A. Kirchoff, ‘Formation, Growth and Survival; Small Firm Dynamics in the U.S. Economy’ (1989) *Small Business Economics* 65-74; Jane W. Moy and Vivienne W.M. Luk, ‘The Life Cycle Model as a Framework for Understanding Barriers to SME Growth in Hong Kong’ (2003) 10(2) *Asia Pacific Business Review*, 199.

85 Jim Everett and John Watson, ‘Small Business Failure and External Risk Factors’ (1998) 11 *Small Business Economics*, 371-390, 372.

86 Australian Bureau of Statistics, ‘Australian Bureau of Statistics Business Register, Counts of Businesses - Summary Tables’ (2004).

87 John Ashworth, Peter Johnson and Cheryl Conway, ‘How Good are Small Firms at Predicting Employment?’ (1998) 10 *Small Business Economics* 379-387, 385; P. Ganguly (ed) *U.K. Small Business Statistics and International Comparisons* (Harper and Row, 1985), 140.

88 Bruce D. Phillips and Bruce A. Kirchoff, ‘Formation, Growth and Survival; Small Firm Dynamics in the U.S. Economy’ (1989) *Small Business Economics*, 65-74.

of deficient bookkeeping, inadequate inventory control, and lack of market data). The study also concluded that it was not enough to be technically competent, and that small businesses must develop managerial competence as well in order to stay 'alive', particularly in cash management.⁸⁹ Whilst the Canadian study focussed on small manufacturing firms only, and is somewhat outdated, its conclusions are still relevant today in that SMEs in the early stages of growth need to find that suitable balance between their business development and sales activities and the management processes that they put in place to support the firm's infrastructure.

Similarly, in the USA context, a study which broadly categorised small business failures into internal causes (managerially controllable) and external causes (non-controllable), found that the most frequently cited cause was a "lack of management expertise" rather than external forces (such as high interest rates, federal regulations, and taxes).⁹⁰ However, in the Australian context, it was found that economic factors were associated with between 30% - 50% of small business failures (depending on the definition of "failure" that was used in the relevant study).⁹¹ Further, it should be noted that there were a number of limitations with the database used in the Australian study and, consequently, the conclusions reached could only be seen as being relevant to retailers and service enterprises operating in within a managed shopping centre environment, thus providing a very narrow segment of the Australian SME environment for any generalisations to be made with some level of certainty.

Certain authors have identified entrepreneurial behaviour (as measured by a person's personality attributes) and managerial skills (as measured by management competence and niche strategy) as being key success factors in small business.⁹² It has also been found for example, in the USA context, that courses in entrepreneurship do aid in new venture creation.⁹³ On balance, it would appear that management training courses do affect taxpayer attitudes and actions, following completion of such courses. Arguably, this issue would be better dealt with by way of additional education and management training funded by way of government subsidies or grants.

5.2 Stage 2 – Survival

Following the start-up phase, there are a number of taxation issues which are key to the survival and subsequent growth stages of an enterprise, each of which will be analysed in turn.

89 Rajeswararao Chaganti and Radharao Chaganti, 'A Profile of Profitable and Not-so-Profitable Small Businesses' (1983) July *Journal of Small Business Management*, 43-51.

90 Robert A Peterson, George Kozmetsky and Nancy M. Ridgway, 'Perceived Causes of Small Business Failures: A Research Note' (1983) VIII(1) *American Journal of Small Business*, 15-19.

91 Jim Everett and John Watson, 'Small Business Failure and External Risk Factors' (1998) 11 *Small Business Economics*, 371-390.

92 A. B. Ibrahim and J. R. Goodwin, 'Perceived Causes of Success in Small Business' (1986) Fall *American Journal of Small Business*, 41-50.

93 Bryan W. Clark, Charles H. Davis and Verne C. Harnish, 'Do Courses in Entrepreneurship Aid in New Venture Creation' (1984) April *Journal of Small Business Management*, 26-31.

Interaction between large firms and smaller firms

From a broader policy framework perspective, the benefits of having an appropriate interface between large and small firms are widely acknowledged. Procurement policies of large firms have been shown to impact on the survival of small firms, particularly at the entry level, and in the early stages of growth.⁹⁴

In the UK context, the impact of the purchasing policies of larger firms on small suppliers was first recognised by the Bolton Committee (although its overall findings were not based on empirical evidence).⁹⁵ Since that time, in the UK, the two primary issues that have been the focus of successive government interest have been in the areas of large companies withholding invoice payments to smaller firms, and ensuring that government contracts are equitably distributed between large and small firms. This has also been the case in Australia where competition is a key element of the Australian government's procurement policy framework.⁹⁶ More specifically, it is the Australian government's policy that SMEs should be able to engage in fair competition for government business, and that procurement methods should not unfairly discriminate against SMEs.⁹⁷ As previously discussed, this is consistent with Moy's findings that competition represented the major obstacle faced by SME owner/managers throughout all stages of development.⁹⁸

Availability and utilisation of losses

Quite often, when SMEs have incurred significant losses from trading, their access to capital is limited to non-traditional sources (such as private equity). Of course, such lenders usually require a significant stake in the business in return for their capital investment.

However, whilst keeping the business active may necessarily involve an injection of capital from third parties, in the Australian context, this may restrict the SME's ability to claim its tax losses carried forward where the SME is operating out of a corporation, as a result of failing the 'Continuity of Ownership' (COT)⁹⁹ test (which is about the company maintaining the same owners), coupled with strict requirements that the Commissioner of Taxation (Commissioner) imposes on taxpayers in meeting the alternative 'Same Business' test (SBT) (which is about the company carrying on

94 Peter Wilson and Peter Gorb, 'How Large and Small Firms Can Grow Together' (1983) 16(2) *Long Range Planning*, 19-27, 19.

95 J.E Bolton, (Chairman) *Report of the Committee of Inquiry on Small Firms*, (1971).

96 Senator Stephen Conroy, 'Connecting an Innovative Australia ICT Policy Launch' (Paper presented at the Media Connect Conference, Hunter Valley).

97 Department of Finance and Deregulation, *Commonwealth Procurement Guidelines* (2008); Department of Innovation Industry Science and Research, *Small and Medium Enterprise (SME) participation procurement policy* (22/02/2010) Australian Government Department of Innovation, Industry, Science and Research.

98 Jane W. Moy and Vivienne W.M. Luk, 'The Life Cycle Model as a Framework for Understanding Barriers to SME Growth in Hong Kong' (2003) 10(2) *Asia Pacific Business Review*, 199.

99 Section 165-12 ITAA 1997.

the same business).¹⁰⁰ The critical issue which arises is that a company is not entitled to carry forward and claim a deduction for prior year income tax losses unless it meets either the COT or the SBT.

Generally, to satisfy the COT, a company is required to maintain continuity of majority ownership in its shares during the entire period from the start of the income year the loss was incurred until the end of the income year that the loss is to be utilised. If a company fails the COT, it may then rely on the SBT to carry forward its losses. Broadly, the SBT is passed if the company continues to carry on the “same business” from the time the COT is failed, until the income year that the loss is recouped. However, the problem is that the SBT is usually difficult to satisfy as the Commissioner has traditionally adopted a narrow interpretation of the “same business” definition.¹⁰¹ The Commissioner’s strict approach to loss recoupment was recently evidenced in the Lilyvale Hotel decision.¹⁰²

For SME company owners, this means that caution must be exercised before embarking on any changes to their business structure and operational activities as they try to extricate themselves from loss making activities. Any potential changes to

100 Section 165-13 ITAA 1997.

101 Refer the Commissioner’s views in Taxation Ruling 1999/9 - Income tax: the operation of sections 165-13 and 165-210, paragraph 165-35(b), section 165-126 and section 165-132. For example, in this Ruling, the Commissioner has indicated that if a taxpayer running a loss-making Japanese restaurant subsequently acquires and commences to operate an Italian restaurant in an attempt to recoup its losses, the opening of an Italian restaurant would not ordinarily be regarded as an expansion of a Japanese restaurant business. The ordinary SME owner may well say “but isn’t a restaurant a restaurant a restaurant?”

102 Lilyvale Hotel Pty Limited v Commissioner of Taxation [2009] FCAFC 21 (6 March 2009). This case concerned the operation and management of the Shangri-La Hotel in Sydney, Australia. The company that ran the hotel had incurred carried forward losses of approximately A\$10m by the time the company’s shareholders entered into an agreement for the sale of all of their shares. As the sale of the hotel had been marketed on the basis that it would be sold with vacant possession (ie without any existing management), the company terminated an agreement that it had with a hotel management company which was contracted to run the hotel operations on its behalf and brought the operational activities “in house”.

At first instance, the Federal Court held that the taxpayer was not entitled to a deduction for prior year losses because it did not satisfy the SBT on the basis that it ceased to use a hotel management company to manage the daily operations of the hotel *after* the change in ownership of the shares. However, on appeal, the Full Court held that the matter depended on how the business was characterised. In this regard, it found that the business carried on was that of “owning and operating a hotel to derive revenue from its guests and profits from its operation”. Accordingly, just because the taxpayer previously used a management company to operate the business *before* the change in ownership did not mean that it was now carrying on a different business.

Whilst the correct outcome was ultimately achieved, Australian taxpayers should be justifiably concerned for two reasons. Firstly, because the Commissioner considered it appropriate to take on such a case, which demonstrates his willingness to challenge taxpayers who are simply trying to make sensible commercial decisions. Secondly, because the Federal Court in the first instance agreed with the Commissioner’s narrow view as to what constitutes the “same business”.

revenue streams, business locations, products offered, and customer bases may mean that they could end up losing the losses permanently. This also assumes that SME owners are prepared to relinquish some control on management decisions in return for equity finance. In some cases, if their situation is dire enough, they may have no choice in the matter!

Salary differentials between small and large firms

Generally, smaller firms, and start-ups in particular, will have less capacity to recruit, train, and keep higher quality staff versus established larger firms. This is a function of the start up and establishment phase of any enterprise and directly results from liquidity and cash flow constraints. For example, in the Canadian context, it has been found that larger firms pay higher salaries for (observationally) equivalent workers.¹⁰³ Interestingly, one of the reasons proffered as to why larger firms pay higher salaries when compared to smaller firms is because they employ workers with more unobserved abilities.¹⁰⁴ If this is the case, it would seem to suggest that smaller firms are more capable of identifying and retaining those employees who are making an appropriate contribution to the firm.¹⁰⁵ The source of the wage-firm size effect requires further consideration as the results may lead to different tax policy strategies. For example, in the USA context, President Obama introduced tax credits for the hiring of new staff.¹⁰⁶

Small Business Preferential Tax Rate

It is common amongst Organisation for Economic Co-operation and Development (OECD) countries, as well as other jurisdictions, for there to be reduced income tax rates for smaller businesses in an effort to encourage start ups, as well as to foster growth and expansion. For example, at a federal level, Canada provides a preferential tax rate to assist smaller Canadian-owned corporations that are having difficulty gaining access to external financing, by providing a preferential corporate income tax rate on the first \$200,000 of (active) business income. The rationale behind this policy initiative is that it should increase the proportion of business profits that can be retained by the SME for expansion and investment.¹⁰⁷

103 Rene Morissette, 'Canadian jobs and firm size: do smaller firms pay less?' (1993) XXVI(1) *Canadian Journal of Economics*, 159-173, 160.

104 Rene Morissette, 'Canadian jobs and firm size: do smaller firms pay less?' (1993) XXVI(1) *Canadian Journal of Economics*, 159-173.

105 Anecdotally, the writer can confirm, having practised at both large and smaller professional services organizations, this to be an accurate representation of what occurs in practice.

106 Alice Gomstyn, *Obama Announces \$33B Hiring Tax Credit* (29/01/2010) ABC News <www.abcnews.go.com/print?id=9697334>.

107 Canada, *Report of the Technical Committee on Business Taxation (Mintz Report)*, (1997) paragraphs 5.7-5.8.

However, this policy basis may be debateable in light of a study conducted by Vigneault and Wen,¹⁰⁸ whereby the issue analysed, using a dominant firm model, was whether a preferential tax rate for small corporations can improve efficiency in the presence of an imperfect capital market by increasing their retained earnings. It concluded that the tax policies of those OECD countries where small firms are given preferential tax treatment (but where tax rates are constant over time) are not socially optimal. Such a conclusion is notable given that around one-third of OECD countries provide for a reduced rate of income tax for small corporations.¹⁰⁹ Importantly, the study also noted that policy-makers face a trade-off because expansion by smaller firms has both a social benefit and cost; the former being that the market power of the dominant firm is challenged by the smaller firms, and the cost being that since the smaller firm is at a cost disadvantage relative to the dominant (larger) firm, investment and production by the smaller firms waste valuable resources.¹¹⁰

Mintz and Seade argue, however, that there is no theoretical justification for reduced tax rates offered to small firms to foster their growth.¹¹¹ There are a number of reasons put forward by Mintz as to why a preferential tax rate should not be provided to small businesses in the Canadian context, being: this leads to tax avoidance by many high income taxpayers; fails to generate growth; as firms grow in size, earn more profit, and become large enough, they lose all the support provided by governments and are subject to the full rate of tax; and, in Canada, it was found that in order to keep taxes low, companies break up into less efficient operations to maintain low business taxes.¹¹² Certainly, the UK's experimentation in this area by introducing the zero tax rate band for incorporated businesses failed miserably. This initiative was subsequently repealed¹¹³ predominately due to its poor targeting, together with complex 'anti-avoidance' provisions, which meant that any potential tax benefits quickly dissipated.¹¹⁴

108 Marianne Vigneault and Jean-Francois Wen, 'Profit taxes and the growth of fringe firms' (2002) 35(4) *Canadian Journal of Economics*, 717-736.

109 Marianne Vigneault and Jean-Francois Wen, 'Profit taxes and the growth of fringe firms' (2002) 35(4) *Canadian Journal of Economics*, 717-736, 718.

110 Marianne Vigneault and Jean-Francois Wen, 'Profit taxes and the growth of fringe firms' (2002) 35(4) *Canadian Journal of Economics*, 717-736, 734. It is important to note that this study is predicated on the correctness of the dominant firm model as well as the simplifying assumptions which were made by the authors.

111 Jack M. Mintz, Jesus Seade, *Small Enterprises Tax Policy: Effects on Market Price, Industry Profits and Allocative Efficiency In A Dominant Firm Model* Report, Queens University, John Deutsch Institute for Study of Economic Policy.

112 Jack M. Mintz, *Why the small business tax must stay* National Post <www.network.nationalpost.com>.

113 Judith Freedman, 'Why taxing the micro-business is not simple - a cautionary tale from the 'old world' (2006) 2(1) *JATTA*; HM Treasury, *Small companies, the self employed and the tax system - a discussion paper*, (2004) paragraph 4.17.

114 Francesca Lagerberg, 'Small Business Measures' (2005) *Taxation*.

As a matter of policy, the Canadian and UK experiences demonstrate the difficulties associated with the introduction of a preferential tax rate targeted at small businesses. Notwithstanding the criticisms referred to above, arguably, these issues can be overcome with proper planning in relation to tax law design and taxpayer education in terms of implementation.

The OECD position is that the tax system should be neutral with no special tax provisions, as it is this type of tax framework that will increase the economy's overall competitiveness.¹¹⁵ Certain commentators also agree with this position.¹¹⁶ However, this represents a purist approach which does nothing to assist SMEs to bridge the 'finance gap' that exists both at the inception and survival stages of its business life cycle. This may explain why various countries including the UK and Canada continue to provide preferential tax treatment to encourage SMEs to accumulate profits in the early stages of their business life cycle for the purposes of reinvestment and growth. This approach is consistent with some of the comments made in the Bolton Committee report where it was stated that:

Moreover what is required for the health of the (small firms) sector is an economic and taxation system which will enable individuals to acquire or establish new businesses out of personal resources and to develop these on the base of retained profits. Without this no institutional financing arrangement can preserve the small firms sector.¹¹⁷

Notwithstanding, in the UK context, the most commonly given reason as to why the UK tax system is seen as being unsupportive of private sector companies is the high tax rate.¹¹⁸ This is also seen to be the case in Australia even though it sits in the middle of the tax loads (i.e. total taxes as a percentage of GDP) of the world's top 20 largest nations (i.e. Australia was ranked 11th whilst the UK came 6th).¹¹⁹

Bank funding

In the Australian context, the ability for SMEs to raise finance has always been problematic given that banks ordinarily provide funding based on the net asset position of the business or, alternatively, on a multiple of earnings.¹²⁰ For example, since the GFC, in Australia there has been a structural (lending) bias towards housing,¹²¹ and as interest rates rise, SMEs tend to be subjected to more onerous

115 OECD, 'Taxation and Small Businesses, Paris: OECD' (1994).

116 Panikkos Poutziouris, Francis Chittenden, Nicos Michaelas, 'Evidence on the Tax and Investment Affairs of Small Firms' (1998) 6(1) *Journal of Small Business and Enterprise Development*, 7-25.

117 J.E Bolton, (Chairman) *Report of the Committee of Inquiry on Small Firms*, (1971), 192.

118 Price Waterhouse Coopers, *Enterprise in the UK: Impact of the UK tax regime for private companies*, (2007).

119 Phil Ruthven, 'A taxing position' (2010) (August) *Company Directors*, 48.

120 Stephen Barkoczy, 'Comparision of Recent Reforms to Australia's and New Zealand's Venture Capital Tax Incentive Schemes and Investment Vehicles' (2007) 61(5) *Bulletin for International Taxation*.

121 Amanda Gome, 'Lending to SMEs falling, availability to credit drying up?' (2010) (16 July 2010).

terms and conditions potentially impacting survival rates for this sector.¹²² Further, the cost of credit is always a major SME concern as the interest rates tend to be higher simply because the risk is perceived to be higher.¹²³

Difficulties experienced by SMEs in obtaining external (bank) funding are a worldwide problem, and various countries have dealt with this in their own different ways.¹²⁴ It is generally accepted that this lack of funding stifles growth and inhibits SME's expansionary plans resulting in an over-reliance by them, on alternative funders (e.g. family / friends / acquaintances). Australia has tried to compensate for this by introducing the "Management and Investment Companies (MIC) scheme, subsequently replaced by the Pooled Development Funds (PDF) scheme.¹²⁵ However, these schemes are heavily regulated and designed to support the development of "formal" venture capital markets.

In the UK context, it has been found that the combination of rapid growth and lack of access to capital markets significantly affects the financial structure of a SME.¹²⁶ Importantly, from the point of view of economic development, it was found that unlisted (private) SMEs may be curtailing their growth to match their financial resources. This is because long-term finance available to such firms is on the basis of collateral instead of profitability.¹²⁷ A natural extension of this means that more small firms could be growing at a faster rate but for the lack of available funding. Such findings are a cause for concern if this means that firms are not growing not because they don't want to, but because they do not have the appropriate funding at the right stages of their business growth life cycle. Government, together with financial institutions, must develop innovative solutions to this "age old" problem. Other jurisdictions have also identified this as an issue, with some countries such as the UK in the process of tailoring solutions to SMEs in their home jurisdiction.¹²⁸

5.3 Stage 3 – Growth

Once a firm is in the growth stage of its business life cycle, financing of expansionary plans and keeping up with infrastructure requirements become paramount.

122 Jennifer Hewett, 'Back of the queue for small business.' *The Australian (Sydney)*, 27 March 2010.

123 Sue Lannin, *Small businesses survive economy gloom* (March 9, 2009) ABC News <www.abc.net.au>.

124 Stephen Barkoczy, 'Comparison of Recent Reforms to Australia's and New Zealand's Venture Capital Tax Incentive Schemes and Investment Vehicles' (2007) 61(5) *Bulletin for International Taxation*.

125 The MIC scheme was established by the Management and Investment Companies Act 1983 (Cth). The PDF scheme was established by the Pooled Development funds Act 1992 (Cth).

126 Francis Chittenden, Graham Hall and Patrick Hutchinson, 'Small Firm Growth, Access to Capital Markets and Financial Structure: Review of Issues and an Empirical Investigation' (1996) 8 *Small Business Economics*, 59-67, 66.

127 Francis Chittenden, Graham Hall and Patrick Hutchinson, 'Small Firm Growth, Access to Capital Markets and Financial Structure: Review of Issues and an Empirical Investigation' (1996) 8 *Small Business Economics*, 59-67, 67.

128 Chris Rowlands, *Provision of Growth Capital to UK SMEs*, (2009).

Importance of internal finance

In the USA context, evidence has recently emerged in relation to small firm finance and growth which found that significant differences existed in the financing of growth and non-growth firms.¹²⁹ In particular, it was found that growth firms are more reliant than non-growth firms on the provision of external finance supplied by commercial banks and finance companies. This study found a strong, positive relationship between internal funds and employment growth across small, privately held firms, and concluded that:

while outside capital is often needed, internal capital is critically important for small business growth.¹³⁰

Internal funds were found to be particularly important to the growth of very small firms (as well as women-owned firms). These results highlight the importance of programs that effectively reduce the costs of borrowing (and, by definition, increase net profits) in fostering the growth of SME businesses. The importance of internal financing versus obtaining funding from external financial institutions has been recognised as far back as 1971 in the Bolton Committee report (as previously discussed).¹³¹

In an economic context, it has been estimated that if a business finances a project through its own resources (assuming such internal funding was available to it), whilst it pays an 'opportunity cost', it would be paying an interest rate of some 8% points higher if funded externally through a financial institution. Accordingly, by allowing SMEs to keep more of their after tax profits, this leads to an increase in the potential number of profitable investment opportunities resulting in higher economic growth from the income effect of paying lower taxes.¹³²

Constraints on Investment

It is a consistent theme of various business surveys, conducted in the Australian context, that business taxes and government charges continue to be identified as the key barriers to business investment and a constraint on growth. However, it is also recognised in these surveys that this issue is not isolated to SMEs, but also applies to larger businesses as well.¹³³

129 Small Business Administration: Office of Advocacy, *Small Business in Focus: Finance*, (2009), 80-81.

130 Small Business Administration: Office of Advocacy, *Small Business in Focus: Finance*, (2009), 80.

131 J.E Bolton, (Chairman) *Report of the Committee of Inquiry on Small Firms*, (1971), 192.

132 Mike Moffatt, 'How do high small business corporate tax rates hurt the economy?' (2010) *About.com*.

133 Australian Chamber of Commerce and Industry, *ACCI Small Business Survey*, (2009).

5.4 Stage 4 – Expansion

During the “expansion” stage, as the key focus of the business is on attracting more (new) investors, and a shift of emphasis to finding growth opportunities (including offshore), any tax concessions should be aimed at providing assistance to these two principal pursuits of the business.

In relation to the former, this may involve providing businesses with access to USA style small business investor concessions so as to attract private investors. In relation to the latter, this may include R&D concessions to help the businesses compete with products being developed by competitors either locally or in other jurisdictions.

5.5 Stage 5 – Maturity

In relation to the “maturity” stage, as most businesses are on the verge of moving out of being a small business, then it may be appropriate that any tax concessions they may have had access to are phased out during this stage of the business life cycle. On this basis, arguably, there should only be limited access to tax concessions and / or subsidies, for example, such as in the areas of R&D and “in-house” software write-offs (which are currently in place). The practice and the theory would be such that, by this stage, the business is “big” enough and “bold” enough to look after itself without the need for any further government assistance.

6 Conclusion

This article has demonstrated that as a result of taxation policy not taking into account the various stages of a SME’s business life cycle, concessions provided to this sector have generally been misguided and ineffective. Notwithstanding the limitations and objections pertaining to life cycle theories in the relevant literature, this article posits that consideration should be given to the development of an appropriately constructed taxation framework which specifically takes into account the SME’s business life cycle. As observed by certain commentators, life cycle theories do at least have an intuitive logic (in that firms come into existence, face crises, mature and eventually stagnate), as well as providing useful conceptions of the ways in which firms need to respond to both internal and external challenges.¹³⁴

Accordingly, the use of a SME business life cycle approach for taxation policy formulation is not meant to be a panacea, but rather a diagnostic tool to assist in analysing the relevant factors that should be taken into account when assessing the nature and types of taxation policies that are being considered at the various stages of a SME’s life cycle. This approach should assist with projecting what future taxation policies may be required. If it is possible to identify what factors are likely to impact

134 Francis Greene, David A. Kirby and Bahadur Najak, ‘A Study of Small Businesses in the Northern Region of England: Developing a Taxonomy of Small Firm Growth and Development’ (1997).

SMEs at each of the stages of their business life cycle, then taxation policy should be designed and formulated to take into account such considerations.

Integral to applying the business lifecycle approach is the importance of understanding commercial issues facing the individual taxpayers that comprise the SME sector and how each of their specific issues interact with the tax regime. A successful tax policy requires a detailed understanding as to how SMEs commercially operate (eg what drives them, their level of education, barriers to entry, business obstacles that they face etc). This is not to say that tax, in itself, is not an obstacle (one only needs to review the numerous costs of compliance research studies to know it is),¹³⁵ but that tax policy can be varied to accommodate a SME's requirements from the time it commences business. This can only be achieved if one has an understanding of the total environment which they are operating in.

135 For an overview of compliance costs studies in Australia and elsewhere, see, for example Chris Evans, 'Taxation compliance and administrative costs: an overview', in *Tax compliance costs for companies in an enlarged European Community*, (edited Lang M, Obermair C, Schuch J, Staringer C and Weninger P), Linde Verlag, Vienna and Kluwer Law International, London, 2008, 447-468.

Appendix A: Australia's SME tax concessions

				Qualifying criteria and thresholds			
Item	Concession	Legislative Provision	SBE	Other Turnover A\$	Assets A\$	Other Criteria A\$	
1	CGT 15-year asset exemption	Subdivision 152-B ITAA 1997	✓	-	\$6m	-	
2	CGT 50% active asset reduction	Subdivision 152-C ITAA 1997	✓	-	\$6m	-	
3	CGT retirement exemption	Subdivision 152-D ITAA 1997	✓	-	\$6m	-	
4	CGT roll-over	Subdivision 152-E ITAA 1997	✓	-	\$6m	-	
5	Simpler depreciation rules	Subdivision 328-D ITAA 1997	✓	-	-	-	
6	Simplified trading stock rules	Subdivision 328-E ITAA 1997	✓	-	-	-	
7	Deducting certain prepaid business expenses immediately	Sections 82KZM and 82KZMD ITAA 1936	✓	-	-	<\$1,000 expenses	
8	Accounting for GST on a cash basis	Section 29-40 GST Act	✓	\$1m	-	-	
9	Annual apportionment of input tax credits for acquisitions and importations that are partly creditable	Section 131-5 GST Act	✓	\$2m	-	-	
10	Paying GST by quarterly instalments	Section 162-5 GST Act	✓	\$2m	-	-	
11	FBT car parking exemption	Section 58GA of the Fringe Benefits Tax Assessment Act 1986	✓	\$10m (ordinary and statutory income)	-	-	
12	PAYG instalments based on GDP-adjusted notional tax	Section 45-130 of Schedule 1 to the Taxation Administration Act 1953	✓	-	-	-	

		Qualifying criteria and thresholds					
Item	Concession	Legislative Provision	SBE	Other Turnover A\$	Assets A\$	Other Criteria A\$	
13	Entrepreneur's tax offset		√	\$75,000	-	-	
14	Two year period for amending assessments		√	-	-	-	
15	R&D tax offset			\$20m	-	\$20,000 minimum R&D expenditure	
16	Debt/equity rules – at-call loans			\$20m	-	-	
17	PAYG remittance - medium withholder			-	-	\$2m (amounts withheld)	
	PAYG remittance –small withholder			-	-	\$25,000 (amounts withheld)	
	PAYG instalments – annual					\$8,000 (notional tax)	
18	GST – non-compulsory registration		-	\$75,000	-	-	
	GST – annual tax periods		-	\$75,000	-	-	
	GST – quarterly tax periods		-	\$20m	-	-	
	GST – non-electronic lodgement		-	\$20m	-	-	
	GST – ITCs – financial acquisitions		-	-	-	\$50,000 (input tax credits)	
	GST – simplified accounting methods		-	\$2m	-		
	GST – business norms method		-	\$1m	-		

		Qualifying criteria and thresholds				
Item	Concession	Legislative Provision	SBE	Other Turnover A\$	Assets A\$	Other Criteria A\$
19	FBT – record keeping		-	-	-	\$5,000+index (agg FB amt)
	FBT – annual payment		-	-	-	\$3,000 (FBT previous year)
20	Thin capitalisation – exemption	Section 820-35 ITAA 1997	-	-	-	<\$250,000 debt deduction
21	Transfer pricing – simplified	-	-	<\$100m	-	-
22	Taxation of Financial Arrangements	-	-	<\$100m	-	-

Notes:

√ signifies that the entity must be a SBE to access concession.

Turnover and assets are not defined in the same manner for each concession. Entrepreneur's Tax Offset repealed effective 2012-2013 income year.

Tax reform and ‘rough justice’: is it time for simplicity to shine?[†]

Chris Evans^{*} and Jason Kerr^{}**

Abstract

The need for simplification is often identified as a key consideration in any discussion of Australia’s tax system. But just how important is simplification in the Australian context? And to what extent will it feature in any future tax reform post–Henry and Tax Forum? While there has been much discussion of tax simplification over the years, progress in achieving genuine simplification has been modest at best.

This article reviews the tax simplification literature and analyses recent proposals aimed at reducing complexity. It canvasses the notion that simplification may be gaining some well–deserved attention compared to the other criteria of a good tax system. This may lead to reformers preferring measures that potentially reduce equity for certain taxpayers (and even possibly some efficiency/neutrality), in favour of a more streamlined and simplified system overall. Unfortunately, however, many of the simplification initiatives that have emerged from recent reform may not achieve the desired outcomes of a simpler tax system. The article concludes that in order to achieve genuine simplification, a mixture of policy initiatives and administrative measures are still required – together with bold political initiatives.

† This article contributes to an Australian Research Council (ARC) Linkage project (ARC LP110200267: *Assessing and Addressing Tax System Complexity*) being conducted by Professor Chris Evans in conjunction with Associate Professor Binh Tran-Nam (The University of New South Wales (UNSW)), Professor Richard Krever (Monash University), Dr Philip Lignier (University of Tasmania), Professor Jeff Pope (Curtin University) and The Institute of Chartered Accountants in Australia.

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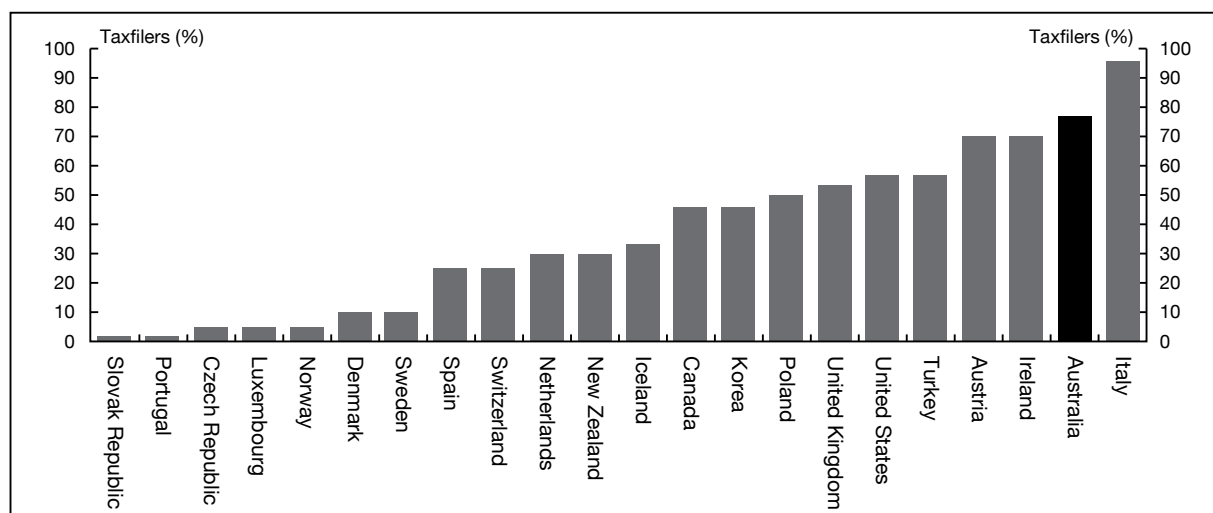
1 Introduction

There is substantial anecdotal and empirical evidence to suggest that the Australian tax system is highly complex, both in absolute terms and relative to comparable tax systems. Australia has no fewer than 125 taxes, some of the lengthiest and most illegible tax legislation of any country, and high and regressive compliance costs that are not decreasing over time.¹ The sheer size and density of TaxPack² or the multitude of interview screens in e-tax is enough to scare off most otherwise would-be compliant personal taxpayers. Businesses fare little better with a myriad of forms, returns and obligations related to tax.

One of the most telling indicators of tax system complexity is the level of tax agent dependency. Australia's Future Tax System (Henry) Review³ noted that Australia's personal income tax (PIT) system had become 'inordinately complex' and that 'Australia's use of tax agents was high by international standards; second only to Italy.'⁴ The Review particularly contrasted Australia's experience with the Nordic countries and their pre-filing arrangements. Interestingly, however, the data used was that of 'taxfilers using a tax agent' and not the total number of taxpayers.

The Organisation for Economic Cooperation and Development (OECD) data illustrated in Figure One (reproduced from the Henry Report)⁵ certainly suggests Australia is second in the league table of tax agent-dependent countries, and portrays the Nordic countries favourably compared to the other jurisdictions listed.

Figure One: Percentage of taxfilers using a tax agent, 2005



1 Chris Evans and Binh Tran-Nam, 'Controlling Tax Complexity: Rhetoric or Reality?' in Chris Evans, Richard Krever and Peter Mellor (eds), *Australia's Future Tax System: The Prospects After Henry* (Thomson, 2010) 439.

2 TaxPack is the Australian Taxation Office publication designed to assist taxpayers in completing their tax return. The 2011 TaxPack was 130 pages long with the TaxPack supplement 80 pages.

3 Australian Treasury, *Review of Australia's Future Tax System Final Report* (Commonwealth of Australia, 2009).

4 Ibid 30.

5 Ibid.

Closer scrutiny reveals, however, that more Australians have to rely on external tax advisers to assist them in completing their annual tax affairs than in any other country in the world. Many of the selected countries do not require the majority of taxpayers to file returns. Indeed the OECD noted that the Slovak Republic, the Czech Republic, Luxembourg, Netherlands, New Zealand, Korea, the United Kingdom, Turkey, Austria, Ireland and Italy all have cumulative withholding systems and are ‘mostly return free for most employee taxpayers.’⁶ The percentage for these countries is therefore the proportion of taxpayers with more complex tax affairs who are still required to file. So while Italy may appear to have a higher use of tax agents than Australia, the fact most Italians do not lodge tax returns would strongly suggest that Australia leads the world in tax agent use per capita of total taxpayers – a position even worse than that mooted in the Henry Review.

Hence there are many pointers which suggest Australia’s tax system is highly complex. But the specific elements of the system that make it complex remain unresolved in the literature, despite considerable debate. Certainly, over the years there has been much emphasis on equity and efficiency in the Australian taxation system, and that focus may have contributed significantly to the development of tax system complexity. Other factors, some considered below, may also have contributed. Notwithstanding the causes of the complexity, the time may have possibly come to adopt a more ‘simplicity-centric’ approach to reform. Such ‘rough justice’ will undoubtedly involve trade-offs between various principles, measures and mechanisms that potentially impede the achievement of a simpler tax system for the future in Australia.

This article examines the need for genuine simplification of Australia’s tax system within the context of tax reform. ‘Rough justice’ simplification measures are explored against the backdrop of the current reform agenda and the existing level of complexity in the system. In outlining the preferred prescriptions for reform, the remainder of this article is structured as follows. Firstly, a brief background of tax simplification in Australia (and its antithesis – complexity) is discussed. Secondly, it outlines the Henry Review’s treatment of simplification, focusing on the specific recommendations that potentially reduce complexity in the system. Thirdly, the article discusses the post-Henry simplification debate as articulated in the deliberations at the Tax Forum in October 2011 and identifies some potential next steps. Some concluding remarks are made in the final section.

2 Background to tax simplification

Simplification is a consideration in most attempts to reform modern tax systems. More than thirty years ago, the Asprey Committee of Taxation Review in Australia stated that ‘after equity, simplicity is perhaps the next most universally sought after of

6 OECD, *Tax Administration in OECD and selected non-OECD countries: Comparative Information Series* (2008) 63.

qualities in individual taxes and tax systems as a whole.⁷ Internationally, as noted by Gale, there seems to be universal agreement of the need for income tax simplification.⁸

The fundamental paradox of tax simplification is that while most researchers agree the system should be simpler, the discussion itself remains quite complex. Indeed there would seem to be three main reasons why the overall body of literature on tax simplification remains anything but simple. Firstly, it is the realisation that tax simplification is essentially driven by the political will of the policymakers of the day. This means that while many commentators may agree with the underlying theory behind a certain simplification measure, a more pragmatic approach is often taken to argue against the initiative due to practical realities. This also relates to the complications that can arise in transitioning to a new system, albeit a simpler one.

Secondly, simplification can be made more complex by the varying objectives in government economic and social policy, which are subject to change as the economic, social, political and technological environment in which taxes operate is also changing constantly.⁹

Thirdly, writers and researchers in taxation come from a range of different backgrounds, notably law, accounting, economics (including behavioural economics) and more recently, psychology. This has led to the discussion on tax simplification sometimes lacking clarity, with authors possibly talking at cross-purposes with limited shared understanding. Cooper suggested that when commentators debate tax simplification they might be expressing an idea about at least seven different issues: predictability, proportionality, consistency, compliance, administration, co-ordination and expression.¹⁰

Tax reform often involves weighing up the relative criteria of a good tax system – equity, efficiency and simplicity. In defining tax simplicity, it is commonly agreed that ‘low compliance costs of both taxpayers and the tax system generally is a desirable goal within the rubric of simplicity that is in turn a central pillar of good tax policy.’¹¹

Equity and simplicity have a mixed relationship. In achieving simplicity, tax laws sometimes need to be drafted in such a manner as to capture a range of personal circumstances, often resulting in voluminous and complicated legislation.¹² As noted

7 Australia, *Commonwealth Taxation Review Committee. Full Report* (Commonwealth of Australia, 1975) 3.19.

8 William Gale, *Tax Simplification: Issues and Options* (2001).

9 Simon James, ‘Behavioural Economics and Tax Reform’ (Paper presented at the Tax Research Network 19th Annual Conference, University of Bangor, 7-8 September 2010).

10 Graeme Cooper, ‘Themes and Issues in Tax Simplification’ (1993) 10 *Australian Tax Forum* 417-460.

11 Michael Dirkis and Brett Bondfield, ‘Much Ado About Nothing: Ralph’s Consideration of Small Business’ (2005) 1 *Journal of the Australasian Tax Teachers Association* 110, 115.

12 Nicole Wilson-Rogers and Dale Pinto, ‘Tax Reform: A Matter of Principle? An Integrated Framework for the Review of Australian Taxes’ (2009) 7(1) *eJournal of Tax Research* 72, 83.

by Surrey and Brannon, the conflict between equity and simplicity may be summed up by saying that equity has a cost.¹³

It can also be argued that simplicity is not a criterion of a good tax system in itself. Indeed, Slemrod has suggested that simplicity is not a separate objective, but is implicitly assumed to be considered in its effects on the other dimensions of a desirable tax system.¹⁴ In other words, if complexity in the tax system is a bad thing, it is bad either because it uses up, or causes wasteful misallocation of, resources that could be used more efficiently and equitably.

Despite an apparent preference for efficiency and equity among most public finance economists, there is some evidence that simplicity may be slowly gaining more attention in the tax reform context. Furthermore it has been suggested that reform directed at reducing complexity and improving certainty in tax matters will be welcomed, even if it has to come at the cost of reduced equity and efficiency in the system.¹⁵ As Evans and Tran-Nam have observed,¹⁶ there are some indications that due to public and business concerns about tax complexity as well as the impact of various empirical studies on tax compliance costs, tax authorities have begun to regard tax simplicity as a much more serious issue than before. They also observe that there is some evidence suggesting that ‘tax simplicity has finally penetrated the consciousness of Treasury officials in tax reform design’, noting the background paper¹⁷ prepared for the Henry Review devoted a full chapter to complexity and the operating costs of the tax–transfer system. Kerr found that in the subsequent Consultation Paper,¹⁸ the words simplicity and complexity were mentioned as often as fairness/equity/inequity and efficiency/inefficiency all combined.¹⁹ In addition, Greg Smith, former Executive Director of the Revenue Group for Australian Treasury, and member of the Henry Review Panel, has suggested: ‘more often than not, when people speak of reform these days, they speak of greater simplicity and certainty than of the older economic ideas.’²⁰

13 Stanley Surrey and Gerard Brannon, ‘Simplification and Equity as Goals of Tax Policy’ (1968) 9 *William and Mary Law Review* 915, 917.

14 Joel Slemrod, *Tax Policy in the Real World* (Cambridge University Press, 1999) 371.

15 Chris Evans, ‘The New Labor Government and Taxation: Business as Usual?’ (2008) 33(3) *Australian Tax Review* 5, 6.

16 Chris Evans and Binh Tran-Nam, ‘Managing Tax System Complexity: Building Bridges through Pre-filled Tax Returns’ (2010) 25 *Australian Tax Forum* 245, 247.

17 Australian Treasury, *Australia’s Future Tax System: Architecture of Australia’s Tax and Transfer System* (Commonwealth of Australia, 2008) ch 11.

18 Australian Treasury, *Australia’s Future Tax System – Consultation Paper* (Commonwealth of Australia, 2008).

19 Jason Kerr, ‘The Bridge to No Return: The Need for Simplification Versus the “Refund Culture” in Kalmen Datt, Binh Tran-Nam and Kathrin Bain (eds) *International Tax Administration: Building Bridges* (CCH, 2010), 173, 174.

20 Greg Smith, ‘An Overview of Australian Business Tax Reform’ in G Lehmann (ed) *Business Tax Reform – Meet the Critics* (Australian Tax Research Foundation, 2007) 4.

From the perspective of an ‘outsider’ to the Australian tax system, Slemrod noted in 2010 that ‘there is much sentiment that the level of tax complexity is now excessive.’²¹ This statement was met with general agreement from Australian academics, administrators and practitioners.

It is evident that this complexity has come from a range of different sources. Cooper has suggested four main causes, the first being that complexity arises from the decision to adopt a complex tax base.²² Notably this observation was made even prior to the base-broadening of the system through the introduction of the Goods and Services Tax (GST), though it is evident that the same complex questions in relation to income tax remain: ‘what is income; how much is the income; what kind of income is it; when is it income; whose income is it?’²³

Secondly, complexity arises as a result of the design rules that apply to the implementation of a tax, particularly where there are a number of rules that deal with the same thing.²⁴ Thirdly, it arises in the expression of those rules (not just in legislative terms, but also ‘the design and construction of taxpayer returns and forms, and the information material produced by the revenue authority.’²⁵ And finally it arises in the administrative requirements imposed on those who must comply. As Cooper has noted, even when obligations are clearly explained and comprehended, they may still be difficult to comply with.²⁶

At a more practical level, one can distinguish between legal simplicity and effective simplicity.²⁷ While the commonly accepted definition of legal simplicity is the ease with which a body of tax law can be read and understood, effective simplicity refers to the effort (value of resources) expended by the society in raising tax revenue. Vu and Tran-Nam provide the following example of effective simplicity in a PIT system: ‘a PIT system A is said to be effectively simpler than a PIT system B if the operating costs of PIT system A are lower than those incurred in raising the same amount of revenue by the PIT system B.’²⁸

In response to criticisms of the level of legal complexity in the Australian income tax system, the Australian Government set about attempting to simplify tax legislation in the mid-1990s. The Tax Law Improvement Project (TLIP) was given the task of

21 Joel Slemrod, ‘Complexity in the Australian Tax and Transfer System’ in *Melbourne Institute – Australia’s Future Tax and Transfer Policy Conference* (2010), 257, 257.

22 Graeme Cooper, above n 10, 460.

23 Ibid 432.

24 Ibid 434.

25 Ibid 441.

26 Ibid 447.

27 Binh Tran-Nam, ‘Tax Reform, Tax Simplification: Some Conceptual Issues and a Preliminary Assessment’ in Hans-Georg Petersen and Patrick Gallagher (eds), *Tax and Transfer Reform in Australia and Germany* (Berliner Debatte Wissenschafts, 2000) 91.

28 Linh Vu and Binh Tran-Nam, ‘Tax Simplification: Exploring the Implications of the Removal of Work-Related Deductions’ in Margaret McKerchar and Michael Walpole (eds) *Further Global Challenges in Tax Administration* (Fiscal Publications, 2006) 395, 398.

rewriting the *Income Tax Assessment Act 1936* in plain English and thus reducing complexity. In addition to making the legislation easier to interpret, this initiative was also based on the rationale that a reduction in compliance costs would increase the capacity and willingness of taxpayers to comply with the laws.²⁹ Furthermore, in the mid-2000s the Australian Government set about adopting a ‘coherent principles’ approach to law design, focusing initially on amendments of existing provisions that do not require extensive rewriting and for some stand-alone measures.³⁰

Analysing the relative success of tax simplification in Australia, New Zealand and the United Kingdom (UK), McKerchar, Meyer and Karlinsky suggest that reductions in legal complexity and compliance costs have proven generally elusive.³¹ It is due to failures of the past that administrators are increasingly looking at mitigating complexity through simplifying processes and procedures. In other words, the focus has shifted to managing tax system complexity: making it easier for taxpayers to comply while conceding the system remains complex.

Likewise, in recent years the literature increasingly has focused on key compliance and administrative gains that can be (and have been) achieved through the greater use of technology in order to reduce the burden of complexity. Effective simplicity is therefore less about the nature of the beast and relates more to the taming of it. Throughout the Henry Review and indeed the subsequent discussion and debate at the Tax Forum, greater focus is now being paid to the effective simplicity of streamlined governance, interactions and client experiences.

3 Australia’s Future Tax System Review

The issue of complexity has featured prominently as a driver for reform of Australia’s tax system right from the early stages of the Henry Review. Notably, in his first speech as Chair of the review panel, Dr Ken Henry observed:

An excessive level of complexity wastes resources. It makes it difficult for taxpayers and transfer payment recipients to make optimal decisions. It diverts resources from more valuable uses; many high-achieving tax agents could be school teachers, for example. It

29 Robin Woellner, Cynthia Coleman, Margaret McKerchar, Michael Walpole and Julie Zetler, ‘Taxation or Vexation – Measuring the Psychological Costs of Tax Compliance’ in Chris Evans, Jeff Pope and John Hasseldine (eds) *Tax Compliance Costs: A Festschrift for Cedric Sandford* (Prospect, 2001) 35.

30 Greg Pinder, *The Coherent Principles Approach to Tax Law Design* (2005) The Treasury <http://www.treasury.gov.au/documents/987/HTML/docshell.asp?URL=07_coherent_principles.asp> at 16 December 2011.

31 Margaret McKerchar, Kristen Meyer and Stewart Karlinsky, ‘Making Progress in Tax Simplification: A Comparison of the United States, Australia, New Zealand and the United Kingdom’ in Margaret McKerchar and Michael Walpole (eds) *Further Global Challenges in Tax Administration* (Fiscal Publications, 2006).

wastes time that people could spend with their family, volunteering in their community, relaxing with friends and – of course – caring for northern hairy nosed wombats.³²

In the lead-up to the Review, the Department of Treasury highlighted five key areas of concern in relation to the complexity of the tax-transfer system.

1. There are no contemporary estimates of the complexity or compliance/administrative costs of the system while there is a sense in the community that these are too high.
2. Excessive complexity impedes optimal decisions, impacting efficiency through diverting resources from more valuable uses and challenging the equity in the system through planning opportunities. It is also regressive.
3. While a certain amount of complexity is required to operate the tax-transfer system, equity and efficiency are likely to be compromised through increased complexity.
4. Current levels of complexity and operating costs are most likely above that which is optimal for society as a whole.
5. Broader reform provides an opportunity to take a systemic view of the trade-offs between simplicity and other policy objectives.³³

It is therefore hardly surprising that issues relating to tax simplification (or how to manage tax system complexity) featured in the Henry Report made public by the Government on 2 May 2010 together with the Government's initial and subsequent responses. The Final Report of the Henry Review is in many ways a vision of how we might wish the Australian tax and transfer system to develop in the next 40 years. Its 138 recommendations should stand the test of time, and Australia should see many of its reform options implemented by governments of both persuasions in the coming years.

Notable is the review panel's commitment to an 'equitable, transparent and simplified personal tax system',³⁴ its suggestion of 'integrating consumption tax compliance with business systems'³⁵ and desire for a 'more open, understandable and responsive tax system.'³⁶ These broad themes are central to Australia's priority reform directions for its tax and transfer system. Indeed these themes underpin the capacity of the system to manage tax system complexity, to provide certainty for taxpayers and to operate in a manner which imposes the least possible level of compliance burden on its participants, business or personal.

Table One identifies what the authors consider as being the major Henry Report recommendations that potentially contribute to the simplification of the Australian

32 Ken Henry, 'Towards a Tax and Transfer System of a Human Scale' (Speech delivered at the National Press Club, Canberra, 12 November 2008).

33 Australian Treasury, above n 17.

34 Ibid xix.

35 Ibid xxi.

36 Ibid xxiv.

tax system.³⁷ These measures, if adopted, should make it easier for taxpayers to meet their compliance obligations – to register in the system, lodge on time, pay the correct amount of tax and keep accurate records. As a result, this should lead to reduced compliance and administrative costs. In relation to each recommendation, the Table summarises the simplification impact suggested by the Henry Review and indicates the current Government response to the proposal.

Table One: Henry recommendations relating to simplification

	Details	Claimed impact (Henry)	Government response
2	A high tax-free threshold with a constant marginal tax rate for most people should be introduced to provide greater transparency and simplicity.	The implementation of a high tax free threshold, such as \$25,000 (as used as an indicative tax free threshold in the Henry Report), would eliminate the requirement for approximately 1.2 million taxpayers to pay tax and, in most cases, to lodge a tax return. It would also remove the need to provide the low income tax offset and reduce the need for the senior Australians tax offset, making the preparation of tax returns and undertaking tax calculations simpler for many taxpayers.	The tax-free threshold will be raised to \$18,200 from 1 July 2012, and to ‘at least’ \$21,000 at a time unspecified.

37 Adapted from Michael Dirkis and Brett Bondfield, ‘Ahead of “Two Days in October”: Reviewing the Status of the Recommendations of Australia’s Future Tax System Review’ (2011) 26 *Australian Tax Forum* 437.

	Details	Claimed impact (Henry)	Government response
9	Fringe benefits that are readily valued and attributable to individual employees should be taxed in the hands of employees through the PAYG system. Other fringe benefits, including those incidental to an individual's employment, should remain taxed to employers at the top marginal rate (and non-reportable for employees). The scope of fringe benefits that are subject to tax should be simplified. (Five more specific recommendations relating to FBT then follow.)	Taxing benefits that can be readily valued in the employee's hands would provide a more neutral taxation of income. Simplifying the scope of benefits subject to FBT would ease compliance costs for employers.	One of the five specific FBT recommendations has been accepted (9(b): the current formula for valuing car fringe benefits should be replaced with a single statutory rate of 20 per cent, regardless of the kilometres travelled); the Government has made it clear that another of the specific recommendations will not be accepted (9(e): Not-for-profit entities' FBT concessions should be reconfigured. The FBT exemptions for members of the Defence force should be replaced with direct remuneration increases for affected personnel). No response on other three specific recommendations.
11	A standard deduction should be introduced to cover work-related expenses and the cost of managing tax affairs.	Treasury projected this would mean 4.6 million taxpayers in 2013 and 6.4 million in 2014 would be 'better off'. ³⁸	Accepted. A standard deduction of \$500 was initially scheduled to commence on 1 July 2012, increasing to \$1,000 on 1 July 2013. As part of the <i>Mid-Year Economic and Fiscal Outlook 2011-12</i> released on 30 November 2011, the Government announced the measure would be deferred. The \$500 standard deduction will now commence from 1 July 2013, and increase to \$1,000 from 2014.

38 Wayne Swan and Nick Sherry, 'Standard deduction to increase tax returns for 6.4 million Australians' (Press Release, 11 May 2010).

	Details	Claimed impact (Henry)	Government response
12	There should be a tighter nexus between the deductibility of the expense and its role in producing income.	Limiting personal deductions will simplify tax returns and is a key enabler for reduced filing.	No response.
17	The capital gains tax regime should be simplified by: <ul style="list-style-type: none"> a. increasing the exemption threshold for collectables and exempting all personal use assets; b. rationalizing/streamlining the current small business capital gains tax concessions c. removing current grandfathering provisions d. rewriting the capital gains tax legislation using a principles-based approach. 	While there will be winners and losers with such changes, individuals and small business in particular are expected to benefit from reduced complexity and compliance costs.	17c rejected. No response on the other three specific recommendations.
29	The capital allowance arrangements for small business should be streamlined and simplified, by: <ul style="list-style-type: none"> a. allowing depreciating assets costing less than \$10,000 to be immediately written-off; and b. allowing all other depreciating assets (except buildings) to be pooled together, with the value of the pool depreciated at a single declining balance rate. 	Combined with the recommendation to streamline and improve access to the small business capital gains tax concessions (Recommendation 17), and the Standard Business Reporting program, these measures would result in a significant simplification for small businesses.	Partially accepted. The Government has proposed an increase in the small business instant write-off threshold from \$1,000 to \$6,500. Allowable items may include photocopiers, laptops, fridges, and desks. Small businesses will also be able to write off all other depreciating assets in a single depreciating pool at a rate of 30 per cent. In addition small businesses will be able to claim an immediate write-off of \$5,000 for motor vehicles acquired during the 2012-13 year.

	Details	Claimed impact (Henry)	Government response
44	Simple and efficient tax arrangements should be established for clubs with large trading activities in the fields of gaming, catering, entertainment and hospitality. One option is to apply a concessional rate of tax to total net income from these activities above a high threshold. For clubs below the threshold, no tax would be applied to income from these activities.	An example of industry-specific simplification.	No changes to concessional treatments that would result in adverse impact upon clubs.
55	A broad-based cash flow tax, applied on a destination basis, could be used to finance the abolition of other taxes, including payroll tax and inefficient State consumption taxes, such as insurance taxes.	An efficient, broad-based consumption tax necessarily draws in very large numbers of taxpayers. As such, a premium should be placed on simplicity. A single rate of tax that does not require taxpayers to discriminate between different forms of consumption is likely to be the simplest approach, as well as being highly efficient.	No response.
56	The Government should consider making greater use of GST-free business-to-business transactions or reverse charging, provided the potential compliance cost savings outweigh the additional complexity costs and risks to revenue.	While widespread entitlement to GST-free or reverse charging transactions runs the risk of raising compliance costs and increasing revenue risks, the benefits might outweigh these risks in particular, confined circumstances.	No response.

	Details	Claimed impact (Henry)	Government response
112	The Government should commit to a principles-based approach to tax law design as a way of addressing the growing volume and complexity of tax legislation, and as a way of helping those laws to be interpreted consistently with their policy objectives.	Potential to minimise uncertainty and compliance costs incurred in clarification of interpretation. This approach can also apply to the changing arrangements of taxpayers without the need for constant amendment.	This has been the approach taken for approximately a decade.
122	<p>A tax and transfer client account should be developed, based on customer research and with customer input into its design. The account should include at least the following features:</p> <p>(a) up-to-date presentation of income earned from all sources, taxes withheld, tax liabilities incurred, transfers received and information flows from third parties</p> <p>(b) complete information from past periods</p> <p>(c) an optional single point for updating personal information, undertaking transactions, and reporting information or making applications, with extensive pre-filling of forms based on information previously provided</p> <p>(d) the ability to test the impact of hypothetical changes in circumstances.</p>	<p>Convenient access for taxpayers to information about all their tax and transfer affairs making complexity easier to navigate.</p> <p>Developments in information technology and potential privacy concerns suggest that the account may not take the form of a single government database. Instead a virtual account would be created whenever a client seeks to access it, drawing information in real time from relevant agency systems. Direct personal use of the account would be optional. People preferring to access information or transact directly with agencies through other channels (for example, by telephone or face-to-face) would still be able to do so.</p>	No official Government response, however this would seem to be a part of the ATO online 2015 strategy. ³⁹

39 Australian Taxation Office, *ATO Delivery Plan 2011-12* (2011) Australian Taxation Office <<http://www.ato.gov.au/corporate/content.aspx?menuid=0&doc=/content/00289303.htm&page=43&H43>> at 15 December 2011.

	Details	Claimed impact (Henry)	Government response
123	Pre-filled personal income tax returns should be provided to most personal taxpayers as a default method of settling their tax affairs each year.	Taxpayers could avoid the complexity of the process of lodging a tax return, as well as the expense of a tax agent. The ATO might still ask the taxpayer to confirm the information in the return and to add any additional information if the person has more complex affairs. But, for most people, the pre-filled return would be a reasonable default.	The Government announced in the May 2010 Budget that it has accepted a 'tick and flick', or pre-filling, approach to personal tax returns.
125	Information required for determining tax liabilities and transfer entitlements should be collected from third parties, including employers, government agencies, financial institutions, and share and property registries. (a) Over time, electronic provision of this information by third parties should be made mandatory. (b) To reduce current and minimise new compliance costs, reporting obligations should as far as possible be aligned with existing information concepts and systems of third parties, and facilitated through electronic interaction with information held in the 'natural systems' of those entities.	More extensive third-party reporting of information needed to determine tax liabilities and transfer entitlements would mean people would need to do less themselves. Relying on the natural systems of business, such as their financial and payroll systems, can reduce compliance costs for business. These costs can relate to the assessment of tax liabilities for the business itself, as well as reporting and withholding requirements in respect of its employees. There would also be benefits for the integrity of the system as automated exchange of data would likely improve business compliance, reduce errors and enhance confidence in the system.	No response.

	Details	Claimed impact (Henry)	Government response
126	Further approaches (extension to and approaches which build on Standard Business Reporting) should be pursued to reduce the compliance costs associated with business interactions with government.	Among other things, such strategies will alleviate business compliance costs that arise out of interactions with government. The capabilities provided by the SBR Program will produce significant improvements in relation to government reporting for businesses. The benefits to business of using SBR, however, are not limited to government reporting. The use of SBR's reporting definitions, and the process of mapping those definitions to the information held in businesses' accounting and financial systems, offers further potential for improving reporting both within and between business entities.	The Government has indicated its support for such initiatives.

But while, as indicated in Table One, the Henry Report contains a lot about the importance of simplifying the tax system and encouraging a more citizen-centric design to the way that the tax system mediates the interaction between taxpayers and the agencies of the Government, close scrutiny reveals that much of this may be little more than rhetoric. The underlying substance to show how the various recommendations can lead the way to a more simplified interaction between the key participants is missing at times and the Report relies too heavily on one or two obvious 'solutions' without exploring a number of other possibilities. Moreover the Government's initial response to the Report, headlined 'Stronger, Fairer, Simpler',⁴⁰ does virtually nothing to build on the more positive features relating to simplification that do exist in the Report.

This is not to suggest that what the Henry Report recommends is not without merit – merely that often it does not go far enough. But it does nonetheless contain a number

40 Wayne Swan and Kevin Rudd, 'Stronger, Fairer, Simpler: A Tax Plan for Our Future' (Press Release, 2 May 2010).

of recommendations that can help to simplify the Australian tax system for personal and business taxpayers. These – and their shortcomings – can be considered under the three broad areas where it is possible to conceive of tax simplification potentially happening – in the areas of tax policy, tax legislation and tax administration.

Tax policy simplification

In the first place there is the possibility of simplification taking place in the area of tax policy. Opportunities for simplifying tax policy are often limited and not entirely promising, and this is borne out by the Henry Report recommendations. Despite the widely-quoted comment about there being more taxes in Australia than species of hairy-nosed wombats, the immediate outcome was that one more tax was proposed to be added to the Australian list of taxes (initially the Resources Super Profits Tax, now replaced by the Mineral Rent Resources Tax) and none were actually removed – though there is a lot of background discussion in the Report about the need to rationalise inefficient State taxes and replace them with fewer and ‘better’ taxes after appropriate consultation and agreement between the Commonwealth and the States. The need to move swiftly to eradicate inefficient and inappropriate taxes is therefore a key reform priority.

One obvious example of where the Henry Report falls short of legitimate expectations is in the area of the Fringe Benefits Tax (FBT). The Report recommends that ‘easily valued’ benefits should be taxed on the employee and collected through the Pay As You Go (PAYG) mechanism. This is eminently sensible and a long overdue reform and similar to the Ralph Review of Business Taxation recommendation that all fringe benefits should be taxed in the hands of the employee except entertainment and on-premises parking.⁴¹ But the recommendation does not then advance to its logical conclusion – that the FBT could be abolished by passing liability for all (not just those easily valued) employee benefits to the employee, albeit collected through the employer (as is the case in most OECD countries). Such a move would not be difficult; indeed, India recently abolished its FBT regime with little fanfare.⁴² Instead we are left with a proposed ‘betwixt and between’ regime. Some benefits will be assessed on the employee. Others will stay within the FBT regime. This is not simplification. Parallel universes of legislation will co-exist where one set of rules more sensibly appended to the income tax provisions could have done the entire job. Even the opportunity to align the FBT and income tax years seems to have been overlooked. That would have been a compromise, but still better than the proposed confusion of two sets of rules and two tax periods, for taxing the benefits of employees.

The Henry Report recommendation (number 11) to allow a standard deduction for work related expenses (a recommendation accepted by the Government in its Budget of 11 May 2010 and now due to come into operation in July 2013) is another example of reform at the policy level that is positive but which does not go far enough. If the

41 Review of Business Taxation, *A Tax System Re-designed* (Commonwealth of Australia, 1999) 217.

42 *Finance Act 2009* (India).

Review Panel was truly committed to simplification it would have proposed removing deductions for work related expenses entirely – perhaps to be accompanied by a compensatory reduction in headline tax rates for personal taxpayers.⁴³ Potentially this could have helped lead the way to reduced annual filing, a topic dealt with further below. More importantly it would yield immediate simplicity dividends for most personal taxpayers. But the legislated outcome as it stands will lead to a ‘worst of both worlds’ outcome.⁴⁴ Personal taxpayers will have the choice of either taking a standard deduction for work related expenses or opting to itemise and claim actual expenses. Choice is a key determinant of compliance costs, and also a key determinant of tax agent dependency.⁴⁵ Faced with the choice of two methods, many taxpayers will seek to calculate the outcomes under both before choosing which to use. It is perhaps better not to offer a choice in such circumstances.

There are further arguments against a standard deduction. Davidson expressed reservations about its relative economic merit:

It is quite likely that this would be very expensive; the deduction would have to reasonably compensate current claimants but also be accessible to those individuals who do not currently make work-related deductions. At the same time, a standardised deduction could be eroded by inflation (like the tax-free threshold has been eroded) or even eliminated altogether by a future government.⁴⁶

Kaplow has observed that the standard deduction in the United States allows taxpayers to claim a fixed amount instead of itemising specific deductions, and it sacrifices some equity in return for reduced administrative and compliance costs.⁴⁷ As itemised deductions are utilised primarily by higher income earners, a standard deduction effectively makes the personal income tax system more progressive.⁴⁸ In this sense the rationale behind the standard deduction would seem to be at odds with that underpinning itemised deductions in that taxpayers need not have even incurred a deductible expense.

43 See, for example, the proposals put forward by Chris Evans, Binh Tran-Nam and Brian Andrew, ‘Towards Systemic Reform of the Australian Personal Income Tax: Developing a Sustainable Model for the Future’ (2007) 22 *Australian Tax Forum* 13.

44 Chris Evans and Binh Tran-Nam ‘Tax Policy Simplification: An Evaluation of the Proposal for a Standard Deduction for Work Related Expenses’ (2011) 26 *Australian Tax Forum* 719, 733.

45 Chris Evans, ‘Taxation Compliance and Administrative Costs: An Overview’ in Michael Lang, Christine Obermair, Josef Schuch, Claus Staringer and Patrick Weninger (eds) *Tax Compliance Costs for Companies in an Enlarged European Community* (Kluwer Law International, 2008) 460; and Chris Evans and Binh Tran-Nam, ‘Controlling Tax Complexity: Rhetoric or Reality?’ in Chris Evans, Richard Krever and Peter Mellor (eds), *Australia’s Future Tax System: The Prospects After Henry* (2010) 439.

46 Sinclair Davidson, ‘A “No Returns Tax System” for Australia: Some Inconvenient Facts’ (2009) 16(4) *Agenda*, 67, 79.

47 Louis Kaplow, ‘The Standard Deduction and Floors in the Income Tax’ (1994) 50 (1) *Tax Law Review* 1.

48 Allan Samansky, ‘Nonstandard Thoughts about the Standard Deduction’ (1991) 3 *Utah Law Review* 531, 532.

The standard deduction may potentially have an indirect impact on the attitudes and subsequent behaviour of some taxpayers. This is particularly relevant where the need to incur the cost could be seen by the taxpayer as relatively 'elastic'. In this way, the standard deduction may have the same consequence on discretionary expenditure as the abolition of deductibility for the same expense. For example, if a taxpayer normally only claims deductions for union fees and the cost of managing tax affairs, and tax deductibility was a factor in incurring these expenses, they could possibly be prepared to forgo such expenditure while still receiving the benefit of a \$1,000 deduction. Likewise, a worker with minimal deductions may be less inclined to purchase the non-compulsory work uniform embroidered with the company logo as there is no tax incentive. In other words, many expenses effectively lose their tax deductibility status for those with less than \$1,000 to claim. For these taxpayers their tax position remains unaltered.

Yet another area where proposals for policy simplification have arguably fallen short of expectations are in the Review Panel's support for a policy which taxes most labour income (wages, salaries, most employee benefits) and business income at full progressive tax rates, while most income from capital (capital gains, rental income, bank interest) is proposed to be taxed after a 40% discount has been given. One other item of capital income – dividends received from companies – would be taxed at yet another rate of taxes.

The Government announced in its initial response that the 50% CGT discount would not be reduced to 40%. Subsequently in its May 2010 Budget the Government announced that the first \$1,000 of savings income would also attract a 50% discount.⁴⁹ This means even more complexity with differential tax rates for virtually all forms of income. A simple income tax system would either treat all income, no matter from where it was derived, in the same manner using the same schedule of tax rates; or – if it felt obliged to tax capital income more lightly than labour income – it would move to a sensibly structured dual income tax modelled on the successful Scandinavian experiences. It would not create the potential 'mishmash' of rates and treatments that currently appears to be developing.

Tax legislative simplification

The second area for potential simplification lies in the approaches that can be taken to the drafting of tax legislation. But here again the likely simplification benefits from the Henry Report are marginal at best.

To be fair, the Review Panel's terms of reference did not encompass consideration of issues relating to legislative drafting. This, however, did not stop the Review Panel from making the suggestion that the capital gains tax (CGT) legislation should be re-drafted using a principles-based approach. It is somewhat surprising that this

49 The Government has subsequently announced that it will further defer the commencement of the 2010-11 Budget measure *Stronger, fairer, simpler tax reform — 50 per cent discount for interest income* (as amended in the 2010-11 MYEFO) by 12 months, to now commence on 1 July 2013.

particular statutory extension should be singled out for special treatment. From experience it is by no means the worst drafted part of the Income Tax Assessment Acts – in fact the CGT regime is an exemplar of clarity compared to some of its legislative counterparts. Little is likely to be achieved – in the struggle for simplicity – by redrafting the CGT provisions if the rest of the Acts is not tackled.

Moreover, such a redrafting would probably also require a reassessment of some of the objectives and underlying policies. Indeed, as noted by McKerchar, Meyer and Karlinsky, in terms of drafting legislation: ‘the experiences of the US, Australia and the UK experiences clearly demonstrate that improving the readability of tax laws per se is largely ineffective or at best superficial where the underlying policies are not also reviewed.’⁵⁰

Tax administrative simplification

But it is the Henry Report’s proposals (and Government response) in relation to the third and most promising area where simplicity can be achieved – the area of tax administration – that is the most disappointing.

There are a number of obvious shortcomings in this area. Perhaps the most striking is the underlying assumption that all taxpayers will need to continue to lodge a tax return, albeit that the return for many may be pre-populated and taxpayers will be required only to check and confirm. This ‘tick and flick’ or pre-filling approach is in contrast to the system in use in more than half of OECD countries where large numbers of taxpayers with relatively simple tax affairs are ‘washed out’ of the tax system and are not required to lodge a tax return at all.

The careful use of various *de minimis* limits (such as an annual exemption for CGT), combined with no or limited deductions for workplace expenses and a more sophisticated PAYG system, can enable a large number of taxpayers simply not to have to bother with engaging with the tax system at all at the end of the tax year by lodging a return – they neither owe any tax nor are owed any refund of tax. The correct amount of tax has been taken at the correct time during the year and they can simply exit the tax system at the end of the year with no need for stressful or costly interactions with the revenue authority.

The Henry Report has gone for a less radical but also less rewarding solution than this reduced filing approach by opting for the pre-filled approach. And the Government has apparently endorsed this less than optimal outcome, having given its support to the ‘tick and flick’ in the Budget of 11 May 2010.⁵¹ It is a minimalist policy that will achieve minimalist outcomes in terms of simplifying the tax system for most taxpayers. It does very little for personal taxpayers and nothing for taxpayers who are in business.

50 Margaret McKerchar, Kristen Meyer and Stewart Karlinsky, above n 31, 374.

51 Wayne Swan and Nick Sherry, above n 38.

There are other areas where the opportunity for simplification has been missed. The Report does not always identify the different contexts applying to different forms of taxpayers – for example personal and business taxpayers have different issues. A ‘one size fits all’ approach is often adopted in the Report. It also says relatively little about the role that intermediaries – tax agents and tax advisers – play in smoothing the interaction between taxpayers and revenue authorities, especially business taxpayers.

Despite this, it would still seem the interaction of taxpayers and the system, and particularly the interaction for personal taxpayers, has become the major focus from a simplification perspective. This focus is one that may indeed draw together the various disparate backgrounds of taxation research, as mentioned earlier – law, economics, accounting and psychology. For while there may be debate about the various merits of simplicity, equity and efficiency, the mere fact that Australia has the highest use of tax agents in the world may suggest that simplification should be our current number one priority. While it is recognised this may involve less elegance and finesse in the tax system, as the Henry Report has shown, simplification is definitely long overdue. As far as immediate gains are concerned, it is clear that reduction of complexity does not have to wait for a ‘root and branch’ overhaul. Administrative simplification measures will give the most timely ‘bang for the buck’ for the majority of taxpayers. The Henry Review and the Government may regard some of these administrative measures as ‘nice to have’ and forming part of some long-term overhaul of the tax system; however these initiatives are definitely to be regarded ‘must have’.

After the release of the Henry Report it would therefore seem that a greater impetus has arisen for more immediate simplification that has a positive impact on making tax easier for millions of taxpayers, albeit one that involves simplified administration and process. While this may involve some rough justice, this would appear to be preferable to our current system and therefore it has formed a significant part of the subsequent post-Henry discussion.

4 The 2011 Tax Forum and the next steps

On July 28 2011, the Australian Government released a Tax Forum discussion paper: *Tax Reform – Next Steps for Australia’s Future*.⁵² The paper stated that:

The tax and transfer system requires a degree of complexity if it is to deal with the diverse range of situations across Australia. However, this complexity has real costs. It can cost people time and money to deal with a system that is overly complex. Complexity in the system can also impact disproportionately on people who are least able to deal with it, often the most disadvantaged. This means there are real benefits to making the system simpler, even when this sometimes also means it becomes less targeted.⁵³

52 Australian Government, ‘Tax Reform – Next Steps for Australia’s Future’ (Tax Forum Discussion Paper) (2011).

53 Ibid 3.

This seems to be a clear articulation of the fact that addressing the complexity in the system may require some ‘tough decisions’ that may impact on the fairness of some existing measures benefiting certain taxpayers. This emphasis on simplicity was further explored when the Government asked the Tax Forum participants to ponder whether there were:

- opportunities to make policy changes to further simplify taxpayers’ interactions with the personal tax system?
- ways to make the transfer system simpler for individuals and families?
- ways to further simplify business interactions with the tax system, especially for small business?⁵⁴

In the governance session on the second day of the Forum, delegates were given the following discussion points:

1. How might the greater use of technology and improved coordination and management of information be used to improve taxpayers’ experience with the tax and transfer system?
2. What are the opportunities and challenges to further advance pre-filing of tax returns?
3. Should the Government pursue the development of online tax and transfer client accounts?
4. Are there better ways that institutional arrangements for the tax system can be used to improve taxpayers’ experience of the tax system?⁵⁵

One of the major announcements at the Forum was the Government’s intention to increase the tax free threshold to \$21,000 (from the current \$6,000).⁵⁶ While no timeframe was set, it was suggested this measure would remove more than one million taxpayers from the annual requirement to lodge a tax return. Elsewhere in the Forum, however, it was proposed that a tax free threshold ‘gives more to those at the higher end of the income scale than it does in terms to the rest.’⁵⁷ Since the Forum, legislation has passed that will increase the nominal tax free threshold to \$18,201 from 2012-13.⁵⁸

One other key theme emerged in the discussion about tax system simplification on the final day of the Tax Forum: how the tax system might be simplified for most personal taxpayers.

54 Ibid 23.

55 Ibid 34.

56 Wayne Swan, ‘Closing remarks’ (speech delivered at the Tax Forum, Canberra, 5 October 2011).

57 *Tax Forum*, Canberra, October 4-5 2011, Personal tax session (Chris Evans).

58 *Clean Energy (Income Tax Rates Amendments) Act 2011*.

Simplification of tax returns

Simplification of tax returns dominated the discussion for more than half of the governance session. In particular, simplification of PIT returns through alternative mechanisms such as pre-filing and reduced filing (through more comprehensive withholding) received much attention. There was some debate about the relative merits of each, and – despite an impassioned plea for reduced filing from Cooper⁵⁹ – those arguing in favour of a pre-filing approach for Australia probably held greater sway in the Forum.

Highfield reinforced the Henry Review recommendation for tighter availability for deductions of work related expenses and also promoted a comprehensive system of pre-filled tax returns.⁶⁰ This was based on the experience of tax administrations in the Nordic region (Sweden, Denmark, Norway, Finland and Estonia) where the pre-filing of income tax returns has been a part of the system since the 1980s. Highfield mentioned that in Denmark ‘80% of their citizens receive a fully completed tax return and assessment of each year which they need do no more than confirm with the revenue body.’⁶¹

While the success of pre-filing in the Nordic region should be commended, it must be noted that these jurisdictions have few things in common with Australia. Firstly, unlike Australia, none of the Nordic countries operate a PIT self assessment system.⁶² This is important as it relates to the notion of who is ultimately responsible for the information included on a tax return. Secondly, the Nordic countries are generally considered to be ‘nanny states’ and have relatively high personal tax rates.⁶³ Thirdly, these countries are civil law jurisdictions with which Australia shares no tax law, unlike common law countries. And finally, as already noted, these Nordic countries do not impose comprehensive filing requirements for all personal taxpayers.

Interestingly, common law countries like the UK and New Zealand have gone one step further than pre-filing and have simplified tax returns to the extent that the majority of taxpayers (around 75%) do not have to lodge tax returns. Indeed, if the benchmark of pre-filing is that taxpayers need do no more than confirm their details are correct, then success of such an initiative is surely an end state where most taxpayers need no longer lodge tax returns.

While the pre-filing of income tax returns in Australia could be viewed, thus far, as moderately successful, it is doubtful that the expansion of pre-filing will lead to any legitimate tax simplification. Indeed, expansion of pre-filing may serve to further

59 *Tax Forum*, Canberra, October 4-5 2011, Governance session (Graeme Cooper).

60 Richard Highfield, *Statement of Reform Priorities* (2011) A Tax Plan for our Future <http://www.futuretax.gov.au/content/taxforum/statements/academics/OECD_Centre_for_Tax_Policy_and_Administration_Highfield.pdf> at January 15 2011.

61 *Tax Forum*, Canberra, October 4-5 2011, Governance session (Richard Highfield).

62 OECD, *Tax Administration in OECD and Selected Non-OECD Countries: Comparative Information Series* (OECD, 2011) 229-231.

63 See, eg, Mikko Kautto, *Nordic Welfare States* (Routledge, 2001).

‘comply’ the service for those with simple tax affairs. More particularly, a host of legislative amendments would still be required, including:

- the reduction or elimination of a large number of existing deductions. There are currently a total of 15 separate deduction questions in the individual tax return (ITR) for a myriad of various expenses, the vast majority of which need to be self-assessed by the taxpayer. This layer of complexity provides pre-filing with a major impediment to the ‘tick and flick’ concept. In most instances, deductions create refunds. This would be the case even, and arguably more-so, with a \$1,000 standard deduction. Refunds tend to encourage taxpayers to lodge earlier in the tax season, which also proves problematic to a full pre-filing experience;
- the introduction of a more accurate withholding at source regime. The existing PAYG withholding regime provides a broad approximation of tax liability often leading to an ‘over-withholding’, which encourages the earlier lodgment of tax returns. With a future move to reconciliation, there is a greater need to accurately withhold throughout the year. Moreover, while Australia has withholding at source on interest and dividend payments for non-residents, this does not extend to residents;
- changes to the existing comprehensive third party reporting mechanisms. Investment bodies currently have four months after the end of year until they have to report. This can cause delays in the availability of the information for pre-filing;
- the removal of a variety of offsets and rebates including: zone/overseas forces; parent, spouse’s parent, invalid relative; Senior Australian Tax Offset; and spouse, child-housekeeper or housekeeper;
- changes to the processes for gift deductibility, for assessment of the Medicare levy and the Medicare levy surcharge;
- adjustments to the process for reporting net capital gains, particularly in relation to pre-1985 assets, the CGT discount and/or indexation; and cost base issues;
- alteration to the treatment of employee share acquisition schemes, with potential problems caused by the existence of transitional provisions which preserve Div 13A rules; and by the ability, in some circumstances, to still defer the discount; and
- changes to the manner in which the private health insurance rebate is dealt with. Given that the person paying the policy, and not the person named on the policy, is eligible for the rebate, this aspect is difficult to automatically pre-fill (particularly for joint policies).

For these reasons, the authors are not convinced that the pre-filing or ‘tick and flick’ solution favored by the Government and by many at the Forum will provide the long

term simplification that is craved by so many. Certainly its continuing development should not be at the expense of further consideration of the introduction of a reduced filing regime for Australia. As Cooper suggests:

[T]here are some opportunities there, using technology like pre-filing to achieve modest outcomes, but if a politician wanted to be carried on the shoulders of an adoring populace down Bourke Street, one thing they would do would be to abolish the interaction between humans and the income tax system. I think you can probably do that for about 8 million voters.⁶⁴

5 Conclusion

There is much to be commended in the Henry Report and many of the arguments put forward at the Tax Forum. But in the area of tax simplification there are, unfortunately, many opportunities that need to be more seriously considered. Giving taxpayers more choices to make and asking them to continue to lodge returns will not reduce the costs of complying for most taxpayers.

In summary, therefore, prescriptions for tax reform lie in seeking to better manage the complexity in the tax system and reduce the compliance burden on personal and business taxpayers. This can be achieved through a mixture of policy simplification initiatives (for example, abolition of the FBT); and administrative simplification initiatives (for example the adoption of reduced filing obligations for many personal taxpayers and the increased use of existing processes for compliance reporting for business taxpayers). While it is realised that genuine reduction in complexity involves some winners and some losers, such rough justice may be necessary in order for a much more simplified tax system as a whole.

Possibly one of the factors that may delay genuine simplification of the tax system is the perception that tax reform is inherently a 'long term proposition.' As Wayne Swan told the Tax Forum, '[t]ax reform is about the long, hard slog of tackling one difficult reform after another.'⁶⁵ Such a perspective can be contrasted with that of the New Zealand Labour Government in the 1980s which introduced a raft of reforms, in a relatively short space of time, including a GST and the elimination of the need to lodge tax returns for about 75% of New Zealanders. As the Minister of Finance at the time, Sir Roger Douglas stated,

[I]mplement reform in quantum leaps, using large packages. Do not try to advance a step at a time. Define your objectives clearly and move towards them by quantum leaps. Otherwise the interest groups will have time to mobilise and drag you down.⁶⁶

That may not be such bad advice in the Australian context.

64 *Tax Forum*, above n 59.

65 Wayne Swan, 'Opening Address' (Speech delivered at the Tax Forum, Canberra, 5 October 2011).

66 Sir Roger Douglas, *Politics of Successful Structural Reform* (1989) Roger Douglas <<http://www.rogerdouglas.org.nz/images/peler1.pdf>> at 3 December 2011.

Stamp duties, land tax and housing affordability: the case for reform

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Abstract

House prices and rents have increased ahead of average earnings over the last 25 years tipping more and more Australian households into housing affordability stress. The deterioration in housing affordability is in part due to a set of Federal and State tax arrangements that distort the use of land and buildings in ways that impair the efficient operation of housing markets. State government taxation of residential land and buildings in the form of stamp duties and land taxes are an important influence because they offer preferential treatment to land and buildings that are owner occupied. This paper analyses the case for reform, and assesses what impact their introduction would have upon land prices based on modelling of the Melbourne housing market. We argue that there is a compelling case for the abolition of stamp duties and their replacement by a broad-based land tax. Furthermore transitional arrangements are put forward that would gradually introduce the reforms such that no existing home owner would pay land tax if they had already paid stamp duty when purchasing their home. These arrangements would aid the introduction of reform by ensuring that no property owner must meet an additional tax.

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1 Introduction

House prices and rents have increased ahead of average earnings over the last 25 years tipping more and more Australian households into housing affordability stress. The percentage of households in the bottom 40% of the income distribution whose housing costs exceed 30% of their income rose from 15% to 20% between 1982 and 2007¹. Population increases, deregulation of mortgage markets, buoyant labour markets and inflexible planning systems are all likely to have played a role. But underpinning an inflationary bias in residential property markets is a set of Federal and State tax arrangements that distort the use of land and buildings in ways that impair the efficient operation of housing markets.

Federal income tax arrangements exempt both net imputed rents² and capital gains on owner occupied housing thereby offering a preferential tax treatment as compared to other personal assets. This results in a powerful incentive to accumulate savings in owner occupied housing, a motive that is sharpened by asset tests determining eligibility for pensions (and allowances) that exempt owner occupied housing (Yates, 2009). These Federal tax expenditures tend to favour higher income households in later stages of the life cycle (Wood et al 2010b). While they have come to be regarded as an important pillar of retirement incomes policy (see Castles, 1998), their inequitable distribution is the source of much criticism (Bourassa and Hendershott, 1994; Freebairn, 1999; Yates and Flood, 1987; Yates, 1994).

1 The figures are population weighted estimates derived from the confidentialised unit record files of the Australian Bureau of Statistics 1982 and 2007 Surveys of Income and Housing.

2 Net imputed rents are the gross rental value of owner occupied housing less costs of holding the property such as interest and operating costs.

The state governments' taxation of residential land and buildings has not attracted the same scrutiny but is arguably as inefficient and inequitable as Federal taxation arrangements. There are two main tax instruments³. Stamp duties must be met by the purchasers of residential property and are levied on purchase price, with marginal rates of duty that rise across purchase price brackets. Most states provide some form of relief for first-homebuyers although the extent of and eligibility for such relief varies depending on the jurisdiction. The duty schedules can also differ depending upon whether the housing has been purchased as a principal residence or rental investment. Duty schedules in the latter case impose a higher tax burden, giving a financial advantage to home owners relative to landlords.

State governments also levy land taxes on the unimproved capital value⁴ of residential land, but exempt land used for owner occupied housing and these arrangements also favour home owners relative to landlords. Typically state governments apply a zero rate land tax below a value threshold, and then apply a progressive schedule with marginal rates that increase with assessed land values. An important feature of land tax arrangements is measurement of the tax base on a cumulative basis. Thus multiple property owners are taxed on the cumulative value of the land plots that their properties occupy, rather than on the value of each individual plot of land.

Tax receipts from stamp duties and land tax are an important source of revenue for state governments. For example, in Victoria in 2010 –'11 they amounted to \$5.3b or 35% of total tax revenue⁵. Understandably there is a reluctance to introduce reforms that threaten this revenue base. This reluctance has persisted despite considerable expressed dissatisfaction with stamp duties on residential property transactions. For example, at the recent Australian Government Tax Forum, the weight of opinion favoured the removal of such transaction taxes.

Indeed, the Henry Review believed the case for reform was strong enough to warrant the following key recommendations (51 to 54) (see Henry et al 2009):

- the abolition of stamp duties on all property transactions;
- the levying of land tax on all land;
- levying land tax using an increasing marginal rate schedule applied to unimproved capital values, with the lowest rate being zero and thresholds determined according to per m² value in order to tax more valuable land at higher rates;

3 Local governments are responsible for rates but these might more properly be regarded as a user charge.

4 Unimproved capital value is the assessed market value of land in the use that maximises value, but excluding the value of buildings that have been constructed on the land. Unimproved capital value can include the value of merged improvements such as drainage, mains water connection and so on.

5 Victorian Department of Treasury and Finance, 2011-'12 Budget Paper Number 5, Statement of Finances. These estimates are for revenue generated from both residential and non-residential property and land.

- levying land tax on a per land holding basis, not on an entity's total holding, to promote investment in land development.

The introduction of such measures would radically alter state government taxation of land and buildings. This paper analyses the case for reform, and assesses what impact their introduction would have upon land prices based on modelling of the Melbourne housing market. In Section two we outline the range of issues the Henry reforms raise for the efficient operation of housing and land markets, with an emphasis on their implications for housing affordability. Section three reports findings from a modelling exercise that designs a broad based land tax schedule to offset the revenue lost on removing stamp duties and replacing the existing land tax. The formal incidence of land taxes is computed, and capitalisation effects into land prices are estimated. As ever, tax reforms create winners and losers so in Section four we reflect upon the extent to which the Tax Forum created any momentum for reform and consider what transitional arrangements might address impediments to reform.

2 The Case for Reform

Stamp Duties

The discussions leading to the Henry Review recommendations would no doubt have aired a range of concerns about stamp duties relating to their rationale, and the potential detrimental impacts on residential mobility, housing affordability and efficient use of the housing stock. A rationale for transaction (excise) taxes such as stamp duty can be that a good or service is responsible for incidental side effects (externalities) that negatively impact community wellbeing. A transaction tax, it is argued, will raise the tax-inclusive price, reduce the quantity traded, and hence curb negative side effects. But there is no obvious reason why property should be thought to solely generate negative externalities; indeed housing is, if anything, linked to positive externalities such as health benefits (see Rohe et al 2000; McCarthy et al 2001).

A second possible rationale is that a transaction tax can play an important redistributive role; but while higher income households typically pay more for housing, demand tends to be income inelastic and so stamp duties can be regressive (see Wood, 1994). Stamp duties are also thought responsible for negative effects in housing and labour markets. They impede access to home ownership as it is a transaction cost that needs to be paid upfront upon purchase of a property (Bourassa and Yin, 2006; Wood et al 2006). Additionally they can have adverse impacts on housing affordability because they raise the price of housing⁶. Finally, there are efficiency concerns. Stamp duty is a tax on mobility and to the extent that it deters residential moves the duty is an added

6 Economic theory demonstrates that the tax (duty) inclusive price of housing increases, but by less than the full amount of the tax. On the other hand, the after-tax price received by vendors will fall, though by less than the full amount of the tax, and so the effective incidence is shared between buyers and sellers (see Freebairn, 2010, figure 7.1).

friction impairing the smooth functioning of labour markets (Henry et al 2009; Yates 2010). This is an issue of particular relevance to labour shortages in resource boom regions of Australia. Reduced mobility is also problematic in housing markets because it slows the transfer of property from lower value uses to higher value uses, and results in an inefficient allocation of resources in housing markets. This is most evident in terms of underutilisation of the housing stock, where households that may be consuming large amounts of housing (e.g. ‘empty nesters’) are deterred from trading down as a result of the stamp duty they would have to pay on their next purchase⁷.

Land Taxes

The Henry Review would undoubtedly have encountered similar efficiency concerns when considering land taxes, for current land tax arrangements also introduce inefficiency into housing markets by distorting the allocation of land between alternative uses. Land taxes also make housing less affordable in rental markets. Both these impacts arise because land used for owner occupied housing (as well as primary production, and certain other uses such as education) is exempt from land tax, while land used for private rental housing (and commercial or industrial uses) is subject to land tax.

When a tax is applied conditional on the use of a factor input (land, labour or capital) in production, the resource will flow out of the types of production that are taxed and into the untaxed uses. This is because the after-tax returns in the taxed use decline on introduction of the tax; the resource transfer continues until the after-tax returns are equalized. In a land market where land is only used for rental or owner occupied housing, the taxation of the former will then result in a contraction in the supply of rental housing, as some rental investors seek higher returns elsewhere, and an increase in rents. Thus the current land tax arrangements harm the supply of affordable rental housing, and this is aggravated by its application to the cumulative unimproved value of land that impedes attraction of private finance (from superannuation funds, for instance) into the private rental housing market (Wood et al 2010a).

Figure 1 substantiates some of these propositions in a more formal setting where it is assumed that ‘raw’ land has only two uses – the production of housing for purchase by home buyers, or alternatively the production of housing that is purchased by landlords (and subsequently leased to tenants)⁸. There is a *fixed amount of land* measured on the horizontal axis from O to S; rents are measured on the vertical axis⁹. Land used

7 It also has the incidental effect of eroding the welfare role of housing wealth as stamp duty eats into the equity released when home owners trade down. The stamp duty impacts on both residential mobility and the price (and hence affordability) of housing are formally analysed in Freebairn (2010, figure 7.2)

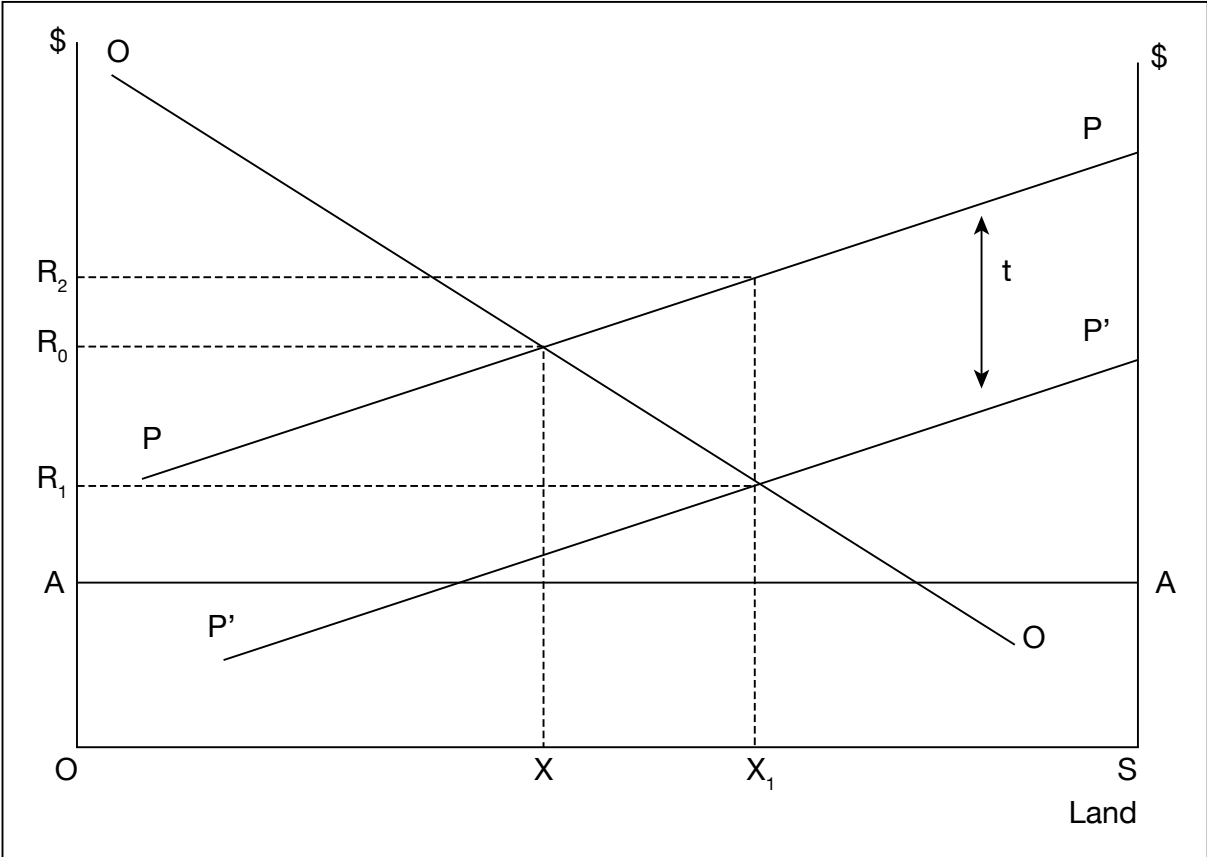
8 The analysis draws on Evans (2004, chapters 2 and 17).

9 In a perfectly informed market without frictions such as transaction cost, the capital value of land will equal the present value of rents. As Oates and Schwab (2009, p.55) point out a land tax can be applied to land rents or land values, and every tax rate on land rents can be expressed as an equivalent rate on land value that generates the same tax revenue. The analysis can then be conducted in terms of rents or land values.

by producers of housing for owner occupiers (rental housing) is measured along the horizontal from left to right (right to left), and beginning at O (S). Denote OO as the demand for land from producers (developers) of owner occupied housing; as the amount of land used increases the rent they are prepared to pay owners of land declines (since in order to attract more home buyers they must drop the price of new housing). PP is the demand for land from producers (developers) of rental housing; again the demand curve is downward sloping. Owners of land have a fixed reservation rent equal to A, which can be thought of as its value in agricultural use. In a market where land is not taxed producers will compete and outbid each other until the rents they are prepared to pay for the last unit of land used are equal at R_0 . This equilibrium rent occurs at X, with OX (SX) land used by producers of owner occupied (rental) housing.

Suppose a flat tax t per unit of land is imposed on land used for rental housing but a tax exemption is granted to land that has been purchased for the construction of housing by home owners. This reduces the rent received by landowners (who formally pay the tax) from producers of rental housing by t , so they begin to lease more land to the developers of owner occupied housing until (after-tax) rents are equalized at X_1 . The pre-tax rents R_2 paid by developers of rental housing are higher and the amount of land used for production of rental housing shrinks from X to X_1 . Externalities and other causes of market failure can justify departures from a 'level playing field'. But it is difficult to understand what market failure justifies preferential tax treatment for land used for owner occupied housing.

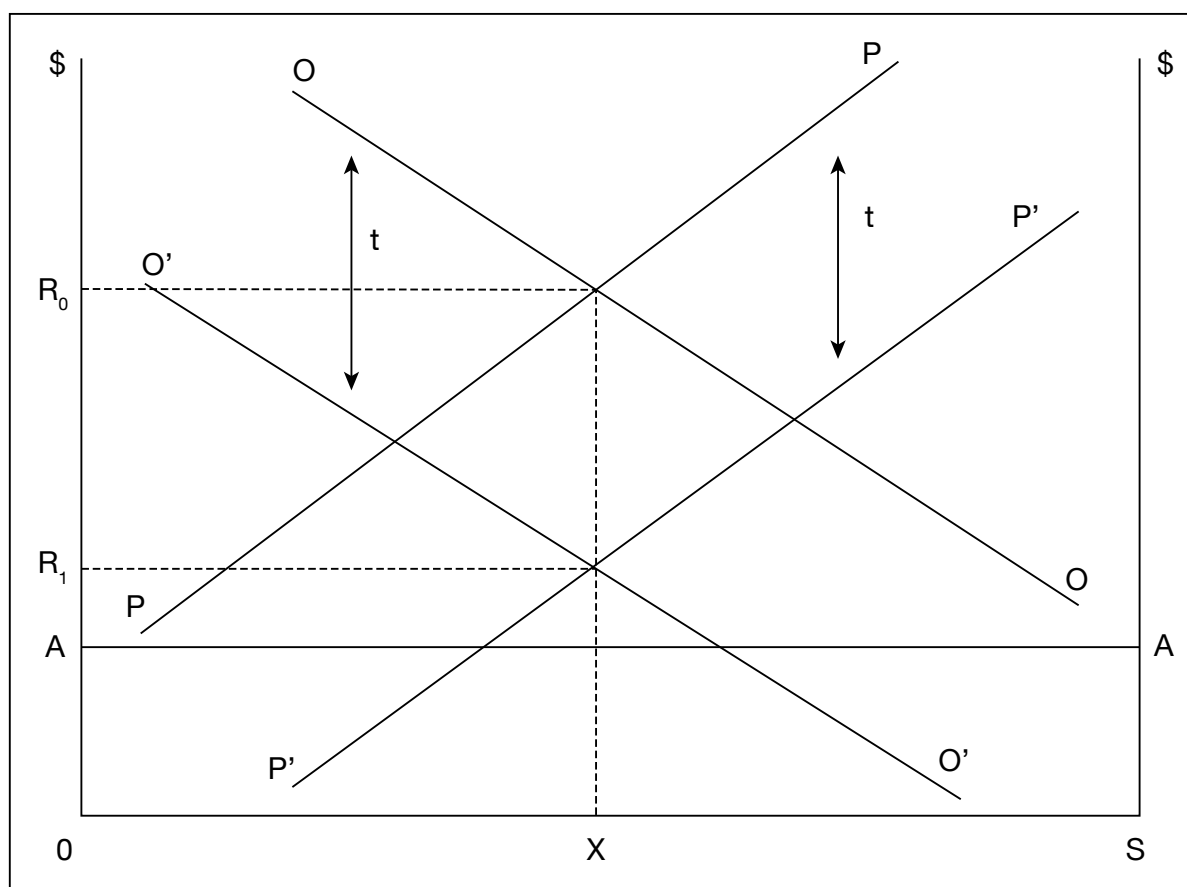
Figure 1: Land tax and housing markets



Current land tax arrangements will then harm the supply of affordable rental housing and inflate the rents tenants are obliged to pay for rental housing. But there will also be capitalisation impacts on land *prices*. In an efficient market with perfect foresight land prices will equal the net present value of the future stream of after-tax rents (see Henry Review 2009, p248-250 and Oates and Schwab 2009, p52-53). In the new equilibrium illustrated in Figure 1 the producers of owner occupied housing pay rents equal to R_1 ; the producers of rental housing pay higher pre-tax rents R_2 but the after-tax rents received by landowners are again R_1 . The post-tax equilibrium rents received by landowners are then lower than R_0 the pre-tax equilibrium rents. These lower rents will be capitalised into lower land prices.

A broad based land tax that is uniformly applied avoids the distortionary effects resulting from the current non-tenure neutral provisions, and leaves tenants unaffected according to the analysis taken up in figure 2. It assumes a flat per unit tax t applied uniformly to both land used for rental and owner occupied housing. The respective demand curves OO and PP shift downward by the amount t . As figure 2 demonstrates a parallel shift in both curves of distance t leaves the amount of land used by developers of rental and owner occupied housing unchanged, and the rents paid by developers are also unchanged. As both must pay the same tax, the rents they are willing to pay owners of land will stay the same *all else remaining constant*. A broad based tax is tenure neutral according to this static analysis. The tax burden is shifted to landowners who receive lower after-tax rents R_1 that will be capitalised into lower land prices. This is clearly an appealing outcome from the perspectives of all but landowners at the time the tax is introduced. Developers are unaffected because they continue to pay the same for land as before the tax, and if the industry is competitive, the entire tax will be shifted backward to landowners rather than forward to home buyers and tenants. As the after-tax rents received by landowners fall by t the price of land will fall by the discounted present value of the future stream of tax liabilities. There are potentially important implications for the affordability of rental housing. As compared to *present arrangements* (see figure 1) the supply of private rental housing expands (from $S-X_1$ to $S-X$) and the fall in pre-tax land rents (R_2 to R_0) will (if markets are competitive) be shifted forward, thereby lowering tenants' housing cost burdens.

Figure 2: A broad based land tax



The analysis presented in figures 1 and 2 allow us to draw the following conclusions regarding incidence and housing affordability. Removing stamp duties will lower the price of housing, and help relax home buyer borrowing constraints. Replacing current land tax arrangements by a broad based flat rate land tax will improve the supply of rental housing, and lower rent burdens thus easing housing affordability in a tenure that offers shelter services to many low income households. Home buyers will also find housing more affordable; though land tax liabilities offset the lower land and housing prices due to capitalisation effects, the removal of stamp duty will also reduce the price of housing, thereby providing a net affordability gain for home buyers. To these benefits we can add efficiency gains as stamp duties are an impediment to mobility and encourage an underutilisation of the housing stock. Furthermore, if land tax is applied uniformly at a flat rate, a more efficient pattern of land use will emerge, as compared to current arrangements which distort land use patterns in ways that have no compelling market failure rationale. Finally, a broad based land tax will speed development of vacant sites where developers' binding liquidity constraints prompt them to accelerate construction plans. To the extent that this effect is significant, a more compact urban form will be encouraged. However, owners of land (including home owners) at the time tax reforms are introduced will suffer capital losses, an issue that we return to when discussing transitional arrangements below. Finally, a broad

based land tax might prove to be the source of a more stable revenue stream than that currently generated by stamp duties.¹⁰

3 A Broad Based Land Tax

The theoretical analysis in section 2 imagines a setting where the housing stock is auctioned under different tax arrangements that can be instantaneously substituted. The incidence under these alternative arrangements is then compared as if we could conduct such an experiment. But the reality is that reform must be enacted in housing markets where existing home owners have already paid stamp duty on their property purchases. A proposal to replace stamp duty with a broad based land tax will (in the absence of transitional arrangements) impose an additional tax on *existing* home owners, who will also suffer a decline in land (and hence house) values.

It is then important to estimate the typical land tax liabilities (and decline in land values) that existing home owners would be asked to pay if the Henry Review proposals are introduced. In this section, we describe these land tax burdens, as hypothetically levied in Melbourne, one of Australia's largest cities, and compare the new tax burdens with liabilities under existing tax arrangements. We design a revenue neutral broad based land tax that would broadly align with the principles outlined under recommendations 51 to 54 of the Henry Review (see pages 261-262 above).

Our analysis is based on two key data sources. The first estimates the revenue foregone in Melbourne municipalities if stamp duties and the existing land tax regime were abolished. Using Victorian Office of Valuer-General data on 68,400 residential property sales transactions conducted in metropolitan Melbourne in 2006, we estimate that \$1.29 billion of tax revenue would be lost if stamp duty were abolished. According to the Commonwealth Grants Commission (2007), state-wide non-principal residential land generated \$279 million in land taxes in 2006. 77.5% of private rental dwellings in Victoria are located in Melbourne (based on 2006 data from the nationally representative Household, Income and Labour Dynamics in Australia Survey), suggesting a revenue loss of \$216 million due to abolition of the current land tax regime. The total revenue foregone would therefore be \$1.5 billion.

The second component of our analysis involves utilising 1,136,000 records from the Victorian Office of Valuer - General's valuations data to estimate land tax assessments on residential properties under the Henry Review's proposed reforms. The new land tax schedule is revenue neutral, i.e. land value thresholds are set so as to raise enough

10 The current narrow land tax base appears to generate a revenue stream that is just as volatile as that yielded by stamp duties. For example, Victorian annual land tax revenue between 1996-97 and 2010-11 ranged from a maximum of \$1,398 million to a low of \$325 million, with a coefficient of variation equal to 0.44. Victorian annual stamp duty revenue ranged from a maximum of \$3,910 million to a low of \$981 million, with a coefficient of variation equal to 0.43 over the same period (authors' calculations from the State Government of Victoria Department of Treasury and Finance 2011).

revenue to compensate for the loss of stamp duty and current land tax revenue. We assume that there are seven land tax brackets (as is the case under the current system), and the same distribution of land plots across brackets as there is now. A linear programming routine is used to solve for revenue neutral tax rates¹¹.

Table 1 presents the new land tax schedule. Column 1 details the land tax brackets based on the land value per m². There is a tax exemption below a land value per m² threshold of \$286.54¹². Column 2 lists the number of land plots in each of the land tax brackets. Column 3 shows how the marginal tax rates rise in a linear fashion from 0.9% to 1.4% in the top bracket. The top marginal rate cuts in once land values (per m²) reach \$5697.08. As we move up the tax brackets, the rates rise by 0.09 percentage points. Column 4 details the average annual land tax liability for each tax bracket. The overall average is \$1,458¹³. Column 5 shows the dollar value of revenue that would be generated from each tax bracket and column 6 the percentage of total revenue. Over 50% of landowners are in the second tax bracket and could expect to pay an average land tax liability of \$1,306 per annum. These tax liabilities account for 2.7% and 2.4% of the median household disposable income as computed for Melbourne households in 2006¹⁴.

More than half of revenue is generated from the second lowest tax bracket and 84% from the second and third lowest tax brackets. The revenue generated by each successively higher bracket quickly tails off. Under 2% of total tax revenue is raised in the highest bracket despite high average land values per m²; this is because there is a very small amount of land with such high values (approximately 17 hectares, or 0.02% of all assessable land).

11 The land tax estimates are based on assessments of unimproved land values.

12 All dollar values for tax thresholds and tax liabilities are at 2006 prices.

13 The land tax liability would be equivalent to \$2,164 in 2011 prices if indexed according to the Melbourne house price index movements produced by the Australian Bureau of Statistics.

14 The median Melbourne household income in 2006 is \$53,325, based on population weighted income estimates from the 2006 Household, Income and Labour Dynamics in Australia Survey.

Table 1: Proposed land tax schedule

Land tax bracket	Number of land plots	Marginal tax rate (%)	Average annual land tax (\$)	Aggregate revenue (\$ million)	% of aggregate revenue
Less than \$286.54	305,166	0.00%	\$0	\$0	0%
\$286.54 to less than \$974.45	593,904	0.92%	\$1,306	\$776	51%
\$974.45 to less than \$2000.22	104,152	1.01%	\$4,839	\$504	33%
\$2000.22 to less than \$3025.30	19,197	1.10%	\$6,600	\$127	8%
\$3025.30 to less than \$4145.28	6,907	1.19%	\$8,004	\$55	4%
\$4145.28 to less than \$5697.08	3,075	1.28%	\$9,367	\$29	2%
\$5697.08 and over	790	1.37%	\$20,342	\$16	1%
Total	1,033,191		\$1,458	\$1,507	100%

On considering the spatial impacts of this new land tax schedule we find the impact will vary across the city because of substantial variation in per m² land values that typically decline as distance from the CBD increases. In Table 2, we report land tax measures at progressively more distant 10 km concentric rings around the CBD. The table also describes typical stamp duty liabilities across the same concentric rings thereby giving a sense of how net tax burdens will change across the city. There is a radical change in spatial incidence with land tax burdens concentrated in the inner ring of business districts and suburbs. For example, almost half of the land tax revenue is raised from residential land plots within 10 km of the CBD, where land is most expensive (a mean value of \$1,335 per m²). But less than one third of stamp duty revenue is levied from property transactions within the same 10 km ring. On the other hand, the tax burden will be lower on the urban fringe where land is comparatively cheaper at around \$300 per m². Our findings show that the formal incidence of the broad-based land tax will be felt most keenly where pressure on land use is most acute. This is in part due to progressive marginal rates of land tax; land with higher per m² values attract a higher marginal rate of land tax. By recommending a progressive instead of flat rate schedule, the Henry Review recommendations could miss the opportunity to encourage a more compact urban form. Owners of land in the more expensive inner suburbs can sell up and buy land of equal value on the urban fringe thereby lowering their land tax liabilities. On the other hand, the higher land tax rates on expensive inner area vacant land might speed development as developers find liquidity constraints tightened by their higher land tax liabilities.

Table 2: Aggregate revenue from proposed land tax and stamp duty regimes, by distance from CBD (10km)

Distance to CBD (10km intervals)	Proposed land tax				Stamp duty			
	Aggregate revenue		Total land area (million m ²)	Mean land value (\$ per m ²)	Aggregate revenue		Number of transactions	Mean property price (\$'000)
	(\$ million)	(%)			(\$ million)	(%)		
0km < 10km	686	46%	89	1,335	302	29%	8,375	684
10km < 20km	572	38%	238	553	327	32%	14,194	459
20km < 30km	152	10%	179	377	173	17%	11,530	323
30km < 40km	34	2%	107	278	87	8%	7,217	272
40km < 50km	29	2%	65	309	73	7%	4,926	318
50km < 60km	12	1%	27	295	26	3%	1,811	312
60km < 70km	20	1%	36	310	35	3%	2,141	342
70km <	2	0.2%	3	318	2	0.2%	128	356
Total	1,507	100%	744	576	1,025 ^a	100%	50,322	414

Note: a. The aggregate amount of revenue generated by stamp duty (\$1.025 billion) is less than the amount generated by the proposed land tax schedule because approximately 25% of stamp duty transactions in the VG data could not be matched to their property characteristics in the Valuation data.

An important question is whether this increasingly unequal geographical distribution of the tax burden turns out to be more equitable because it requires better off communities to shoulder more of the tax burden. We have analysed the formal incidence of land tax and stamp duties across local government areas (LGAs). We find that per capita land taxes are much higher in LGAs where income per capita is correspondingly high¹⁵. The relationship is a strong one with a correlation coefficient (between per capita land tax and per capita income) exceeding 0.8. The better off communities will then pay more.

Turning now to the impact on land prices, as land is immobile and its supply fixed, existing landowners bear the burden of a broad-based land tax in the form of a reduction in land values (see figure 2). Assuming an infinite property life and a 2006 pattern of land taxes that remains constant in real terms, discounting the stream of land taxes to infinity at a suitably chosen real discount rate¹⁶ allows estimation of the decline in real land values as a result of the capitalisation of land taxes (see Henry Review 2009, p.248)¹⁷. The estimated fall in land values if taxes are fully passed on into lower land values is analysed spatially across the Melbourne metropolitan area.

We find that the average plot with a *land value* of \$335,000 (at 2006 prices) will decline by \$24,000, or approximately 5%. However, the expected decline in *land value* will be greatest in those suburbs in and around the CBD (at around 12%), where land is currently most expensive. The 12% reduction in average *land values* will make housing closest to the CBD, where jobs are still concentrated (see Tsutsumi, 2006), more affordable for those seeking to locate closer to employment opportunities in the city. However, in suburbs further away from the CBD, the percentage decline in mean *land value* will be lower. Within the 60-70km ring, the percentage decline in mean land value is only 3%. These estimates are conservative because they do not include estimates of the fall in land and house values that will eventuate due to the elimination of stamp duties. Their inclusion will mean that owner occupied housing is more affordable under the proposed reforms, since the aggregate fall in house prices will exceed the capitalised value of land tax payments.

15 Income estimates are taken from BITRE's (2007) estimates of 2004-05 taxable income per taxpayer, inflated to 2006 prices using the Consumer Price Index. Taxpayers are Federal income taxpayers. Land tax per taxpayer by LGA is derived by dividing each LGA's aggregate land tax revenue by the number of Federal income taxpayers in each LGA.

16 The Victorian state government recommends a real discount rate of 6% in economic appraisals (Department of Infrastructure, 2005).

17 Full capitalisation can be assumed under a flat rate land tax such as that analysed in figure 2. The estimates in table 3 should be regarded as a guide to impacts on land values since the Henry Review recommends a progressive rate structure. The broad based land tax will not be neutral when applied non-uniformly. This is because land holders in inner suburbs where land is expensive can sell up and buy land of exactly the same land value in cheaper outer suburbs but with lower land tax burdens. With a flat rate tax reinvestment of land sale proceeds in the purchase of land in cheaper suburbs leaves land tax burdens unchanged.

Table 3: Reduction in mean land values due to the proposed land tax, by distance from CBD (10km ring)

Distance from CBD (10km ring)	Mean Assessed Land Value \$	Mean Reduction in Land Value due to Capitalisation \$	% Decrease in Mean Land Value after Capitalisation
0km < 10km	551,099	65,657.80	12%
10km < 20km	365,163	27,411.82	8%
20km < 30km	257,852	10,561.33	4%
30km < 40km	196,434	4,322.37	2%
40km < 50km	245,891	6,686.88	3%
50km < 60km	238,185	6,977.59	3%
60km < 70km	271,739	8,940.75	3%
≥ 70km	319,904	14,681.14	5%
Total	334,877	24,311.09	5%

4 The Tax Forum and the Politics of Property Tax Reform

It is undoubtedly a marker of significant progress in national housing policy debate that the issue of housing affordability was prominent throughout the Tax Forum. Only four years ago, in a national policy forum on housing affordability, discussion of tax reform was at best marginal, at worst ‘radical’ – a fringe topic. That the national Tax Forum highlighted the importance of tax reform for housing affordability is significant. That speakers from a diverse range of sectoral interests recognised the benefits of such reforms, suggests that not only are these tax reforms on the agenda but with some State Treasurers present at the Tax Forum acknowledging the benefits of these reforms, there is some likelihood of this agenda being advanced, providing the right set of transitional arrangements can be agreed.

The logic would seem inescapable. If Australia seeks:

- i. downward pressure upon house prices;
- ii. faster redevelopment of old industrial sites;
- iii. easier entry to home ownership for first home buyers;
- iv. increased supply of private rental accommodation;
- v. a reduction in the number of taxes (by one), and;
- vi. removal of a barrier to labour mobility;

then it would remove stamp duties on residential property transactions whilst extending land tax to owner occupiers and applying it on a per property basis.

What might bring the opportunity for reform closer still is a set of transitional arrangements that ‘smooth the path’ for potential losers. As much as the main ‘winners’ of these reforms are those currently unable to afford home ownership and tenants paying rents higher than necessary, key amongst the ‘losers’ are existing home owners. Not only do these reforms place downward pressure on house prices, we estimate an average 5% decline in land values (see page 271), but if the proposed reforms were introduced overnight existing home owners would likely decry the impost of an annual land tax on their property (estimated to be on average \$1458), having already paid a stamp duty at the time of purchase. This is particularly important for elderly home owners whose retirement incomes are insufficient to meet land tax payments, and/or plan to release housing equity to fund post-retirement living standards.

How might this be addressed? If properties were moved from the current stamp duty regime to the new land tax regime as they were sold, then no current home owner would pay land tax on a property for which they had already paid stamp duty.¹⁸ Since no stamp duty is paid on that next purchase current home owners would have an upfront transaction tax replaced by a recurrent annual tax when they next purchase. The timing of that substitution would be at the discretion of current home owners; our modelling indicates that the typical homeowner will on moving begin paying an average annual land tax of \$1458 *instead of* an average up-front stamp duty of \$18,900 (at 2006 prices). One might argue that this discretionary substitution will adversely affect mobility because current home owners can defer paying land taxes by not moving. However, under current tax arrangements, home owners can avoid stamp duty by not moving. So the proposed transitional arrangements that remove upfront stamp duty on the next purchase and then replace it by an annual land tax, should at least be neutral with respect to residential mobility. After all, instead of paying a high upfront charge, home buyers are instead spreading this out over their term of ownership.

Table 4 below sheds some light on how quickly a broad based land tax could be introduced *for existing owner occupied housing* under such transition arrangements. It shows the number of Australian homeowners in 2001 who moved house subsequently through to 2009. Under the proposed transitional arrangements as each property is sold it would then be included in the new land tax base. It shows that nearly 30% of the 2001 stock of owner occupied housing becomes subject to land tax by 2009.

Existing owner occupied housing is of course only part of the housing stock. There is also privately rented housing on which landlords are already paying land tax but under the existing land tax schedule. If the same transition arrangements apply then landlord owned properties would also transition into the new land tax base when they are next sold. The speed of transition on this part of the stock is likely to be faster. We estimate that one in four landlords holding a rental property between 2001 and 2006 sold their rental property within one year of first being observed as a rental investor

18 Those transitioning from renting into home ownership also begin paying land tax once they make their purchase.

(see Wood and Ong, 2010). A further consideration is newly constructed housing. If it transitions into the reformed tax base on purchase by home buyers (or investors) then all new additions to the housing stock automatically form part of the new tax base, and this will aid introduction of the new arrangements.

Table 4

Year <i>y</i>	Homeowners in 2001 who moved for the first time in year <i>y</i>	
	Number (population weighted)	%
2002	325,737	5.8
2003	357,133	6.1
2004	273,864	4.5
2005	213,356	3.4
2006	195,063	3.1
2007	169,344	2.6
2008	140,997	2.1
2009	119,143	1.8
All	1,794,636	29.4

Source: Authors' own calculations from the 2001-2009 HILDA Survey

Note: The unit of analysis is the person. Ideally we would want to track households / dwellings over time but we are unable to do that in HILDA. HILDA does not contain a unique household ID or dwelling ID that is the same across waves.

The transition of the housing stock onto a new land tax regime will clearly be a gradual one taking a number of years. A significant advantage of such gradual transition arrangements is that they would guard against the possible disruption in land and housing markets that might be triggered by the 'overnight' replacement of stamp duty by a broad based land tax. The importance of avoiding disruption to housing and land markets in a country where the national 'dream' is home ownership hardly needs stating. The fact that over two thirds of households are home owners and that home ownership comprises such a significant part of household wealth means that there is considerable merit in transition arrangements that allow for an orderly progression over time, at a pace controlled by home owners themselves.

However, a potential disadvantage of the gradual transition arrangements for state governments is the shortfall in their revenue stream through the transition period. The more gradual the transition to a broad based land tax, the greater the shortfall in tax revenue to a state government in the interim. Given the importance of stamp duty as a source of revenue for state governments, it would be unreasonable to expect them to simply forego such revenue.

In a Federation where taxation powers and service provision are shared across levels of government, the community expects our governments to act in concert on tax reform matters. Notions of separate 'Commonwealth taxes' or 'State taxes' that are

their business alone to reform hold little sway, particularly when the majority of tax revenues go to the Federal Government. There has to be negotiation and co-operation across governments when it comes to tax reform, and there is clearly a role for the Federal Government to assist in meeting the revenue shortfall that state governments would experience in a gradual transition to a broad based land tax. Emerging from the Tax Forum is a state tax reform plan to be developed by Treasurers Baird and Fraser through the Council of Australia Federation and, subject to agreement, to then be discussed by the Council of Australian Governments. Whilst the Federal Treasurer has indicated the Commonwealth is not in a position to fund state tax reform through increases to the GST or a state income tax, this should not prevent funding by the Commonwealth of time-limited, transitional funds. Such expenditure will do far more to improve housing affordability than the billions of dollars that have been spent on programs such as first home owner grants.

Moreover, this particular tax reform package offers both equity and efficiency gains; and this is uncommon. The reform package is one of the few opportunities where more efficient operation of housing and land markets can be achieved, while at the same time improving housing affordability for future generations of Australians, and in particular low income Australians. These are objectives consistent with Federal and State government policy objectives as expressed by their joint National Affordable Housing Agreement. Failure to act on these issues will make it more difficult for Australians to achieve the 'great Australian dream' of home ownership. The reform package is an opportunity for the current generation of Australians to bequeath to future generations a housing system with improved levels of affordability.

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The rise and rise of tax compliance costs for the small business sector in Australia[†]

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Abstract

This paper presents the results of a survey that has collected fresh data about the compliance burden imposed by the tax system upon small business taxpayers in Australia. The study is one part of an international research project which is evaluating and comparing tax compliance costs affecting the small business sector across four countries. In addition to the measurement and analysis of tax compliance costs, the study seeks to differentiate tax compliance activities from core accounting activities in order to identify the managerial benefits of tax compliance that may compensate taxpayers for some of the compliance costs. It also investigates whether various small business concessional regimes are achieving their objective of relieving some of the effects of the compliance burden.

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A web based questionnaire was used in late 2010 to collect responses drawn from a database of small businesses in all states and territories that advertised on the internet. The results show that the average cost of complying with all taxes during the 2009/10 income tax year was around \$28,000, representing a significant increase in real dollar terms, and in relative terms, since Australian business tax compliance costs were analysed by Evans et al and by Pope et al in the 1990s. The Goods and Services Tax (introduced in 2000) was found to be the most time consuming of all taxes, which would explain some, but not all of the increase in compliance costs. Other factors are explored.

While complying with tax obligations was a very important reason for keeping accounting records, information from these records was also used for internal management and internal reporting purposes. A majority of respondents to the survey believed that keeping tax records might have some benefits for their business as it was an incentive to maintain a computerised accounting system producing high quality accounting information. Finally, the results cast some doubt as to whether small business tax concessions fulfil their objective of alleviating the impact of the tax compliance burden. Respondents seemed to be unaware of the eligibility rules for the various concessions, which could explain the low take-up rates. This apparent indifference was compounded by a perception that most small business tax concessions were too complex and not worth the effort.

1 Introduction

Modern taxation systems have the capacity to impose a heavy burden on taxpayers, and particularly on taxpayers in the small business sector. As has been noted before,¹ that burden typically consists of three elements. In the first place there are the taxes themselves, whether they are taxes on the profits, the products or the employees. Secondly, there are the efficiency costs (variously referred to as deadweight losses or excess burden), involving tax-induced market distortions. And finally there are the operating costs of the tax system: the costs to the government (ultimately borne by taxpayers) of administering and collecting the taxes (usually referred to as administrative costs), and the costs expended by taxpayers in complying (or sometimes not complying) with their tax obligations (usually referred to as compliance costs).

There is ample evidence that the tax compliance costs are significant for small business taxpayers in most Organisation for Economic Cooperation and Development (OECD) tax jurisdictions. Previous research in the area has shown that they are high for this sector in absolute terms and relative to the size of the business, whether measured by

1 C Evans, 'Taxation compliance and administrative costs: An overview' in M Lang et al (eds), *Tax compliance costs for companies in an enlarged European Community* (2008) 447.

reference to turnover, income, number of employees or any other proxy. The research also shows that those compliance costs do not appear to be diminishing over time.²

This paper reports on a small scale survey which was undertaken with the purpose of collecting fresh data that would allow an assessment of the current tax compliance burden affecting small businesses in Australia. The research was conducted within the context of an international comparative study involving similar surveys of small businesses across four different countries.³

The burden of tax compliance experienced by small businesses is greatly affected by the structure of the tax system (including the nature of tax obligations to which the business taxpayer is exposed) and the complexity of legislation. The compliance burden may also be influenced by the availability of simplified tax regimes for the small business sector. The comparison of tax compliance costs incurred by small businesses across jurisdictions with different tax systems was designed to allow further empirical testing of these propositions.

The assessment of the tax compliance burden requires the identification and estimation of typical internal and external costs incurred while carrying on various tax related activities. Since some tax compliance activities are often overlapping with core accounting activities, the research also attempted to disentangle the two types of costs by identifying time spent on these separate functions.

Gross tax compliance costs incurred by business taxpayers may be partly offset by tax compliance benefits, particularly managerial benefits. In an attempt to evaluate the net impact of the tax compliance burden, the survey sought to collect further evidence about these managerial benefits. Finally, this study examined whether small business tax concessions fulfilled their stated objective to alleviate the tax compliance burden.

The remainder of this paper is structured as follows. After a brief review of the extant literature (Section 2), Section 3 describes the implementation of the survey and discusses a number of conceptual issues relating to the measurement of tax compliance costs. Results are presented and analysed in Section 4, while the salient outcomes of the research and their implication are discussed in Section 5.

2 C Evans, 'Taxation compliance and administrative costs: An overview' in M Lang et al (eds), *Tax compliance costs for companies in an enlarged European Community* (2008) 447.

3 Apart from Australia, the other countries included in this comparative study were the United Kingdom (UK), Canada and South Africa. A paper presenting the outcomes of the comparative study is being presented at the Tax Research Network Conference, London, September 2012.

2 Literature review

2.1 Significance and regressivity of tax compliance costs for business taxpayers

The costs of complying with tax obligations have generated widespread interest among academics, government policy makers and business organisations. Contemporary research in the area was pioneered by Sandford who examined the cost of complying with Valued Added Tax (VAT) and other taxes for taxpayers in the United Kingdom (UK) in the 1970s and 1980s.⁴ Further empirical research of tax compliance costs has been undertaken in many OECD and non-OECD countries since Sandford's seminal work.⁵ In Australia, the costs of tax compliance of business taxpayers have been examined in a number of studies including work by Pope⁶, Evans et al⁷ and McKerchar et al.⁸

As noted above, the overall findings from this body of research suggest that tax compliance costs are large and fall disproportionately on small business taxpayers. The growing complexity of tax systems, the introduction of VAT or Goods and Services Tax (GST) legislative regimes (generally associated with high compliance costs) and the increased emphasis placed on self-compliance and self-assessment are among the reasons generally put forward to explain the increasing interest in tax compliance costs research.⁹

Tax compliance costs have been defined by Sandford as “[t]he costs incurred by taxpayers in meeting the requirements laid on them by the tax law and the revenue authorities [...]”.¹⁰ Most published research adheres to the convention established by Sandford and distinguishes between *gross* compliance costs and *net* compliance costs.¹¹ Net compliance costs are defined as the gross compliance costs less tax compliance benefits which include tax deductibility benefits, cash flow benefits, and managerial benefits. Tax deductibility benefits result from the fact that business taxpayers are

4 C Sandford, M Godwin and P Hardwick, *Administrative and compliance costs of taxation* (1989), Fiscal Publications, Bath.

5 For a complete review of studies on tax compliance costs see C Evans, ‘Taxation compliance and administrative costs: An overview’ in M Lang et al (eds), *Tax compliance costs for companies in an enlarged European Community* (2008) 447.

6 J Pope, ‘The compliance costs of major taxes in Australia’ in C Sandford (ed), *Tax compliance costs measurement and policy* (1995) 101.

7 C Evans, K Ritchie, B Tran-Nam and M Walpole, ‘A report into the incremental costs of taxpayer compliance’ (Australian Taxation Office, 1996).

8 M McKerchar, H Hodgson and M Walpole, ‘Scoping study of small business compliance costs: Report to the Board of Taxation’ (ATAX, UNSW, 2006).

9 C Sandford, ‘Improving the methodologies’ in C Sandford (ed), *Tax compliance costs measurement and policy* (1995) 375.

10 C Sandford, M Godwin and P Hardwick, *Administrative and compliance costs of taxation* (1989), 22.

11 C Sandford, M Godwin and P Hardwick, *Administrative and compliance costs of taxation* (1989), 13-14.

entitled to tax deductions for some of the compliance costs they incur.¹² Cash flow benefits arise because of the difference between the time when the tax is collected by the taxpayer and the time when it is actually handed over to the tax authorities.¹³ Managerial benefits may be derived by the taxpayers, in particular business taxpayers, where the more stringent record keeping requirements imposed by tax compliance result in the production of managerial accounting information available for decision making and other business purposes.¹⁴

Findings from the survey by Evans et al in 1995 show that average gross compliance costs per business taxpayer were \$5,356,¹⁵ while the net compliance costs (after deduction of tax deductibility benefits and cash flow benefits) were estimated at \$2,806.¹⁶ The regressivity of tax compliance costs becomes evident when tax compliance costs are compared to annual turnover. The average gross compliance costs per \$1,000 of turnover were \$1.84 for large businesses, \$1.74 for medium businesses, but \$34.13 for small businesses.¹⁷ Net compliance costs after deduction of tax deductibility and cash flow benefits represented \$0.98 per \$1,000 of turnover for medium businesses and \$24.71 for small businesses. Large businesses had negative net compliance costs of -\$0.60 per \$1,000 of turnover.¹⁸ In other words, in Australia in the mid 1990s large businesses were able to offset all of their compliance costs against the benefits derived from being able to deduct most of those costs for tax purposes together with the benefits derived from deferred payments owed to the government, including withheld Pay As You Earn and other withholding taxes.

While Evans et al measured the aggregate cost of complying with all federal taxes, a series of studies led by Pope investigated the cost of complying with specific taxes. On average, tax compliance costs for every \$100 of tax revenue raised were \$9.15 for personal income tax, \$22.93 for corporate income tax and \$10.62 for Fringe Benefits

12 B Tran-Nam, C Evans, K Ritchie and M Walpole, 'Tax compliance costs: Research methodology and empirical evidence from Australia' (2000) 53(2) *National Tax Journal* 229, 233.

13 B Tran-Nam, C Evans, K Ritchie and M Walpole, 'Tax compliance costs: Research methodology and empirical evidence from Australia' (2000) 53(2) *National Tax Journal* 229, 232.

14 C Sandford, M Godwin and P Hardwick, *Administrative and compliance costs of taxation* (1989), 89. P Lignier, 'A silver lining in the tax compliance cloud? A study of the managerial benefits of tax compliance in small business' in M McKerchar and M Walpole (eds), *Further global challenges in tax administration* (2006) 415, 416.

15 2010 Australian dollar values. Unless otherwise indicated, all dollar amounts in this paper are expressed in Australian dollars in 2010 current values.

16 C Evans, K Ritchie, B Tran-Nam and M Walpole, 'A report into taxpayer costs of compliance' (Australian Taxation Office, 1997), 53.

17 C Evans, K Ritchie, B Tran-Nam and M Walpole, 'A report into taxpayer costs of compliance' (Australian Taxation Office, 1997), 79. The definition of small, medium and large business adopted by Evans et al used the ATO classification at the time based on annual turnover: small businesses annual turnover less than \$100,000; medium business annual turnover \$100,000-\$9.99 million; large business annual turnover \$10 million and above.

18 C Evans, K Ritchie, B Tran-Nam and M Walpole, 'A report into taxpayer costs of compliance' (Australian Taxation Office, 1997), 81.

Tax (FBT).¹⁹ Pope also found that the burden of compliance was proportionally greater upon small businesses where compliance costs represented \$16.70 for every \$100 of tax revenue for employer's PAYE and \$42.10 for FBT.²⁰

2.2 Managerial benefits and the tax/accounting overlap

Sandford contended that business taxpayers could be deriving managerial benefits, as compliance with the tax system will force business owners to introduce more efficient financial information systems.²¹ The concept of managerial benefit was further expanded by Tran-Nam who argued that the need to have more stringent record keeping imposed by tax laws would result in improved decision making, particularly for small business taxpayers.²²

While the concept of managerial benefit is relatively straightforward, problems arise while attempting to identify and quantify these benefits. The difficulty in identifying managerial benefits is largely linked to the accounting/tax overlap problem: many accounting and record keeping functions within the businesses are performed for the joint purpose of preparing managerial information and meeting tax compliance requirements.²³ The disentanglement dilemma of how to allocate common costs between the two functions has been discussed in the literature, including in work by Johnston, Yocum, Sandford and Allers.²⁴ Sandford advocated the use of an incidental approach to resolve this problem: the costs of core accounting functions that would have been incurred regardless of taxation should be excluded from tax compliance costs; on the other hand, any incremental costs of the accounting function generated by tax compliance should count as tax compliance costs.²⁵

The second aspect of the disentanglement problem relates to the perception that taxpayers have of compliance costs. At one extreme, taxpayers may regard all the costs involved in keeping records and preparing accounts as tax compliance costs because taxation is the only reason they recognise for performing these activities. In this situation, any use of the information for a purpose other than tax compliance should

19 J Pope, 'The compliance costs of major taxes in Australia' in C Sandford (ed), *Tax compliance costs measurement and policy* (1995) 101, 103.

20 J Pope, 'The compliance costs of major taxes in Australia' in C Sandford (ed), *Tax compliance costs measurement and policy* (1995), 105.

21 C Sandford, M Godwin and P Hardwick, *Administrative and compliance costs of taxation* (1989), 13.

22 B Tran-Nam, 'Tax compliance costs methodology - a research agenda for the future' in C Evans, J Pope and J Hasseldine (eds), *Tax compliance costs: A Festschrift for Cedric Sandford* (2001) 51, 51.

23 B Tran-Nam, 'Tax compliance costs methodology - a research agenda for the future' in C Evans, J Pope and J Hasseldine (eds), *Tax compliance costs: A Festschrift for Cedric Sandford* (2001) 51, 55.

24 M Allers, *Administrative and compliance costs of taxation and public transfers in the Netherlands* (1994); K. S. Johnston, 'Corporations' federal income tax compliance costs' (Ohio State University, 1963); C Sandford, 'Improving the methodologies' in C Sandford (ed), *Tax compliance costs measurement and policy* (1995) 375; J Yocum, *Retailers' costs of sales tax collection in Ohio* (1961).

25 C Sandford, 'Improving the methodologies' in C Sandford (ed), *Tax compliance costs measurement and policy* (1995), 396.

be regarded as an offset to compliance costs in the form of a managerial benefit. At the other extreme, tax record keeping may be described as no more than a by-product of an ordinary accounting function.²⁶

Sandford's approach to the managerial benefits valuation problem was based on subjective valuation by taxpayers who were deriving such benefits.²⁷ This method was adopted by the National Audit Office (UK) when estimating the managerial benefits of complying with VAT for British business taxpayers.²⁸ According to that study, the value of managerial benefits ranged from nine per cent of gross compliance costs for large businesses (turnover over £500,000) to 28 per cent of gross compliance costs for micro-businesses (turnover £19,000 and under).

Lignier, who investigated the managerial benefits derived by Australian small businesses, estimated these benefits on the basis of the perceived value of the accounting information obtained while keeping records for tax purposes.²⁹ More than 75 per cent of small business taxpayers in that study attributed a positive value to managerial benefits, with an average amount of just over \$2,000 per year.³⁰

2.3 Effectiveness of small business tax concessions in alleviating the tax compliance burden

An often stated rationale for the adoption of specific small business tax regimes is that small businesses face inherent disadvantages. The primary disadvantage is that the costs of complying with tax and other regulatory burdens fall disproportionately on small businesses with fewer staff and less expertise and time to deal with multiple and changing rules.³¹ In view of this argument, but also because of the political power of the small business lobby, small business has long enjoyed favourable tax policy treatment.³²

The special tax provisions for small business fall into two main categories: positive concessions that provide a lower rate of taxation, an exemption or an accelerated deduction; and relieving concessions that excuse the taxpayer from requirements

26 B Tran-Nam, 'Tax compliance costs methodology - a research agenda for the future' in C Evans, J Pope and J Hasseldine (eds), *Tax compliance costs: A Festschrift for Cedric Sandford* (2001) 51, 57.

27 C Sandford, M Godwin, P Hardwick and M Butterworth, *Costs and benefits of VAT* (1981), 91.

28 National Audit Office, 'HM Customs and Excise: Cost to business of complying with VAT requirements' (Her Majesty's Stationery Office, 1994), 20.

29 P Lignier, 'The managerial benefits of tax compliance: An empirical study of small businesses in regional Australia' in M Walpole and C Evans (eds), *Tax administration: Safe harbours and new horizons* (2008) 349.

30 P Lignier, 'Measuring the managerial benefits of tax compliance: A fresh approach' (2009) 24(2) *Australian Tax Forum* 117, 145.

31 J Freedman, 'Reforming the business tax system: Does size matter? Fundamental issues in small business taxation' in C Evans and R Keever (eds), *Australian business tax reform in prospect and retrospect* (2009), 173.

32 J Pope, 'Small business taxation: An evaluation of the role of special treatment policies' (2008) 10(2) *The Business Review, Cambridge* 14, 14.

otherwise imposed.³³ While the first category of provisions can be expected to have some impact on the tax burden, it is the second category that is expected to have the more significant impact on the compliance costs of small businesses. Among such relieving provisions, one can distinguish between registration thresholds (for instance the GST \$75,000 annual turnover threshold), simplified accounting rules (for instance GST cash accounting or the simplified depreciation regime) and time related concessions (for example, those related to the timing of submission of annual GST returns).³⁴

The rationale for enacting special small business tax regimes has been challenged in the literature, mainly on the ground that these regimes may not meet their goal of correcting a market failure and achieving economic efficiency.³⁵ Slemrod also contends that special tax treatment may not be warranted as greater non-compliance and tax evasion in the small business sector compared to employees could actually offset their regressive compliance burden.³⁶ More importantly, attempts to reduce compliance costs may result in the creation of complexities. This is not only because of the proliferation of thresholds, but also because of the introduction of anti-avoidance or integrity provisions which often accompany concessional regimes.³⁷ An adverse consequence of the introduction of “simplification” schemes could be the increased need for small businesses to get professional advice before using the reliefs.³⁸

The Simplified Tax System (STS) introduced in Australia in the early 2000s seems to be one example of small business tax reform which fell into the complex deregulation trap. The subsequent repeal of the system³⁹ was mainly attributed to the fact that the measures were complex and poorly designed and therefore imposed further compliance costs on the taxpayers they were designed to assist.⁴⁰

33 G Payne, ‘Problems with tax concessions for Australian SMEs’ in N Warren (ed), *Taxing small business: Developing good tax policies* (2003) 83, 87.

34 J Pope, ‘Small business taxation: An evaluation of the role of special treatment policies’ (2008) 10(2) *The Business Review, Cambridge* 14, 17.

35 J Freedman, ‘Reforming the business tax system: Does size matter? Fundamental issues in small business taxation’ in C Evans and R Kever (eds), *Australian business tax reform in prospect and retrospect* (2009), 18.

36 J Slemrod, ‘Small business and the tax system’ in H Aaron and J Slemrod (eds), *The crisis in tax administration* (2004), 69.

37 J Freedman, ‘Why taxing the micro-business is not that simple: A cautionary tale from the ‘old world’ (2006) 2 *Journal of the Australasian Tax Teachers Association* 58, 59.

38 J Freedman, ‘Reforming the business tax system: Does size matter? Fundamental issues in small business taxation’ in C Evans and R Kever (eds), *Australian business tax reform in prospect and retrospect* (2009), 22.

39 STS was replaced in 2007 by the Small Business Framework following the report of the Banks Review in 2006.

40 M Dirkis and B Bondfield, ‘Small business: The first casualty of tax reform compliance costs’ (Taxation Institute of Australia, 2004), 41.

3 Methodology

3.1 Methodological issues

In consideration of the fact that this study is one part of an international comparative research project undertaken across four different countries, specific methodological issues needed to be addressed prior to the implementation of the research strategy. The issues concerned the definitional criteria of small business to be used for this study; the identification of the population to be studied in each jurisdiction; the taxes to be covered; and the measurement approach for tax compliance costs and benefits.

3.1.1 Definition of small businesses

As there is no universally accepted definition of small business, comparisons between small businesses across different countries presented the additional problem of various thresholds being used by the legislative provisions in different regimes. Whilst a valid comparative analysis would mandate the adoption of a common definition, the selection process for this research also had to reflect the varying criteria defining a “small business” in each jurisdiction. Two broad scoping thresholds (lower and upper) were initially considered to be particularly important as they were expected to directly impact on tax compliance activities and hence on tax compliance costs.

One potentially critical lower threshold is the minimum annual turnover under which businesses are theoretically exempt from a VAT or GST and therefore do not have to comply with the onerous reporting obligations imposed by this type of tax. There is some evidence to suggest, however, that a significant proportion of entities under the VAT/GST annual turnover amount still choose to register for the tax.⁴¹ In view of this, the adoption of a lower selection threshold appeared somewhat irrelevant for defining the scope of this research.⁴²

It was believed that the upper threshold should broadly reflect the eligibility criteria for the various simplification regimes set out by taxation and corporation laws even where these limits varied significantly between jurisdictions. As a result, the common “50 or less full-time employees equivalent” was adopted as a general measure of what constitutes a small business, even though in Australia a small business entity for tax purposes is generally defined as an entity with an annual turnover under \$2 million.⁴³

41 A J Weichenrieder, ‘Survey on the taxation of small and medium-sized enterprises’ (OECD, 2007), 13.

42 Note that some empirical evidence suggests that in the UK the combination of a high registration threshold (£77,000 in 2012) and a high standard VAT rate (20 per cent at the time of writing) may act to restrain the growth and development of small firms, with a significant proportion of non-registered businesses stating that they intentionally forego growth to avoid registration. See, for example, F Chittenden, S Kauser and P Poutziouris, ‘Tax regulation and small business in the USA, UK, Australia and New Zealand’ (2003), *International Small Business Journal*, 21 (1), 93, 99.

43 Section 328-10 of the Income Tax Assessment Act 1997 (Cth) (ITAA97).

3.1.2 Population and taxes studied

As the research project focused on the costs of complying with federal tax legislation, it was decided to survey a sample of entities from all States and Territories of Australia and to cover the compliance costs of federal taxes to which small businesses are routinely exposed. These included GST obligations, personal income tax for self-employed individuals and partnerships, corporate tax for companies and payroll-related taxes and levies imposed at the federal level. State imposed taxes (such as stamp duty and payroll tax), taxes that affect specific activities or products (such as Wine Equalization Tax, Fuel Excise) were excluded from the study. Although compliance costs associated with those taxes may be significant, they typically affect different categories of small businesses differently, depending on their national trading profile.

3.1.3 Measurement of compliance time

Measurement of compliance time was based on time spent on various tax related activities reported by survey respondents for the 2009/10 financial year (1 July 2009 to 30 June 2010). The questionnaire required respondents to report *annual* hours. There are disadvantages and advantages in collecting annual time rather than monthly or quarterly time. Recurrent tax compliance activities are typically performed on a regular basis with different periodicities. For instance, record keeping may be carried out on a monthly cycle, Business Activity Statements (BAS) completed on a quarterly cycle, but other tasks relating to income tax returns preparation, Fringe Benefits Tax calculation (with a 31 March year end) or tax planning activities will generally be performed once a year. Consequently, respondents may well recall the number of hours they spent each month on record keeping, each quarter on completing their BAS etc. However, collecting data for different taxes with different reporting cycles would have made the questionnaire extremely complex and could have resulted in a lower response rate and presented a potential threat to the validity of the data.

The solution adopted by Evans et al to this problem was to ask respondents to provide a monthly average where the activity was not performed every month.⁴⁴ The advantage of this approach is that since many recurrent tasks are typically performed on a monthly basis, taxpayers generally had a clear recollection of the time they spent on these activities. However, for tax activities with a longer cycle, the number of hours needs to be averaged over the corresponding number of months. For the purposes of this research project, it was decided to collect annual hours for all tax compliance activities as it was believed that it would be easier for respondents to report and calculate annualised times (by multiplying instead of dividing) and that the risk of getting poor quality data would therefore be minimised.

Time data was collected using a matrix format where columns represented different taxes and rows different tax activities.⁴⁵ Respondents were asked to leave a cell “blank”

44 C Evans, K Ritchie, B Tran-Nam and M Walpole, ‘A report into the incremental costs of taxpayer compliance’ (Australian Taxation Office, 1996), Appendix 2-9.

45 Tax compliance time data was collected by Question 12. See Appendix A.

if they did not spend any time on a particular activity for a particular tax, despite Sandford's position that where no time is spent on the tax, the answer should be counted as "zero".⁴⁶ Previous experience with data collection suggests that some respondents would still leave cells blank even when asked to enter "zero", making it impossible to differentiate between a blank cell meaning "zero" time spent on the activity and a cell left blank because the respondent had either skipped the question or could not recall the time. In view of this experience, the researchers agreed that where respondents had answered a question collecting data about internal time, a blank cell would be interpreted as meaning that "zero" time was spent on the particular tax activity.

3.2 Survey design and implementation

The survey was administered electronically. Potential respondents were contacted by e-mail and referred to a survey web page by clicking on an embedded URL link. The main advantage offered by electronic surveys is that they are a much quicker and a much cheaper way to access a large sample dispersed over a wide geographical area.⁴⁷ The other significant advantage lies in the cost savings associated with eliminating the printing and mailing of the survey instrument, as well as time and cost savings of receiving the survey data in electronic format.⁴⁸

The main disadvantage is that internet coverage is not universal and that, in populations with access to the internet, the response rate is lower than with other survey methods.⁴⁹ Another possible problem associated with internet surveys is the possibility that emails may be treated as junk email or spam by potential respondents.⁵⁰ In the case of small business entities, the problem of coverage is less salient than for other populations as an overwhelming majority of small businesses currently have access to the internet.⁵¹ Internet security issues can be resolved by the use of opt-in email lists.

Comparisons of response rates show that email surveys generally deliver lower response rates than mail surveys.⁵² This is particularly the case where the population

46 C Sandford, 'Improving the methodologies' in C Sandford (ed), *Tax compliance costs measurement and policy* (1995) 375, 396.

47 C Sandford, 'Improving the methodologies' in C Sandford (ed), *Tax compliance costs measurement and policy* (1995) 375, 396.

48 M Kaplowitz, T Hadlock and R Levine, 'A comparison of web and mail survey responses' (2004) 68(1) *Public Opinion Quarterly* 94, 94.

49 M Kaplowitz, T Hadlock and R Levine, 'A comparison of web and mail survey responses' (2004) 68(1) *Public Opinion Quarterly* 94, 94.

50 M Kaplowitz, T Hadlock and R Levine, 'A comparison of web and mail survey responses' (2004) 68(1) *Public Opinion Quarterly* 94, 95.

51 A survey by industry Canada reveals that 85% of small businesses in Canada had access to the internet in 2007. Industry Canada, *Key small business statistics - January 2009* (2009) Industry Canada <<http://www.ic.gc.ca/eic/site/sbrp-rppe.nsf/eng/rd02357.html>> at 5/8/2009.

52 Tse-Hua Shih and Xitao Fan, 'Comparing response rates from web and mail surveys: A meta-analysis' (2008) (20) *Field Methods* 249.

studied is a population of professionals.⁵³ However, combining email broadcast with other modes of communication such as follow-up phone calls and mail reminders (mixed mode surveys) usually increases the response rate.⁵⁴

The electronic survey tool used for this survey was Lime Survey, an open source survey application which was professionally customised for the purpose of this research. Invitations to participate were sent by email to a list of 3,500 small businesses selected from all States and Territories of Australia. The database was a commercial database built from the general population of Australian businesses that advertise their email contacts and other characteristics on the internet. In addition to the email address, the database information included the name of the business, mailing address, telephone contact, and in some cases the position of the contact person.

The electronic questionnaire (Appendix A) included between 36 and 44 questions depending on answers provided, grouped into five main sections: background information; money spent on tax and accounting activities (which collected information about external costs); time spent on tax and accounting activities (which collected information about internal costs); small business tax concessions; and record keeping and accounting. The electronic format allowed the researchers to include a number of quality control and integrity features, such as mandatory and conditional questions, as well as allowing question skipping where appropriate.

The electronic questionnaire was piloted with 12 small business respondents in September 2010. The feedback from this pilot led to a few minor adjustments in the wording of some questions and in the sequence of questions collecting time data.

The first email was broadcast to potential respondents on 30 November 2010, followed by a first reminder sent on 7 December. A second reminder was sent on 30 January 2011. Following this third broadcast, two research assistants were hired to conduct a telephone follow-up of non-respondents randomly selected from the original database. In total, 655 small businesses were contacted by telephone.

The successive email broadcasts and telephone follow-ups delivered a total of 277 responses. However, some of the responses were incomplete and the final screening of responses delivered 159 usable responses, a response rate of around 4.5 per cent. Although this result was on the low side of the researchers' expectations, it was still considered sufficient to undertake a defensible analysis.

It is possible that the length and the complexity of the questionnaire may have impacted on the response rate. The stated length was 20 minutes, however feedback received during telephone follow-ups suggests that, depending on accessibility of information, the actual time required for completion may have exceeded the stated

53 Tse-Hua Shih and Xitao Fan, 'Comparing response rates from web and mail surveys: A meta-analysis' (2008) (20) *Field Methods* 249, 259.

54 D Dilman, 2006, *Mail and internet surveys: The tailored design method: 2007 update*, John Wiley & Sons.

time. Research by Galesic and Bosnjac shows that the completion rate was dependent on both stated length and actual length of the questionnaire, and that questionnaire length could also have an effect on response quality.⁵⁵ The fact that incomplete questionnaires represented a significant proportion of responses received for this survey tends to support this finding.

4 Survey results

The analysis of the survey results starts with a description and comparison of the demographics of the entities in the survey sample (Section 4.1), followed by an analysis of internal costs (Section 4.2) and of external costs of tax compliance (Section 4.3). The results section then goes on to investigate the accounting/tax overlap (Section 4.4) before discussing the benefits of tax compliance (Section 4.5). Finally, Section 4.6 considers the possible impact of small business tax concessions on tax compliance costs.

4.1 Demographics of entities in the survey sample

Demographic information collected by the questionnaire related to legal structure, turnover, number of employees and activity sector. The data collected by the survey was compared with statistics for the Australian business population. The analysis by legal structure (Table 1) shows that companies (public and private) represented more than 65 per cent of respondents in this survey, compared to 28 per cent in Australia generally.⁵⁶ In contrast, only 11 per cent of respondents were sole proprietorships compared to nearly 44 per cent among micro and small businesses generally.

Table 1: Legal structure

	Number	Percent	Australia (percent)*
Sole proprietorship	18	11.3	43.7
Partnership	10	6.3	12.7
Trust	23	14.5	15.4
Private (proprietary) company	102	64.2	28.0
Public company	3	1.9	
Incorporated association	3	1.9	N/A
Total	159	100.0	100.0

* Source: Tax Statistics 2008-09, Table 1.3: Distribution for micro and small entities.

55 Mirta Galesic and Michael Bosnjac, 'Effects of questionnaire length on participation and indicators of response quality in a web survey' (2009) *Public Opinion Quarterly* 1, 8.

56 Australian Taxation Office; Tax statistics 2008-09. Micro entities are defined as businesses with an annual turnover of less than \$2 million, and small entities are entities with an annual turnover of \$2 million or more and less than \$10 million.

Sample analysis by business size indicators (annual turnover in Table 2 and number of employees in Table 3) also suggests that the sample was skewed towards the higher end of the small business spectrum. Only 17 per cent of businesses in the sample had an annual turnover under \$1 million compared to 87 per cent in the general Australian business population. Similarly businesses with less than 5 employees represented only 24 per cent of the sample of usable responses compared to 58 per cent of the total number of Australian businesses.

Table 2: Annual turnover

	Number	Percent	Australia (percent)*
\$35,000- \$74,999	2	1.3	29.8
\$75,000- \$149,999	3	1.9	24.3
\$150,000 - \$999,999	22	13.8	33.7
\$1,000,000 - \$2,999,999	50	31.4	7.4
\$3,000,000 - \$5,999,999	29	18.2	2.5
\$6,000,000 and over	48	30.2	2.3
Not sure	5	3.1	0
Total	159	100.0	100

* Source: Australian Bureau of Statistics 8165.0, Table 1.10: Businesses by annual turnover ranges, June 2006.

Table 3: Number of full-time employees (including full-time owner employees)

	Number	Percent	Australia (percent)*
1-4 employees	28	23.9	58.1
5-19 employees	73	45.9	29.7
20-49 employees	29	18.2	7.7
50 employees or more	19	11.9	4.4
Total	159	100	100

* Source: Australian Bureau of Statistics 8165.0, Table 1.8: Businesses by employment size ranges, June 2006.

The skewing of the sample towards “larger” businesses was taken into account when interpreting the overall results of the survey. Moreover, respondents who reported more than 50 full-time employees were excluded from the analysis for international comparison purposes.

The distribution across activity sectors (Table 4) indicates that the manufacturing and the wholesale sectors were over-represented in the sample compared to the Australian business population. On the other hand, the agriculture and the construction sectors appeared to be under-represented. Although an analysis by activity sector

is of some interest, there is no indication from prior research that this factor is an important determinant of tax compliance costs. Hence the somewhat skewed sector representation was not considered significant.

Table 4: Activity sector

	Number	Percent	Australia (percent)*
Agriculture, forestry & fishing	8	5.0	10.7
Manufacturing and mining	33	20.8	5.7
Construction	18	11.3	16.0
Wholesale trade	19	11.9	4.2
Retail trade	14	8.8	10.9
Transport	7	4.4	5.8
Information, media & telecommunications	6	3.8	1.2
Finance, insurance	5	3.1	6.8
Rental, hiring & real estate	1	0.6	25.2
Professional, scientific and technical services	23	14.5	
Administrative services	1	0.6	4.5
Health care & social assistance	6	3.8	
Art & recreation services	1	0.6	2.3
Other	17	10.7	6.8
Total	159	100.0	100.0

Source: ABS, Yearbook Australia 2009-10, Table 15-7: Businesses by industry divisions 30/6/2007.

4.2 Internal costs of tax compliance

4.2.1 Time spent on different taxes

A total of 129 respondents completed Questions 12 and 13 of the questionnaire, which collected time spent by the business on tax related activities. Out of this total, 16 respondents employing more than 50 employees were excluded from the analysis. Overall, people within the business spent 493 hours on average during the 2009/10 financial year dealing with different taxes. More than half of that time related to GST, while income tax matters took up around 18 per cent of internal time and Pay As You Go (PAYG) payroll 14 per cent. The median time (260 hours) was much lower, indicating a strong positively skewed distribution (Table 5).

Table 5: Annual hours spent on different taxes: all small businesses (n = 113)

Taxes	GST	Income tax	PAYG payroll	CGT	FBT	All taxes
Mean	287	109	73	5	17	493
Median	108	48	42	0	2	260

A breakdown by annual turnover categories⁵⁷ (Table 6) points to the possible existence of a direct relationship between internal tax compliance time and business size; however the correlation between the two variables was not strictly positive. The average annual hours spent on tax compliance increased sharply between businesses with less than \$1 million turnover (mean: 204 hours) and businesses in the \$1 million – \$3 million category (mean: 574 hours), but it seemed to level off somewhat thereafter as annual turnover rose further. This outcome tends to support previous findings that tax compliance costs are highly regressive and hit disproportionately the lower end of the small business spectrum.

Table 6: Mean annual hours spent on different taxes: analysis by business size (n = 119)

Annual turnover	Less than \$1 million	\$1 million- less than \$3 million	\$3 million- less than \$6 million	\$6 million and over
N:	23	38	23	35
GST	112	354	319	334
Income Tax	59	117	109	129
Payroll PAYG	29	81	65	109
CGT	2	5	12	5
FBT	1	17	19	59
All taxes	204	574	525	637

While internal time associated with GST, income tax and payroll taxes followed the pattern described above, the costs associated with FBT appeared to keep growing with business size; to a certain extent this was also true of the costs of complying with CGT. This is not entirely surprising. Given that larger organisations are more likely to offer salary packages to their higher paid employees, and (with larger asset bases) might be more likely to encounter issues related to the taxation of capital gains, intuitively it might be expected that compliance with FBT and CGT would be more onerous for these larger entities.

Results from the 1995 Evans et al survey were the most useful comparative for the current research as this was the most recent large scale empirical research which analysed the compliance costs of business taxpayers in Australia.⁵⁸ Notwithstanding

57 The number of observations (n < 30) in the categories for ‘Less than \$1 million’ and the ‘\$3 million - less than \$6 million’ means that any interpretation of results for these categories must be made with caution.

58 As indicated above (Section 2), earlier studies of tax compliance costs in Australia were undertaken by Pope et al; however unlike the Evans et al study, these studies looked at compliance with specific taxes: J Pope, R Fayle and D Chen, ‘*The compliance costs of public companies’ income taxation in Australia, 1986/87*’ (1991), Australian Tax Research Foundation, Sydney, pp i-xvii,

the changes in tax legislation between 1995 and 2010, the Evans et al findings still constitute a valid benchmark particularly because of the many common features with the current survey. The relevant size category for comparison was “medium” as the sample analysed in the current survey only included five entities with an annual turnover which would have been classified as “small” in the Evans et al classification.⁵⁹

Internal tax compliance time reported in this survey was higher overall than in Evans et al (Table 7). Time spent on GST, which did not exist in 1995, explained almost three quarters of the difference. However, businesses surveyed in 2010 also appeared to spend significantly more time on other taxes than they did in 1995. This could be an indicator of a trend towards an increase in compliance costs in the last 15 years.

Table 7: Annual hours spent on different taxes: comparison with Evans et al survey

	Evans et al 1995*		Current Survey	
	Mean	Median	Mean	Median
GST	N/A	N/A	287	108
Income Tax	63.6	12.0	109	48
PAYG Payroll	38.4	15.6	73	47
CGT	2.4	0	5	0
FBT	4.8	0	17	0
All taxes	123.6	48.0	493	207

* The Evans et al study collected monthly hours which were converted into annual hours.

Source: Evans et al 1996, Table 7.62 p 129.

4.2.2 Time spent on different activities

Respondents were also asked to report internal time spent on specific tax activities. The different activities identified for this questionnaire were derived from the list adopted by the Colmar Brunton survey of New Zealand small businesses in 2005⁶⁰ which had been developed from the taxonomy of tax activities used by Evans et al in 1995. Identified tax activities included: recording information needed for tax; calculating tax, filing tax return and paying tax; dealing with the tax office; tax planning and tax advice; dealing with the tax adviser; learning about tax law.

1-174; J Pope, R Fayle and D Chen, *The compliance costs of employment related taxation in Australia* (1993), Australian Tax Research Foundation, Sydney, pp i-viii, 1-192; J Pope, R Fayle and D Chen, *The compliance costs of the Wholesale Sales Tax in Australia* (1993), Australian Tax Research Foundation, Sydney, pp i-xiv, 1-119; J Pope, R Fayle and D Chen, *The compliance costs of companies' income taxation* (1994), Australian Tax Research Foundation, Sydney, pp 1-110.

59 C Evans, K Ritchie, B Tran-Nam and M Walpole, 'A report into the incremental costs of taxpayer compliance', 84, (Australian Taxation Office, 1996) for definition of size categories in the Evans et al study.

60 Colmar Brunton, 'Measuring the tax compliance costs of small and medium size businesses: a benchmark survey' (Inland Revenue, 2005).

**Table 8: Annual hours spent on different tax activities: all small businesses
(n= 113)**

Activity	GST		Income tax		PAYG payroll		CGT		FBT		All taxes	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median
Recording information	214	45	56	20	43	24	2	0	7	0	323	112
Calculating tax, filing return & paying tax	31	12	23	10	16	6	1	0	3	0	74	38
Dealing with Tax Office	3	1	2	0	1	0	0	0	0	0	7	1
Tax planning	9	0	5	0	2	0	1	0	1	0	18	5
Dealing with tax adviser	18	4	10	2	6	0	1	0	2	0	38	12
Learning about tax	9	2	11	1	3	0	2	0	2	0	27	8
Other activities	3	0	1	0	2	0	0	0	0	0	6	0
Total time spent	287	108	109	48	73	47	6	0	17	2	493	260

Recording information needed for tax (mean: 323 hours, median: 112 hours) took up about 60 per cent of the total of internal time spent on all taxes during the 2009/10 tax year (Table 8). This type of activity was particularly labour intensive for GST, income tax and PAYG payroll. The second most time consuming activity was “calculating tax, filing return and paying tax” (mean 74 hours, median: 38 hours) which represented about 15 per cent of total internal time. Respondents spent 38 hours on average dealing with their tax adviser in 2009/10.

An analysis of the mean annual hours of internal compliance by business size reveals that time spent on recording information, and tax calculation and filing grew sharply when business size increased to “\$1 million - \$3 million” but then levelled off (Table 9). This variation of internal time costs fits the pattern described by Beale and Lin about US small businesses: as the business grows over a certain burden threshold, there is a learning curve in undertaking these activities and it then becomes more efficient.⁶¹

Table 9: Mean annual hours spent on different activities analysis by business size (all taxes) (n = 127)

Annual turnover Activity	Less than \$1 million	\$1 million- less than \$3 million	\$3 million- less than \$6 million	\$6 million and over
N	25	41	25	36
Recording information	121	392	357	393
Calculating tax filing return & paying tax	37	96	43	87
Dealing with Tax Office	4	8	6	26
Tax planning	10	17	21	28
Dealing with tax adviser	16	38	40	27
Learning about tax	12	19	46	41
Other activities	3	3	10	34
Total time spent	204	574	525	637

61 H. Beale and K. Lin, ‘Impacts of federal regulations, paperwork and tax requirements on small business’ (Office of the Advocacy of the US Small Business Administration, 1998), 208

In the Evans et al study, time for different taxes and time spent on different activities were collected through two separate questions leading to discrepancies in the totals.⁶² Record keeping was also the most time consuming activity in 1995, but business taxpayers only spent an average 119 hours on that activity, compared to 323 hours in 2010. The difference (205 hours) more or less represents record keeping for GST (Table 10). For all other activities, internal times were comparable between 1995 and 2010 except for tax calculation, tax filing and payment which seemed to have decreased between 1995 and 2010.⁶³

Table 10: Annual hours spent on different tax activities

	Evans et al 1995*		Current Survey	
	Mean	Median	Mean	Median
Record keeping	118.8	48.0	323	112
Calculating taxes, completing tax return & remitting tax	90.0	22.8	74	38
Tax planning	10.8	0	18	1
Dealing with Tax Office	13.2	0	7	5
Dealing with adviser	28.8	0	38	12
Learning about tax	37.2	0	27	8
Other tax activities	*14.4	*0	6	0
All taxes	†313.2	†132	493	260

* Evans et al had the following activities: “training staff” and “implementing tax changes” which have been regrouped with “others”.

† Total for tax activities (Table 7.58) did not match total for tax types (Table 7.62) (see footnote 63).

4.2.3 Time spent by different people

The survey collected information about the type of people engaged in internal tax compliance activities. Three categories were identified: owners (including directors and trustees); paid employees; and unpaid friends and relatives. The survey did not collect data about actual hours for these different categories. Instead, it asked respondents to estimate the percentage of total annual hours for each tax undertaken by the different categories. An integrity feature in the electronic survey alerted respondents when

62 C Evans, K Ritchie, B Tran-Nam and M Walpole, ‘A report into the incremental costs of taxpayer compliance’ (Australian Taxation Office, 1996), Tables 7.58 and 7.62. The authors noted this issue and considered that hours given in relation to tax activities were more reliable than hours in relation to specific taxes.

63 The median time for this activity was lower in Evans et al (22.8 hours) than for this survey (38 hours). This inconsistent result could be due to the existence of outliers in the Evans et al survey.

percentages did not add up to 100 per cent.⁶⁴ Although a percentage is necessarily a rough approximation, it was believed that respondents would find it easier to estimate how total time was split between different categories rather than work out an exact number of hours. The number of hours for each category was calculated by multiplying the percentage by the total compliance time spent on the tax.

Table 11: Mean annual hours spent by different categories of people on different taxes: all small businesses (n = 113)

Taxes	Owners / directors	Employees	Unpaid friends / relatives	All categories*
GST	61	240	2	287
Income tax	26	85	1	109
PAYG payroll	16	59	0	73
CGT	2	2	0	6
FBT	4	14	0	17
All taxes	108	393	3	493

* Hours for all categories do not equal the sum of hours for each category due to the fact some respondents did not indicate how time was allocated between different people.

The majority of internal time spent on tax compliance activities was attributable to paid employees (Table 11). This category of people performed around 80 per cent of annual hours related to tax compliance while owners and directors performed the other 20 per cent; the contribution of unpaid relatives or friends was negligible. The proportion of internal time attributed to employees was the highest for GST (82 per cent) while owners spent relatively more time on income tax matters and CGT.

The proportion of internal compliance time performed by the owner category was clearly dependent on business size (Table 12). In micro-businesses (less than \$1 million turnover), owners and directors contributed more than 50 per cent of internal compliance time. At the other end of the spectrum, owners or directors in organisations with an annual turnover over \$6 million provided just 6.4 per cent of internal time.

64 However there was no mechanism to stop respondents from moving to the next question where percentages did not add up to 100 per cent. Where this was the case, the response was discarded except in a handful of cases where the error was obviously typographical.

Table 12: Percentage of internal time spent by different categories of people: analysis by business size (n= 119)

Annual turnover Categories of people	Less than \$1 million	\$1 million- less than \$3 million	\$3 million- less than \$6 million	\$6 million and over
N	23	38	23	35
	%	%	%	%
Owner / directors	50.7	27.6	15.4	6.4
Employees	48.7	70.8	84.5	92.2
Unpaid friends & relatives	0.5	1.4	0.1	1.4
Total	100	100	100	100

The six categories of people identified by Evans et al can be matched to the three categories used for this research.⁶⁵ For small size businesses, Evans et al found that 67 per cent of internal tax compliance work was performed by the “owner” category while in medium size entities, the share of owners was only 52 per cent.⁶⁶ The figures for the corresponding categories in the current research were 51 per cent and 28 per cent respectively. The comparison between results indicates a clear shift between 1995 and 2010 towards compliance work being undertaken by paid employees rather than owners and proprietors.

Two possible reasons might explain this shift. Firstly, the greater demand of tax compliance might force busy business owners to employ bookkeepers or internal accountants to perform tasks for which they do not have enough time. Secondly, the increased computerisation of record keeping and filing may require specialised skills that many business owners do not have.

65 C Evans, K Ritchie, B Tran-Nam and M Walpole, ‘A report into the incremental costs of taxpayer compliance’ (Australian Taxation Office, 1996), 91. The categories were: “owners/partners/directors/trustees”, “managers/internal accountants”, “accounts clerks/bookkeepers”, “computer programmers/analysts”, “unpaid friends/relatives” and “other”.

66 C Evans, K Ritchie, B Tran-Nam and M Walpole, ‘A report into the incremental costs of taxpayer compliance’ (Australian Taxation Office, 1996), 125. These percentages are calculated on the basis of time spent on tax activities. Time spent on different taxes would give slightly different percentages.

4.2.4 Valuation of internal tax compliance costs

a) Self reported valuations

The valuation of taxpayers' time (internal time) is a contentious issue which has been abundantly discussed in the literature.⁶⁷ With respect to internal time valuation, this survey followed the methodology adopted in a study of tax compliance undertaken by the Inland Revenue of New Zealand (IRNZ) in 2009.⁶⁸ This method involved asking respondents to self evaluate the time spent on tax compliance for each category of personnel; the self valuation data was then benchmarked against wage information from external sources for quality control.⁶⁹

In this survey, respondents were also invited to give an hourly value for each of group of people undertaking tax compliance activities within the business. A total of 71 respondents completed the valuation question; however, after discarding values that appeared excessive (\$500 per hour or over), 67 responses were retained. The variations between reported values were large: between \$25 and \$300 for owners/directors and between \$20 and \$200 for employees. The mean reported hourly valuation was around \$118 for owner/director (median: \$100) and \$57 for employees (median: \$40). There was no meaningful valuation available for unpaid friends and relatives (Table 13). As in the case of IRNZ, the valuation of time generally increased with the size of the entity.

Table 13: Mean valuation from survey data (excluding extreme values of \$500 and above)

Business size category	Owner / Director	Employee	Unpaid friend or relative
0- 4 employees	\$108.27	\$43.07	-
5-19 employees	\$102.70	\$51.92	-
20-50 employees	\$124.67	\$62.86	-
More than 50 employees	\$193.33	\$74.00	-
All respondents	\$118.64	\$57.09	Not meaningful

67 For a thorough discussion of this issue see J Pope, 'The compliance costs of major taxes in Australia' in C Sandford (ed), *Tax compliance costs measurement and policy* (1995) 101; M Allers, *Administrative and compliance costs of taxation and public transfers in the Netherlands* (1994), 54 and C Evans, K Ritchie, B Tran-Nam and M Walpole, 'A report into taxpayer costs of compliance' (Australian Taxation Office (1997), 11.

68 Inland Revenue (NZ), 'SME tax compliance costs 2009: Evaluation report 1' (2010), 26.

69 Inland Revenue (NZ), 'SME tax compliance costs 2009: Evaluation report 1' (2010), 27.

(b) Alternative valuations

Following the approach in IRNZ, self-reported evaluations collected in this survey were benchmarked against average hourly rates available from the Survey of Employee Earnings carried out by Hays Personnel in 2010,⁷⁰ and the average earnings data collected by the Australian Bureau of Statistics (ABS).⁷¹

Hays Personnel surveyed salaries for various professional and clerical positions in the accounting and finance sector. Mean annual salaries were reported for different functions, across entities of different annual turnover categories (up to \$50 million, \$50-\$150 million and over \$150 million) and in different geographic locations. Hourly rates paid by Australian entities with a turnover of up to \$50 million were the relevant benchmark for this research. Two managerial functions were selected to benchmark owner time valuation: finance manager and commercial manager; and two clerical functions for employee time valuation: tax accountant and bookkeeper (Table 14).

The other benchmark was the average employee cash earnings for ordinary time reported by the ABS. According to this report, the average cash earning per hour was \$48.52 for managers and \$26.40 for accounting clerks and bookkeepers.⁷²

Table 14: Average salary per hour for selected functions (entities with annual turnover up to \$50m)

	Lowest*	Highest*	Medium point
Finance manager	\$49.20	\$71.07	\$60.13
Commercial manager	\$60.14	\$76.54	\$68.34
Tax accountant	\$41.01	\$51.90	\$46.45
Bookkeeper (junior)	\$24.60	\$35.54	\$30.06

Source: Hay Personnel 2010 Salary guide, p 28, 29 and 39. Conversion to hourly rates assumes an average weekly time of 38.1 hour over 48 weeks.

* Excluding superannuation

In the case of the IRNZ survey, the average values reported by respondents (excluding extremes) were very close to the Hays values and were therefore retained for the valuation of time.⁷³ In contrast, the self-assessed hourly values in this survey were significantly higher than the values in the Hays personnel and the ABS surveys. The ordinary time cash earnings values reported by ABS were close to the lower end of the Hays survey. Hays Personnel medium point values were considered to be a

70 Hays Personnel, 'The 2010 Hays salary guide: Salaries and recruiting trends across Australia and New Zealand' (Hays, 2010).

71 Australian Bureau of Statistics, 'Employees earnings and hours: May 2010' (Australian Bureau of Statistics, 2011).

72 Australian Bureau of Statistics, 'Employees earnings and hours: May 2010' (Australian Bureau of Statistics, 2011), Employees (Table 1a), Managers (Table 2).

73 Inland Revenue (NZ), 'SME tax compliance costs 2009: Evaluation report 1' (2010), 28.

better basis for time valuation as they were based on whole salary packages including ordinary hours and overtime, cash and non-cash compensation.

As business owners dealing with tax issues were assumed to be acting in the role of a financial manager, the average salary rate for that function was considered to be an appropriate alternative measurement to value owner/director time. On the other hand, employees who were carrying on tax compliance duties in small enterprises were more likely to be bookkeepers than qualified tax accountants. It then seemed reasonable to use the junior bookkeeper rate as an alternative measurement for internal employee time. Finally, it was necessary to add the cost of employer superannuation guarantee to the Hays Personnel rates in order to obtain a full cost valuation. No alternative valuation was attempted for unpaid relatives and friends (Table 15).

Table 15: Alternative hourly costs by category of people

	Valuation used	Hourly rate (excl Super)	Time valuation (incl super)*
Owner/directors	Hays Personnel: Finance managers	\$60.13	\$65.54
Paid employees	Hays Personnel: Bookkeepers	\$30.06	\$32.76

* Super at 9% was added to the hourly rate for owners and paid employees.

4.2.5 Estimation of internal compliance costs

Based on the alternative valuation method previously described, the average cost of internal time spent on tax compliance activities during the 2009/10 financial year was estimated at \$20,127 (median: \$11,435) for the sampled entities (Table 16). Owner/director time was valued at \$7,121 and employee time at \$12,893. The average cost of time spent on GST was \$11,950 (median: \$4,718), representing about half of total internal costs; the next most costly tax was Income Tax (mean: \$4,498; median: \$2,158), followed by PAYG payroll (mean: \$3,133, median: \$1,884).

Table 16: Internal compliance costs for all taxes: all small businesses (n=113)

Tax	Owners (\$)		Employees (\$)		All categories* (\$)	
	Mean	Median	Mean	Median	Mean	Median
GST	4,144	1,201	8,096	2,557	11,950	4,718
Income Tax	1,730	665	2,782	963	4,498	2,158
Payroll PAYG	1,131	134	1,986	934	3,133	1,884
CGT	152	0	79	0	232	0
FBT	253	0	474	0	737	98
All taxes	7,121	2,720	12,893	5,397	20,127	11,435

* Includes time spent by unpaid by friends and relative. This time was valued at employee's rate.

Internal time costs rose sharply between the less than \$1 million annual turnover and the \$1 million to \$3 million turnover category (Table 17). The higher costs for that particular category compared to larger businesses may be explained by the fact that a greater proportion of internal compliance work was undertaken by owners whose time is more highly valued.

Table 17: Mean internal compliance costs: analysis by business size (n= 119)

Annual turnover Taxes	Less than \$1 million	\$1 million-less than \$3 million	\$3 million-less than \$6 million	\$6 million and over
N	23	38	23	35
	\$	\$	\$	\$
GST	5,725	15,929	12,284	10,602
Income Tax	3,237	5,120	3,730	4,879
Payroll PAYG	1,507	3,880	2,384	3,131
CGT	97	206	465	224
FBT	38	796	732	2,125
All taxes	10,228	25,162	19,772	20,412

Evans et al used “fair compensation” for estimating internal tax compliance costs and arrived at a mean cost of \$9,547 per annum (median: \$3,696) for the medium size category compared to \$20,127 for this survey.⁷⁴ The difference in the valuation approach makes comparisons hazardous. However, if the cost of GST compliance (\$11,950) was added on to the Evans et al valuation, total internal time costs came up to \$21,497, an amount very close to the average internal cost for all taxes in 2010.

4.3 External costs of tax compliance

The other major component of gross tax compliance costs is external costs.^{75, 76} External costs of tax compliance are primarily expenditures that taxpayers incur while seeking tax advice or outsourcing compliance activities. The main difficulty in the measurement of external adviser costs is to separate costs corresponding to tax services from the costs of other services where the business is dealing with one

74 C Evans, K Ritchie, B Tran-Nam and M Walpole, ‘A report into the incremental costs of taxpayer compliance’ (Australian Taxation Office, 1996), 131. Amounts here are converted into 2010 dollar values using Consumer Price Index (CPI) values.

75 C Sandford, M Godwin and P Hardwick, *Administrative and compliance costs of taxation* (1989), 10.

76 Psychological costs have also been identified as significant costs of tax compliance, see for instance R Woellner, C Coleman, M McKerchar, M Walpole and J Zetler, ‘Identifying the psychological costs of tax compliance’ in R Fisher and M Walpole (eds), *Global challenges in tax administration* (2005) 268. Although these costs have been found to be significant, their measurement was outside the scope of this research.

accountant/tax adviser who provides a variety of tax related and non-tax related services and these services are not billed separately.

More than 90 per cent of respondents in this survey had used external tax or accounting services during the 2009/10 financial year, and in nearly all cases most of these services were tax related. The average amount spent on tax services for the year was \$12,262 (median: \$6,088), while \$4,560 (median: \$300) was spent on non-tax services. About half of all respondents who had paid for external services indicated that they would definitely or probably pay for external services even if there were no tax compliance obligations.⁷⁷

Only 22 per cent of respondents employing 50 full-time employees or less used external payroll services in the 2009/10 financial year. The average annual amount spent for those services was \$1,283 (median: \$0). As payroll services would typically include the deduction of PAYG withholding, the preparation of PAYG withholding statements and the annual Payment Summary, an unknown proportion of these costs should be classified as tax compliance costs. About half of respondents who were currently using external payroll services indicated that they would probably or definitely use this type of service even if Australia was tax-free.

Further analysis revealed that the amounts spent on external tax services and non-tax services were significantly related to annual turnover (Pearson coefficient: 0.268 and 0.235 respectively) (Table 18). However, the average amount spent on tax services in entities with less than \$1 million annual turnover was proportionally greater (\$16.60 per \$1,000 of turnover) than in the '\$1 million-\$3 million' (\$4.50 per \$1,000 of turnover) and '\$3 million-\$6 million' (\$3.10 per \$1,000 of turnover) categories.

Table 18: Mean expenditure on external services: analysis by business size (n= 152)

	Less than \$1 million	\$1 million-less than \$3 million	\$3 million-less than \$6 million	\$6 million and over
N	28	48	28	48
	\$	\$	\$	\$
Tax services	8,183	9,038	14,001	20,984
Non-tax services	1,104	4,066	3,239	12,100
Payroll services	12	806	1,261	13,000
Total external services	9,299	13,910	18,501	45,994

⁷⁷ This result is discussed further in Section 4.5.3

By way of comparison, Evans et al also collected data regarding payment made to accountants, lawyers and tax advisers for external tax advice. The average amount paid to accountants and tax agents in 1995 by medium size businesses was \$4,485,⁷⁸ which is less than half of what respondents in this survey paid for external tax services in 2009/10. A number of reasons could explain this increase. Firstly, Evans et al only asked about amounts spent on tax *advice*. This means that respondents in that survey may not have included expenditure on tax services other than tax advice (for instance, completing and lodging tax returns). Secondly, it is possible that small businesses were spending more on external tax services in 2010 than in 1995 due to the increasing complexity of the tax system and the additional tax obligations since the introduction of GST in 2000.⁷⁹

4.4 Investigation of the accounting/tax overlap

One of the original aspects of this research was to investigate the so-called accounting/tax compliance overlap by collecting information about the accounting activities undertaken within the business.⁸⁰ The disentanglement of tax compliance costs from accounting costs relied on the identification of core accounting functions considered essential to the operation of the business.

The approach adopted by the research in order to identify core accounting functions was to analyse the type of accounting system used and the reasons for keeping accounting records. The costs of these accounting functions were then estimated on the basis of internal time spent by different people on these functions.

4.4.1 Nature of accounting system and reasons for keeping accounting records

Respondents were invited to describe the accounting system in use in their business by choosing one among several generic accounting system types: manual systems; off the shelf accounting software; customised system; or external bookkeeping.

Nearly all respondents (96 per cent) operated a computer based accounting system. The degree of computerisation appeared to be independent of business size; however the *nature* of the computerised system seemed to be influenced by business size. While “off the shelf” accounting software was used by a large majority of businesses up to an annual turnover of \$6 million, custom designed systems dominated in larger entities (Table 19). This outcome is in stark contrast with the findings in Evans et al in 1995 who reported computerisation rates of around 22 per cent for “small” entities

78 C Evans, K Ritchie, B Tran-Nam and M Walpole, ‘A report into the incremental costs of taxpayer compliance’ (Australian Taxation Office, 1996), 123, Table 7.55

79 M McKerchar, H Hodgson and M Walpole, ‘Scoping study of small business compliance costs: Report to the Board of Taxation’ (ATAX, UNSW, 2006), 18.

80 The tax/accounting overlap was previously discussed in Section 2.2.

and 39 per cent for the “medium” category,⁸¹ but is consistent with the findings of more recent research on small business record keeping systems.⁸²

Table 19: Type of accounting system used (n = 113)

Annual turnover	Less than \$1 million		\$1 million- less than \$3 million		\$3 million- less than \$6 million		\$6 million and over	
	No	%	No	%	No	%	No	%
Manual system	1	4.3	2	5.7	1	4.5	0	0
Off the shelf	18	78.3	28	80.0	16	72.7	12	36.4
Customised	2	8.7	4	11.1	3	13.6	15	45.5
Other computerised	3	13.0	3	8.6	4	18.2	9	27.3
External bookkeeping	1	4.3	1	2.9	0	0	0	0
All respondents*	23	100	35	100	22	100	33	100

* Totals do not add up to number of respondents because of multiple responses.

The questionnaire also investigated the generic reason for keeping records in the business. More than 90 per cent of respondents stated that records were kept for both accounting and tax purposes, with 42 per cent stating that accounting was the main purpose, 12 per cent that taxation was the main purpose and 39 per cent that accounting and tax were equally important purposes (Table 20). Predictably, the importance of the accounting purpose grew with business size.

Table 20: Main reason for keeping records

Annual turnover	Less than \$1 million	\$1 million- less than \$3 million	\$3 million- less than \$6 million	\$6 million and over	Businesses with 50 FT employees or less
N	23	34	23	33	100
Records are kept...	%	%	%	%	%
For tax only	13	6	0	0	5
Mainly for tax	26	6	5	6	12
For accounting only	0	0	0	0	1
Mainly for accounting	26	44	54	61	42
Equally for tax and accounting	35	42	41	33	39
Total	100	100	100	100	100

81 C Evans, K Ritchie, B Tran-Nam and M Walpole, ‘A report into the incremental costs of taxpayer compliance’ (Australian Taxation Office, 1996), 114. The questionnaire in the Evans et al survey asked about the use of a computer for tax purposes.

82 C Evans, S Carlon and D Massey, ‘Record keeping : Its effect on tax compliance’ (CPA Australia, 2005), 9.

Tax was an important reason for keeping accounting records for 90 per cent of respondents in this survey, but reporting to owners and internal management were almost as important even in entities with less than \$1 million turnover (Table 21). This contrasts sharply with the findings in Evans et al where tax calculation was found to be the main purpose for preparing financial statements for 81 per cent of small businesses and 69 per cent of medium businesses, while only 11 per cent of small businesses and 23 per cent of medium businesses saw internal management as the main purpose.⁸³ This shift, if confirmed, would indicate that business taxpayers, particularly small business taxpayers, are seeing more value in the information generated by their record keeping systems.

Table 21: Use of accounting records (very important or important reason)

Annual turnover	Less than \$1 million	\$1 million- less than \$3 million	\$3 million- less than \$6 million	\$6 million and over	Businesses with 50 FT employees or less
N	23	34	23	33	100
Use of accounting records:	%	%	%	%	%
Tax calculation	87	94	91	82	90
Reporting to other regulatory agencies	52	87	85	81	75
Reporting to owners/ stakeholders	65	85	91	92	81
Reporting to lenders	38	64	54	59	55
Internal management	82	79	91	86	83

4.4.2 Time spent on various accounting activities

Following the methodology adopted in Evans et al,⁸⁴ a separate question (Question 14) invited survey respondents to report annual hours spent on specific core accounting activities. These core accounting functions included tasks that are an integral part of the business operations: processing customer invoices and payments; monitoring customer payments; paying bills; calculating and paying wages; checking bank balance and monitoring trading stocks. Two activities were added for this survey: investment planning unrelated to tax; and budgeting and control.

83 C Evans, K Ritchie, B Tran-Nam and M Walpole, 'A report into the incremental costs of taxpayer compliance' (Australian Taxation Office, 1996), 116.

84 C Evans, K Ritchie, B Tran-Nam and M Walpole, 'A report into the incremental costs of taxpayer compliance' (Australian Taxation Office, 1996), 15.

Small businesses sampled in this survey had spent an average of 1,766 hours (median: 1,125 hours) during the 2009/10 tax year on core accounting activities compared to 1,124 hours reported by Evans et al (Table 22).⁸⁵ Customer invoicing, monitoring and processing of customer payments took up about one half of that time, a proportion similar to that found by Evans et al. However, the analysis by business size (Table 23) suggests that the overall average time was largely influenced by the very high values (mean: 4,541 hours) in the “\$6 million and over” sub-category. Mean annual hours spent on accounting activities for smaller entities (ranging from 800 hours to 1,411 hours) were much closer to the results reported by Evans et al.⁸⁶

Table 22: Annual hours spent on different accounting activities: comparison with previous research

	Evans et al 1995 (Medium size)		This survey (Entities with 50 FTE or less)	
	Mean	Median	Mean	Median
Processing customer invoices / cash received	543.6	144	688	471
Following up debtors	86.4	12	171	96
Paying bills	139.2	48	313	120
Calculating and paying wages	156	48	137	82
Checking bank against cash records	67.2	24	114	52
Stock taking and stock control	49.2 [†]	0	110	20
Investment planning unrelated to tax	N/A	N/A	25	4
Budgeting & control	N/A	N/A	100	50
Other activities	102	0	151	0
Total accounting	1,143.6	N/A	1,766	1,125

[†] Includes ordering stock

85 C Evans, K Ritchie, B Tran-Nam and M Walpole, ‘A report into the incremental costs of taxpayer compliance’ (Australian Taxation Office, 1996), 113, Table 7.39.

86 C Evans, K Ritchie, B Tran-Nam and M Walpole, ‘A report into the incremental costs of taxpayer compliance’ (Australian Taxation Office, 1996). For the “small” category, Evans et al reported a mean annual time spent on core accounting functions of 230 hours.

Table 23: Annual hours spent on accounting activities: analysis by business size

Annual turnover	Less than \$1 million	\$1 million- less than \$3 million	\$3 million- less than \$6 million	\$6 million and over	Businesses with 50 FT employees or less
N	22	37	22	30	102
Mean	800	1,535	1,411	4,541	1,766
Median	708	1,218	1,110	4,246	1,125

4.4.3 Tax compliance costs and accounting costs

Based on the valuation methodology used for tax compliance activities, the cost of core accounting functions was estimated at \$79,484 for the 2009/10 year, varying from \$45,118 for businesses with an annual turnover of less than \$1 million to \$179,540 for businesses in the “\$6 million and over” category (Table 24).

A comparison between costs of accounting activities and tax compliance costs suggests the following broad conclusions:

- total accounting costs were broadly twice as large as tax compliance costs but external costs constituted a much larger proportion of tax compliance costs;
- total tax compliance costs rose rapidly as the entity annual turnover passed \$1 million, but then remained within the same range until annual turnover grew over \$6 million;
- entities with an annual turnover of \$6 million and over had roughly the same level of internal compliance costs but spent much more on external tax services; and
- the costs of the accounting function seemed to be contained within the same range until annual turnover reached about \$6 million at which point they grew sharply.

Table 24: Comparison between costs of accounting activities and costs of tax compliance for the 2009/10 year

Annual turnover	Less than \$1 million	\$1 million- less than \$3 million	\$3 million- less than \$6 million	\$6 million and over	Businesses with 50 FT employees or less
N	22	37	22	30	102
	\$	\$	\$	\$	\$

Accounting function:

Mean internal cost of core accounting function	44,014	67,048	59,239	167,440	74,924
Mean external costs*	1,104	4,066	3,239	12,100	4,560
Mean accounting costs:	45,118	71,114	62,478	179,540	79,484

Tax compliance costs:

Mean internal costs	10,228	25,162	19,772	20,412	20,127
Mean external costs	9,299	13,910	18,501	45,994	12,262
Mean tax compliance costs:	19,527	39,072	38,273	66,406	32,389

* Non tax external services are assumed to be accounting costs.

4.5 Benefits of tax compliance

The realisation of managerial benefits by the business is believed to be closely related to the perception of usefulness that the owner-manager has about the information generated by record keeping activities.⁸⁷ Guided by this hypothesis, the survey questionnaire required respondents to give their opinion (rated on a five point Likert scale) about a number of statements regarding the benefits of keeping tax records and benefits of tax compliance generally.

4.5.1 Overall perception about tax compliance benefits

About 80 per cent of respondents (a much higher percentage than found by Lignier in 2007) agreed that complying with tax obligations had some benefits for their business

87 P Lignier, 'The managerial benefits of tax compliance: Perception by small business taxpayers' (2009) 7(2) *eJournal of Tax Research* 106 <http://www.atax.unsw.edu.au/ejtr/content/issues/previous/paper1_v7n2.pdf>, 107.

(Table 25).⁸⁸ A small majority of respondents identified improved record keeping and better knowledge of financial affairs as benefits of tax compliance; conversely less than 20 per cent believed their business was deriving cash flow benefits. A significant minority of respondents identified reduced audit risk and additional advice from the accountant as benefits of tax compliance.

Table 25: Perceived benefits of tax compliance (business with 50 FT employees or less)

Benefit of tax compliance	Count	%
Agreed that tax compliance had benefits for the business	80	79.2
Better knowledge of financial affairs	53	52.0
Improved record keeping	52	51.0
Reduced audit risk	41	40.2
Additional advice from accountant	36	35.3
Cash flow benefits	19	18.6

4.5.2 Benefits of keeping tax records

As in Evans et al and Lignier, this survey sought to evaluate the perception of respondents about the specific benefits of keeping tax records (Table 26). Roughly two thirds of respondents agreed that keeping tax records improved the quality and accuracy of their records and just over half believed that it improved their knowledge of their financial affairs. The benefits potentially associated with regular GST reporting were only recognised by 38 per cent of respondents.

88 P Lignier, 'The managerial benefits of tax compliance: An empirical study of small businesses in regional Australia' in M Walpole and C Evans (eds), *Tax administration: Safe harbours and new horizons* (2008) 349. 364. The difference may lie in the fact that this questionnaire, unlike the Lignier 2006 questionnaire, only had "yes" or "no" as possible answers. In that earlier survey, 40% of respondents agreed that there were benefits, 28% thought there were no benefits and 32% had no opinion.

Table 26: Perception about the benefits of keeping tax records (n=102)

	Agree / Strongly Agree		Disagree / Strongly Disagree		Unsure / Not Applicable	
	Count	%	Count	%	Count	%
Improves record keeping	67	65.6	19	18.7	16	15.7
Improves record accuracy	66	64.7	19	18.7	17	16.7
Improves knowledge of financial position	53	52.0	30	29.4	19	18.6
Improves knowledge of profitability	58	56.9	29	28.4	15	14.7
GST reporting provides up to date information	39	38.2	41	40.2	22	21.5

Comparison with prior research showed that perception about benefits of keeping tax records in 2010 was broadly comparable to the findings by Lignier in 2007; however perception of managerial benefits was not as strong in 1995 according to Evans et al (Table 27). The difference with Evans et al could be explained by the compliance with GST, as GST obligations requires taxpayers to keep up-to-date records of their transactions.⁸⁹ Another possible explanation for the higher managerial benefits perception in 2010 may be the greater accuracy and quality of records generated by computerised accounting. Studies undertaken in different countries support the claim that increasing levels of tax compliance requirements have been a major driver of the adoption of computerised accounting systems in small businesses.⁹⁰

89 P Lignier, ‘The managerial benefits of tax compliance: Perception by small business taxpayers’ (2009) 7(2) *eJournal of Tax Research* 106 <http://www.atax.unsw.edu.au/ejtr/content/issues/previous/paper1_v7n2.pdf>, , 120.

90 J Pope, ‘Research methodology for estimating the compliance costs of GST’ in A Lymer and D Salter (eds), *Contemporary issues in taxation research* (2003) 69, 75.

Table 27: Perception about benefits of keeping tax records: comparison with previous studies

	This study	Lignier (2007)	Evans et al (1995)
Percentage of respondents who agreed or strongly agreed that complying with tax ...	%	%	%
Improves record keeping	65.6	72	50
Improves record accuracy	64.7	N/A	N/A
Improves knowledge of financial position	52.0	66	37
Improves knowledge of profitability	56.9	63	37
GST reporting provides up to date information	38.2	N/A	N/A

Source: Lignier, 2009 Table 2, p 119, Evans et al 1996, Tables 7.68 to 7.71, p 132-133.

4.5.3 Benefits of having an external adviser

In order to find out whether taxpayers perceived any value in the information provided by their accountant or external adviser beyond the provision of tax services and tax advice, the questionnaire asked respondents whether they would still be using external services for accounting in the hypothetical situation where there were no tax compliance obligations in Australia. Almost half of business entities in the survey sample (47 per cent) indicated that they would still be prepared to incur accounting services costs even there was no tax (Table 28), and the amount they would be prepared to spend per year was \$9,602 on average (median \$5,000).

Table 28: Analysis of respondents' use of external services

	Number	Percentage
Respondents currently paying for external services (tax & non-tax)	126	90
Respondents currently paying for non-tax services	121	86
Respondents who would pay for external services even if there was no tax	66	47
Respondents who would spend more than the current amount they are spending on non-tax services	39	28
Respondents who would spend the same amount as the current amount they are spending on non-tax services	5	4
Respondents who would spend less than the current amount they are spending on non-tax services	22	16
Total number of respondents	140	100

This “hypothetical” amount that would be spent in the absence of tax compliance obligations needs to be contrasted with the amount that respondents actually paid for non-tax services during 2009/10.⁹¹ As expected, there was a strong positive correlation (Pearson $r = 0.391$, significant at the 95% level of confidence) between these two variables. In other words, taxpayers who actually paid for non-tax services would be more likely to spend on external services in a tax compliance-free environment. Among respondents who would be prepared to pay for external services regardless of tax compliance, 42 per cent indicated they would pay more than they were actually paying. This outcome suggests that some taxpayers may be deriving more benefits from the relationship with their accountant than what they are paying for; a conclusion also reached by Lignier in 2007.⁹²

4.5.4 Valuation of benefits of tax compliance

The survey questionnaire sought to obtain a subjective valuation of the benefits of tax compliance by business taxpayers. Although a majority of respondents agreed that benefits existed, only a very small minority (nine per cent) were able to provide an estimation of these benefits. Unfortunately, in view of the small number of answers, these valuations are statistically meaningless. The low rate of response to the valuation question in this survey confirms that a simple subjective valuation is unlikely to provide an accurate dollar estimate for managerial benefits and that a more sophisticated approach is required.⁹³

4.6 Perception about small business tax concessions and possible impact on tax compliance costs

4.6.1 Eligibility and adoption of small business tax concessions

The analysis of the survey data suggests that there was some confusion among respondents about their eligibility for the various small business tax concessions (SBTCs). Overall, 14 per cent of respondents believed they were eligible for SBTCs, 58 per cent that they were not eligible and 27 per cent were unsure. Eligibility to the various SBTCs is largely restricted to taxpayers who qualify as a small business entity, defined in the legislation as a business entity with an aggregate turnover of less than \$2 million for the current year.⁹⁴ A breakdown of responses by annual turnover categories reveals that many respondents appeared confused about the

91 The questionnaire (Question 8) referred to non-tax related services. This may include accounting and managerial accounting services but also non-accounting services such as IT support and compliance with obligations other than tax.

92 P Lignier, ‘The managerial benefits of tax compliance: An empirical study of small businesses in regional Australia’ in M Walpole and C Evans (eds), *Tax administration: Safe harbours and new horizons* (2008) 349, 370.

93 For a discussion on the valuation of managerial benefits of tax compliance see P Lignier, ‘Measuring the managerial benefits of tax compliance: A fresh approach’ (2009) 24(1) *Australian Tax Forum* 5.

94 Section 328-110 ITAA 1997.

eligibility rules. Even though the eligibility rules for SBTCs were briefly explained on the questionnaire; many respondents seemed to misunderstand those rules: for instance, almost 40 per cent of respondents with an annual turnover under \$1 million who would normally be eligible for SBTCs thought there were ineligible (Table 29).

Only 12 respondents (11 per cent of usable responses) indicated that they had actually used SBTCs for their business. Although the number of responses was too small to draw valid statistical generalisations, it is worth mentioning that out of these 12 respondents, ten had used the simplified capital allowance system and eight the simplified GST reporting regime.

Respondents eligible for SBTCs who chose not to adopt them were invited to provide the reasons for their choice. Unfortunately, the very small number of responses did not allow meaningful results to be drawn.

Table 29: Responses regarding eligibility for small business tax concessions: analysis by business turnover (n=114)

Annual turnover	Less than \$1 million		\$1 million- less than \$3 million		\$3 million- less than \$6 million		\$6 million and over	
	Count	%	Count	%	Count	%	Count	%
Eligible	6	26.1	6	17.1	1	4.3	2	6.1
Not eligible	9	39.1	14	40.0	19	82.6	29	87.9
Unsure	8	34.8	15	42.9	3	13.0	2	6.1
Total	23	100.0	35	100.0	23	100.0	33	100.0

4.6.2 Perceptions about small business tax concessions

All respondents, regardless of eligibility, were asked to indicate their opinion about various statements on SBTCs. The purpose of these attitudinal questions was to measure small business taxpayers' perception about the effectiveness of SBTCs in achieving their objective to reduce tax liability and tax complexity. The statements also sought to evaluate taxpayers' general attitudes towards the concept of the SBTCs.

Table 30: Attitudes of respondents towards SBTCs in general (n = 103)

Statement	Agree/ Strongly Agree	Disagree/ Strongly Disagree	Unsure/ Not Applicable /Not Relevant
SBTCs saved my business some tax dollars	12.6% (13)	18.4% (19)	78.9% (71)
SBTCs are so complex that it is hardly worth the effort	33.0% (34)	10.7% (11)	66.3% (58)
I was well advised by my accountant regarding the benefits of SBTCs for my business	26.8% (27)	11.7% (12)	62.2% (64)
Accountants have a self interest in pushing the use of SBTCs	7.8% (8)	23.3% (24)	78.9% (71)
SBTCs are a waste of time; would be better off with lower taxes and a simpler tax regime instead	40.8% (42)	5.8% (6)	53.4% (55)

The large proportion of respondents who gave no opinion is an indication that business taxpayers were either unaware of SBTCs or did not understand them (Table 30).⁹⁵ Among respondents who expressed an opinion, a majority believed SBTCs were too complex and an even more significant majority would prefer lower tax rates and a simpler tax system overall. Respondents were also divided about whether SBTCs saved them tax dollars.

Respondents' attitudes towards specific tax concessions revealed a similar lack of knowledge and level of non-commitment. The simplified capital allowance regime rated amongst the most useful; on the other hand less than 20 per cent of respondents perceived usefulness in the simplified GST. It is remarkable that the Entrepreneurs Tax Offset (ETO), which (at the time of the survey) potentially delivered a significant reduction of tax liability to very small businesses, was either unnoticed or perceived negatively (Table 31).⁹⁶

95 The fact that the “not applicable/not relevant” answer was the default answer may have contributed to this outcome.

96 Under the ETO provisions eligible business taxpayers could obtain a reduction of up to 25% of their tax liability (Subdiv 61-J of ITAA97). Only taxpayers with an aggregated turnover of \$50,000 were eligible for the full concession. The ETO has subsequently been abolished.

Table 31: Perceptions about usefulness of SBTCs (n =102)

Concessions	Moderately / Very useful	Not useful / Not very useful	Unsure / Not Applicable / Not relevant
Simplified GST	17.5% (18)	21.4% (22)	60.2% (62)
Simplified Capital allowance	31.1% (32)	10.7% (11)	57.3% (59)
CGT concessions	14.6% (15)	11.7% (12)	72.8% (75)
Entrepreneurs Tax Offset	2.9% (3)	15.5% (16)	80.5% (83)

Some SBTCs, such as the CGT concessions and the ETO, were perceived as complex (Table 32), which may have affected perceptions about their usefulness.

Table 32: Perceptions about complexity of SBTCs (n= 102)

Concessions	Not complex / Not very complex	Moderately / Very complex	Unsure / Not Applicable / Not relevant
Simplified GST	14.7% (15)	14.7% (15)	70.6% (72)
Simplified Capital allowance	15.7% (16)	17.6% (18)	66.7% (68)
CGT concessions	2.9% (3)	15.7% (16)	81.4% (83)
Entrepreneurs Tax Offset	3.9% (4)	11.8% (12)	84.3% (86)

5 Conclusion

This study sought to provide answers to three broad questions about the burden of tax compliance upon Australian small businesses. Firstly, it sought to estimate the impact of the tax system in terms of gross compliance costs incurred by small business taxpayers, and to establish whether the position has improved or deteriorated over recent decades. Secondly, it sought to identify whether significant managerial benefits or other tax compliance benefits were available to offset gross compliance costs. Thirdly, it assessed how effective SBTCs were in relieving the effects of the tax burden through the perception of business taxpayers. Although the overall size of the sample of useful responses is large enough to provide robustness to conclusions, the analysis across business size categories must be interpreted with caution because of the relatively low number of respondents in some sub-categories.

5.1 Impact of the tax system in terms of gross tax compliance costs

The average gross cost of complying with all taxes for the surveyed entities was estimated at \$32,389 for the 2009/10 tax year. This amount was broken down into \$20,129 for internal time costs and \$12,262 for external costs. Compliance with GST accounted for around 50 per cent of internal costs confirming previous research that compliance with this type of tax is very costly for small business taxpayers. However, if the present results were confirmed it would be a clear indication that compliance with *all* taxes was generally more costly in 2010 than in 1995 even when adjusted for inflation.

As in 1995, recording information within the business was the most time-consuming compliance activity, but the introduction of GST appears to have further increased internal time spent on this particular activity. The efficiency benefit brought by the introduction of computerised accounting did not completely offset the additional burdens of tax compliance introduced since 1995. Other research suggest that this somewhat surprising rise in the time spent in recording information could also be partly explained by the fact that businesses with good quality records tend to spend more time on their bookkeeping because they see some value in the product of that activity.⁹⁷

The majority of internal compliance work was undertaken by paid employees, except in micro-businesses where around half of internal compliance time was attributable to business proprietors. This is in sharp contrast to the situation reported by Evans et al in 1995 where the majority of compliance work was carried out by business owners and directors. If this outcome was confirmed by further research, it would indicate a trend towards a greater “specialisation” and “professionalisation” of the tax compliance function within small firms. The fact that small business taxpayers were

97 C Evans, S Carlon and D Massey, ‘Record keeping : Its effect on tax compliance’ (CPA Australia, 2005), 9.

also spending far more on external tax services in 2010 than they did in 1995 supports this conclusion.

A finer analysis of results by business size category confirms the continuing strong regressivity of tax compliance costs. While relative gross tax compliance costs represented \$8.50 per \$1,000 of turnover for businesses in the ‘\$3 million to \$6 million’ annual turnover category, the costs were \$19.50 per \$1,000 for businesses in the ‘\$1 million to \$3 million’ category and \$39 per \$1,000 for businesses with less than \$1 million turnover. These relative gross compliance costs seemed to be higher than those reported by Evans et al in 1995, suggesting that the regressivity of the tax compliance burden has increased since 1995.

5.2 Evidence about managerial benefits

A large majority of respondents agreed that tax compliance brought some benefits to their business. In particular, they believed that keeping tax records was an incentive to keep better and more accurate records and gave them a better knowledge about the financial position and profitability of their business.

The fact that record keeping was likely to be of good quality is supported by the high level of computerisation of accounting even in micro-businesses. The research also found that while tax calculation was a very important reason for keeping accounting records, the information produced by the accounting system was also considered important for internal management and for internal reporting. Overall the results of this survey regarding the existence of managerial benefits of tax compliance for small businesses support previous findings by Sandford, Evans et al and Lignier.⁹⁸

5.3 Effectiveness of small business tax concessions

The findings of this research regarding the effectiveness of small business tax concessions may not be considered conclusive in view of the very small number of responses. One explanation for the low response rate for this section of the survey may be that a significant proportion of respondents in this survey believed rightly or wrongly that they were not eligible for any of the SBTCs.

This outcome in itself suggests that taxpayers were generally misinformed or did not understand SBTCs, and that this might be an obstacle for their adoption. The apparent indifference towards SBTCs was compounded by a perception that the various concessions were complex and may not be worth the effort. This outcome appears to support the comment made by Freedman that attempts to reduce compliance costs

98 C Sandford, M Godwin and P Hardwick, *Administrative and compliance costs of taxation* (1989), Fiscal Publications, Bath ; C Evans, K Ritchie, B Tran-Nam and M Walpole, ‘A report into the incremental costs of taxpayer compliance’ (Australian Taxation Office, 1996); P Lignier, ‘The managerial benefits of tax compliance: An empirical study of small businesses in regional Australia’ in M Walpole and C Evans (eds), *Tax administration: Safe harbours and new horizons* (2008) 349, 370.

for small businesses may inadvertently increase them because measures designed to provide relief often introduce complexities.⁹⁹ Further empirical research in this area is clearly warranted.

Overall, the results of the survey confirm many of the conclusions that have been reached in previous research into the tax compliance costs of the small business sector. The burden for the sector continues to be large, in both absolute and relative terms. More depressingly, the outcomes of the survey suggest that the problem has become worse, in recent decades, for that sector. Notwithstanding a clear recognition by small businesses of the benefits that can accrue as a result of tax compliance, the evidence clearly suggests that the regressivity of tax compliance costs has become even more pronounced in the last 15 to 20 years, and that many of the policy measures specifically introduced to attempt to alleviate the compliance burden do little, if anything, to alleviate the burden for small businesses.

99 J Freedman, 'Why taxing the micro-business is not that simple: A cautionary tale from the 'old world' (2006) 2 *Journal of the Australasian Tax Teachers Association* 58.

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ATTA News May 2013

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1 Presidential column

My time over the last week has been occupied by two main issues: the Federal Budget that was handed down on Tuesday 14th, and the review of the Australian Business Deans Council journal rankings.

The Federal Budget contained no real surprises, as the significant measures had all been released - I don't think we can call a strategy of deliberate pre-release "budget leaks" any more. The only significant measure that had not been pre-released was the abolition of the Baby Bonus, and that was probably in order to prevent a mini baby-boom in February next year before the entitlement is removed. I think everyone has agreed that it was a strange budget for an election year, freezing entitlements and going back on previous promises, but it was also necessary to show some economic credibility. The budget was then followed by the Coalition announcement that there will be another major Tax Review after the election, so there will still be plenty of activity to watch.

I have also been working on the review of the journal rankings for the Australian Business Deans Council list. Now that the ERA journal lists do not include rankings, the ABDC list is the one that most of the Australian business schools refer to when assessing the quality of our work. The review this year is not intended to be a comprehensive re-ranking exercise, but is an opportunity for us to correct any major anomalies in the existing rankings, or ensure that any new journals are brought onto the list. As a peak body we are entitled to make a submission, which is due by 31 May so we don't have much time to organise the submission.

I have sought the assistance of the Executive in identifying anomalies, but am keen to receive input for members as well. Details of the review, specifically the Instructions to Submitters, can be found at <http://www.abdc.edu.au/3.43.0.0.1.0.htm>. If you have any input, please forward it to me at h.hodgson@unsw.edu.au by 27th May.

This next month is traditionally a very busy time as we lead up to final assessments, so I wish you all the best, and remember: "Sometimes the most important thing in a whole day is the rest we take between two deep breaths." -- Etty Hillesum

Helen Hodgson

2 2014: ATTA's 26th Annual Conference

ATTA's 26th Annual Conference will be held at Griffith University (South Bank campus) from Monday 20 January to Wednesday 22 January 2014. The theme of the conference is "The Politics of Tax" and papers are invited to be submitted that explore the way that politics has and continues to influence the tax system. Papers on this theme are strongly encouraged; although the submission of papers on any aspect of taxation is welcome. Also, papers that explore the scholarship of tax teaching and learning are invited. Current PhD students are encouraged to submit an abstract as there will be special mentoring workshops for them.

There will be prizes for best tax research paper, tax teaching paper and PhD student paper. Abstracts of no more than 500 words should be emailed to Ms Renata Steenland at r.steenland@griffith.edu.au by Friday 16th August, 2013.

Further information about the conference (including accommodation options and the programme) will be included in the future ATTA newsletters. In the meantime if you have any questions please contact Renata Steenland (r.steenland@griffith.edu.au or phone: +61 7 3735 3930) or visit: <http://attaconference2014.com.au/>

3 Review of ATTA Constitution

The ATTA Executive is meeting on the 29th of May 2013 to discuss whether there should be 'in principle' support to collate the necessary documents to proceed to incorporate ATTA as a company limited by guarantee (and then registration with Australian Charities and Not-for-Profits Commission (ACNC) in terms of obtaining status as a charity). If yes, such documents (including new constitution) would be considered as Special Business at the Annual General Meeting in January 2014.

Otherwise, the review of the constitution will continue with re-drafting the constitution with ATTA continuing as an unincorporated association. Such a revised constitution would be considered as Special Business at the Annual General Meeting in January 2014.

If you would like to provide any feedback on the idea of ATTA incorporating as a company limited by guarantee please email your comments to Brett Freudenberg by 27 May 2013 (b.freudenberg@griffith.edu.au)

4 Call for Papers: 2013 edition of JATTA – Deadline extended!

The closing date for submissions to the next edition of the *Journal of the Australasian Tax Teachers' Association* (JATTA) has been extended until **Friday 31 May 2013**.

All papers on taxation will be considered for publication. In particular, JATTA welcomes submissions from authors of the 2013 ATTA conference papers and other papers on the theme

of this year's ATTA conference –*Tax Alchemy: Turning Silver into Gold*. JATTA can provide a forum for publication of the many excellent papers presented at the conference.

Submissions should be presented in double spaced 12 point Times Roman font and should conform with the *Australian Guide to Legal Citation* (AGLC), produced by the Melbourne University Law Review: see <http://mulr.law.unimelb.edu.au/go/aglc>. Papers should also include an abstract of approximately 100 words submitted on a separate page and a short bio of the author/authors, also on a separate page.

All submissions to JATTA are subject to double blind peer review by appropriate specialists in the particular field of taxation. JATTA satisfies the description of a refereed journal and is included in the ERA 2012 Journal List:
http://www.arc.gov.au/era/era_2012/era_journal_list.htm.

Please submit your papers by email to Mark Keating at m.keating@auckland.ac.nz and copy to Pam Kam at p.kam@auckland.ac.nz no later than 31 May 2013.

5 Arrivals, departures and honours

Congratulations to **Fiona Martin** on completing her PhD on *An evaluation of existing income tax regimes for mining payments made pursuant to the Native Title Act 1993 (Cth) and the Aboriginal Land Rights (Northern Territory) Act 1976 (Cth), and of five proposals for legal reform*, from the University of New South Wales. Her supervisors were Prof Michael Walpole and Assoc Prof Sean Brennan.

John McLaren, formerly with the University of Canberra, moved in February 2013 to become a senior lecturer in the School of Accounting and Finance, Faculty of Business, University of Wollongong.

Ann Kayis is a UNSW BCom/LLB graduate with previous work experience in a hedge fund, with JP Morgan, and as a banking & finance lawyer at Corrs Chambers Westgarth. In her time as an undergraduate student, she represented the UNSW in the Vis International Commercial Arbitration Moot in Vienna, ranking first worldwide for both the Claimant's and the Respondent's Memoranda. After a couple of years in private practice, Ann decided to pursue a career in academia. She is now tutoring and undertaking an M Phil through the Australian School of Business's School of Taxation & Business Law. Her main area of interest is cross-border tax.

Dale Boccabella, Chris Evans, David Morrison and Dale Pinto were signatories to 'An open letter to the Prime Minister from Australian Professors and Associate Professors', in Australian universities concerned by the recently announced \$2.3 billion cut in federal budget allocations to the university sector.

Source: Advertisement National Tertiary Education Union 'An open letter to the Prime Minister from Australian Professors and Associate Professors' *Sydney Morning Herald* 1 May 2013 p 7 (and other newspapers)

6 New Zealand developments

There are no significant developments to report on NZ tax policy at the present time. This may be related to the imminent release of the 2013 Budget on 16th May 2013. Changes to the tax system resulting from the Budget will be reported in the June ATTA newsletter, but in the meantime, most activity has been in the form of releases of officials' reports and consultation announcements:

- The government is requesting public feedback on information sharing between the Inland Revenue Department and other government agencies. While there is considerable information sharing taking place at the present time, in many cases information can only be shared with certain agencies when serious crimes are likely to be discovered (punishable by four or more years imprisonment or other serious specified offending). The proposed changes are looking to extend the current information sharing practices.
- Submissions are also sought on the rules relating to land-related lease payments. An officials' issues paper (The Taxation of Land-Related Lease Payments) has been released. This paper suggests rationalising the current rules through introducing generic income, deduction and timing rules for all land-related lease payments. These changes would follow reforms made to lease inducements and lease surrender payments (these are in a Bill currently before Parliament).
- On 18th April the Treasury and Inland Revenue Officials' Report on the OECD's base erosion and profit shifting work was released. This report relates to the taxation of multinationals in New Zealand. The document reports on policy actions including the bank minimum equity rules and tightening of the thin capitalisation rules that are intended to strengthen domestic tax laws.
- On 23rd April the Minister of Revenue, Peter Dunne, announced that a tax penalty intended to eliminate the potential to over-impute dividends (at 30 per cent rather than 28 per cent) during the two-year transitional period during which the company tax rates reduced, is likely to be repealed. The penalty applied as at 31st March 2013 and was set at 10 per cent, which is now viewed as excessive. The transitional period has now finished, therefore rather than reduce the rate, the decision has been taken to repeal the penalty instead.

Lisa Marriott

7 United Kingdom developments

On 8 May the UK Parliamentary Calendar formally opened with the Queen's Speech. This is where the government sets out its agenda for the upcoming session. While there were few direct references to tax policy in the speech (the only explicit reference related to a desire to use the UK's presidency of the G8 to tackle tax evasion), the proposed agenda does mean that tax issues will continue to remain at the forefront of debate in the UK.

In particular, the ability to improve revenue will remain important as the speech noted that the Government will continue to "prioritise measures that reduce the deficit – ensuring interest rates are kept low for homeowners and businesses." The speech also noted that the "government is committed to building an economy where people who work hard are properly rewarded," which highlights the importance to them of measures to provide relief through increased personal allowances and changes to the tapers of working aged benefits.

Yet overall the Queen's Speech was a missed opportunity as it failed to address the increasingly "schizophrenic" approach to tax policy in the UK. As John Cridland, Director General of the Confederation of British Industry, has noted: "That confusion of purpose – are we making the UK more tax competitive? Are we sending signals that somehow big business can't be trusted? – needs reconciling."

<http://www.telegraph.co.uk/finance/economics/10042026/Government-needs-to-be-clear-on-its-tax-message-says-CBI.html>

Patrick Nolan

8 Call for papers

The **Global Environmental Tax Conference** series is announcing its "Call for Papers". This year the host is Kyoto University's Graduate School of Economics and the Faculty of Economics. The conference will be held from 17 – 19 October 2013. The timing and choice of Kyoto was meant to coincide with the end of the first phase of the Kyoto Protocol - so it is quite significant from the historical perspective.

Being a multi-disciplinary event it will be of great interest to ATTA members. The Conference's homepage URL is: <http://www.econ.kyoto-u.ac.jp/gcet>

The organising committee of the *International Conference of Chinese Tax and Policy* is pleased to announce this call for papers for the 2013 conference. The conference is to be held at **Xiamen University, Xiamen, China on December 14-15, 2013**.

The conference is jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University.

The organising committee welcomes any paper dealing with the conference theme. The general theme of the conference is *Tax Policy and Tax Law for China in a Time of Change*. In the next three years, there will be a session in each conference focusing on the following sub-themes:

- 2013: *Taxation of Real and Immovable Property*
- 2014: *Individual Income Tax and the Role of Taxation in Income Redistribution*
- 2015: *A Review of China's VAT Reform*

All papers will be subject to an international blind peer-review process. All accepted papers have the priority to be selected for publication in the *Journal of Chinese Tax and Policy*.

Submission Guidelines

- Please submit an abstract in English of 300 words.
- Please provide the final paper in English, and please provide the Chinese original if the work has been translated.
- For Chinese language contributors, please indicate if you cannot organise the translation of the abstract into English.
- Please send all submissions to business.jctp@sydney.edu.au.

Key Dates

August 29, 2013	Final date for submission of written conference papers without a translated version.
September 26, 2013	Final date for submission of written conference papers if assistance is required for the translated document.
November 14, 2013	Final date for submission of written conference paper for inclusion in

full conference papers made available to conference attendees on the conference website.

November 14, 2013 Final date for registration.

November 28, 2013 Final date for submission of PowerPoint presentations for conference speakers.

The editorial board of the *World Journal of VAT/GST Law* (WJOVL) cordially invites you to submit academic papers for publication in the second or third issue of 2013. The board welcomes the submission of academic articles focusing on VAT/GST related issues that are of relevance to the international community. The journal publishes both articles that critically analyse features of existing VAT/GST systems and tax policy articles. The WJOVL is a peer-reviewed journal and publication is subject to favourable peer-review reports. For further details, please consult the website (<http://www.hartjournals.co.uk/wjvol/index.html>) or the general editor (joachim.english@uni-muenster.de). The deadline for submission of articles is the end of August 2013 (for Issue 3/13).

Call for Papers on Taxation Law for the 2013 Society of Legal Scholars Annual Conference at Edinburgh

30 January 2013

Dear Colleagues

I'm writing to invite papers for the Taxation Law section of this year's Society of Legal Scholars annual conference. The 2013 SLS annual conference will take place at the University of Edinburgh from Tuesday 3rd September to Friday 6th September. Further information is available at <http://www.legalscholars.ac.uk>

The Taxation Law subject section will meet on Thursday 5th and Friday 6th September 2013 (in Group B). I'd be grateful if those interested in giving a paper could contact me, ideally by March 4th, with a provisional title and, if possible, a short abstract (say 200 words). You will find my contact details at the end of this notice. Potential presenters may wish to consider addressing the theme of the conference, which this year is 'Britain and Ireland in Europe, Europe in Britain and Ireland'. That aside, papers would be welcomed on any area of taxation law, from any jurisdiction, and from colleagues at all career levels. Papers reflecting postgraduate research in progress are most welcome.

You do not need to be a member of the SLS to give a paper. However, I'm asked to remind those offering papers that the SLS does require all speakers to book, **and pay for**, attendance at the subject section meeting. Those presenting papers will be expected to provide an abstract of their paper by the end of July for the paper bank, and, ideally, a copy of the full version of their paper before the conference begins. There is a prize for the best paper presented in a subject section of the SLS (the rules for which can be viewed at <http://conference.legalscholars.ac.uk/bristol/best-paper-prize.cfm>). Finally, if you are intending to give papers to more than one subject section, please could you also mention that to help in timetabling the sessions of our meeting.

I hope to see you in Edinburgh in September.

Glen Loutzenhiser <glen.loutzenhiser@law.ox.ac.uk>

SLS Subject Convenor, Taxation Law

Dr Glen Loutzenhiser
Faculty of Law, University of Oxford, St Hugh's College
St Margaret's Road, Oxford OX2 6LE
United Kingdom

9 TEI Award - European and/or International Tax Law publication

Dear colleagues!

The Tax Executive Institute in cooperation with the Institute for Austrian and International Tax Law of the WU Vienna is glad to announce the TEI Award for the best short publication on European and/or International Tax Law. Eligible to the award are all doctoral researchers (aged 35 and below) who have drafted an article for a tax journal or chapter in a collective volume accepted for publication between 15 August 2012 and 15 June 2013.

Applications must include the full text of the manuscript (drafted in English, French, German, Italian or Spanish) and evidence of publication (or an official letter of acceptance for publication) will have to be sent by 30 June 2013 to Christine Wiesinger, christine.wiesinger@wu.ac.at, and will be examined by a jury composed by the Professors of the Institute for Austrian and International Tax Law.

The winner of the award (Eur 1.000,- plus an admission free of charge to a conference organised by the Institute for Austrian and International Tax Law) will be announced at the Conference on ECJ Pending Direct Tax Cases from 21 to 23 November 2013.

Kind regards,

Michael Lang / Pasquale Pistone / Josef Schuch / Claus Staringer / Alfred Storck / Jeffrey Owens

10 Vacancies

UTS Quentin Bryce Law Doctoral Scholarship

UTS Faculty of Law Sydney, New South Wales

UTS:Law is pleased to announce a new round of Quentin Bryce Law Doctoral Scholarships: \$30,000 p.a. per full-time PhD student for 3 years \$1,500 p.a. research support fund per student Up to 10 scholarships available in 2013/2014 Possibility of appointment as a Doctoral Teaching Fellow (\$25,000 p.a.). The Faculty's research reputation has grown rapidly in the past few years. In the Excellence in Research for Australia 2012 assessment, UTS:Law research was ranked at 4 "above world standard".

Closing Date: Friday 31 May 2013 6:00 pm

11 Tax, accounting, economics and law related meetings

Local

University of Sydney 2013 Tax Law Work in Progress Seminar Series Schedule (below). I hope you will join us for some or all of these thought-provoking and fun get-togethers.

Please let me know if you know of someone who should be on our email list, and also let me know if you have interest in presenting your work-in-progress during semester 2 (there are a few slots still open). Unless otherwise indicated, seminars are held on Tuesdays from 4:30 (usually until around 5:30 or 6:00).

4 June – Prof. Richard Vann, University of Sydney, International corporate taxation
Micah Burch, Senior Lecturer, Faculty of Law, The University Of Sydney,
Rm. No. 414 New Law Building | The University of Sydney | NSW | 2006
T +61 2 93510462 | F +61 2 93510200
E micah.burch@sydney.edu.au | W <http://sydney.edu.au>

ATTA's **26th Annual Conference** will be held at Griffith University Monday 20 January to Wednesday 22 January 2014. The theme of the conference is *The Politics of Tax*. The conference will celebrate 26 years of tax teaching in Australasia. The conference organisers welcome papers on taxation, the teaching of taxation and taxation research. We particularly encourage new academics and postgraduate research students to submit papers. Further information about the conference (including accommodation options and the programme) will be included in the future ATTA newsletters. In the meantime if you have any questions please contact Ms Renata Steenland at r.steenland@griffith.edu.au

The 4th Queensland Tax Researchers' Symposium (QTRS) AND the Inaugural Meeting of the Australasian Tax History Chapter (THC). The Queensland University of Technology Business School will host the inaugural meeting of the Australasian Tax History Chapter on Thursday, 27 June and the fourth Queensland Tax Researchers Symposium on Friday, 28 June 2013. The Plenary speaker for the 4th Queensland Tax Researchers Symposium is Professor Adrian Sawyer from the University of Canterbury. Professor Sawyer will be delivering his talk on 'Reflections on what Editors and Referees are looking for in a high quality paper'.

These two events bring together tax academics and research higher degree students to discuss and present their current research interests. This is a joint initiative between academics from various universities with Griffith University, James Cook University, and UNSW also sponsoring the event. These events build on the success of the annual symposium which has been held since 2010.

The 2013 THC and QTRS will be held at the Gardens Point Campus of QUT in Brisbane. Registration is open to academics with a research interest in tax, as well as research higher degree students who are currently undertaking an honours, Masters or PhD dissertation in a tax related topic. While registration is free, numbers are limited and attendees will need to register by Friday 31st May 2013. Attendees may register for one or both days. Please click <http://www.qut.edu.au/business/about/events/events-registration?id=410> to register.

General enquiries about both the THC and QTRS should be directed to:

Professor Kerrie Sadiq
School of Accountancy, QUT
Email: Kerrie.sadiq@qut.edu.au
Ph: 07 3138 4236

Professor Kerrie Sadiq
School of Accountancy, QUT
Email: Kerrie.sadiq@qut.edu.au
Ph: 07 3138 4236

Supporting Sponsors: Taxation Institute; Thomson Reuters; CCH Australia; Griffith University; James Cook University; UNSW

Tax Institute <http://www.taxinstitute.com.au> lists many of the TI conferences, conventions, seminars, breakfast clubs. For further enquiries, contact Jessi Guy (02) 8223 0043 or email jessiguy@taxinstitute.com.au. Register online at <http://www.taxinstitute.com.au> Call the National Events team on 1300 733 842 for more details.

Please contact the National Events Team on 1300 733 842 or by email, nationaleducation@taxinstitute.com.au Follow us on Twitter @TaxInstituteOz. Danielle Marriott, Event and Member Services Executive The Tax Institute Phone: 02 8223 0000; Direct: 02 8223 0014 Fax: 02 8223 0077 daniellemarriott@taxinstitute.com.au

Overseas

American Accounting Association Calls for paper website <http://aaahq.org/calls/default.cfm>

Canadian Tax Foundation <http://www.ctf.ca/ctfweb/en>

Institute for Fiscal Studies Conferences and seminars
<http://www1.ifs.org.uk/conferences/index.shtml>

Tax Policy Fire Side Chats, WU Global Tax Policy Center, Institute for Austrian and International Tax Law, Monday 27 May 2013 14:00-15:30 Festival Hall (Augasse 2-6, 1090 Vienna, 1st floor section B). Prof Jeffrey Owens and Prof Xiong Wei from Wuhan University, Prof Yansheng Zhu, Xiamen University Law School and Prof Bristar Cao from Central University of Finance and Economics (CUFE) will discuss recent developments in Chinese domestic tax policy, the recent developments in the international position of China, and dealing with growing inequalities in the distribution of income and wealth. To see these previous examples, please go to:

<http://www.wu.ac.at/taxlaw/institute/videos/taxpolicyfiresidechats> For further information and registration please go to: <http://www.wu.ac.at/taxlaw/eventsn/fireside>. Both on-site and on-line participation will be free of charge.

Tax Treaty Case Law around the Globe conference, Friday 24 - Saturday 25 May 2013
http://www.wu.ac.at/taxlaw/en/eventsn/ttcl_around_the-globe2013

WU Global Tax Policy Center, the Institute for Austrian and International Tax Law, WU, together with the European University Institute (Florence) has initiated a new joint program on Taxation and Governance. The intent is to influence policymakers around the world on some of the key tax issues that they are facing. An Executive Seminar will take place on June 3, 2013 in Lisbon, Portugal, on the topic “**Beneficial Ownership and Trusts – moving towards greater transparency**”. This Seminar aims to discuss the role that trusts play in cross-border investments and the obstacles that trusts and identification of beneficial ownership may pose to the current international move towards transparency. For further information see <http://www.wu.ac.at/taxlaw/eventsn/130603execsem>

20th Viennese Symposium on International Tax Law “Dependent Agents as Permanent Establishments (Art 5 par 5 and 6 OECD Model Convention)”, which will be held in English in Vienna on Friday 14th June 2013. This Symposium will be organized by the Institute for Austrian and International Tax Law at WU (Vienna University of Economics and Business) with the International Fiscal Association (IFA), Austrian Branch. The Symposium will be free of charge. Please find the invitation and the application forms on our website www.wu.ac.at/taxlaw

Institute for Austrian and International Tax Law Vienna, the WU Global Tax Policy Center together with the Research Council of Norway **Trends and players in tax policy** conference, Rust (Burgenland, Austria) 4-6 July, 2013. Organized in the framework of the research project on Sustainable tax governance for developing countries through global fiscal

transparency, carried out under the auspices of the Norwegian Research Council. See the letter and questionnaire which are available for download on <http://www.wu.ac.at/taxlaw/en/eventsn/trendsandplayers> If you are interested to take an active role in this conference and to prepare the National Report for your country, we would kindly ask you to apply by email to renee.pestuka@wu.ac.at. Your CV and publication list (or link to your academic website) and a few words on your special affinity to the topic (like, e.g., having published extensively, having worked in this area, being part of a related group or organisation) would be appreciated and helpful.

Arbitration in Tax Treaty Law - Providing Legal Protection and Avoiding Qualification Conflicts in the Future Conference, University of Uppsala/WU (Vienna University of Economics and Business) Thursday, August 22, 2013 in Uppsala (Sweden). The Conference is supported by the Uppsala Center for Tax Law, a research foundation supported by Deloitte, Ernst & Young, KPMG, Mannheimer Swartling, PwC and Skeppsbron Skatt (Taxand). These are the main topics which will be dealt with in four conference sessions:

- Session 1: Experience from non-tax
- Session 2: OECD Developments and OECD Countries Experience
- Session 3: Non-OECD-Countries: Developments and Experience
- Session 4: EU Experience

http://www.wu.ac.at/taxlaw/en/eventsn/arbitration_uppsala2013

International Bureau of Fiscal Documentation. Various courses in Amsterdam, the Netherlands. For details, see <http://www.ibfd.org> The IBFD International Tax Academy (ITA) runs an extensive international course program. Generally all courses are held in Amsterdam. Should you require any further information or wish to register please refer to their web site www.ibfd.org or contact the International Tax Academy at +31-20-554 0160 or by e-mail ita@ibfd.org

For 2013 courses go to

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation>.

IBFD Courses in Asia-Pacific

Practical Aspects of International Tax Planning 27 -31 May 2013, Kuala Lumpur

Myanmar: Investment and Taxation 1-2 July 2013, Singapore

Indonesia: Investment and Taxation 3-4 July 2013, Singapore

International Tax Aspects of Mergers, Acquisitions and Corporate Finance 19-21 August 2013, Singapore

Principles of Transfer Pricing 9-13 September 2013 Kuala Lumpur

Principles of International Taxation 21-25 October 2013 Kuala Lumpur

International Taxation of Oil and Gas and Other Mining Activities 18-21 November 2013 Singapore

The ITA also offers tailor-made in-house courses on a worldwide basis for corporate clients, tax administrations and other organizations.

Forthcoming ITA Courses

Should you have any queries, please contact Arcotia Hatsidimitris, Head of the International Tax Academy by telephone +31-20-554 0180, or by a.hatsidimitris@ibfd.org

ITA Courses Tel.: +31-20-554 0160; Fax: +31-20-620 9397; Email:itacourses@ibfd.org

IBFD's 75th Anniversary Time to Celebrate. In 2013, it's IBFD's 75th Anniversary. To celebrate 75 years of long-standing values and reliability and as a leading provider of high quality independent tax research, we have lined up a programme containing several activities. The main event though, will be our Anniversary Congress in the Beurs van Berlage (Amsterdam) on Wednesday 12 June 2013. <http://www.ibfd.org/IBFD-Tax-Portal/Events/IBFD-s-75th-Anniversary-Congress-Tax-avoidance-international-arena-legitimate> We are very pleased to announce that one of our keynote speakers on that day will be esteemed economist Prof. Dr Sweder van Wijnbergen.

IBFD Conference Speaker Competition

Other activities planned for the 75th Anniversary celebration are:

12 June 2013: IBFD's 75th Anniversary Congress: "Tax avoidance in the international arena: legitimate aim or immoral act?"

12 June 2013 (expected): IBFD's Jubilee book, covering the treatment of business profits under tax treaties.

25-30 August 2013: IFA Conference in Copenhagen

International Fiscal Association Congresses <http://www.ifa.nl/pages/default.aspx>

25-30 August 2013 **Copenhagen, Denmark**

Subject 1:

Controlled Foreign Corporation Legislation (Preliminary title)

Subject 2:

Exchange of information and the cross-border cooperation between tax authorities

29th Annual Asia-Pacific Tax Conference is expected to be held in Singapore in October 2013. For more information, please contact Liane Tsang of Baker & McKenzie, Hong Kong by tel.: +852 2846 2358 or by e-mail: liane.tsang@bakermckenzie.com.

International Conference of Chinese Tax and Policy, Xiamen University, Xiamen, China on December 14-15, 2013. Jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University. <http://sydney.edu.au/business/research/journals/jctp/conference>

International Atlantic Economic Society (IAES) conference www.iaes.org for more information. Prof Dr M. Peter van der Hoek Academy of Economic Studies, Bucharest, Romania and Erasmus University, Rotterdam, Netherlands. Mailing address: Erasmus University (L 7-20) P.O. Box 1738 NL-3000 DR Rotterdam Netherlands Phone/Fax: +31-10-4081622 E-mail: vanderHoek@frg.eur.nl

International Tax Planning Association Forthcoming meetings

<http://www.itpa.org/meetings.html>

Other useful tax and law related conference websites include the International Bar Association:

http://www.ibanet.org/Conferences/conferences_home.aspx

IBFD Course calendar

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation.TaxCourses>

International Events and Law Conferences

<http://internationaleventsandlawconferences.yolasite.com>

Law Conferences Worldwide <http://www.conferencealerts.com/law.ht>

New South Wales Bar Association

http://www.nswbar.asn.au/docs/professional/prof_dev/CPD/programme/index.php

Law Council of Australia <http://www.lawcouncil.asn.au/conferences/events-and-conferences.cfm>

LexisNexis Professional Development Calendar of events

<http://www.lexisnexis.com.au/aus/conferences/calendar/default.asp>

See also the *inTax Seminars Directory*, published in *inTax Magazine*.

Practising Law Institute <http://www.pli.edu/>

New York County Lawyers Association <http://www.nycla.org>

American Bar Association <http://w3.abanet.org/home.cfm>

New York Bar Association <http://www.nysba.org/>

Hieros Gamos Worldwide Law Events Calendar <http://www.hg.org/calendar.html>

For social sciences and humanities conferences, meetings etc, see Mind: The Meetings Index <http://www.interdok.com/mind> See also the magazine *Australian Conference & Exhibition Diary*, Vamosi Information Publication.

12 ATTA members in the media

Dale Boccabella, Neil Warren, Fiona Martin and Helen Hodgson did a federal budget 2013 podcast last week, available on the Australian School of Business website: <http://www.asb.unsw.edu.au/NEWSEVENTS/MEDIAROOM/ASB-BUDGET/Pages/default.aspx>

Helen Hodgson on the federal budget 2013 podcast re Newstart allowance <http://www.asb.unsw.edu.au/NEWSEVENTS/MEDIAROOM/ASB-BUDGET/Pages/default.aspx>

Rick Krever ‘Obeid tax evasion claims unlikely to stick: expert’ Four Corners by Mario Christodoulou and Marian Wilkinson, updated 12 March 2013 <http://www.abc.net.au/news/2013-03-11/expert-flags-difficulties-prosecuting-obeid-over-tax-evasion/4566080>

Fiona Martin on the federal budget 2013 podcast re why is it important to have charities and non-for-profits regulated. <http://www.asb.unsw.edu.au/NEWSEVENTS/MEDIAROOM/ASB-BUDGET/Pages/default.aspx>

13 Recent publications

Bold indicates ATTA members. Readers are encouraged to notify the Editor of recently written publications for notification, in these pages. Please note some of the overseas publications listed may not yet be available locally.

Local

Australian National Audit Office *Regulation of tax practitioners by the Tax Practitioners Board*, Report No 33, 8 May 2013 <http://www.anao.gov.au/~media/Files/Audit%20Reports/2012%202013/Audit%20Report%2033/Audit%20Report%20No%2033.pdf>

(2013) 28 (1) *Australian Tax Forum* special issue dedicated to the late Justice Graham Hill: Justice Hill and the autopoiesis of income tax law - **John Prebble**
The contribution of Justice Hill to the tax law of partnerships and trusts - **Miranda Stewart**
Seeing the bigger picture - **Graeme S Cooper**
Hill on tax treaties and interpretation - **Richard Vann**
An evaluation of the contribution of Justice Hill to the provisions for the taxing of capital gains in Australia - **Matthew Wallace, Geoffrey Hart and Chris Evans**
Thoughts on the contribution of the late Justice J.G. Hill to Australia’s GST - **Rebecca Millar**
Justice Graham Hill and Part IVA - **Justin Dabner**
Publications of the Honourable Justice Graham Hill - **Colin Fong**
Gedenkschrift for Graham Hill - Richard Giannone
Income according to ordinary concepts – the jurisprudence of Justice Graham Hill - **Chloe Burnett**

Curious cases of footballers, aircraft crew, lawyers, scientists and a motel - the general deduction jurisprudence of Justice Graham Hill - **Michael Dirkis**

(2013) 42 (2) *Australian Tax Review*

Editorial - Testing times for tax advisers

Tax, the way ahead – Chris Jordan

Income tax issues for impaired debt – Joshua Cardwell and Angela Danieletto

Lawyers and accountants as “gatekeepers” to combat money laundering – an international comparison – **Maria Italia**

Australian Taxation Office *Taxation statistics 2010-11*,

<http://www.ato.gov.au/corporate/content.aspx?menuid=0&doc=/content/00345977.htm&page=2&H2> or http://apo.org.au/sites/default/files/docs/ATO_TaxationStatistics2010-11_May2013_0.pdf

Bacina, Michael & Murray, Mitchell ‘New regime tightens tax compliance: retrospective personal liability for company directors’ (2012) 50 (10) *Law Society Journal* 50-51

Bevan, Christopher ‘Delegation of testamentary power: taxation traps for the unwary’ (2012) 50 (6) *Law Society Journal* 70-71

Bevan, Christopher ‘High Court clarifies right to stamp duty refund’ (2012) 50 (7) *Law Society Journal* 48-49

Cooper, Graeme S ‘Reforming the taxation of trusts: piecing together the mosaic’ (2013) 35 *Sydney Law Review* 187-235

Denniss, Richard ‘Real tax reform - the shrinking tax pie and what to do about it’, *Dissent*, No. 41, Autumn/Winter 2013: 22-24. Available electronically via Informit Literature & Culture Collection database

Eccleston, Richard; Warren, Neil & Woolley, Timothy ‘Beyond the blame game: political strategies for state funding reform’ (2013) 72 *Australian Journal of Public Administration* 14–30 <http://onlinelibrary.wiley.com/doi/10.1111/1467-8500.12007/full>

Evans, Chris ‘Tax governance issues: managing system complexity’ (2012) 31 *Economic Papers: A journal of applied economics and policy* 30–35

Guest, Ross *Comparison of the New Zealand and Australian retirement income systems*, Background paper prepared for the 2013 review of retirement income policy by the Commission for Financial Literacy and Retirement Income, February 2013 <http://www.cflri.org.nz/sites/default/files/docs/RI-Review-2013-Comparison%20NZ%20%26%20Aus%20Retirement%20Income%20Systems.pdf>

Mangioni, Vince ‘Recurrent property taxation: revenue re-alignment for state and local government in Australia’, *Pacific Rim Real Estate Society 19th Conference*, January 13th -16th 2013, Melbourne, refereed paper. http://www.prrs.net/papers/Mangioni_Recurrent_Property_Taxation_Revenue_realignment_for_State_and_local_government_in_Australia.pdf

Marriott, Lisa & Miller, Allan ‘Accounting for cultural well-being: an exploratory study of New Zealand regions’ (2012) 24 *Pacific Accounting Review* 112 – 137

Holmes, Kevin; Marriott, Lisa & Randal, John ‘Ethics and experiments in accounting: a contribution to the debate on measuring ethical behaviour’ (2012) 24 *Pacific Accounting Review* 80-100

Kariyawasam, Kanchana & **Samarkovski, Lisa** ‘Legal issues in franchising in Australia: is the current regulatory environment for the franchise sector adequate’ (2012) 9 *Macquarie Journal of Business Law* 142-51

Quinlan, Michael and Arteta, Arlou ‘Keeping the tax man at bay: winding up application adjourned for tax appeal’ (2012) 50 (7) *Law Society Journal* 42-43

Richardson, Ivor ‘Simplicity in legislative drafting and rewriting tax legislation’ (2012) 43 *Victoria University of Wellington Law Review* 517-30

Sadiq, Kerrie ‘Inherent international tax regime and its constraints on Australia's sovereignty’ (2012) 31 *University of Queensland Law Journal* 131-46

Sawyer, Adrian & Maples, Andrew (ed) *Taxation issues: existing and emerging*, Christchurch, University of Canterbury Centre for Commercial and Corporate Law, 2011, NZD70.00; NZD85.00 incl postage (overseas)

Part I Sustainability and Reform Issues

Behaviour modifying taxation and ethical governance - Jonathan Barrett

New Zealand and retirement savings taxation: where are we now? **Lisa Marriott**

The Tax Working Group's *Recommendation 13*: meritorious but unlikely to be implemented?

Peter Vial

Sustaining personal taxation: use of flat taxes and refundable tax credits to raise equity and labour productivity – Keith Rankin

Part II Avoidance

Tax fraud: when is tax avoidance a criminal offence? **Craig Elliffe**

Statutory general anti-avoidance rules of income tax law and comparable judicial rules of the common law and the civil law - **John Prebble**

In the beginning was *Trinity*: a review of recent tax avoidance jurisprudence - **Mark Keating**

Part III Maori Authorities and Charities

The history of the taxation of Maori authorities in New Zealand: a unique reflection of law and public policy working together? **Audrey Sharp**

Economic Development Corporations as charitable trusts - **Michael Gousmett**

Part IV Practitioners and the Rule of Law

Coping with clients' demands and expectations: from tax practitioners' perspectives - **Lin Mei Tan**

Mei Tan

Tax as Public Law - **Shelley Griffiths**

Part V International and Other Taxes

International Taxation: The case for the mutual recognition of trans-Tasman imputation credits – will it be a case of second time lucky? **David Dunbar**

GST fundamentals: supply and out-of-scope transactions - Eugen Trombitas

(2013) 47(10) *Taxation in Australia*

- Opinion piece: Who is really to blame for base erosion? - Paul McNab
- Superannuation: Seeking compensation for defective ATO administration - Daniel Butler & George Conitsiotis
- Tax cases: VN Railway and the superannuation fund which didn't fly - Michael Norbury
- What are your responsibilities if you agree to be an executor? - Donal Griffin
- Trust assets and estate planning: How has the dust settled after Kennon v Spry? - Tara Lucke & Matthew Burgess
- Mid market focus: Payroll tax: Interstate employees and other traps - Peter Bembrick
- Taxing the “golden ticket” - George Psarrakos

(2013) 16(4) *Tax Specialist*

- New Zealand tax on inbound foreign direct investment: The good, the bad and the ugly - Chris Harker & Brendan Brown
- Capital management of financial institutions and the related tax issues –Julian Pinson, Tricia Ho-Hudson & Anthony Frost
- Digging up the dirt on the minerals resource rent tax constitutional challenge - Rhys Cormick
- Garnishee notices: FCT v Park - Philip Bender

Tax Institute Seminar and convention papers:

National Division – published April

- Part IVA reform - Anthony Slater
- Managing the process of limited recourse borrowing arrangements by SMSFs - Lisa Oddo
- Employment equity arrangements - Authors: Ian Burgess & Peter Glindemann
- MRRT and Carbon Tax: Issues for financiers and funds - Teresa Dyson
- Equity, simplicity, certainty and individualised justice – in the one sentence? - Michelle Gordon

Victorian Division – published May

- Critical new SMSF strategies and updates - Bryce Figot
- Evidence - Stephen Linden

NSW Division – published April

- The issues you face if a client confides in you that they think they have committed tax fraud - David Williams
- Practical problems caused by the Personal Property Security Act (PPSA) - Michael Bennett
- At death - What are the tax issues? - Neil Wickenden
- The divorce: Tips and traps to ensure a tax effective separation - Peter Bobbin

Overseas

Arnold, IV William E ‘Tax enforcement in virtual worlds -- virtually impossible?’ (2012) 40 *Syracuse Journal of International Law and Commerce* 187-216

Asia-Pacific Tax Bulletin Number 2 - 2013

International - Consumption Taxes and Their Ramifications for Income Distribution - Parthasarathi Shome

Dispute Resolution Mechanisms in Tax Administration in Asia-Pacific - Satoru Araki
Australia - Casenote – High Court Reverses Federal Court’s Decision To Apply Anti-Avoidance Provisions to Hybrid Securities - Michael Butler, Jessica Pengelly and Lucy White
China (People’s Rep.) - The Resident Property Tax Reform Pilot Projects in Shanghai and Chongqing - Ying Zhang

India - Compatibility with the International Meaning of Beneficial Ownership - Shailendra Sharma and Shruti Sinha Rauniyar

The General Anti-Avoidance Rule – An Indian and International Perspective - Arnab Naskar and Shubhangi Gupta

Asia-Pacific - 2012 Developments - Aurobindo Ponniah

Australia - New Transfer Pricing Legislation – Phase Two - Dixon Hearder

India - Transfer Pricing Issues Relating to Marketing Intangibles - Rohan Shah, Ajit Tolani and Ashish Bhatnagar

The comparative survey articles are based on selected papers presented at the Baker & McKenzie 28th Annual Asia-Pacific Tax Conference held in Hong Kong on 1 and 2 November 2012.

China (People's Rep) - Tax Issues Relating to Intangibles - Amy Ling
India - Tax Issues Relating to Intangibles - Rohan Shah, Nishant Shah and Pranay Bhatia
Indonesia - Tax Issues Relating to Intangibles - Ponti Partogi
Philippines - Tax Issues Relating to Intangibles - Dennis Dimagiba
Singapore - Tax Issues Relating to Intangibles - Edmund Leow, Dawn Quek and Justin Tan
Taiwan - Tax Issues Relating to Intangibles - Dennis Lee and Andrew Lee
Reports on the following: China (People's Rep.), China (People's Rep.)/Singapore, French Polynesia, Hong Kong, India, Japan, Korea (Rep.), New Caledonia, New Zealand, Pakistan, Philippines, Singapore, Timor-Leste and Vietnam

Baistrocchi, Eduardo 'Tax disputes under institutional instability: theory and implications' (2012) 75 *Modern Law Review* 547-77

Baistrocchi, Eduardo & Roxan, Ian *Resolving transfer pricing disputes: a global analysis*, Cambridge, Cambridge University Press, 2012, Hardback (ISBN-13: 9781107026599), Cambridge Tax Law Series, £195.00

Batrancea, Larissa M; Nichita, Ramona A & Batrancea, Ioan 'Understanding the determinants of tax compliance behavior as a prerequisite for increasing public levies' (2012) 12 *The USV Annals of Economics and Public Administration* 201-10
<http://www.seap.usv.ro/annals/ojs/index.php/annals/article/view/473/466>

Beckham, Jeremy & **Elliffe, Craig** 'New Zealand's foreign trust regime and the use of tax treaties' (2012) 18 *Trusts & Trustees* 833-847
<http://tandt.oxfordjournals.org/content/18/9/833.full> or
<http://tandt.oxfordjournals.org/content/18/9/833.full.pdf+html>

Braithwaite, Valerie 'Resistant and dismissive defiance towards tax authorities', in: Crawford, Adam & Hucklesby, Anthea (ed) *Legitimacy and compliance in criminal justice*, Abingdon, Oxon, Routledge, 2013, ch 5, pp 91-115

British Tax Review Number 2 2013

The financial crisis, tax avoidance and an EU GAAR - Timothy Lyons

Addressing Base Erosion and Profit Shifting - Heather Self

Variation in the Outcomes of Tax Appeals between Special Commissioners: An Empirical Study - Michael Blackwell

A South East Asian Tax Organisation - **Nolan Sharkey**

Chartism and the Income Tax - Stephen Utz

The Financial Transaction Tax Proposal under the Enhanced Cooperation Procedure: Legal and Practical Considerations - Joachim Englisch, John Vella and Anzhela Yevgenyeva

Bulletin for International Taxation Number 4/5 - 2013

International - From Autarchy to Globalization to Where? Fraser Dickinson

IFA Congress articles

IFA @ Copenhagen: 67th Congress of the International Fiscal Association - Manuel E Tron

The Danish Regime for the Taxation of Passive Income for Groups of Companies - Anne Becker-Christensen and Nikolaj Bjørnholm

A Danish View on Information Exchange and Cross-Border Cooperation - Arne Riis

Transfer Pricing in Denmark - Jens Wittendorff

Danish "Beneficial Owner" Cases - A Status Report - Hans Severin Hansen, Lasse Esbjerg Christensen and Anders Endicott Pedersen

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The International Tax Treaty Policy of Colombia - Irma Johanna Mosquera Valderrama
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Chapter 3: Tax Coordination between Regions in Austria – Role of the Courts - Michael Lang and Lisa Paterno

Chapter 4: Tax Coordination between Regions in Belgium – Role of the Courts - Edoardo Traversa and Barbara Vintras

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Chapter 13: Horizontal Tax Coordination: The Canadian Perspective and a Few General Observations - Maximilian Haag

Chapter 14: Commentary on Horizontal Tax Coordination Conference - Walter Hellerstein

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Chapter 1 Dismantling Slasher Osborne: why Britain needs tax reform, not cuts - George Irvin

Chapter 2 Social and Economic Aspects (or Failures) of Tax Policy in Germany - Dieter Eissel

Chapter 3 Tax Reform, Income Inequality and the Welfare State: The Case of Portugal - Miguel Glatzer

Chapter 4 The Fiscal Lessons of the Global Crisis for the European Union: The Destructive Consequences of Tax Competition - Jeremy Leaman

Part II: Taxation, Taxation Policy and Less Developed Economies

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Chapter 6 Tax Treaties between Developed and Developing Countries - Alberto Vega

Chapter 7 Taxation and State Legitimacy in Kenya - Attiya Waris

Chapter 8 The Role of Inter-Company Transfers of Intangible Assets in Tax Avoidance Practices in Nigeria - Olatunde Julius Otusanya

Chapter 9 Gender, Poverty and Taxation: An overview of a multi-country study of gender and taxation - Caren Grown & Imraan Valodia

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Chapter 10 Equity, Efficiency and Progressive Taxation - Paolo Ermano

Chapter 11 Comprehensive lifetime taxation of international citizens: A solution to tax avoidance, tax competition, and tax unfairness - Doug Bamford

Chapter 12 Tax Justice through Country-by-Country Reporting: An Analysis of the Idea's Political Journey - Dries Lesage & Yusuf Kaçar

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14 Quotable quotes

“And that historically, criminal law has been aimed at crime in the **streets**, and not crime in the **suites**, that, a person who robs a bank will almost certainly go to prison, but the person who defrauds pensioners of their life savings to the tune of millions of dollars, or the well to do who use off shore havens to avoid paying tax, will be very unlikely, to face the criminal courts.”

Source: Brown, David ‘Sandra’s eulogy: farewell to a law reformer’ 27 April 2013 (for the late Sandra Egger)

“Big government, small government, more regulation, less regulation, tax increases, tax cuts: we don't care if the cat is black or white, as long as it catches mice.

Of course, we would all rather pay less tax in theory. But when presented with practical outcomes, properly explained, most Australians are happy to cough up a little extra.

I believe this explains the cognitive dissonance attributed to Australians when public opinion polls report that we simultaneously want to pay less tax but receive more services from government.

In theory that is actually what we want. But we are happy to look at real-world ideas on their merits.

When a proposal is put to us in the form of a new government service that helps people, with a clear explanation of what it will do and what it will cost, we are happy to support it.

Australians don't care for highfalutin ideological arguments about process; we care about results.

We care about policies that help to create a fair and decent society.

When such policies are put forward they will be resoundingly endorsed, regardless of the means by which they are achieved.”

Source: Bentley, Peter ‘Happy to pay a little extra for a good cause’, *The Drum Opinion* ABC News 9 May 2013 <http://www.abc.net.au/unleashed/4677876.html>

“Tax reform starts with immediately repealing the carbon tax and the mining tax and giving a modest company tax cut as soon as it’s affordable – but it doesn’t end there.

Within two years, an incoming Coalition government will consult with the community to produce a comprehensive white paper on tax reform.

We’ll finish the job that the Henry review started and this government squibbed.

We want taxes that are lower, simpler and fairer and will take proposals for further tax reform to the following election.”

Source: Tony Abbott Budget Reply, Parliament House, Canberra, 16/05/13
http://www.liberal.org.au/Budget_Reply_2013

“He (ie Justice Patrick Keane) has complained about the "volume and complexity of federal laws". In 2011, he told the Australian Financial Review that "opening the Tax Act is like entering the door to a parallel universe".”

Source: Sheehan, Paul ‘Judges’ frolic folly costs us dearly’ *Sydney Morning Herald* 20 May 2013 p 22 at 31 <http://www.smh.com.au/comment/judges-frolic-folly-costs-us-dearly-20130519-2junw.html>

“Mr O’Farrell said a higher GST could be used to remove "anti-economic" state taxes such as those on payrolls and investment.”

...

“Although forbidden from considering a change to the GST, the 2010 Henry tax review published a table showing that increasing the rate would be one of the least damaging ways of raising more tax. Only a resource super profits tax would cause less damage.”

Source: Martin, Peter & Cook, Henrietta ‘GST rise may help fix failing system: Premier’ *Sydney Morning Herald* 20 May 2013 <http://www.smh.com.au/opinion/political-news/gst-rise-may-help-fix-failing-system-premier-20130519-2juuy.html>

Thanks to Rick Krever, for the following:

“People think taxation is a terribly mundane subject. But what makes it fascinating is that taxation, in reality, is life. If you know the position a person takes on taxes, you can tell their whole philosophy. The tax code, once you get to know it, embodies all the essence of life: greed, politics, power, goodness, charity. Everything’s in there. That’s why it’s so hard to get a simplified tax code. Life just isn’t simple.”

Source: Sheldon Cohen, former IRS Commissioner, quoted in J Birnbaum and A Murray, *Showdown at Gucci gulch: lawmakers, lobbyists and the unlikely triumph of tax reform*, New York, Random House, 1987 p 289

ATTA News June 2013

<http://www.asb.unsw.edu.au/attanews>

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ATTA website <http://www.asb.unsw.edu.au/atta>

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1 Presidential column

This last month has been a fairly busy month for members of the executive. I can report that the committee that was looking at the ATTA Constitution has been busy, and the executive held a phone conference to discuss the best way forward. Our Constitution was originally drafted in the early 1990s, when the membership was fewer than 50 members and in a different regulatory environment. It is clear that the Constitution does need updating, so the committee is continuing to work through the various issues that have been identified as needing further work, with the intention of circulating a draft to members before our next Annual General Meeting. I would like to thank Brett Freudenberg, Brett Bondfield and Anne O'Connell for their continuing work on this project.

I also made nine submissions on behalf of ATTA to the Australian Business Deans Council Journal Ratings Review, which closed for submissions on 31 May. Since the ERA Journal list removed rankings, this list has become increasingly important to members who are being asked to show the quality of their research; and it is particularly problematic where academics are engaged in cross-disciplinary research, as are tax academics.

The submissions that I made were limited to publications before the Business and Taxation Law Panel and were based on the work done by Binh Tran Nam and Alfred Tran in 2011 when they surveyed our membership to develop a journal ranking list. I recommended:

- upgrading three journals based on the Tran Nam and Tran peer perception survey and their regional significance to tax academics: *Australian Tax Forum*, *Australian Tax Review* and *New Zealand Journal of Tax Law and Policy*;
- nominating two journals that were not on the list: *Australian GST Journal* and *World Journal of VAT/GST Law*;
- reclassifying the two Taxation Institute Journals so that *Taxation in Australia* (the Blue Journal) is ranked below the *Tax Specialist* (the Red Journal); and
- reclassifying *Tax Notes* and *ATA Journal of Tax Research*, which were inconsistent with the Law Dean's Council List and the former ERA ranking.

I would like to thank everyone who responded when I needed help or specific details of a publication. I am also aware that other tax academics were engaged in the submission process on behalf of their universities. The panel will be reviewing all submissions, with a draft of the amended list due to be released by the end of July. We will then have the opportunity to comment on that list before it is finalised.

As teaching for this semester draws to a close I hope that you all have the opportunity to take a breather before refocusing your attention on the next semester.

Helen Hodgson

2 2014: ATTA's 26th Annual Conference

ATTA's 26th Annual Conference will be held at Griffith University (South Bank campus) from Monday 20 January to Wednesday 22 January 2014. The theme of the conference is "The Politics of Tax" and papers are invited to be submitted that explore the way that politics has and continues to influence the tax system.

The conference itself will be held in the buildings of Griffith University's Conservatorium of Music (South Bank city campus) in the heart of Brisbane. Confirmed Keynote Speakers include Therese Dyson (Chair of the Board of Taxation) and leading tax barrister Mark Robertson. The conference dinner will be at Rydges South Bank Hotel (rooftop function area).

Papers on this theme are strongly encouraged; although the submission of papers on any aspect of taxation is welcome. Also, papers that explore the scholarship of tax teaching and learning are invited. Current PhD students are encouraged to submit an abstract as there will be special mentoring workshops for them. There will be prizes for best tax research paper, tax teaching paper and PhD student paper.

The template for abstracts can be found at: <http://attaconference2014.com.au/>
Abstracts of no more than 500 words should be emailed to Ms Renata Steenland at r.steenland@griffith.edu.au by **Friday 16th August, 2013**.

Registration: Registration will open soon and there are a number registration options including Super Early Bird to 30 Sept 2013: \$450; Early Bird to 13 December 2013: \$500; Full Fee (after 13 December 2013): \$560; and PhD Students (Full time): \$350 (note PhD students are recommended not to formally registering until the PhD scholarships are determined).

Accommodation: Rydges Hotel has agreed to provide conference attendees with a discounted rate of \$159 per night (including free wifi). Rydges Hotel is directly across the road from the conference venue. It is possible for delegates to twin share a room to split the cost. Bookings can be made directly with Rydges Hotel - it is important to mention that you are a delegate of the Griffith University Tax Teachers' Conference. Phone: +61 7 3364 0800

If you have any questions please contact Renata Steenland (r.steenland@griffith.edu.au or phone: +61 7 3735 3930) or visit the conference website at: <http://attaconference2014.com.au/>

3 CCH-ATTA Doctoral Series: call for submissions for 2013 publication

We are pleased to announce that CCH and ATTA have once again agreed to sponsor the publication of a book based upon a thesis in the CCH ATTA Doctoral Series. Expressions of interest are therefore called for doctoral submissions to be considered for the fourth publication in the Series. (Earlier publications in the Series were by Lisa Marriott, Brett

Freudenberg and John Bevacqua). Applicants need to follow the guidelines listed below which have been agreed to by the Doctoral Series Editorial Board (DSEB), consisting of Professors Chris Evans, Rick Krever and Dale Pinto and a senior representative of CCH.

1. To be eligible for submission for possible publication in The CCH ATTA Doctoral Series, a doctoral thesis must be at least at the stage of having been approved for award of the degree, but need not be awarded at the time of submission.
2. Submissions must be made to the DSEB by the relevant cut-off date for a year to be considered for possible publication in the series in that year. For 2013, the cut-off date is 30 August 2013.
3. Theses from any period will be considered by the DSEB for possible publication in the series. However, the currency, relevance and topical interest of the thesis will be among the considerations taken into account by the DSEB in selecting a thesis for possible publication.
4. If a thesis which is submitted by an author needs to be updated/edited in the view of the DSEB then the author undertakes to carry out any updates/edits to the satisfaction of the DSEB within time frames which the DSEB specifies.
5. Submissions relating to all areas of taxation with particular relevance to Australia and/or New Zealand are welcome.
6. Doctoral submissions may include submitted PhD or SJD theses.
7. The DSEB may decide not to publish any submissions received in a particular year.
8. The decisions of the DSEB are final and no correspondence will be entered into.

Please send submissions on or before the 2013 cut-off date of 30 August 2013 to Professor Dale Pinto (dale.pinto@cbs.curtin.edu.au). The submission should include:

- a) a copy of the thesis
- b) a brief statement on the status of the award (whether awarded or approved)
- c) details of the supervisors of the degree and
- d) copies of the examiners' formal reports on the thesis.

The Doctoral Series Editorial Board

4 Arrivals, departures and honours

Congratulations to **Catriona Lavernicocca** who was awarded her PhD on the 17 June 2013 with her topic of *Tax risk management as a corporate governance issue in Australia and its impact on income tax compliance by large corporate taxpayers*, from the University of New South Wales, Australian School of Business, School of Taxation and Business Law. Her supervisors were Prof Margaret McKerchar, Dr Jenny Buchan and Prof Chris Evans.

Congratulations to **Vince Mangioni** who was awarded his PhD on the 17 June 2013 with his topic of *Codifying 'value' in the assessment of land value taxation*, from the University of New South Wales, Australian School of Business, School of Taxation and Business Law. His supervisors were Profs Neil Warren and Margaret McKerchar.

Congratulations to **Lisa Marriott** on her promotion as Associate Professor at the Victoria University of Wellington, effective from 7 June 2013.

Congratulations to **Helen Hodgson** who has completed the requirements for her PhD with her topic of : *A Comparative Historical Analysis of Developments in the Family Tax-Transfer System in Australia and the United Kingdom between 1972 and 2007*, from the University of New South Wales, Australian School of Business, School of Taxation and Business Law. Her supervisors were Profs Chris Evans (ASB) and Bettina Cass (Social Policy Research Centre).

Justices **Tony Pagone** and **Jennifer Davies**, who are well known to tax practitioners, will shift from the Supreme Court of Victoria to the Melbourne branch of the Federal Court of Australia in the coming month.

Source: Walsh, Kate 'Tax boost to Melbourne Federal Court', *Australian Financial Review* 19 June 2013 p 40

In its annual assembly in Lisbon on June 1, 2013, the European Association of Tax Law Professors (EATLP) attributed the well renowned European Academic Tax Thesis Awards (EATTA) to the three best academic publications in the area of tax law. Two of these awards were given to WU (ie Wirtschaftsuniversität Wien Vienna University of Economics and Business) members: to Dr **Kasper Dziurdz** for his dissertation on "Kurzfristige Arbeitnehmerüberlassung im Internationalen Steuerrecht" and to Dr **Karin Simader** for her dissertation on "Withholding Taxes and the Fundamental Freedoms". The third awardee is **Marcel Schaper** from Maastricht University, who spent a research stay at the Institute for Austrian and International Tax Law.

5 New Zealand developments

There was little in the way of surprises in the Budget 2013 announcement on 16th May. The primary inclusions are outlined below:

- Proposals to change the tax treatment of certain forms of business 'black hole' expenditure. 'Black hole' expenditure is the expenditure that does not result in a tax deduction. Specific examples that will be made tax deductible include capitalised expenditure on the legal or administrative fees for some types of intellectual property, where no depreciable asset is recognised for tax purposes; expenditure related to abandoned resource consent applications that have not been lodged; and direct costs related to the payment of dividends by a company to shareholders. Other costs that will be allowed as an immediate tax deduction include the annual fee for stock exchange listing and AGM costs. However, the initial cost of listing on a stock exchange and costs associated with additional share issues will remain non-deductible for tax purposes.
- A research and development tax-break proposal designed to assist start-up firms. This proposal allows for 'small, innovative businesses' that invest heavily in research and development to qualify for cash refunds for tax losses generated from the research and development expenditure.

- A review of the thin capitalisation rules. This is an extension of an ongoing review started earlier in the year. This proposal incorporates extending the current rule (where the thin capitalisation rules apply only when one non-resident owns 50 per cent or more of a NZ investment) in order that non-residents who have a combined controlling interest of a New Zealand investment will trigger the thin capitalisation rules. In addition, shareholder debt, which can currently allow companies operating in NZ to have high levels of debt without the thin capitalisation rules applying, will be excluded from the worldwide group safe harbour debt calculations.
- Changes to the student loan scheme, including greater information sharing agreements between the IRD and the Department of Internal Affairs. This has generated much discussion in the New Zealand media with the prospect of students with large outstanding student loans having travel restrictions placed on them. Further changes include adjusting the thresholds for repayments for borrowers outside New Zealand, whereby those with higher outstanding loans will be required to commence higher repayments.
- An increased focus on property investment compliance, commencing from the 2014/15 financial year. This will be achieved by increased funding of NZ\$6.7 million for the purpose of investigating property investment transactions.

Lisa Marriott

6 Invitation to participate in survey: Coverage of the Law of Business Forms in Australian Accounting Degrees

Brett Freudenberg (Griffith Uni) and Dale Boccabella (UNSW) are undertaking a research project that explores the extent to which Australian business/commerce degrees with accounting majors focus on the various business forms used in Australia. The purpose is to ascertain the extent to which undergraduate accounting students are taught about the law of the various business forms and if so, which business form types, what aspects of those forms and the time allocated.

We are looking for academics who are involved in teaching law courses within an Australian business/commerce degree (majoring in accounting) – such as:

- Introduction to Business Law
- Law of Business Associations
- Company/Corporations Law – Introduction
- Company/Corporations Law – Advanced
- Taxation Law – Introduction
- Taxation Law - Advanced

Depending upon your answers this survey will take approximately 15 minutes. You can commence the survey at: <https://www.surveymonkey.com/s/businessforms>

As a thank you for taking the time to complete the survey, you can elect to enter into a prize draw with the chance to win one \$100 Myer gift card.

Full details (including ethics approval) can be found on-line at the survey. If you have any queries please do not hesitate to contact the researchers on: Brett: b.freudenberg@griffith.edu.au or Dale: d.boccabella@unsw.edu.au

7 Call for papers

Journal of Australian Taxation

Volume 14 Issue 2 (2012) of the *Journal of Australian Taxation* has recently been released. The contents of this issue will be uploaded to the journal's new website soon. All back issues can be accessed at this site as well: www.jausttax.com

Volume 15 Issue 1 is currently being finalised. A call for submissions for Volume 15 Issue 2 is now in effect. Please email any submissions in Word document format to Keith Kendall (k.kendall@latrobe.edu.au) or John McLaren (johmcl@uow.edu.au).

Special issue in Tax and Tax History research

The *Accounting Research Journal* provides a valuable forum for communication with academics and practitioners on topical research issues in the contemporary business environment. The Journal was established over 25 years ago. The editors welcome submissions encompassing research specific to the areas of accounting, accountability, governance, finance, auditing, regulation and tax. This year, the editors are targeting tax research in particular and we invite manuscripts from both established and emerging researchers. Submissions from across the tax and tax history discipline and using a variety of methodologies are welcome.

Guest editors:

Professor Kerrie Sadiq, QUT School of Business, Queensland University of Technology, Australia

Associate Professor Brett Freudenberg, Griffith Business School, Griffith University, Australia

Closing date: 31 August 2013

Proposed publication date: Issue 1 Volume 27, 2014

Submission: Submissions to *Accounting Research Journal* are made using ScholarOne Manuscripts, the online submission and peer review system at http://www.emeraldinsight.com/products/journals/author_guidelines.htm?id=arj

If you have any questions about the *Accounting Research Journal* generally, please contact the Joint editor Professor Ellie Chapple Larelle.chapple@qut.edu.au

The organising committee of the *International Conference of Chinese Tax and Policy* is pleased to announce this call for papers for the 2013 conference. The conference is to be held at **Xiamen University, Xiamen, China on December 14-15, 2013**. The conference is jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University. The organising committee welcomes any paper dealing with the conference theme. The general theme of the conference is *Tax Policy and Tax Law for China in a Time of Change*. In the next three years, there will be a session in each conference focusing on the following sub-themes:

- 2013: *Taxation of Real and Immovable Property*
- 2014: *Individual Income Tax and the Role of Taxation in Income Redistribution*
- 2015: *A Review of China's VAT Reform*

All papers will be subject to an international blind peer-review process. All accepted papers have the priority to be selected for publication in the *Journal of Chinese Tax and Policy*.

Submission Guidelines

- Please submit an abstract in English of 300 words.
- Please provide the final paper in English, and please provide the Chinese original if the work has been translated.
- For Chinese language contributors, please indicate if you cannot organise the translation of the abstract into English.
- Please send all submissions to business.jctp@sydney.edu.au.

Key Dates

August 29, 2013	Final date for submission of written conference papers without a translated version.
September 26, 2013	Final date for submission of written conference papers if assistance is required for the translated document.
November 14, 2013	Final date for submission of written conference paper for inclusion in full conference papers made available to conference attendees on the conference website.
November 14, 2013	Final date for registration.
November 28, 2013	Final date for submission of PowerPoint presentations for conference speakers.

The editorial board of the *World Journal of VAT/GST Law* (WJOVL) cordially invites you to submit academic papers for publication in the second or third issue of 2013. The board welcomes the submission of academic articles focusing on VAT/GST related issues that are of relevance to the international community. The journal publishes both articles that critically analyse features of existing VAT/GST systems and tax policy articles. The WJOVL is a peer-reviewed journal and publication is subject to favourable peer-review reports. For further details, please consult the website (<http://www.hartjournals.co.uk/wjvol/index.html>) or the general editor (joachim.englisch@uni-muenster.de). The deadline for submission of articles is the end of August 2013 (for Issue 3/13).

Call for Papers on Taxation Law for the 2013 Society of Legal Scholars Annual Conference at Edinburgh

30 January 2013

Dear Colleagues

I'm writing to invite papers for the Taxation Law section of this year's Society of Legal Scholars annual conference. The 2013 SLS annual conference will take place at the University of Edinburgh from Tuesday 3rd September to Friday 6th September. Further information is available at <http://www.legalscholars.ac.uk>

The Taxation Law subject section will meet on Thursday 5th and Friday 6th September 2013 (in Group B). I'd be grateful if those interested in giving a paper could contact me, ideally by March 4th, with a provisional title and, if possible, a short abstract (say 200 words). You will find my contact details at the end of this notice. Potential presenters may wish to consider addressing the theme of the conference, which this year is 'Britain and Ireland in Europe, Europe in Britain and Ireland'. That aside, papers would be welcomed on any area of taxation law, from any jurisdiction, and from colleagues at all career levels. Papers reflecting postgraduate research in progress are most welcome.

You do not need to be a member of the SLS to give a paper. However, I'm asked to remind those offering papers that the SLS does require all speakers to book, **and pay for**, attendance at the subject section meeting. Those presenting papers will be expected to provide an abstract of their paper by the end of July for the paper bank, and, ideally, a copy of the full version of their paper before the conference begins. There is a prize for the best paper presented in a subject section of the SLS (the rules for which can be viewed at <http://conference.legalscholars.ac.uk/bristol/best-paper-prize.cfm>). Finally, if you are intending to give papers to more than one subject section, please could you also mention that to help in timetabling the sessions of our meeting.

I hope to see you in Edinburgh in September.

Glen Loutzenhiser <glen.loutzenhiser@law.ox.ac.uk>
SLS Subject Convenor, Taxation Law
Dr Glen Loutzenhiser
Faculty of Law, University of Oxford, St Hugh's College
St Margaret's Road, Oxford OX2 6LE
United Kingdom

8 Vacancies

Monash University Lecturer/Senior Lecturer, School of Business/ Business Law and Taxation

The University

Monash University seeks to improve the human condition by advancing knowledge and fostering creativity. It does so through research and education and a commitment to social justice, human rights and a sustainable environment.

Sunway Campus

Monash University Sunway Campus is positioned as the premier private university in Malaysia and as a full campus of Monash University Australia. It is a private higher educational institution of Malaysia, received a rating of 'excellent' in the national SETARA '11 assessment and gained self-accrediting status in 2010. It has some 5,600 students and over 700 staff.

The Opportunity

We are seeking suitably qualified candidates for the following positions to join School of Business.

Senior Lecturer/ Lecturer in Business Law and Taxation

The successful applicant will be accountable to the Head of School of Business for educational and research program responsibilities and outcomes, through the relevant Discipline Head.

The successful candidates are expected to make contributions to the teaching effort of the school, faculty, campus or other organizational unit or an interdisciplinary area within the university. An academic at this level is also expected to play a major role in scholarship, research and/or professional activities relevant to a specified discipline

To be successful, you will need a PhD in related discipline. Demonstrated capacity to engage in outstanding research consistent with the strengths and strategic directions of the school will be essential.

If you have a strong record of research publications, demonstrated capacity to work constructively and collaboratively with a strong teaching record along with excellent oral and written communication skills, we look forward to hearing from you.

Appointment will be made at a level appropriate to the successful applicant's qualifications, experience and in accordance with classification standard for each level.

The Benefits

The appointment will be under Malaysian benefits, terms and conditions. A competitive remuneration package will commensurate with the applicant's experience and qualification.

Position Description

<http://jobs.monash.edu.au/jobDetails.asp?sJobIDs=512809>

Your application must address the selection criteria.

Enquiries and Applications

Kindly indicate the specific position level in align with the KRAs and selection criteria of the attached position descriptions.

For general enquiries, please refer to FAQ or contact :

Discipline of Business Law & Taxation

Professor Jeyapalan Kasipillai (Head of Discipline) email: jeyapalan.kasipillai@monash.edu

To apply, send your application to recruit_sob@monash.edu enclosing cover letter, resume and document addressing the selection criteria.

Closing Date: 30 June 2013

Monash University Sunway Campus reserves the right to delay or not to proceed with an appointment for the above mentioned position.

Monash University Sunway Campus, Jalan Lagoon Selatan, 46150 Bandar Sunway, Selangor.
Telephone: +603-55146000

IBFD Vacancy Post-Doctoral Research Fellow (Part-time)

Objective of the position

IBFD is recruiting a part-time post-doctoral research fellow to do research in international taxation, with special emphasis on **Financial Transaction Tax**. The research activity will be carried out in the framework of the specific guidelines set by the Academic Chairman and result in the publication of at least two articles in a major international tax publication per year. IBFD reserves the right to first refusal on any publication, resulting from this post-doctoral research fellowship.

Responsibilities

- The main activity consists of doing research on Financial Transaction Tax

- Other activities may include the following:
 - Assisting the Academic Chairman in his internal IBFD review of publications in the doctoral series (doctoral theses), the World Tax Journal and other IBFD publications like the Bulletin of International Taxation
 - Occasional teaching of short courses in international; European or comparative taxation within the framework of agreements concluded between IBFD and universities worldwide
 - Occasional teaching within the framework of courses organised by the International Tax Academy of IBFD
 - Coaching some of the staff of IBFD, who as research fellows, are preparing a doctoral thesis

Requirements and characteristics

Candidates are fluent in English and have defended with success a doctoral thesis on a subject of taxation. The following will constitute an advantage for the candidate at time of evaluating the application:

- (even temporary) post-doctoral appointment in an academic position at a university or a research institute
- The circumstance that such appointment was at a University of a research institute with international reputation
- The knowledge of tax treaties and international tax law and/or of European tax law
- The circumstance that the candidate is or has been doing research on issues related to the relevant area for this vacancy, or more general in the field of tax treaties and international taxation
- The fluent knowledge of an additional foreign language(s) besides the mother language and English would be an advantage

Salary & fringe benefits

We offer a part-time position (0.5 FTE) starting September 2013. Initially for one year, with a possible extension for another year. The gross yearly salary, depending on background and relevant work experience, will be between Euro EUR 75,000 - EUR 85,000 (based on full-time employment) completed by an attractive package of fringe benefits, amongst others:

- An additional 8% of the annual salary is considered ‘holiday pay’ and paid out in May
- For some candidates recruited abroad, we may be able to assist with an application to the Dutch tax authorities for the 30% deduction ruling.
- 5.44% Personal Budget (individual choice to buy up to 33 days paid holiday per year or end of year bonus)
- Free physiotherapy massage every three weeks

For more information, please contact:

Wendy de Koning, Head of Human Resources,

Tel.: 31-20-55 40 127/126.

Send your application before 28 June 2013 to: Email: Recruitment@ibfd.org

Please send your resume, together with a motivational letter, a list of publications (including a selection of the 5 most important publications and a 4-line abstract per each publication), and a summary of previous, current and already submitted future research subjects.

IBFD Vacancy Post-Doctoral Research Fellow (Part-time)

Objective of the position

IBFD is recruiting a part-time post-doctoral research fellow to do research in international taxation, with special emphasis on **environmental taxation and state aid**. The research activity will be carried out in the framework of the specific guidelines set by the Academic Chairman and result in the publication of at least two articles in a major international tax publication per year. IBFD reserves the right to first refusal on any publication, resulting from this post-doctoral research fellowship.

Responsibilities

- The main activity consists of doing research on Environmental Taxation and State Aid
- Other activities may include the following:

- Assisting the Academic Chairman in his internal IBFD review of publications in the doctoral series (doctoral theses), the World Tax Journal and other IBFD publications like the Bulletin of International Taxation
- Occasional teaching of short courses in international; European or comparative taxation within the framework of agreements concluded between IBFD and universities worldwide
- Occasional teaching within the framework of courses organised by the International Tax Academy of IBFD
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- The circumstance that such appointment was at a University of a research institute with international reputation
- The knowledge of tax treaties and international tax law and/or of European tax law
- The circumstance that the candidate is or has been doing research on issues related to the relevant area for this vacancy, or more general in the field of tax treaties and international taxation
- The fluent knowledge of an additional foreign language(s) besides the mother language and English would be an advantage

Salary & fringe benefits

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- An additional 8% of the annual salary is considered ‘holiday pay’ and paid out in May
- For some candidates recruited abroad, we may be able to assist with an application to the Dutch tax authorities for the 30% deduction ruling.
- 5.44% Personal Budget (individual choice to buy up to 33 days paid holiday per year or end of year bonus)
- Free physiotherapy massage every three weeks

For more information, please contact:

Wendy de Koning, Head of Human Resources,

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Please send your resume, together with a motivational letter, a list of publications (including a selection of the 5 most important publications and a 4-line abstract per each publication), and a summary of previous, current and already submitted future research subjects.

IBFD Vacancy Post-Doctoral Research Fellow (Part-time)

Objective of the position

IBFD is recruiting a part-time post-doctoral research fellow to do research in international taxation, with special emphasis on **international tax problems** related to the geographical area of Latin America. The research activity will be carried out in the framework of the specific guidelines set by the Academic Chairman and result in the publication of at least two articles in a major international tax publication per year. IBFD reserves the right to first refusal on any publication, resulting from this post-doctoral research fellowship.

Responsibilities

- The main activity consists of doing research on International Tax Problems related to the geographical area of Latin America
- Other activities may include the following:

- Assisting the Academic Chairman in his internal IBFD review of publications in the doctoral series (doctoral theses), the World Tax Journal and other IBFD publications like the Bulletin of International Taxation
- Occasional teaching of short courses in international; European or comparative taxation within the framework of agreements concluded between IBFD and universities worldwide
- Occasional teaching within the framework of courses organised by the International Tax Academy of IBFD
- Coaching some of the staff of IBFD, who as research fellows, are preparing a doctoral thesis

Requirements and characteristics

Candidates are fluent in English and have defended with success a doctoral thesis on a subject of taxation. The following will constitute an advantage for the candidate at time of evaluating the application:

- (even temporary) post-doctoral appointment in an academic position at a university or a research institute
- The circumstance that such appointment was at a University or a research institute with international reputation
- The knowledge of tax treaties and international tax law and/or of European tax law
- The circumstance that the candidate is or has been doing research on issues related to the relevant area for this vacancy, or more general in the field of tax treaties and international taxation
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Please send your resume, together with a motivational letter, a list of publications (including a selection of the 5 most important publications and a 4-line abstract per each publication), and a summary of previous, current and already submitted future research subjects.

<http://www.ibfd.org/Careers/Vacancies>

9 Tax, accounting, economics and law related meetings

Local

ATTA's **26th Annual Conference** will be held at Griffith University Monday 20 January to Wednesday 22 January 2014. The theme of the conference is *The Politics of Tax*. The conference will celebrate 26 years of tax teaching in Australasia. The conference organisers welcome papers on taxation, the teaching of taxation and taxation research. We particularly

encourage new academics and postgraduate research students to submit papers. Further information about the conference (including accommodation options and the programme) will be included in the future ATTA newsletters. In the meantime if you have any questions please contact Ms Renata Steenland at r.steenland@griffith.edu.au

Tax Institute <http://www.taxinstitute.com.au> lists many of the TI conferences, conventions, seminars, breakfast clubs. For further enquiries, contact Jessi Guy (02) 8223 0043 or email jessiguy@taxinstitute.com.au. Register online at <http://www.taxinstitute.com.au>. Call the National Events team on 1300 733 842 for more details. Please contact the National Events Team on 1300 733 842 or by email, nationaleducation@taxinstitute.com.au Follow us on Twitter @TaxInstituteOz. Danielle Marriott, Event and Member Services Executive The Tax Institute Phone: 02 8223 0000; Direct: 02 8223 0014 Fax: 02 8223 0077 daniellemarriott@taxinstitute.com.au

Overseas

American Accounting Association Calls for paper website <http://aaahq.org/calls/default.cfm>

Canadian Tax Foundation <http://www.ctf.ca/ctfweb/en>

Institute for Fiscal Studies Conferences and seminars
<http://www1.ifs.org.uk/conferences/index.shtml>

Institute for Austrian and International Tax Law at WU (Vienna University of Economics and Business) and the Research Council of Norway **Trends and Players in Tax Policy** conference, Rust, Burgenland, from 4-6 July 2013. The main purpose of this research project is to assess the trends and drivers in tax reform over the last decades and the outcome of the efforts made, as well as the changes in tax legislation and regulations. The changes in the relationship between tax administrations and taxpayers and the role of the “major players” will be analysed and the importance of Tax Policy in the Global Economy as well as the aspects of Good Governance will be covered. We are grateful that outstanding experts from almost 40 jurisdictions have agreed to present on their country’s present legal situation. In order to have lively and high level discussions, the number of participants is limited. If you are interested in participating, please apply as soon as possible to avoid disappointment. For application forms and more information on our website www.wu.ac.at/taxlaw. Direct link: http://www.wu.ac.at/taxlaw/en/eventsn/trends_and_players

Arbitration in Tax Treaty Law - Providing Legal Protection and Avoiding Qualification Conflicts in the Future Conference, University of Uppsala/WU (Vienna University of Economics and Business) Thursday, August 22, 2013 in Uppsala (Sweden). The Conference is supported by the Uppsala Center for Tax Law, a research foundation supported by Deloitte, Ernst & Young, KPMG, Mannheimer Swartling, PwC and Skeppsbron Skatt (Taxand). These are the main topics which will be dealt with in four conference sessions:

- Session 1: Experience from non-tax
- Session 2: OECD Developments and OECD Countries Experience
- Session 3: Non-OECD-Countries: Developments and Experience
- Session 4: EU Experience

http://www.wu.ac.at/taxlaw/en/eventsn/arbitration_uppsala2013

International Bureau of Fiscal Documentation. Various courses in Amsterdam, the Netherlands. For details, see <http://www.ibfd.org> The IBFD International Tax Academy (ITA) runs an extensive international course program. Generally all courses are held in Amsterdam. Should you require any further information or wish to register please refer to their web site

www.ibfd.org or contact the International Tax Academy at +31-20-554 0160 or by e-mail ita@ibfd.org

For 2013 courses go to

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation>.

IBFD Courses in Asia-Pacific

Myanmar: Investment and Taxation 1-2 July 2013, Singapore

Indonesia: Investment and Taxation 3-4 July 2013, Singapore

International Tax Aspects of Mergers, Acquisitions and Corporate Finance 19-21 August 2013, Singapore

Principles of Transfer Pricing 9-13 September 2013 Kuala Lumpur

Principles of International Taxation 21-25 October 2013 Kuala Lumpur

International Taxation of Oil and Gas and Other Mining Activities 18-21 November 2013 Singapore

The ITA also offers tailor-made in-house courses on a worldwide basis for corporate clients, tax administrations and other organizations.

Forthcoming ITA Courses

Should you have any queries, please contact Arcotia Hatsidimitris, Head of the International Tax Academy by telephone +31-20-554 0180, or by a.hatsidimitris@ibfd.org

ITA Courses Tel.: +31-20-554 0160; Fax: +31-20-620 9397; Email: itacourses@ibfd.org

National Tax Conference 2013 Malaysia **Managing the Tax Ecosystem**, 24 - 25 June 2013

Chartered Tax Institute of Malaysia, Kuala Lumpur Convention Centre, Kuala Lumpur – Malaysia. Official opening by Minister of Finance

Key topics

Economic challenges for Malaysia

Tax crime

Tax offences leading to criminal investigation

Tax cases update

Practical implementation of the transfer pricing rules and regulations

Limitation of tax avoidance

Round table discussion on current issues affecting tax payers

[http://www.ibfd.org/IBFD-Tax-Portal/Events/National-Tax-Conference-2013-](http://www.ibfd.org/IBFD-Tax-Portal/Events/National-Tax-Conference-2013-Malaysia?utm_source=May+Newsletter&utm_medium=Email&utm_campaign=GN30_05_201)

[Malaysia?utm_source=May+Newsletter&utm_medium=Email&utm_campaign=GN30_05_201](http://www.ibfd.org/IBFD-Tax-Portal/Events/National-Tax-Conference-2013-Malaysia?utm_source=May+Newsletter&utm_medium=Email&utm_campaign=GN30_05_201)

International Fiscal Association Congresses <http://www.ifa.nl/pages/default.aspx>

25-30 August 2013 **Copenhagen, Denmark** www.ifacopenhagen2013.com

Subject 1: The taxation of foreign passive income for groups of companies

Subject 2: Exchange of information and cross-border cooperation between tax authorities

The Seminar programme is as follows:

Climate change and international taxation

Cross-border short-term employment

Cross-border loss utilization

IFA/EU

Profit methods and the arm's length principle

IFA/OECD: Base erosion and profit shifting (BEPS)

Jubilee Seminar 75th Anniversary of IFA - "How will the tax system look in 25 years?"

Recent developments in international taxation

Subnational taxes and international taxation

Overhead and VAT deductibility (RE PE)

2014 **Mumbai, India** (12 October 2014 - 17 October 2014) Website:

www.ifa2014mumbai.com

Subject 1: Cross-border outsourcing - issues, strategies and solutions

Subject 2: Qualification of taxable entities treaty protection

2015 **Basel, Switzerland** (30 August 2015 - 4 September 2015) www.ifabasel2015.com

Topics under consideration as Subjects 1 and 2 of the Congress are "The use of tax measures in the area of research and development (R & D)" and "Taxation and fundamental rights: taxpayers' procedural rights in a globalised world"

2016 **Madrid, Spain**

2017 **Rio de Janeiro, Brazil**

2018 **Seoul, Korea, Rep. of**

2019 **London, United Kingdom**

2013 Society of Legal Scholars Annual Conference, Edinburgh, Tuesday 3rd September to Friday 6th September, <http://www.legalscholars.ac.uk> The Taxation Law subject section will meet on Thursday 5th and Friday 6th September 2013 (in Group B). The SLS does require all speakers to book, **and pay for**, attendance at the subject section meeting. Glen Loutzenhiser, SLS Subject Convenor, Taxation Law <glen.loutzenhiser@law.ox.ac.uk>

29th Annual Asia-Pacific Tax Conference is expected to be held in Singapore in October 2013. For more information, please contact Liane Tsang of Baker & McKenzie, Hong Kong by tel.: +852 2846 2358 or by e-mail: liane.tsang@bakermckenzie.com.

International Conference of Chinese Tax and Policy, Xiamen University, Xiamen, China on 14-15 December 2013. Jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University. <http://sydney.edu.au/business/research/journals/jctp/conference>

International Atlantic Economic Society (IAES) conference www.iaes.org for more information. Prof Dr M. Peter van der Hoek Academy of Economic Studies, Bucharest, Romania and Erasmus University, Rotterdam, Netherlands. Mailing address: Erasmus University (L 7-20) P.O. Box 1738 NL-3000 DR Rotterdam Netherlands Phone/Fax: +31-10-4081622 E-mail: vanderHoek@frg.eur.nl

International Tax Planning Association Forthcoming meetings

<http://www.itpa.org/meetings.html>

Other useful tax and law related conference websites include the International Bar Association:

http://www.ibanet.org/Conferences/conferences_home.aspx

IBFD Course calendar

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation.TaxCourses>

International Events and Law Conferences

<http://internationaleventsandlawconferences.yolasite.com>

Law Conferences Worldwide <http://www.conferencealerts.com/law.ht>

New South Wales Bar Association

http://www.nswbar.asn.au/docs/professional/prof_dev/CPD/programme/index.php

Law Council of Australia <http://www.lawcouncil.asn.au/conferences/events-and-conferences.cfm>

LexisNexis Professional Development Calendar of events

<http://www.lexisnexis.com.au/aus/conferences/calendar/default.asp>

See also the *inTax Seminars Directory*, published in *inTax Magazine*.

Practising Law Institute <http://www.pli.edu/>

New York County Lawyers Association <http://www.nycla.org>

American Bar Association <http://w3.abanet.org/home.cfm>

New York Bar Association <http://www.nysba.org/>

Hieros Gamos Worldwide Law Events Calendar <http://www.hg.org/calendar.html>

For social sciences and humanities conferences, meetings etc, see Mind: The Meetings Index <http://www.interdok.com/mind> See also the magazine *Australian Conference & Exhibition Diary*, Vamosi Information Publication.

10 ATTA members in the media

Krever, Rick quoted in Walsh, Katie ‘Transfer pricing rules ‘no solution’’ *Australian Financial Review* 22 May 2013 p 5

11 Recent publications

Bold indicates ATTA members. Readers are encouraged to notify the Editor of recently written publications for notification, in these pages. Please note some of the overseas publications listed may not yet be available locally.

Local

Australia Attorney-General’s Department *Legal opinions* 1901-1945
<http://www.legalopinions.agps.gov.au> includes various tax opinions such as
Opinion No. 1676 Subject: income tax federal income tax: deduction from assessable income of state income tax: whether possible to provide instead for deduction of state income tax from assessed federal income tax: taxation power: discrimination between states
Author: Geo. S. Knowles; Key Legislation: Income Tax Assessment Act 1936 s 72: Constitution s 51(ii); Date: 23 January 1941; Client: The Commissioner of Taxation
<http://www.legalopinions.agps.gov.au/legalopinion/opinion-1676?opsearch=true>

Bradbury, David (Assistant Treasurer, Minister assisting for Deregulation) ‘Tackling tax avoidance and profit shifting in the 21st Century’, Melbourne Law School, University of Melbourne, 17 May 2013
<http://assistant.treasurer.gov.au/DisplayDocs.aspx?doc=speeches/2013/006.htm&pageID=005&min=djba&Year=&DocType=>

(2012) 14 (1) *Journal of Australian Taxation*
Democratic discourse, taxation and hypothecation - Jonathan Barrett
General anti-avoidance rules: exploring the balance between the taxpayer’s need for certainty and the government’s need to prevent tax avoidance - Chris Atkinson
Online Sales and Auction Sites, Isolated Transactions and the Income Tax Act 2007 (NZ) – **Andrew Maples**

(2012)14 (2) *Journal of Australian Taxation*
The New "Option 2"? The Henry Review's Broad Based Cash Flow Tax - **Michael Walpole**
Reviewing the Reviews: A Comparison of Recent Reviews in Australia, the United Kingdom and New Zealand or "A Funny Thing Happened on the Way to the Forum" - **Chris Evans** (modified version of a paper that previously appeared in *Fiscal Studies*)
Revenue Allocation under the MRRT: Economic Aspects - Henry Ergas and Alex Robson

Kenny, Paul *Small business tax opportunities*, Chatswood, NSW, Lexis Nexis, 2013

Pagone, Tony ‘Some problems in legislating for economic concepts - a judicial perspective’ *Economic Roundup* Issue 1, 2011
<http://www.treasury.gov.au/PublicationsAndMedia/Publications/2011/Economic-Roundup-Issue-1/Report/Some-problems-in-legislating-for-economic-concepts-a-judicial-perspective>

Passant, John 'Deficit "crisis" an opportunity to tax the rich' *The Age* 1 May 2013
<http://www.theage.com.au/comment/deficit-crisis-an-opportunity-to-tax-the-rich-20130501-2isz6.html>

(2012) 22 (1) *Revenue Law Journal* <http://epublications.bond.edu.au/rlj/vol22/iss1>

Is section 8-1(2)(b) inoperative? Daniel Diaz

The impact of tax professionals upon the compliance behaviour of Australian individual taxpayers – **Ken Devos**

High-frequency trading and a financial transactions tax – Jim Corkery and Kristen Zornada

Small business entity tax concessions: Through the eyes of the practitioner – Stephen

Marsden, **Kerrie Sadiq**, and Timothy Wilkins

'...Nowhere man sitting in his nowhere land': The continuing saga of cross border arbitrage –

Michael Dirkis

Steketee, Mike 'Unfair, inefficient and expensive: what went wrong with Australia's superannuation system', *Inside Story*, 18 February 2013 <http://inside.org.au/superannuation>

Tax Institute

Seminar and convention papers:

NSW Division – published May

- Divorce and taxes – Kelvin Fitzalan
- Garnishees and freezing orders – Rashelle Seiden and Tim Russell
- The promoter penalties regime – Aislinn Walwyn and George Montanez
- Residence of individuals – Sanjay Wavde
- What is happening in the not-for-profit sector? – Darren Fittler
- Franking dividends – Some tips and traps – Brent Murphy
- The new Part IVA – Cory Hillier and Justin Cherrington
- Superannuation paper – Mark Payne
- Employer tax obligations – Staying a step ahead – Andy Hutt
- What's so special about those circumstances? The Commissioner's discretion to disregard or reallocate excess super contributions – Matthew McKee
- It's special, super special: Non-arm's length income – Jennifer Yeo
- Increased tax risks for directors – Bradley Tonks
- An update on GST – Alison Marshall and Jacqui Hardwick
- Employee share plans – Rob Basker
- TOFA – Business as usual? – Julian Cheng
- An update on the consolidation regime: A case study – Julian Pinson and Craig Marston
- Tax consolidation: An update – Andrew Hirst and Daniel Sydes

NSW Division – published June

- Paying dividends: The new landscape interaction between s.245T and the income tax provisions – James Pettigrew
- Structuring and restructuring - David Marschke
- The goodwill issue – Nick Gangemi
- Service entities and incorporation – Andrew Noolan

SA Division – published May

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- SME risk differentiation framework – Scott Bryant and Michael Cranston
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- Corporate restructuring for your SME business – Dean Steer
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- Train wreck case study – Adele Townsend
- Asset protection/family law issues – Justine Woods
- Structures introduction – Dominic Moon
- ATO’s view in dealing with tax agents and taxpayers in SME market – Elizabeth Gamin
- Audit, debt collection, extensions of time and penalty remissions – living the dream or a recipe for disaster – Damian O’Connor
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- Trust distributions in practice – Stephen Holmes
- Division 7A and UPE issues – Domenic Festa
- FBT paper – Harry M Rigney

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- Tax tips: Unlawful use and occupation: Principal residence exemption? - John Gaal
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- The meaning of “income of the trust estate” in Div 6 – Paul L Dowd
- Mid market focus: Don’t forget tax deduction for assets under \$6,500 – Steven Toth
- Tax cases: Offshore bank objects to disclosing customer list – Michael Norbury,
- Proposed new GST refund rules: The price of overpaying GST – Matt Strauch
- Dividend access shares: Are they still okay? If so, when? - John Ioannou
- Senior tax counsel’s report: Reforms to self-education expense deductions – Robert Jeremenko
- Superannuation: Pension changes – The saga continues – Author: Daniel Butler and Tina Conitsiotis

Taxation Today Issue 59 (February 2013)

- “Proposed Reforms to the Thin Capitalisation Rules” – Jarrod Walker and Jenny Sullivan – pages 3-6
- “Mediation as an Alternative Option in the Tax Disputes Resolution Procedures: Part 1” – Melinda Jones and **Andrew Maples** – pages 14-24

Overseas

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- India – The Anti-Avoidance Regime and the Shome Committee Recommendations – Hemal Zobalia and Jimit Devani
- Indonesia – The Controlled Foreign Company Rule – Anung Andang Wiratama
- Korea (Rep.) – An End of a Journey or a New Beginning? – The 2012 Trilogy of Supreme Court Decisions on International Tax – Ji-Hyun Yoon
- Thailand – New Policy on Investment Promotion – Till Morstadt
- Vietnam – An Overview of Value Added Tax Regulations and Common Issues – Christopher Butler and Than Xuan Thinh

Transfer Pricing Considerations for the Oil and Gas Industry – An Asian Perspective – Luis Coronado and Jonathon McCarthy
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Reports on the following: Australia, China (People’s Rep.), India, Indonesia, Indonesia/Malaysia, Japan, Korea (Rep.), Malaysia, New Zealand, Philippines, Singapore and Taiwan

Bulletin for International Taxation Number 6 – 2013

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OECD/International – “Circularly Linked” Rules Countering Deduction and Non-Inclusion Schemes: Some Thoughts on a Tie-Breaker Test – Kasper Dziurdź
Curbing Thin Capitalization: A Comparative Overview with Reference to South Africa’s Approach – Challenges Posed by the Amended Section 31 of the Income Tax Act 1962 – Annet Wanyana Oguttu
Fiscal Sustainability and Natural Resource Endowment in Uganda: Is an Effective Tax Administration the Answer? Wilson Bahati Kazi, Tapan Kumar Sarker and Doreen Tumuhirwe

Derivatives & Financial Instruments Number 3 – 2013

Editorial – Viva Hammer
International – The European Financial Transaction Tax: The New Reality – Laurent de La Mettrie, Patricia Songnaba and Donald Murre
International – The Current Tax Avoidance Debate and European Banks – S.F.M. Nielke and M.F. Nouwen
Draft Legislation Amending Germany’s Investment Tax Law in Line with the AIFM Directive – Jan Grabbe, Marco Simonis and Stefan Behrens
Securities Lending and Repo Transactions: Canadian Income Tax Considerations – Christopher J. Steeves
International – Impact Investing: What Are We Talking About? – Part I – Anuschka J. Bakker
International – European Court of Justice Ruling in Wheels: The Exemption for Management of Special Investment Funds – Jochum Zutt and Bas Breimer

European Taxation Number 6 – 2013

Abuse of Law in European Tax Law: An Overview and Some Recent Trends in the Direct and Indirect Tax Case Law of the ECJ – Part 1 – Dennis Weber
The Construction Permanent Establishment under Serbian Domestic and Tax Treaty Law – Gordana Ilić-Popov and Svetislav V. Kostić
EU Update – Commission – Laura Pakarinen; Court of Justice – Laura Pakarinen
Opinion Statement of the CFE on the Decision of the European Court of Justice of 29 November 2011 in Case C-371/10, National Grid Indus BV and Business Exit Taxes within the European Union
ECJ Task Force
European Union – Case Note on Åkerberg Fransson (Case C-617/10) – Cécile Brokelind

France – The New Limitation on the Deduction of Financial Expenses – Pauline Curt and Eric Robert

Latvia – A Recent Decision on the Application of the Ne Bis in Idem Principle in the Tax Context – Larisa Gerzova

Restriction on Interest Deductibility for Dutch Holding Companies – Norbert Vis

UK Investors in US LLCs Exposed to Double Taxation – Is This the End of the Story? Oana Popa

International Transfer Pricing Journal Number 3 – 2013

International – Transfer Pricing Documentation for Business Restructurings – Patrick Boone and Madlen Haupt

International – Report of EU Joint Transfer Pricing Forum on Cost Contribution Arrangements on Services Not Creating Intangible Property – D.J.R. Nijssen

International – A Tentative Improvement: Comments on OECD Discussion Draft on the Transfer Pricing of Intangibles – Jingyi Wang

Canada’s Transfer Pricing Test in the Aftermath of GlaxoSmithKline Inc.: A Critique of the Reasonable Business Person Test – Amir Pichhadze

Comparative survey

Netherlands – Voluntary Payment of Taxes and Voluntary Adjustments of Transfer Prices – Jeannette van der Vegt and Eduard Sporken

United Kingdom – Voluntary Payment of Taxes and Voluntary Adjustments of Transfer Prices: Some Observations Following Recent Events in the United Kingdom and Beyond – Jonathan Hawkes

Recent developments

Poland – Impact of Transfer Pricing Adjustments for VAT and Customs Law Purposes – Krzysztof Lasiński-Sulecki

Documentation

Germany – Arm’s Length Nature of a Transfer Price as the Decisive Criterion for Compliance with the Arm’s Length Principle (Not Only) in Treaty Cases – Ulf Andresen and David Kerenyi

Germany – Federal Tax Court Ruling on Relationship between Article 9(1) of the OECD Model Convention and National Income Adjustment Provision – Xaver Ditz and Markus Schneider

Germany – Judgment 11 October 2012 I R 75/11 – Translated by Xaver Ditz and Markus Schneider

International VAT Monitor Number 3 – 2013

The R Case and Its Impact on the Destination Principle – Han Kogels

The Polish VAT Exemption for Insurance Is Ahead of EU Law – Tomasz Rzepa and Maciej Wyganowski

The Unlawful Consequences of Italy’s Registration Procedure – Maurizio Bancalari and Fabio Tullio Coaloa

GST on Goods in Singapore’s Open Economy – Eng Hin Poh

VAT in the Oil and Gas Sector in Nigeria – Abduleef Olatunji Abdulrazaq

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VAT case notes: Case notes from: Austria, Canada, Finland, Russia, Sweden, United Kingdom and United States.

12 Quotable quotes

“ATO initiatives

The Coalition will also foster a more cooperative relationship between taxpayers and the Australian Taxation Office.

We all have to pay our fair share of tax. But the relationship with the ATO does not have to be adversarial and should be based on mutual respect.

One measure that will help change the culture of the tax office is to appoint people with business experience to senior posts. The new Commissioner, Chris Jordan, is a breath of fresh air in this regard and the Coalition welcomes his appointment.

But for too long the tax office has developed an insular and inward looking culture that has put it at odds with taxpayers, particularly in relation to its overly aggressive interpretations of tax laws.

Taxpayers are not the enemy. They should be respected.

I have previously announced that the Coalition would expand the number of Second Commissioners of Taxation, from three to seven, with appointments of “outsiders” who have market place experience to the executive group, which sets the strategic direction of the tax office.

A second step is to reduce the complexity and increase the certainty of tax law.

In areas like self-assessment and compliance we can do better.

But when dealing with tax payers the ATO has everything in its favour.

When it comes to resources, this year alone, the Government has increased the size of the tax office by over 500 employees to more than 22,000 staff.

And when it comes to its legislated powers it all works in favour of the tax office as well.

For example if a taxpayer is assessed for tax, the only way the amount can be disputed is if the tax is paid in full (with few exceptions).

And when there is a dispute over an audit, the ATO can often seem to go through the motions, rather than objectively reconsidering the taxpayer’s position.

Taxpayers need to know their concerns are heard and they need to be assured that they are being treated fairly.

I announce today that if elected a Coalition government will immediately establish a standing Parliamentary Committee with a singular focus – the oversight of tax administration.

The first task of the Oversight Committee will be to set down dates for regular semi-annual public hearings with the Commissioner of Tax. They will be held in a format similar to the public hearings with the Governor of the Reserve Bank.

The second task will be an enquiry into the most effective organisational structure for independently handling and resolving formal taxation disputes.

As I said last November I have deep reservations about the ATO being both an administrator and a prosecutor.

I recognise that the new Commissioner of Taxation, Chris Jordan, is endeavouring to put in place a more independent dispute resolution process. I welcome this initiative. So our timeframe should allow a proper evaluation of the ATO's new approach to independent review of disputes.

However, if the Oversight Committee believes it's necessary, then the Coalition stands ready to break up the tax office, so that its policeman functions are separate to its responsibility for administering the tax system.

Fairer administration of our tax system should have bi-partisan support.”

Source: Hockey, Joe (Shadow Treasurer) ‘Budget Reply Address to the National Press Club’ Wednesday, 22 May 2013 <http://www.joehockey.com/portfolio/news/details.aspx?r=23>

“Almost two-thirds of Australia's top 100 companies listed on the stock exchange have subsidiaries in tax havens or low-tax jurisdictions, a new report shows.

Thirteen of the top 20 companies, including two of the big four banks, have entities in well-known tax havens such as the Cayman Islands, Luxembourg, the British Virgin Islands and Bermuda.

A Uniting Church report, *Secrecy Jurisdictions*, the ASX100 and Public Transparency, reveals 61 of the top 100 companies held subsidiaries in “secrecy jurisdictions” as of April 2011 that have been targeted by tax authorities for sheltering companies dodging tax.”

Source: Wilkins, Georgia ‘Top firms’ tax haven links revealed’ *Sydney Morning Herald* 25 May 2013 <http://www.smh.com.au/business/top-firms-tax-haven-links-revealed-20130524-2k719.html>

“But while Abbott should allow the budget's automatic stabilisers to cushion the economy, he must ensure a rapid return to the path to budget surpluses.

For that he must achieve not just tax reform but reform of the federal government's own spending programs and state spending financed by federal grants.

The two – tax reform and spending reform – are not substitutes. The Australian public will agree to pay more tax only if it is assured that governments are making a serious effort to curb unnecessary spending.”

Source: Mitchell, Alan ‘PM-in-waiting has challenging time ahead’ *Australian Financial Review* 22 May 2013 p 6

“On the topic of tech giants being accused of setting up tax avoidance schemes, Mr Gates said he was “one of those rare people who is actually for taxes”. He said he has paid a total of \$US6 billion in tax.

“I feel like the services I get from the government are extremely worthwhile,” Mr Gates said. “And all those tech companies as far as I know are absolutely following all the rules.”

Because he believed the companies followed the rules as they stood, he said if somebody wanted to further tax large companies they “should change the rules”.

“I think it’s great that that debate is taking place, but it’s not incumbent on those companies to take shareholder money and pay huge amounts that aren’t required,” Mr Gates said.

“If people want taxes at certain levels great, set them at those levels; those companies will be glad to comply to any of those rules.””

Source: Grubb, Ben ‘Gates on tax, giving his kids only \$10m – and still doing the dishes’ *Sydney Morning Herald* 28 May 2013 <http://www.smh.com.au/technology/technology-news/gates-on-tax-giving-his-kids-only-10m--and-still-doing-the-dishes-20130528-2n9od.html> reporting on Bill Gates appearance on a special Q & A, ABC TV 27 May 2013.

In response to the above: “it would be easier to invade countries like Bermuda or Jersey with the view of changing their tax laws than to change tax laws in the major countries!!!”

Commenter: Sunil, Date and time May 29, 2013, 7:45AM

“Some things are better, some things are worse, but the job is still the same: to find a solution to people’s problems either by encouraging them to find an acceptable answer themselves or decide disputed questions according to law. However, in many cases, the facts raise completely fresh problems so that one has to call up as much learning as one can of analogous situations or authorities from overseas, to produce a just result and guide lawyers and courts in the future.”

Source: Young, Peter W ‘28 years on the bench’ (2013) 87 *Australian Law Journal* 297

“According to Adrian Raftery, people are setting themselves up for massive tax fail by not declaring income, failing to lodge returns correctly or not at all.

The author of *101 Ways to Save Money on your Tax – Legally!* said taxpayers were depriving themselves of legally legitimate entitlements by committing some, or all, of the seven deadly tax sins.

He said taking shortcuts and simple laziness, by not keeping receipts and being dishonest with income earned, topped the list of worst offences committed.

Greed in claiming things they’re not entitled to, carelessness, and arrogance in thinking they know more than an accountant will also send people straight to taxpayer hell.

“Some people mistakenly think if they don’t claim the full amount they’re entitled too, then they will stay under the ATO’s radar and avoid being audited,” he said.

“But if you’re legitimately entitled to claim the full amount then they simply should.”

He added that many people also believed it was easier and faster to do it themselves, but a qualified accountant could pick up a lot more than the average person.

With that in mind here is the list of the seven deadliest tax sins.

1. Laziness

Mr Raftery says not keeping receipts, log books and even diaries noting work hours can cost you dearly. Failing to properly document out of pocket medical expenses and not keeping spreadsheets for expenses will also cost you.

“People can claim \$10-20,000 in tax deductions if they have a log book for a car used for work but if they don’t have this, they can only claim the minimum \$3000,” he said.

2. Dishonesty:

Not declaring foreign income, additional payments, and shares will also have the tax office after you quicker than you can say PAYG. Mr Raftery said the ATO was data-matching over a billion transactions and were looking at 600,000 taxpayers.

“This process is quite lucrative as almost \$1.2bn in tax revenue was generated last year due to an audit investigation by the ATO,” he said.

3. Greed:

Over-claiming is asking for trouble, especially when it involves things such as claiming on rental properties and negative gearing, Mr Raftery warns. This can include claiming too much for repairs, interest on loans, borrowing costs and depreciation.

“The last thing you need is a knock on the door from the taxman because you claimed too much,” he said.

4. Arrogance:

Thinking you can do a better job is not only silly but may cost you more in the long run, Mr Raftery says.

“Remember an accountant is a professional and acts in the same way as a mechanic in a way,” he said. “Anyone can change a tyre but a mechanic can recognise potential problems and fix minor errors which can end up costing you more down the track.”

5. Stupidity:

Mathematical errors could result in big mistakes and a massive tax bill later, according to the author.

“A wrong number here or a bad calculation there may cost you thousands,” Mr Raftery said. “So if you do your return yourself then make sure you measure twice and avoid any unnecessary headaches.”

6. Forgetfulness:

Not lodging at a tax return or forgetting to file one falls under this category of tax sins. Mr Raftery said people were losing thousands by not lodging their returns. He said he had one client who had 33 years worth of returns and ended up getting a \$70,000 refund.

7. Carelessness:

The last thing people should do is check and double check they have all the correct information and documents, which should be maintained for 364 days of the year, not just one. Mr Raftery says just by taking more care with keeping receipts and grazing through every line of all bank accounts and credit cards can make a big difference.

“There are a myriad of deductions you might be missing out on,” he said. “But if you have more than \$300 worth of total deductions then you must have documentary evidence of that full amount.””

Source: Killalea, Debra ‘The seven deadly tax sins you’ll be paying for now and later’, News.com.au, 18 June 2013

<http://www.news.com.au/money/money-matters/the-seven-deadly-tax-sins-you8217ll-be-paying-for-now-and-later/story-e6frfmd9-1226665624519>

"Unfortunately the language used by their Honours suggested that this was required as part of identifying the obtaining of a tax benefit in connection with a scheme in s177C. That, it seems, gave birth to the idea that s177C provided a definition of 'tax benefit' which required a comparison between what was actually done (the scheme) with an alternative hypothesis of what the taxpayer would otherwise actually have done if the taxpayer had not done the scheme. This has led to a series of mental gymnastics in a recent line of cases that may, in turn, either seriously undermine the operation of Part IVA or, if the emerging jurisprudence is correct, be exposing what may always have been a fundamental flaw in its drafting.⁷ In this emerging jurisprudence the judges are seeking to give linguistic meaning to words on paper. There is no inquiry into what fiscal or economic purpose is served by construing s177C as requiring a comparison of what was actually done with what the taxpayer would, or might reasonably, otherwise have done. Indeed, it may be hard to see a fiscal or economic point to such a requirement. But the words are there and the generalist lawyer's approach is to supply general linguistic meaning to them."

Source: Pagone, Tony ‘Some problems in legislating for economic concepts - a judicial perspective’ *Economic Roundup* Issue 1, 2011

<http://www.treasury.gov.au/PublicationsAndMedia/Publications/2011/Economic-Roundup-Issue-1/Report/Some-problems-in-legislating-for-economic-concepts-a-judicial-perspective>

ATTA News July 2013

<http://www.asb.unsw.edu.au/attanews>

Editor: Colin Fong, Faculty of Law, University of New South Wales, Sydney
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ATTA website <http://www.asb.unsw.edu.au/atta>

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1 Presidential column

It's hard to believe that we are already half way through the academic year. For those of us with teaching responsibilities first semester has finished, with assessments finished and we have the chance to catch our breath before it all starts again. This is also a good time to catch up with research, and I would like to thank Kerrie Sadiq and the team at QUT for organising the Tax History Chapter and the Qld Tax Researchers' Symposium last month. I was only able to attend for the second day, but it was good to catch up with everyone who was there. There was a good cross section of tax research presented, with attendees from well beyond Queensland - and a particularly strong contingent from New Zealand.

I also attended the Superannuation Researchers Colloquium at the University of New South Wales last week. Superannuation, like tax, is a cross disciplinary area of research, and there were economists and finance professors rubbing shoulders with psychologists and public policy academics. If you teach and research in the tax and superannuation space, this annual symposium is well worth attending. Other colleagues have escaped the Australian winter to present their research at some of the international conferences that are held at this time of the year.

We have all been saddened to hear of the deaths of Katherine Ritchie, Professor John Tiley and earlier this year Pauline Sadler. Ours is a small community, and we will feel their loss. As one of my colleagues said to me, it puts things into perspective. We need to remember to take time out from our busy working life to spend time with family and friends and to look after our own health.

So on that note, I hope that during the non-teaching period you are all able to take some relaxation time between conferences and catching up with your research agenda so that you are reenergised for the coming semester.

Helen Hodgson

2 2014: ATTA's 26th Annual Conference

ATTA's 26th Annual Conference will be held at Griffith University (South Bank campus) from Monday 20 January to Wednesday 22 January 2014. The theme of the conference is "The Politics of Tax" and papers are invited to be submitted that explore the way that politics has and continues to influence the tax system.

The conference itself will be held in the buildings of Griffith University's Conservatorium of Music (South Bank city campus) in the heart of Brisbane. Confirmed Keynote Speakers include Therese Dyson (Chair of the Board of Taxation) and leading tax barrister Mark Robertson. The conference dinner will be at Rydges South Bank Hotel (rooftop function area).

Papers on this theme are strongly encouraged; although the submission of papers on any aspect of taxation is welcome. Also, papers that explore the scholarship of tax teaching and learning are invited. Current PhD students are encouraged to submit an abstract as there will be special mentoring workshops for them. There will be prizes for best tax research paper, tax teaching paper and PhD student paper.

The template for abstracts can be found at: <http://attaconference2014.com.au/>

Abstracts of no more than 500 words should be emailed to Ms Renata Steenland at r.steenland@griffith.edu.au by **Friday 16th August, 2013**.

Registration: Registration will open soon and there are a number registration options including Super Early Bird to 30 Sept 2013: \$450; Early Bird to 13 December 2013: \$500; Full Fee (after 13 December 2013): \$560; and PhD Students (Full time): \$350 (note PhD students are recommended not to formally registering until the PhD scholarships are determined).

Accommodation: Rydges Hotel has agreed to provide conference attendees with a discounted rate of \$159 per night (including free wifi). Rydges Hotel is directly across the road from the conference venue. It is possible for delegates to twin share a room to split the cost. Bookings can be made directly with Rydges Hotel - it is important to mention that you are a delegate of the Griffith University Tax Teachers' Conference. Phone: +61 7 3364 0800

If you have any questions please contact Renata Steenland (r.steenland@griffith.edu.au or phone: +61 7 3735 3930) or visit the conference website at: <http://attaconference2014.com.au/>

3 CCH-ATTA Doctoral Series: call for submissions for 2013 publication

We are pleased to announce that CCH and ATTA have once again agreed to sponsor the publication of a book based upon a thesis in the CCH ATTA Doctoral Series. Expressions of interest are therefore called for doctoral submissions to be considered for the fourth publication in the Series. (Earlier publications in the Series were by Lisa Marriott, Brett Freudenberg and John Bevacqua). Applicants need to follow the guidelines listed below which have been agreed to by the Doctoral Series Editorial Board (DSEB), consisting of Professors Chris Evans, Rick Krever and Dale Pinto and a senior representative of CCH.

1. To be eligible for submission for possible publication in The CCH ATTA Doctoral Series, a doctoral thesis must be at least at the stage of having been approved for award of the degree, but need not be awarded at the time of submission.
2. Submissions must be made to the DSEB by the relevant cut-off date for a year to be considered for possible publication in the series in that year. For 2013, the cut-off date is 30 August 2013.
3. Theses from any period will be considered by the DSEB for possible publication in the series. However, the currency, relevance and topical interest of the thesis will be among the considerations taken into account by the DSEB in selecting a thesis for possible publication.
4. If a thesis which is submitted by an author needs to be updated/edited in the view of the DSEB then the author undertakes to carry out any updates/edits to the satisfaction of the DSEB within time frames which the DSEB specifies.
5. Submissions relating to all areas of taxation with particular relevance to Australia and/or New Zealand are welcome.
6. Doctoral submissions may include submitted PhD or SJD theses.
7. The DSEB may decide not to publish any submissions received in a particular year.
8. The decisions of the DSEB are final and no correspondence will be entered into.

Please send submissions on or before the 2013 cut-off date of 30 August 2013 to Professor Dale Pinto (dale.pinto@cbs.curtin.edu.au). The submission should include:

- a) a copy of the thesis
- b) a brief statement on the status of the award (whether awarded or approved)
- c) details of the supervisors of the degree and
- d) copies of the examiners' formal reports on the thesis.

The Doctoral Series Editorial Board

4 Arrivals, departures and honours

Farewell **Katherine Ritchie** (1955-2013)

We are very saddened by the news that our friend and former colleague, Katherine Ritchie, passed away in June after complications following a fall in late 2012. Katherine was a staunch supporter of ATTA, attending conferences whenever she could and serving as New Zealand representative on the Executive Committee for many years. She was the principal organiser of a memorable conference held in Auckland when Manukau Institute of Technology hosted the event in 2002. She had lectured in accounting and taxation at various institutions in New Zealand since starting her academic career (after six years in practice) at Auckland Institute of Technology in 1978. She then worked variously at the University of Otago, Massey University and Manukau (where she received an Emerging Scholar Award for her research activities) before moving to Auckland University of Technology in 2008.

But we got to know Katherine really well in her all too brief stint on the other side of the Tasman when she worked with us at Atax, UNSW for a couple of years in the mid-1990s. At that time the four of us worked together on a major tax compliance costs research project for the ATO. Katherine proved to be an absolutely vital member of the team. Her tax and

accounting knowledge was critical and an obvious boon, but most of all we remember her for her sense of humour, her ever-cheerful personality and her optimistic outlook, all so important to us during the busy and exhausting period when we were conducting the large scale surveys involved in the project. There were times when tensions were running high, but Katherine was always able to ensure we met our deadlines and kept our cool. Through all this Katherine never compromised her incredible devotion to her students and was always available (including on weekends because, she explained, that is when part-time students need help most) to take queries, settle exam nerves and cheerfully explain the intricacies of Accounting. Katherine was, to use the term she favoured us with on so many occasions, “good as gold”.

Katherine will be missed by us all and our deepest sympathies go out to her husband John and her two children, Ian and Christina, and step sons Alastair and Robin.

Chris Evans, Binh Tran-Nam and Michael Walpole,
School of Taxation and Business Law, UNSW

ATTA members will be saddened to learn of the death recently of **John Tiley**, Professor of Taxation Law at Cambridge and head of the university’s Centre for Tax Law. John was a leading scholar in tax academia for decades, and is credited with having kept the discipline going, almost single-handedly, during times when tax law tended to be neglected by law faculties in Britain. John was first appointed to Cambridge in 1967 and in 1990 became Cambridge’s first Professor of Tax Law. John was a Fellow of Queens’ College for 46 years and in 2003 became the first person to be appointed CBE for work in the tax field.

Not only was John a leading scholar, he was a wonderful host for those ATTA members fortunate enough to visit with him in Cambridge, and particularly those who shared his interest in tax history and were invited to the biennial conferences that he convened (with great support by his wife Jillinda). To many in tax academia, John was a great colleague and friend. John is survived by his wife Jillinda and their family and our condolences are extended to the family at this difficult time.

Margaret McKerchar

Dear All

You will probably have heard the sad news of Professor John Tiley's death on 30 June 2013. John Tiley CBE, QC was a great friend to many aspiring academics, including in Australia and New Zealand, and visited with his wife Jillinda on many occasions. John is regarded as the person who established the academic discipline of taxation and, through such endeavours as the Centre for Tax Law at the University of Cambridge and the bi-annual Tax History Conference, gave it credibility. The following is an extract from the Obituary on the Law Faculty webpage:

“John Tiley was appointed to a lectureship in the Cambridge Law Faculty in 1967. He remained with the Faculty for the rest of his long and distinguished career. In 1990 he became the Faculty’s first ever Professor of the Law of Taxation, a position he held until his retirement in 2008. John was a pioneer of academic scholarship on tax law in the UK and his influence, both on other scholars and on tax practitioners, was immense. With support from the Chartered Institute of Taxation, the International Fiscal Association Congress Trustees and KPMG, in 2001 he founded the Faculty’s Centre for Tax Law to promote the study of the law of taxation as an intellectual as well as a practical discipline. A Fellow of the British Academy, he was appointed CBE in 2003 for his services to tax law and policy. As Chairman

of the Faculty between 1992 and 1995, John oversaw the move to the new Law Faculty Building on the Sidgwick Site.”

Judith Freedman from Oxford University is putting together correspondence she has received from colleagues, former students and others who were influenced by or worked with John. She will put these together and give them to John's wife. If you would like to write something about John (long or short, email or by letter) please send it to either Judith (judith.freedman@law.ox.ac.uk) or Ann O'Connell (a.oconnell@law.unimelb.edu.au).

Ann O'Connell

Recently the University of New South Wales School of Taxation and Business Law appointed **Michael D'Ascenzo AO**, the former Australian Commissioner of Taxation, to its adjunct professoriate. Michael will deliver a public lecture later in 2013 and will also lend his vast experience gleaned from the tax world to the benefit of postgraduate students in various courses.

2013 Atax Research Fellowships.

- Abe Greenbaum Fellow: A/Prof **Susan Morse**, Hasting College of the Law, University of California, San Francisco, arrives 2/9/13, leaves 27/9/13
- Atax Research Fellow: Professor **Malcolm Gammie**, QC, One Essex Court, London, arrives 19/7/13, leaves 16/8/13
- John Raneri Fellow: Professor **Paul Omar**, Nottingham Law School, Nottingham Trent University, arrives 5/8/13, leaves 16/8/13

Congratulations to **Peter Hill** who has completed the requirements for his PhD with his topic of: *The quest for the Holy Grail of taxpayer certainty - the history of the law and administration of Australian tax rulings*, from the University of New South Wales, Australian School of Business, School of Taxation and Business Law. His supervisors were Prof Michael Walpole (Atax) and A/Prof Mark Burton (University of Melbourne).

5 New Zealand developments

New Zealanders employed in Australia have the same requirement to save through the Superannuation Guarantee as Australians, which historically has resulted in retirement savings funds being locked-in (in Australia) if New Zealanders leave the country. Whereas citizens of other countries, under certain circumstances, have been able to withdraw their superannuation if they depart Australia permanently. The absence of trans-Tasman portability of retirement savings has long been a point of contention, with the suggestion that it impacts on decisions of employment locations. However, from 1st July 2013 New Zealanders and Australians may transfer their retirement savings between complying Australian superannuation funds and KiwiSaver schemes.

There will be no entry or exit taxes on the funds in most cases when they move between New Zealand and Australia. In addition, member tax credits and the initial \$1,000 ‘kickstart’

received into KiwiSaver funds will be retained if the fund changes country. However, funds will generally maintain the rules of the country where the saving originated. For example, funds transferred from an Australian retirement savings account into a KiwiSaver fund cannot be withdrawn to assist with a first home purchase, in the same way that the funds may be if they were initially contributed to a KiwiSaver fund. Similarly, funds saved in Australia and transferred to New Zealand may be withdrawn from the age of 60 where individuals meet the withdrawal requirements as established in Australia. The reverse also applies and KiwiSaver funds transferred to Australia will only be eligible for withdrawal when the scheme member turns 65. Hardship rules of the country where the saving originated will also continue to apply.

Transfers have to take place between KiwiSaver schemes (i.e. other retirement savings vehicles do not qualify) and complying Australian Prudential Regulation Authority regulated funds. Moving funds between countries when fund members relocate is not compulsory and the fund member must permanently migrate to transfer the funds. However, there are advantages of consolidating retirement savings funds, in particular saving of administrative costs and fund fees.

Potential tax issues include the different rates on earnings in funds in each country; the tax on capital gains on equities that exists in Australia, but not in New Zealand; and at the entry point into the Australian superannuation system, New Zealand savings will be subject to the Australian rules regarding the taxation of contributions in excess of A\$150,000 per annum.

Lisa Marriott

6 Letter to the Editor

In relation to journal rankings Helen says in her June Presidential column:
I also made nine submissions on behalf of ATTA to the Australian Business Deans Council Journal Ratings Review, which closed for submissions on 31 May. Since the ERA Journal list removed rankings, this list has become increasingly important to members who are being asked to show the quality of their research; and it is particularly problematic where academics are engaged in cross-disciplinary research, as are tax academics. The submissions that I made were limited to publications before the Business and Taxation Law Panel ...

I am not writing to call into question the hard work Helen has put in. However I wonder why we are so concerned with rankings. I know the answer to my question, but bear with me in suggesting an alternative approach.

ERA journal rankings were abolished for a reason. As Senator Kim Carr, the then Minister who is again the Minister after recent events in Canberra said in 2011:

There is clear and consistent evidence that the rankings were being deployed inappropriately within some quarters of the sector, in ways that could produce harmful outcomes, and based on a poor understanding of the actual role of the rankings. One common example was the setting of targets for publication in A and A journals by institutional research managers.*

In light of these two factors - that ERA could work perfectly well without the rankings, and that their existence was focussing ill-informed undesirable behaviour in the management of research - I have made the decision to remove the rankings, based on the ARC's expert advice.

Are we not visiting the rank sins of the ERA father on its sons and daughters in the Australian Business Deans' Council rankings?

Instead of reinventing a fractured wheel, maybe suggesting to the ABDC that they abandon the rankings system in accordance with the Minister's groundbreaking and, for a cross disciplinary researcher with little chance of publication in staid and conservative tax journals, liberating, announcement about ERA rankings in 2011 might be more appropriate. Otherwise do we not run the risk of replicating the game playing, the waste of time and effort and the conservatism of the ERA rankings system, without in fact identifying quality articles. Maybe we could return to judging the quality of an article by reading it.

John Passant
Ph D student
School of Politics and International Relations, Australian National University

President's reply

Thanks for your contribution John. While I agree with you that there are good reasons for abandoning a ranking system, I am also a pragmatist. As the ABDC is maintaining a journal ranking system it is in the best interests of ATTA members to actively participate in the review to protect the standing of the journals that we publish in.

Helen Hodgson

7 Conference reports

Australasian Tax History Chapter

The inaugural meeting of the Australasian Tax History Chapter was held at Queensland University of Technology on Thursday 27 June 2013. It was a well supported event with attendees from universities across Australia, New Zealand and Malaysia. Eight papers were workshopped on a range of topics from the League of Nations and the development of tax treaties (by Sunita Jogarajan) through to the Dutch East India Company's tax farming in Malacca in the 18th century (by Diane Kraal). There was robust discussion on strengthening the methodologies appropriate to historical tax research; and sharing of knowledge and experiences on archival research. Apparently some attendees, who thought they may not quite be tax history buffs, have had their latent interests ignited as a result! Many thanks to all who contributed to the success of this meeting which is expected to become an annual event. In particular, thank you to Professor Kerrie Sadiq and QUT for their efforts in hosting the meeting, and to UNSW for its sponsorship.

The catalyst for forming the Australasian Tax History Chapter came from Professor John Tiley of Cambridge University, who was fully aware and supportive of the initiative. Sadly, John died on 30 June 2013 as a result of an accident. His enthusiasm and encouragement for tax history research will be greatly missed and our thoughts are with his family at this time.

Margaret McKerchar
UNSW

2013 Queensland Tax Researchers' Symposium

Over 30 attendees enjoyed the 4th Qld Tax Researchers' Symposium on Friday 28 June 2013 at QUT's Garden Point campus. This is a mid-year symposium that allows tax researchers (including PhD and Honours students) to present their current work-in-progress research to get critical feedback. There were 13 presentations concerning research projects currently being undertaken, canvassing such issues as small business, tax havens and equality.

The day started off with Professor Adrian Sawyer (Uni of Canterbury) giving an insightful keynote address on '*Reflections on what Editors and Referees are looking for in high quality paper*'. This was followed by the 1st panel session with presentations by Miranda Stewart (Legitimacy & Tax Reform), Brett Freudenberg (Trust Education) and Kerrie Sadiq (Tax and Equality).

This was then followed by the 2nd and 3rd panel sessions with presentations from Melissa Belle Isle (GST & Cash Flow), Stephen Marsden (Small business CGT concessions), Papaporn Chunhachatrachai (tax compliance cost), Tom Delany (Mining Compensation) and Mark Keating & Julie Harison (Tax Havens).

Taking advantage of the Queensland weather in July, attendees then enjoyed lunch and refreshments on the terrace at QUT – basking in the Queensland sun, chatting about their research projects and catching up with colleagues. Lunch was kindly sponsored by CCH.

After lunch, there was a number of presentations, including: Lisa Marriott (Unpaid Tax), Sally-Ann Joseph (Environmental tax), John Passant (Tax the Rich) and Michael Gousmett (NZ Charity Concessions).

The day was concluded with Professor Kerrie Sadiq presenting the Highly Commended award to honours student Melissa Belle Isle (Griffith) for her presentation: '*Cash flow benefit from GST: Is it realised by small business entities*'. There was much excitement and enthusiasm at the end of the day, with much talk about next year's symposium which is likely to be at James Cook University. Thank you to the Tax Institute for sponsoring cocktails.

Thank you to all of the sponsors that made the event possible – the *Atax*, *CCH*, *Tax Institute*, *Griffith University*, *James Cook Uni*, *QUT* and *Thomson Reuters* – their generosity is greatly appreciated.

Brett Freudenberg

8 Invitation to participate in survey: Coverage of the Law of Business Forms in Australian Accounting Degrees

Brett Freudenberg (Griffith Uni) and Dale Boccabella (UNSW) are undertaking a research project that explores the extent to which Australian business/commerce degrees with accounting majors focus on the various business forms used in Australia. The purpose is to ascertain the extent to which undergraduate accounting students are taught about the law of the various business forms and if so, which business form types, what aspects of those forms and the time allocated.

We are looking for academics who are involved in teaching law courses within an Australian business/commerce degree (majoring in accounting) – such as:

- Introduction to Business Law
- Law of Business Associations
- Company/Corporations Law – Introduction
- Company/Corporations Law – Advanced
- Taxation Law – Introduction
- Taxation Law - Advanced

Depending upon your answers this survey will take approximately 15 minutes. You can commence the survey at: <https://www.surveymonkey.com/s/businessforms>

As a thank you for taking the time to complete the survey, you can elect to enter into a prize draw with the chance to win one \$100 Myer gift card.

Full details (including ethics approval) can be found on-line at the survey. If you have any queries please do not hesitate to contact the researchers on: Brett: b.freudenberg@griffith.edu.au or Dale: d.boccabella@unsw.edu.au

9 Call for papers

Journal of Applied Law and Policy

http://business.curtin.edu.au/research/centres_institutions/research_centres/areas_of_focus/applied_law_policy

Call for Contributions – 2013

The Editorial Board of the Journal of Applied Law and Policy (JALAP) invites contributions from academic staff, practitioners, legal scholars, justice professionals and postgraduate researchers for JALAP 2013.

The theme for JALAP is ‘Contemporary Issues in Law and Policy’ and a competitive editorial policy will apply to the selection of articles as it is planned to publish between six to eight articles in the 2013 issue.

JALAP satisfies the requirements to be regarded as peer reviewed as contained in current Higher Education Research Data Collection (HERDC) Specifications (C1 Category). JALAP also meets the description of a refereed journal as per current Department of Education, Employment and Workplace Relations (DEEWR) categories.

Articles should be up to 10,000 words in length (maximum) including footnotes, and authors should refer to the JALAP 2013 Author Guidelines document which is downloadable from the ‘JALAP Author and Referee Documents’ link on the JALAP website at http://business.curtin.edu.au/research/centres_institutions/research_centres/areas_of_focus/applied_law_policy

In particular, authors should note that JALAP has adopted the Australian Guide to Legal Citation (<http://www.law.unimelb.edu.au/files/dmfile/FinalOnlinePDF-2012Reprint.pdf>) as its style guide for referencing.

Please submit articles for this issue via email to Deepa Sharma, Research Officer Curtin Law School at d.sharmaacharya@curtin.edu.au by Tuesday 30th July 2013.

Professor Dale Pinto
Editor-in-Chief
JALAP

Special issue in Tax and Tax History research

The *Accounting Research Journal* provides a valuable forum for communication with academics and practitioners on topical research issues in the contemporary business environment. The Journal was established over 25 years ago. The editors welcome submissions encompassing research specific to the areas of accounting, accountability, governance, finance, auditing, regulation and tax. This year, the editors are targeting tax research in particular and we invite manuscripts from both established and emerging researchers. Submissions from across the tax and tax history discipline and using a variety of methodologies are welcome.

Guest editors:

Professor Kerrie Sadiq, QUT School of Business, Queensland University of Technology, Australia

Associate Professor Brett Freudenberg, Griffith Business School, Griffith University, Australia

Closing date: 31 August 2013

Proposed publication date: Issue 1 Volume 27, 2014

Submission: Submissions to *Accounting Research Journal* are made using ScholarOne Manuscripts, the online submission and peer review system at http://www.emeraldinsight.com/products/journals/author_guidelines.htm?id=arj

If you have any questions about the *Accounting Research Journal* generally, please contact the Joint editor Professor Ellie Chapple Larelle.chapple@qut.edu.au

'Building trust through leadership, accountability and integrity', 11th International Conference on Tax Administration, 14 & 15 April 2014, Sydney, Australia

The International Conference on Tax Administration is a prestigious biennial event that brings together leading tax administrators, academics and practitioners from around the globe.

The theme of the 2014 conference will be Building Trust in Tax Administration: Leadership, Accountability and Integrity. Those interested in presenting a paper at this conference are encouraged to submit a proposal that accords with this theme (for example: best practice and leadership in tax administration; the role and influence of ethics in reporting, paying and administering taxes; influencing taxpayer morale; interactions between tax policy and tax administration and their impact on trust and power; the influence of legal reforms and the judiciary on taxpayers, tax practitioners and tax administrators; taxpayers' attitudes towards the tax administration; strengthening stakeholder relationships; etc).

Your proposal should include the following details:

- title of the paper;
- author(s) brief biographical and contact details;
- an abstract of between 200-500 words of the contents of the proposed paper including its findings; and
- status of the paper (for example, whether it is part of ongoing research; and whether it has been previously published etc).

Proposals should be sent to Associate Professor Binh Tran-Nam at b.tran-nam@unsw.edu.au by Monday 9 September 2013.

A Steering Committee will select papers for the conference and will advise you of its decision by mid October 2013. Selected papers will be published as refereed articles in the eJournal of Tax Research.

‘The Cedric Sandford Medal’ will be awarded to the best paper presented at the conference. The medal is in memory of the late Emeritus Professor Cedric Sandford and is judged by an independent expert panel.

Enquiries: Dr Binh Tran-Nam Phone +61 2 9385 9561; Fax +61 2 9313 6658; b.tran-nam@unsw.edu.au

Professor Margaret McKerchar Phone +61 2 9385 9550; Fax +61 2 9313 6658; m.mckerchar@unsw.edu.au

Professor Michael Walpole Phone +61 2 9385 9526; Fax +61 2 9313 6658; Email: m.walpole@unsw.edu.au

Journal of Australian Taxation

Volume 14 Issue 2 (2012) of the *Journal of Australian Taxation* has recently been released. The contents of this issue will be uploaded to the journal's new website soon. All back issues can be accessed at this site as well: www.jausttax.com

Volume 15 Issue 1 is currently being finalised. A call for submissions for Volume 15 Issue 2 is now in effect. Please email any submissions in Word document format to Keith Kendall (k.kendall@latrobe.edu.au) or John McLaren (johmcl@uow.edu.au).

The organising committee of the *International Conference of Chinese Tax and Policy* is pleased to announce this call for papers for the 2013 conference. The conference is to be held at **Xiamen University, Xiamen, China on December 14-15, 2013**. The conference is jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University. The organising committee welcomes any paper dealing with the conference theme. The general theme of the conference is *Tax Policy and Tax Law for China in a Time of Change*. In the next three years, there will be a session in each conference focusing on the following sub-themes:

- 2013: *Taxation of Real and Immovable Property*
- 2014: *Individual Income Tax and the Role of Taxation in Income Redistribution*
- 2015: *A Review of China's VAT Reform*

All papers will be subject to an international blind peer-review process. All accepted papers have the priority to be selected for publication in the *Journal of Chinese Tax and Policy*.

Submission Guidelines

- Please submit an abstract in English of 300 words.
- Please provide the final paper in English, and please provide the Chinese original if the work has been translated.
- For Chinese language contributors, please indicate if you cannot organise the translation of the abstract into English.
- Please send all submissions to business.jctp@sydney.edu.au.

Key Dates

August 29, 2013 Final date for submission of written conference papers without a translated version.

September 26, 2013	Final date for submission of written conference papers if assistance is required for the translated document.
November 14, 2013	Final date for submission of written conference paper for inclusion in full conference papers made available to conference attendees on the conference website.
November 14, 2013	Final date for registration.
November 28, 2013	Final date for submission of PowerPoint presentations for conference speakers.

The editorial board of the *World Journal of VAT/GST Law* (WJOVL) cordially invites you to submit academic papers for publication in the second or third issue of 2013. The board welcomes the submission of academic articles focusing on VAT/GST related issues that are of relevance to the international community. The journal publishes both articles that critically analyse features of existing VAT/GST systems and tax policy articles. The WJOVL is a peer-reviewed journal and publication is subject to favourable peer-review reports. For further details, please consult the website (<http://www.hartjournals.co.uk/wjvol/index.html>) or the general editor (joachim.englisch@uni-muenster.de). The deadline for submission of articles is the end of August 2013 (for Issue 3/13).

Taxing Multinational Firms

Mannheim, 18 and 19 November 2013

Economic activities of multinational firms are becoming more and more complex and diverse, and national governments find it increasingly difficult to tax profits of multinational firms appropriately. In public debate, the view is widespread that multinational firms engage in tax avoidance. Many national governments, including those of Germany and the UK, have announced measures against "aggressive" tax planning by multinational firms. The OECD is working on its BEPS (Base Erosion and Profit Shifting) project to reform the international allocation of taxable profit between countries.

This conference aims to foster discussion on these issues by bringing together various research approaches to the taxation of multinational firms. Papers addressing the following questions are particularly welcome:

- How should governments tax multinational firms?
- How should tax policy respond to income shifting?
- How do corporate taxes impact investment and financing decisions of multinational firms?
- What are the economic implications of existing regimes for taxing foreign source income?
- How should they be reformed?
- Should acquisitions and greenfield investment be taxed differently?

Keynote Speaker

Harry Huizinga (Tilburg University, the Netherlands)

Organisers

ZEW Mannheim, University of Mannheim and Oxford University Centre for Business Taxation

Scientific Committee

Johannes Becker (University of Münster), Michael Devereux (CBT Oxford), Clemens Fuest (ZEW and University of Mannheim), Friedrich Heinemann (ZEW), Eckhard Janeba (University of Mannheim and ZEW), Christoph Spengel (University of Mannheim and ZEW)

Paper Submission Procedure

You are invited to submit individual proposals for the conference. These should include an extended abstract or, preferably, the full paper. Submissions should be e-mailed as PDF file to taxation2013@zew.de by August 31, 2013.

Acceptance of proposals will be notified by September 25, 2013. Completed papers will be required no later than October 31, 2013. No conference fee will be charged for presenters. We will contribute to covering accommodation and travelling expenses for presenters of accepted papers.

Papers will be published in ZEW and CBT Discussion Paper series, but no conference volume is planned.

Contact

Centre for European Economic Research (ZEW)

Research Department "Corporate Taxation and Public Finance"

Frank Streif

P.O. Box 10 34 43 · 68034 Mannheim · Germany

Phone: +49 621 1235-398 · Fax: +49 621 1235-223

E-mail: taxation2013@zew.de · Internet: www.zew.eu

State Aid, Taxation and Sustainable Growth beyond 2020

Exploratory International Workshop, Aarhus, Denmark, October 31, 2013.

Aarhus University, Vienna University of Economics and Business: Institute for Austrian and International Tax Law, CEU San Pablo University and IBFD invite you to participate as speaker in our Exploratory International Workshop on State Aid, Taxation and Sustainable Growth Beyond 2020. The workshop provides not only an opportunity for academics, practitioners and consultants to come together, exchange ideas, and discuss emerging issues, but also the possibility of identifying fields of research which generally fall within the theme of Environmental Taxes and EU State Aid law. The overall objective of the workshop is to incite further-reaching collaborative projects among academics, practitioners and consultants from EU and Non EU countries. The workshop will consist of plenary sessions and seminar-based working groups. The seminar-based working groups will consist of a mix of invited speakers and speakers chosen following this call for papers. The organizers are seeking contributions to cover the following themes or related themes:

- Environmental taxation: concepts and design options
- Environmental taxes versus subsidies
- The impact of the State aid modernization process on environmental taxation
- The relationship between the EU ETS, the Energy Taxation Directive and State aid
- Harmonization of environmental taxes and Environmental tax reforms (ETRs)
- Asymmetric climate policies and the role of the WTO and/or the NAFTA

Papers are invited from professors, post doctoral researchers and doctoral students on environmental law, tax law and State aid law issues. Abstracts must be submitted not later than August 15th 2013 and will have to include the following information:

- a) Name, occupation, institution to whom the proposer belongs and contact information.
- b) Title of the paper.
- c) Abstract related to the proposed topics.
- d) List of publications (including a selection of publications related to the proposed topics)
- f) Summary of previous, current and already submitted future research subjects.

Important Dates

Abstract/draft paper submissions due: August 15

Notification of acceptance: August 30

Final papers due: October 1

Presentations/slides: October 22

Submit the paper to: Pernille Wegener Jessen pwj@asb.dk

Any other questions regarding paper submission may be directed to: Tinna Meyer
tme@asb.dk

Submission Details:

Applications and admissions will be judged by an ad hoc committee involving academics with expertise in this specific field, including Pasquale Pistone, WU; Marta Villar Ezcurra, USP-CEU; Lorenzo del Federico, UCP; Edoardo Traversa, UCL; Joachim Englisch, UM; and Pernille Wegener Jessen, AU. Abstracts must not exceed 600 words. No figures, tables, footnotes, endnotes, or other references should be included in the abstract. Papers must not exceed 5000 words and must be submitted in PDF format or MS Word.

More information law.au.dk/beyond2020

10 Atax Research Fellowships 2014

In 2014 the School of Taxation & Business Law at UNSW, Australia will offer several Research Fellowships to **international** academics and professionals keen to further their research in the fields of taxation, business law and related disciplines. The maximum value of each fellowship is AUS\$ 6,000. The School may decide to award only one fellowship in any given year.

Fellowship duties

Research fellows normally spend four weeks working at the School of Taxation & Business Law on a mutually agreed area of research. During their stay, fellows are involved in the following activities:

- Producing at least one research paper on taxation or business law, in collaboration with Taxation & Business Law academic(s), to be published in a refereed journal with due acknowledgement of the fellowship
- Conducting a Taxation & Business Law research seminar for interested members of the broader tax/business law research community
- Participating in Taxation & Business Law collegial activities during the period of the fellowship

The School of Taxation & Business Law will provide office space and computer equipment at its Kensington campus in Sydney, Australia. Fellows will be responsible for organising their own travel and accommodation arrangements. The preferred timing for successful applicants to undertake the fellowship is March–May 2014 or August–October 2014, but other times of the year may also be possible.

Selection

Selection is based on the applicant's research proposal and on their ability to contribute to the School of Taxation & Business Law research profile. A track record in collaborating with Taxation & Business Law academics will be considered as an advantage.

Application

Applications are invited from **overseas** academic and professional researchers working in taxation, business law and related disciplines. To apply, applicants must send by email:

- (i) A **letter of application**, indicating the area they wish to research under the Fellowship and anticipated publication(s), how they will collaborate with Taxation & Business Law academic(s), and their preferred timing to undertake the Fellowship.

(ii) **A current curriculum vitae**

Applications should be sent to:

Associate Professor Binh Tran-Nam,
Research Fellowship Convenor
School of Taxation & Business Law
UNSW, Sydney NSW 2052
Australia
Email: b.tran-nam@unsw.edu.au

Applications to undertake the Research Fellowship in 2014 must be received by 30 November 2013. Successful applicants will be notified by 31 December 2013 and undertake the fellowship in 2014.

Further information

For further information about the Research Fellowship, please contact Associate Professor Binh Tran-Nam by phone on +61 (2) 9385 9561 or by email b.tran-nam@unsw.edu.au

11 Tax and Transfer Policy Institute launched

"The new Tax and Transfer Policy Institute was launched today at the Australian National University's Crawford School.

The Tax and Transfer Policy Institute was established through a \$3 million grant from the Federal Government to encourage a better understanding of our tax and transfer systems.

It will work collaboratively and inclusively with other institutions and think tanks, and it will engage with universities and academics across Australia and the world.

The Assistant Treasurer also announced today that the ATO has agreed to put more of its tax return data into the public domain while preserving the confidentiality of individual taxpayers, effectively doubling the amount of de-identified individual tax return data available for researchers. Making more information available to researchers advances another of the recommendations of the Henry Tax Review.

"One of the key aims of the Institute will be to participate in the ongoing public debate on tax reform and it will seek to work closely with policymakers from Commonwealth, State and Territory governments," said Assistant Treasurer David Bradbury.

"The contributions of the Institute and its researchers will be independent - free of political or ideological influence from governments or advocacy groups - and will be an important touchstone in the public debate on tax and transfer policy into the future."

The Institute will draw on the knowledge of renowned tax experts from Australia and around the world, and be guided by an Advisory Board (see Attachment) made up of leading figures in Australia's tax and transfer policy debate, chaired by Dr Ken Henry AC.

27 June 2013

The Advisory Board

Dr Ken Henry AC (Chair)

Professor Tom Kompas

Dr John Hewson AM

Professor John Piggott

Professor Miranda Stewart
Professor Robert (Bob) Breunig
Other Australian Fellows
Professor Bruce Chapman
Professor Warwick McKibbin
Professor Peter Whiteford
Professor Trevor Breusch
International Fellows
Sir James Mirrlees
Professor Alan Auerbach
Professor John Whalley”

Source: Assistant Treasurer, The Hon David Bradbury MP, ‘Tax and Transfer Policy Institute launched’, Media releases, No 120, 27 June 2013
<http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2013/120.htm&pageID=003&min=djba&Year=&DocType=>

See also Bradbury, David ‘Supporting better tax policy for a stronger, smarter, fairer society’. Launch of the Tax and Transfer Policy Institute, Crawford School, Australian National University, Thursday 27 June 2013
<http://www.treasurer.gov.au/DisplayDocs.aspx?doc=speeches/2013/007.htm&pageID=005&min=djba&Year=&DocType=>

12 Tax, accounting, economics and law related meetings

Local

ATTA’s **26th Annual Conference** will be held at Griffith University Monday 20 January to Wednesday 22 January 2014. The theme of the conference is *The Politics of Tax*. The conference will celebrate 26 years of tax teaching in Australasia. The conference organisers welcome papers on taxation, the teaching of taxation and taxation research. We particularly encourage new academics and postgraduate research students to submit papers. Further information about the conference (including accommodation options and the programme) will be included in the future ATTA newsletters. In the meantime if you have any questions please contact Ms Renata Steenland at r.steenland@griffith.edu.au

Tax Institute <http://www.taxinstitute.com.au> lists many of the TI conferences, conventions, seminars, breakfast clubs. For further enquiries, contact Jessi Guy (02) 8223 0043 or email jessiguy@taxinstitute.com.au. Register online at <http://www.taxinstitute.com.au>
Call the National Events team on 1300 733 842 for more details.
Please contact the National Events Team on 1300 733 842 or by email, nationaleducation@taxinstitute.com.au Follow us on Twitter @TaxInstituteOz.
Danielle Marriott, Event and Member Services Executive The Tax Institute Phone: 02 8223 0000; Direct: 02 8223 0014 Fax: 02 8223 0077 daniellemarriott@taxinstitute.com.au

Overseas

American Accounting Association Calls for paper website <http://aaahq.org/calls/default.cfm>

Canadian Tax Foundation <http://www.ctf.ca/ctfweb/en>

Institute for Fiscal Studies Conferences and seminars

<http://www1.ifs.org.uk/conferences/index.shtml>

The **WU** and the **Institute for Austrian and International Tax Law** will move to a new Campus in September 2013. The new address of our Institute will be: 1020 Wien, Welthandelsplatz 1, Gebäude D3. The official opening of the new Campus is scheduled for October 4, 2013. In the afternoon of October 4, 2013 we are pleased to welcome you with an “Open House” at our new Institute. Please save the date. Please find further information of the new Campus on our website: <http://www.wu.ac.at/taxlaw/en/institute/contactnew>

Arbitration in Tax Treaty Law - Providing Legal Protection and Avoiding Qualification Conflicts in the Future Conference, University of Uppsala/WU (Vienna University of Economics and Business) Thursday, August 22, 2013 in Uppsala (Sweden). The Conference is supported by the Uppsala Center for Tax Law, a research foundation supported by Deloitte, Ernst & Young, KPMG, Mannheimer Swartling, PwC and Skeppsbron Skatt (Taxand). These are the main topics which will be dealt with in four conference sessions:

- Session 1: Experience from non-tax
- Session 2: OECD Developments and OECD Countries Experience
- Session 3: Non-OECD-Countries: Developments and Experience
- Session 4: EU Experience

http://www.wu.ac.at/taxlaw/en/eventsn/arbitration_uppsala2013

Foundation for International Taxation **19th International Taxation Conference 5-7** December 2013, ITC Maratha Hotel, Mumbai, India, http://fitindia.org/conference_2013.htm
In the programme of the conference, several topics will be covered:

- International tax and treaty conflicts
- Emerging international tax trends in India
- International tax developments
- International tax structuring for investing abroad
- Transfer pricing developments and conflicts
- Indian tax and transfer pricing cases and developments

International Bureau of Fiscal Documentation. Various courses in Amsterdam, the Netherlands. For details, see <http://www.ibfd.org> The IBFD International Tax Academy (ITA) runs an extensive international course program. Generally all courses are held in Amsterdam. Should you require any further information or wish to register please refer to their web site www.ibfd.org or contact the International Tax Academy at +31-20-554 0160 or by e-mail ita@ibfd.org

For 2013 courses go to

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation>.

IBFD Courses in Asia-Pacific

International Tax Aspects of Mergers, Acquisitions and Corporate Finance 19-21 August 2013, Singapore

Principles of Transfer Pricing 9-13 September 2013 Kuala Lumpur

Principles of International Taxation 21-25 October 2013 Kuala Lumpur

International Taxation of Oil and Gas and Other Mining Activities 18-21 November 2013 Singapore

International Tax Aspects of Mergers, Acquisitions and Corporate Finance 19-21 August, Singapore

The ITA also offers tailor-made in-house courses on a worldwide basis for corporate clients, tax administrations and other organizations.

Should you have any queries, please contact Arcotia Hatsidimitris, Head of the International Tax Academy by telephone +31-20-554 0180, or by a.hatsidimitris@ibfd.org

ITA Courses Tel.: +31-20-554 0160; Fax: +31-20-620 9397; Email: itacourses@ibfd.org

International Fiscal Association Congresses <http://www.ifa.nl/pages/default.aspx>
25-30 August 2013 **Copenhagen, Denmark** www.ifacopenhagen2013.com
Subject 1: The taxation of foreign passive income for groups of companies
Subject 2: Exchange of information and cross-border cooperation between tax authorities
The Seminar programme is as follows:
Climate change and international taxation
Cross-border short-term employment
Cross-border loss utilization
IFA/EU
Profit methods and the arm's length principle
IFA/OECD: Base erosion and profit shifting (BEPS)
Jubilee Seminar 75th Anniversary of IFA - "How will the tax system look in 25 years?"
Recent developments in international taxation
Subnational taxes and international taxation
Overhead and VAT deductibility (RE PE)
2014 **Mumbai, India** (12 October 2014 - 17 October 2014) Website:
www.ifa2014mumbai.com
Subject 1: Cross-border outsourcing - issues, strategies and solutions
Subject 2: Qualification of taxable entities treaty protection
2015 **Basel, Switzerland** (30 August 2015 - 4 September 2015) www.ifabasel2015.com
Topics under consideration as Subjects 1 and 2 of the Congress are "The use of tax measures in the area of research and development (R & D)" and "Taxation and fundamental rights: taxpayers' procedural rights in a globalised world"
2016 **Madrid, Spain**
2017 **Rio de Janeiro, Brazil**
2018 **Seoul, Korea, Rep. of**
2019 **London, United Kingdom**

2013 Society of Legal Scholars Annual Conference, Edinburgh, Tuesday 3rd September to Friday 6th September, <http://www.legalscholars.ac.uk> The Taxation Law subject section will meet on Thursday 5th and Friday 6th September 2013 (in Group B). The SLS does require all speakers to book, **and pay for**, attendance at the subject section meeting. Glen Loutzenhiser, SLS Subject Convenor, Taxation Law <glen.loutzenhiser@law.ox.ac.uk>

29th Annual Asia-Pacific Tax Conference is expected to be held in Singapore in October 2013. For more information, please contact Liane Tsang of Baker & McKenzie, Hong Kong by tel.: +852 2846 2358 or by e-mail: liane.tsang@bakermckenzie.com.

International Conference of Chinese Tax and Policy, Xiamen University, Xiamen, China on 14-15 December 2013. Jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University. <http://sydney.edu.au/business/research/journals/jctp/conference>

International Atlantic Economic Society (IAES) conference www.iaes.org for more information. Prof Dr M. Peter van der Hoek Academy of Economic Studies, Bucharest, Romania and Erasmus University, Rotterdam, Netherlands. Mailing address: Erasmus University (L 7-20) P.O. Box 1738 NL-3000 DR Rotterdam Netherlands Phone/Fax: +31-10-4081622 E-mail: vanderHoek@frg.eur.nl

International Tax Planning Association Forthcoming meetings
<http://www.itpa.org/meetings.html>

Other useful tax and law related conference websites include the International Bar Association:

http://www.ibanet.org/Conferences/conferences_home.aspx

IBFD Course calendar

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation.TaxCourses>
International Events and Law Conferences

<http://internationaleventsandlawconferences.yolasite.com>

Law Conferences Worldwide <http://www.conferencealerts.com/law.ht>

New South Wales Bar Association

http://www.nswbar.asn.au/docs/professional/prof_dev/CPD/programme/index.php

Law Council of Australia <http://www.lawcouncil.asn.au/conferences/events-and-conferences.cfm>

LexisNexis Professional Development Calendar of events

<http://www.lexisnexis.com.au/aus/conferences/calendar/default.asp>

See also the *inTax* Seminars Directory, published in *inTax Magazine*.

Practising Law Institute <http://www.pli.edu/>

New York County Lawyers Association <http://www.nycla.org>

American Bar Association <http://w3.abanet.org/home.cfm>

New York Bar Association <http://www.nysba.org/>

Hieros Gamos Worldwide Law Events Calendar <http://www.hg.org/calendar.html>

For social sciences and humanities conferences, meetings etc, see Mind: The Meetings Index <http://www.interdok.com/mind> See also the magazine *Australian Conference & Exhibition Diary*, Vamosi Information Publication.

13 ATTA members in the media

Dale Pinto was photographed in an advertisement promoting Curtin University, with the headline: “Meet the Curtin professor who is changing the game when it comes to tax reform”, *The Australian* 8 July 2013 p 6.

14 Recent publications

Bold indicates ATTA members. Readers are encouraged to notify the Editor of recently written publications for notification, in these pages. Please note some of the overseas publications listed may not yet be available locally.

Local

Anderson, Colin and Brown, Catherine ‘Demanding a change: Time to act on statutory demands’ (2013) 21 *Insolvency Law Journal* 97-108

(2013) 13 (2) *Australian GST Journal*

Editorial

Case note - Unit Trend – the High Court’s first decision on the GST general anti-avoidance rules

Incentives, rebates and third party adjustments after the AP Group decision – Kevin O’Rourke

Cook, Kay ‘Child support compliance and tax return non-filing: A feminist analysis’ (2013) 11 (2) *Australian Review of Public Affairs* 43–64

<http://www.australianreview.net/journal/v11/n2/cook.pdf>

Fenna, Alan 'The economic policy agenda in Australia, 1962–2012' (2013) 72 *Australian Journal of Public Administration* 89-102 <http://onlinelibrary.wiley.com/doi/10.1111/1467-8500.12020/full>

Landau, Ingrid; **O'Connell, Ann** & Ramsay, Ian *Incentivising employees: the theory, policy and practice of employee share ownership plans in Australia*, Melbourne, Melbourne University Publishing, 2013

Taxation in Australia, July 2013 Vol 48(1)

- Tax tips: Unit trust – was it a special trust? - John Gaal
- Easements: the tax considerations - **Tom Delany**
- Mid-market focus: Limited recourse borrowing arrangements: state of play for 2013 - Glenn Roberts
- Tax cases: Is res judicata a defence against multiple assessments - Michael Norbury
- Bell v FCT: uncertainties in the small business CGT concessions - Philip Bender
- "... and until paid shall be held as a separate trust fund" - Grahame Young
- When is giving legal advice about tax laws legal? - **Chris Wallis**
- Senior tax counsel's report: Consumer protection for those receiving tax advice from a financial adviser - Robert Jeremenko

The Tax Specialist, June 2013 Vol 16 (5)

- Freezing orders and garnishee notices - Timothy Russell and Rashelle Seiden
- Financing risks and the application of the Spencer market value concept - Hung Chu
- Actual v deemed - The edge of reality - Damien Lockie
- Foreign Account Tax Compliance Act (FATCA) FAQs - Andrius Kontrimas, Lisa Rossmiller, Ron Scharnberg, and Peter Norman

Tax Institute *Seminar and convention papers*:

Tasmanian Division – published July

- Quenching a thirst or drinking to excess? Utilising the CGT small business concessions to maximum effect - **Chris Evans**
- Is your client's product destined to sail the seven seas? - **Kerrie Sadiq**
- GST and the alcohol industry - Some of the stickies - Michael Evans
- Hiring, rewarding, motivating and retaining artisans - Paul Hockridge
- Turning water into wine - John Lord
- Does drinking on the job count as R&D? - Tony Ince
- "A day on the bog with Bill Lark" - Bill Lark
- Wine and whiskey - Are they super businesses? - Matthew Tol
- Keynote address: Sheds Brewery - A taxing lifestyle business - Willie Simpson
- Trading stock - Do you roll out the barrel or the bottle? - Gil Levy
- Division 40: Intellectual property - **Campbell Rankine**

Victorian Division – published July

- Practical guide to small business CGT concessions - Robert Warnock
- Personal services income - recent cases and issues - Meredith Schilling

WA Division – published June

- Responding to Australia's transfer pricing reforms - Janelle Sadri
- Tax residency and double tax agreement - Tony Underhill and Katya Krotova

NSW Division – published June

- Trust reforms - Ken Schurgott
- Superannuation benefits: Getting money out of the fund - Mike Mitchell
- Superannuation contributions: Getting money into the fund - Jennie Lynn

- Should you offer estate planning to your clients? - Bernie O'Sullivan
- Use of testamentary trusts in estate planning - Dung Lam
- Review of tax agent services regime with a focus on reasonable care - Adrian Abbott
- Division 7A - Andrew Noolan
- Limited Recourse Borrowing Arrangements by SMSFs - in practice - Lisa Oddo
- Is your business CGT concession ready? - Greg Travers and Todd Want
- Trusts...What can you do and what you need to do before 30 June? - **Gordon S Cooper**
- The R&D tax incentive - Ian Ross-Gowan and Kris Gale
- Transfer pricing legislation reform - Tranche 2: What does it mean for tax payers? - Paul Balkus and Jesper Solgaard
- An update on capital management issues including debt/equity: recent developments - Simon Jenner and Steven Guo

Queensland Division – published June

- Tax treatment of mining compensation payments - Glen Martin

Taxation Today – Issue 60 (March)

- “Mediation as an alternative option in the tax disputes resolution procedures: part 2” –

Melinda Jones and **Andrew Maples**– pp 3-5

- “The times they are a-changing” – Mike Lennard – pp 12-24

News

- Tax Alert, pp 7-11: Tax Avoidance Appeal Case Dismissed (Alesco); Re Alp, Ex Parte Commissioner Of Inland Revenue; Kidicorp CFO Convicted Of Perjury, Tax Evasion - Keeps Job; Tax Status Of Carparks To Remain Unchanged; 31 March Deadline For Tax Dodgers; Student Loan Repayment Rises From 1 April; Southern Cross Welcomes Proposed Healthcare Bill; Inland Revenue Issues Revenue Alert About Voucher-Based Salary Packaging Arrangements; Student Allowances Amendment Regulations 2013 (SR 2013/23); Tax Administration Amendment Act 2013 (2013 No 2); \$3.7 Million Demand By Inland Revenue From Allied Farmers; \$68m In Tax Reaped From Property Speculators; Retailers In GST Counter-Attack; Last Chance For 'Penny And Hooper' Taxpayers.

- International Brief, pp 25-31: (Australia) - New Start Date For Amendments To Australian GAAR; (United Kingdom) - U.K. Announces A Further Corporate Tax Rate Reduction; (India) - India Defers Effective Date Of Gaar Until 2016; (Hong Kong) - Hong Kong Signs Comprehensive Tax Treaty With Canada; (China) - China Finalizes Rules For Contributions Of Chinese Equity Interests To FIEs;

Taxation Today – Issue 61 (May)

• Charities Promoting Particular Points of View: When is Registration Allowed? - The Editor - p 4

• Search and Surveillance in the Context of Tax Administration – Mike Lennard – p 16

News

• Tax Alert, pp 9-15: Transitional Imputation Penalty Set for Repeal; Higher Tax Revenue Improves Crown Finances; Better Understanding to Support More Savings; The Tax Policy Process in New Zealand; Taxation of Multinationals: Update Report; Nearly \$200m Collected from 1170 Tax Evasion Cases; 2013 Standard-Cost Household Service for Childcare Providers; 2013 Standard-Cost Household Service for Boarding Service Provider; Retention of Business Records; Mighty River Power Ltd Loyalty Bonus Shares; Ospraie Fund Shares; Proposal to Share Taxpayer Information; Taxation of Land-Related Lease Payments; Project Agreement for a Public-Private Partnership; When Right a Shareholder Decision-Making Right; Depreciation Rates for Stabilised Turf Systems; Advertising of Bankruptcy Allowed Notwithstanding Appeal; Appeal Allowed But Advertising of Bankruptcy Also Allowed; No Summary Judgment for GST Refund; New Zealand Treasury Working Papers

• International Brief, pp 29-35: OECD: Tax Burdens on Labour Income Continue to Rise; European Union: Overall Tax-to-GDP Ratio Increased; USA: Latest Advance Pricing Agreement Report Issued; India: Clarification re Tax Residency Certificate

Taxation Today – Issue 62 (June)

- “Tax secrecy and the taxation of the proceeds of crime” – James Coleman – pp 4-6
- “The commissioner’s power of reconstruction under the general anti-avoidance rule” – Thomas Harman Faulls – pp 13-24

News

- Tax Alert, pp 7-12: Budget 2013 Tax Announcements; The Commissioner of Inland Revenue's Search Powers; Section 17 Notices; Income Tax - Retention Money; Income Tax - Foreign Tax Credits: What Is A Tax of Substantially The Same Nature As Income Tax Imposed Under S BB 1?; Taxation (Annual Rates, Foreign Superannuation, And Remedial Matters) Bill 2013 Introduced; Foreign Super And Mining Tax Rules To Change; Commissioner's Interim Operational Position On Gst Registration By Bodies Corporate; Income Tax - Treatment Of A Subdivision Of Shares Under Section CB 4 Public Ruling Br Pub 13/01; Income Tax - Determining The "Subscriptions" Amount For An Amalgamated Company Under The Available Subscribed Capital Rules; Government To Minimise FACTA Business Costs; Core Crown Tax Revenue \$535 Million Higher Than Forecast; Cabinet Approves Major IRD Work; Delay In The 2013 Review Of The Commissioner's Motor Vehicle Mileage Rate; Inland Revenue Welcomes Sharing Of Tax Haven Information; Cases
- *Huston V Commissioner Of Inland Revenue* [2013] NZHC 953.
- International Brief, pp 27-33: (Australia) Australia Proposes GAAR Reforms To Address Tax Avoidance; (United Kingdom) Statutory Residence Test Reforms; (European Union) - European Commission Plan To Fight Against Tax Fraud, Evasion.

Overseas

For Bureau of Fiscal Documentation journals listed below, you can also view this content on your mobile via m.ibfd.org

Apps, Patricia F and Rees, Ray, ‘Raise top tax rates, not the GST’ (July 8, 2013). *Sydney Law School Research Paper* No. 13/45. Available at SSRN: <http://ssrn.com/abstract=2291299>

Baistrocchi, Eduardo & Roxan, Ian (ed) *Resolving transfer pricing disputes: a global analysis*, Cambridge University Press, 2013

1. Introduction Ian Roxan

2. The transfer pricing problem - Eduardo Baistrocchi

Part I. North America and Europe:

3. Transfer pricing disputes in the United States of America - Reuven S Avi-Yonah

4. Transfer pricing disputes in Canada - David G Duff and Byron Beswick

5. Transfer pricing disputes in the European Union - Philip Gillett

6. Transfer pricing in Germany - Andreas Oestreicher

7. Transfer pricing in Spain - Violeta Ruiz Almendral

8. Transfer pricing disputes in the United Kingdom - Ian Roxan

Part II. Asia-Pacific:

9. Transfer pricing disputes in Australia - **Richard Vann**

10. Transfer pricing disputes in Japan - Toshio Miyatake

11. Transfer pricing disputes in the Republic of Korea - Hun Park

12. Transfer pricing in Singapore - Stephen Phua Lye Huat

Part III. BRIC Countries:

13. Transfer pricing disputes in Brazil - Isabel Calich and Joao Dacio Rolim

14. Transfer pricing disputes in the Russian Federation - Andrey Shpak

15. Transfer pricing disputes in India - Mukesh Butani

16. Transfer pricing disputes in China - Jinyan Li

Part IV. South America, Middle East and Africa:

17. Transfer pricing disputes in Argentina - Eduardo Baistrocchi

18. Transfer pricing disputes in Chile - Juan Pablo Guerrero Daw

19. Transfer pricing disputes in Israel - Ofer Granot and Yoram Margalioth
20. Transfer pricing disputes in Africa - Lee Corrick
21. Transfer pricing dispute resolution: the global evolutionary path (1799–2011) - Eduardo Baistrocchi
22. Resolving transfer pricing disputes: an analysis of the globe - Ian Roxan.

Brauner, Yariv & **Stewart, Miranda** (ed) *Tax, law and development*, Cheltenham, Glos, UK, Edward Elgar, 2013, 416 pp Hardback 978 0 85793 001 9; ebook isbn 978 0 85793 002 6 Hardback £95.00 on-line price £85.50. Available as an eBook for subscribing libraries on Elgaronline.

Foreword - Stephen E Shay

Part I: Introduction: tax reform and financing for development

1. Introduction: Tax, Law and Development - Yariv Brauner and **Miranda Stewart**

Part II: Tax competition and tragic choices

2. The Future of Tax Incentives for Developing Countries - Yariv Brauner

3. The Tragic Choices of Tax Policy in a Globalized Economy - Tsilly Dagan

4. Economic Development and the Role of Tax in Southern Africa: The South African Headquarter Company Structure - Tracy Gutuza

5. Tax Sparing: A Reconsideration of the Reconsideration - Luís Eduardo Schoueri

Part III: In search of 'searchers' to find unique solutions to common tax challenges

6. Is this a Pipe? Validity of a Tax Reform for a Developing Country - Ana Paula Dourado

7. The Place of Law in the Evolution of Chinese Fiscal Federalism - Wei Cui

8. The Globalization of Tax Expenditure Reporting: Transplanting Transparency in India and the Global South - Lisa Philipps

Part IV: Tax equity, redistribution and aid

9. International Equity and Human Development - Anthony C Infanti

10. The Role of Developed World Tax Incentives in Microfinance - Charlene D Luke

Part V: Tax cooperation

11. Geographical Boundaries of Tax Jurisdiction, Exclusive Allocation of Taxing Powers in Tax Treaties and Good Tax Governance in Relations with Developing Countries - Pasquale Pistone

12. Tax Activists and the Global Movement for Development through Transparency - Allison Christians

13. Global Tax Information Networks: Legitimacy in a Global Administrative State -

Miranda Stewart

Bulletin for International Taxation Number 7 - 2013

Interruptions in Building Site Permanent Establishments to Be Interpreted under the Limited Inclusion Theory - Hans Pijl

Tax Treaty Case Law News - Brian J Arnold

International/European Union/Brazil/Spain/United Kingdom/United States - Preventing Tax Avoidance: Is There Convergence in the Way Countries Counter Tax Avoidance? Christine Alves Alvarrenga

Cross-Border Intra-Group Hybrid Finance: A Comparative Analysis of the Legal Approach Adopted by Brazil, the United Kingdom and the United States - Rafael Minervino Bispo

The Offshore Financing of Swiss Groups: A Recent Decision of the Swiss Federal Court Regarding Outbound Permanent Establishments - Markus Frank Huber, Isabelle Seiler and Marlene Kobierski

IFA Turns 75! Proceedings of the IFA 75th Anniversary Jubilee Conference - Bob Michel

(2012) 60 (4) *Canadian Tax Journal*

Benefit-Cost Analysis of R & D Support Programs—John Lester

L'annulation ou la renonciation aux intérêts et aux pénalités " Un allègement plutôt lourd pour le contribuable—André Lareau, Christina Meunier-Cyr et Frédérick Houle

Policy Forum: Editor's Introduction– Carbon Taxation and Related Policy Options—Kevin Milligan
Policy Forum: Reducing the Environmental Impact of Transportation—British Columbia's Tax Policy Initiatives—Werner Antweiler and Sumeet Gulati
Policy Forum: Alberta's Specified Gas Emitters Regulation—Andrew Leach
Policy Forum: The Distribution of Costs of a Carbon Tax—Nicholas Rivers
Current Cases: (FCA) Sheldon Inwentash and Lynn Factor Charitable Foundation v. Canada; (TCC) Dickie v The Queen; (TCC) MacDonald v The Queen; (ABCA) Husky Energy Inc. v. Alberta; (ABCA) Canada Safeway v. Alberta
International Tax Planning: US Tax Reporting for Canadian Companies—Recent Developments
Personal Tax Planning: Life Insurance Update: What's Under the CRA's Microscope
Planification fiscale personnelle: L'assurance-vie sous la loupe de l'ARC
Selected US Tax Developments: Canada-US Treaty Election for Non-Resident Alien Beneficiaries of Canadian Pension Plans
Current Tax Reading

Millar, Rebecca Mescal ‘Smoke and mirrors: applying the full taxation model to government under the Australian and New Zealand GST Laws’ (July 2013). *VAT exemptions: consequences and alternatives*, Rita de la Feria, ed., Kluwer Law: The Hague, 2013; Sydney Law School Research Paper No. 13/49. Available at SSRN: <http://ssrn.com/abstract=2291320>

Millar, Rebecca Mescal ‘VAT and immovable property: full taxation models and the treatment of capital gains on owner-occupied residences’ (July 2013). *VAT exemptions: consequences and alternatives*, Rita de la Feria, ed., Kluwer Law: The Hague, 2013; Sydney Law School Research Paper No. 13/50. Available at SSRN: <http://ssrn.com/abstract=2291790>

Passant, John R ‘Neoliberalism and tax reform in Australia’ (May 9, 2013). Available at SSRN: <http://ssrn.com/abstract=2262695> or <http://dx.doi.org/10.2139/ssrn.2262695>

Simader, Karin *Withholding taxes and the fundamental freedoms*, Alphen aan den Rijn, The Netherlands, Wolters Kluwer, 2013 (ISBN 9041148426), USD price: \$189.00. The book was awarded the Wolfgang Gassner-Academic Award, the European Academic Tax Thesis Award and the Walther-Kastner-Award.

Sulami, Orly ‘Tax abuse — lessons from abroad’ (2012) 65 *SMU Law Review* 551-92

World Tax Journal Number 2 - 2013

Editorial - Frans Vanistendael

Articles 24(4) and 24(5) of the OECD Model Applied to Domestic Thin

Capitalization Rules - Niels Bammens

Automatic Information Exchange versus the Withholding Tax Regime Globalization and

Increasing Sovereignty Conflicts in International Taxation - Luzius U Cavelti

International Taxation of Directors' Fees: Article 16 of the OECD Model or How To

Reconcile Disagreement among Neighbours - Charlotte De Jaegher

Freedom of Religion and Church Taxes in Europe - Thierry Obrist and Luc Gonin

15 Quotable quotes

“If legitimate outsourcing of corporate functions and jobs is labelled as international profit-shifting and anti-Australian, how do we characterise those many Australians who choose to shop internationally over the internet – tax avoiders?”

Source: Cooper, Craig 'Consistent approach needed in tax debate' (Letters to the editor)
Australian Financial Review 26 June 2013 p 39

16 Taxation and commercial law materials

The Monash University Taxation Law and Policy Research Institute have a number of books and journals available at no charge to a good home / good homes. If you are interested in any materials on the attached list, please let Anne Mulcahy <anne.mulcahy@monash.edu> know.

ATTA News August 2013

<http://www.asb.unsw.edu.au/attanews>

Editor: Colin Fong, Faculty of Law, University of New South Wales, Sydney
c.fong@unsw.edu.au

ATTA website <http://www.asb.unsw.edu.au/atta>

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1 Presidential column

Well, it's finally on! After the past three years of the hung parliament, and the phoney election campaign we have been subjected to this year, the election has been called. For me, one of the highlights to date has been to see Ken Henry point out that tax rates will have to go up to pay for the level of services that we have come to expect (Fairfax Media, 6th August). However this warning has been ignored by the major political parties who continue to promise that taxes will not be increased, and in the case of the Coalition have promised business tax cuts.

I think that politicians are underestimating Australian taxpayers, who do understand that if we want to maintain public services they must be paid for – for example when it was announced that Disability care would be funded through an additional levy, the move was strongly supported by the general public. There is clearly a need for the state to assist with funding for some services; for example the education reforms, affordable housing, paid parental leave measures and childcare subsidies for low income working parents.

Earlier this month I attended a seminar by Professor Simon James on The Importance of Fairness in Tax Policy, in which he made the point very clearly that where a tax is designed in accordance with what taxpayers regard as fair, that tax will be more readily accepted by taxpayers. In spite of ongoing cynicism regarding what motivates taxpayers, I believe that if our politicians put a positive message forward and the taxes were transparent and fair most Australians would be willing to share the cost of providing those services.

From a more practical perspective, there was a flurry of activity to pass as many bills as possible at the end of June before Parliament was prorogued, with fifteen tax related bills passed in the last two months of the Parliament. These bills included most of the tax bills before Parliament, including the legislation consolidating MySuper, the charities taxation concessions and the amendments to the Medicare Levy and Private Health Insurance and the

changes to increase the superannuation concessional caps for people over 60 years of age. However the fate of other measures announced but not yet introduced to Parliament will depend on the new Parliament.

Accordingly the theme of our next conference, The Politics of Tax, is very timely. Abstracts are now due, and I hope to see you there next January.

Helen Hodgson

2 2014: ATTA's 26th Annual Conference

ABSTRACTS DUE!! There is a one week extension to lodge Abstracts for the 2014 ATTA Conference – please lodge your abstracts by **Friday 23rd August 2013**.

The template for abstracts can be found at: <http://attaconference2014.com.au/>
Abstracts of no more than 500 words should be emailed to Ms Renata Steenland at r.steenland@griffith.edu.au by **Friday 23rd August 2013**.

The theme of the conference is “**The Politics of Tax**” and papers are invited to be submitted that explore the way that politics has and continues to influence the tax system. Papers on this theme are strongly encouraged; although the submission of papers on any aspect of taxation is welcome. Also, papers that explore the scholarship of tax teaching and learning are invited. Current PhD students are encouraged to submit an abstract as there will be special mentoring workshops for them. There will be prizes for best tax research paper, tax teaching paper and PhD student paper.

ATTA's 26th Annual Conference will be held at Griffith University (South Bank campus) from Monday 20 January to Wednesday 22 January 2014. The conference itself will be held in the buildings of Griffith University's Conservatorium of Music (South Bank city campus) in the heart of Brisbane. Confirmed Keynote Speakers include Therese Dyson (Chair of the Board of Taxation) and leading tax barrister Mark Robertson, Professor Jason Sharman (Griffith University) and the 2nd Commissioner of Taxation (ATO). The Conference Dinner will be at Rydges Rooftop Restaurant with Justice Richmonds (Federal Court of Australia) giving the dinner address.

PhD Scholarship: Up to six PhD/SJD students (full-time) will receive free registration to attend the ATTA 2014 Conference (excluding the Conference dinner). Interested PhD students should apply using the PhD Scholarships Form. Please contact Renata Steenland (r.steenland@griffith.edu.au) for a copy for the PhD Scholarship Form. Applications are due by 31 October 2013, with successful applicants notified by 29 November 2013.

Registration has now opened!!: Registration for the 2014 ATTA Conference is now open. There are a number registration options including Super Early Bird to 30 Sept 2013: \$450; Early Bird to 13 December 2013: \$500; Full Fee (after 13 December 2013): \$560; and PhD Students (Full time): \$350 (note PhD students are recommended not to formally registering until the PhD scholarships are determined which is by 29 November).

Accommodation: Rydges Hotel has agreed to provide conference attendees with a discounted rate of \$159 per night (including free wifi). Rydges Hotel is directly across the road from the conference venue. It is possible for delegates to twin share a room to split the cost. Bookings can be made directly with Rydges Hotel - it is important to mention that you are a delegate of the Griffith University Tax Teachers' Conference. Phone: +61 7 3364 0800

If you have any questions please contact Renata Steenland (r.steenland@griffith.edu.au or phone: +61 7 3735 3930) or visit the conference website at: <http://attaconference2014.com.au/>

3 CCH-ATTA Doctoral Series: call for submissions for 2013 publication

We are pleased to announce that CCH and ATTA have once again agreed to sponsor the publication of a book based upon a thesis in the CCH ATTA Doctoral Series. Expressions of interest are therefore called for doctoral submissions to be considered for the fourth publication in the Series. (Earlier publications in the Series were by Lisa Marriott, Brett Freudenberg and John Bevacqua). Applicants need to follow the guidelines listed below which have been agreed to by the Doctoral Series Editorial Board (DSEB), consisting of Professors Chris Evans, Rick Krever and Dale Pinto and a senior representative of CCH.

1. To be eligible for submission for possible publication in The CCH ATTA Doctoral Series, a doctoral thesis must be at least at the stage of having been approved for award of the degree, but need not be awarded at the time of submission.
2. Submissions must be made to the DSEB by the relevant cut-off date for a year to be considered for possible publication in the series in that year. For 2013, the cut-off date is 30 August 2013.
3. Theses from any period will be considered by the DSEB for possible publication in the series. However, the currency, relevance and topical interest of the thesis will be among the considerations taken into account by the DSEB in selecting a thesis for possible publication.
4. If a thesis which is submitted by an author needs to be updated/edited in the view of the DSEB then the author undertakes to carry out any updates/edits to the satisfaction of the DSEB within time frames which the DSEB specifies.
5. Submissions relating to all areas of taxation with particular relevance to Australia and/or New Zealand are welcome.
6. Doctoral submissions may include submitted PhD or SJD theses.
7. The DSEB may decide not to publish any submissions received in a particular year.
8. The decisions of the DSEB are final and no correspondence will be entered into.

Please send submissions on or before the 2013 cut-off date of 30 August 2013 to Professor Dale Pinto (dale.pinto@cbs.curtin.edu.au). The submission should include:

- a) a copy of the thesis
- b) a brief statement on the status of the award (whether awarded or approved)
- c) details of the supervisors of the degree and
- d) copies of the examiners' formal reports on the thesis.

The Doctoral Series Editorial Board

4 Arrivals, departures and honours

Congratulations to **Kathryn James** on the completion of her doctoral thesis *Explaining the rise of the value added tax – a challenge to the conventional approach*, from Monash University. Her supervisors were: Professors Graeme Hodge, Stephen Barkozcy and Dr Patrick Emerton (and Professors Rick Krever and Jeffrey Waincymer). Her degree was conferred on 9 May 2013. The doctoral research is to be published in a forthcoming book with Cambridge University Press, with the title *The global rise of the value added tax*.

Dale Pinto, Professor of Taxation Law, Head, Department of Taxation, Curtin Law School was recently appointed to TEQSA's External Expert Panel in the discipline areas of taxation law and accounting and related quality assurance areas, including in curriculum development and design.

5 New Zealand developments

An IRD tax policy paper on research and development tax losses was released on 23rd July. The overall aim of proposed changes in the policy paper is to improve cash flow and reduce tax distortions that exist for start-up businesses that incur research and development expenditure. Current rules require tax losses to be carried forward and offset against future taxable income. However, in some cases it may be a lengthy period of time before profits are made and the losses can be offset. Thus, extant rules may deter investment in research and development expenditure, particularly for firms who would otherwise be investing heavily in research and development, as tax losses cannot be used in a timely fashion, or at all in some cases. This inability to use tax losses impacts on the cash flow of start-up companies.

Proposals in the tax policy paper include allowing 100 per cent of eligible tax losses generated from research and development expenditure to be accessed up front, rather than carried forward. This ability to cash out tax losses from research and development expenditure will initially be capped at NZ\$500,000, equating to a refund of NZ\$140,000. However, this threshold will increase over time to a maximum of NZ\$2 million, equating to a refund of NZ\$560,000.

Eligibility criteria include the requirement that firms must be a company resident in NZ. The firms cannot be a look-through company, a listed company, a qualifying company or a special corporate entity. Research and development expenditure of the company must be at least 20 per cent of total expenditure on wages and salaries. In addition, the company must be in a tax loss position for the income year. The accounting standard (NZ IAS 38) definition for research and development will be used to determine eligible expenditure.

The amount of the loss that may be cashed out will be the lower of:

- 1.5 times the company's R&D salary and wage expenditure in the year
- Total qualifying R&D expenditure in the year and
- Total tax losses in the year

Lisa Marriott

6 United Kingdom developments

On July 17 the UK's Office for Budget Responsibility (OBR) released the latest edition of its annual Fiscal Sustainability report (<http://budgetresponsibility.independent.gov.uk/fiscal-sustainability-report-july-2013/>). This report outlined the OBR's analysis of how spending and revenues may evolve over the next 50 years and the impact this would have on public sector net debt.

The OBR produces a range of projections for public sector current receipts as a share of GDP. These range from an "old age variant" to a "young age variant."

- Under the old age variant spending as a share of GDP will rise to 40.6 per cent by 2062-63, up from 38.0 per cent now.
- Under the young age variant it will rise to 38.7 per cent.
- The central projection is for public sector current receipts to rise to 39.7 per cent by this date.

To put this central projection into context, 1.7 per cent of current GDP is equivalent to £26.2 billion, or £993 per household in the UK. Looking at this another way, when averaged over the next 20 years the central projection for public sector current receipts is expected to average 38.6 per cent of GDP, while total managed expenditure is expected to average 41.0. Over the next 40 years, current receipts are expected to average 39.0 per cent and total managed expenditure 41.8 per cent.

The OBR also show how demographic and other changes will not only be reflected in changing aggregate tax burdens but also in the changing balance between different tax bases. As they showed:

- Non-demographic factors are likely to put downward pressure on oil and gas revenues and receipts from transport and environmental taxes and tobacco duties (reducing the revenue from these factors by up to 2 per cent of GDP over the next 30 years).
- Global corporation tax rates have been on a declining trend as governments compete to attract mobile profits and capital (the direct and indirect effects of this tax competition may offset each other, and so this is not included in modelling).
- Globalisation has led to the price of tradeable goods falling relative to other goods and services, which could translate into modestly lower VAT receipts as a share of GDP.

The overall result is that "future governments are likely to need to find replacement streams of revenue merely to hold the tax burden constant, let alone to meet upward pressures on spending."

Patrick Nolan

7 Invitation to participate in survey: Coverage of the Law of Business Forms in Australian Accounting Degrees

Brett Freudenberg (Griffith Uni) and Dale Boccabella (UNSW) are undertaking a research project that explores the extent to which Australian business/commerce degrees with accounting majors focus on the various business forms used in Australia. The purpose is to ascertain the extent to which undergraduate accounting students are taught about the law of the various business forms and if so, which business form types, what aspects of those forms and the time allocated.

We are looking for academics who are involved in teaching law courses within an Australian business/commerce degree (majoring in accounting) – such as:

- Introduction to Business Law
- Law of Business Associations
- Company/Corporations Law – Introduction
- Company/Corporations Law – Advanced
- Taxation Law – Introduction
- Taxation Law - Advanced

Depending upon your answers this survey will take approximately 15 minutes. You can commence the survey at: <https://www.surveymonkey.com/s/businessforms>

As a thank you for taking the time to complete the survey, you can elect to enter into a prize draw with the chance to win one \$100 Myer gift card.

Full details (including ethics approval) can be found on-line at the survey. If you have any queries please do not hesitate to contact the researchers on: Brett: b.freudenberg@griffith.edu.au or Dale: d.boccabella@unsw.edu.au

8 Call for papers

Special issue in Tax and Tax History research

The *Accounting Research Journal* provides a valuable forum for communication with academics and practitioners on topical research issues in the contemporary business environment. The Journal was established over 25 years ago. The editors welcome submissions encompassing research specific to the areas of accounting, accountability, governance, finance, auditing, regulation and tax. This year, the editors are targeting tax research in particular and we invite manuscripts from both established and emerging researchers. Submissions from across the tax and tax history discipline and using a variety of methodologies are welcome.

Guest editors:

Professor Kerrie Sadiq, QUT School of Business, Queensland University of Technology, Australia

Associate Professor Brett Freudenberg, Griffith Business School, Griffith University, Australia

Closing date: 31 August 2013

Proposed publication date: Issue 1 Volume 27, 2014

Submission: Submissions to *Accounting Research Journal* are made using ScholarOne Manuscripts, the online submission and peer review system at http://www.emeraldinsight.com/products/journals/author_guidelines.htm?id=arj

If you have any questions about the *Accounting Research Journal* generally, please contact the Joint editor Professor Ellie Chapple Larelle.chapple@qut.edu.au

‘**Building trust through leadership, accountability and integrity**’, 11th International Conference on Tax Administration, 14 & 15 April 2014, Sydney, Australia

The International Conference on Tax Administration is a prestigious biennial event that brings together leading tax administrators, academics and practitioners from around the globe.

The theme of the 2014 conference will be Building Trust in Tax Administration: Leadership, Accountability and Integrity. Those interested in presenting a paper at this conference are encouraged to submit a proposal that accords with this theme (for example: best practice and leadership in tax administration; the role and influence of ethics in reporting, paying and administering taxes; influencing taxpayer morale; interactions between tax policy and tax administration and their impact on trust and power; the influence of legal reforms and the judiciary on taxpayers, tax practitioners and tax administrators; taxpayers' attitudes towards the tax administration; strengthening stakeholder relationships; etc).

Your proposal should include the following details:

- title of the paper;
- author(s) brief biographical and contact details;
- an abstract of between 200-500 words of the contents of the proposed paper including its findings; and
- status of the paper (for example, whether it is part of ongoing research; and whether it has been previously published etc).

Proposals should be sent to Associate Professor Binh Tran-Nam at b.tran-nam@unsw.edu.au by Monday 9 September 2013.

A Steering Committee will select papers for the conference and will advise you of its decision by mid October 2013. Selected papers will be published as refereed articles in the eJournal of Tax Research.

'The Cedric Sandford Medal' will be awarded to the best paper presented at the conference. The medal is in memory of the late Emeritus Professor Cedric Sandford and is judged by an independent expert panel.

Enquiries: Dr Binh Tran-Nam Phone +61 2 9385 9561; Fax +61 2 9313 6658; b.tran-nam@unsw.edu.au

Professor Margaret McKerchar Phone +61 2 9385 9550; Fax +61 2 9313 6658; m.mckerchar@unsw.edu.au

Professor Michael Walpole Phone +61 2 9385 9526; Fax +61 2 9313 6658; Email: m.walpole@unsw.edu.au

The organising committee of the *International Conference of Chinese Tax and Policy* is pleased to announce this call for papers for the 2013 conference. The conference is to be held at **Xiamen University, Xiamen, China on December 14-15, 2013**. The conference is jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University. The organising committee welcomes any paper dealing with the conference theme. The general theme of the conference is *Tax Policy and Tax Law for China in a Time of Change*. In the next three years, there will be a session in each conference focusing on the following sub-themes:

- 2013: *Taxation of Real and Immovable Property*
- 2014: *Individual Income Tax and the Role of Taxation in Income Redistribution*
- 2015: *A Review of China's VAT Reform*

All papers will be subject to an international blind peer-review process. All accepted papers have the priority to be selected for publication in the *Journal of Chinese Tax and Policy*.
Submission Guidelines

- Please submit an abstract in English of 300 words.
- Please provide the final paper in English, and please provide the Chinese original if the work has been translated.
- For Chinese language contributors, please indicate if you cannot organise the translation of the abstract into English.
- Please send all submissions to business.jctp@sydney.edu.au.

Key Dates

August 29, 2013	Final date for submission of written conference papers without a translated version.
September 26, 2013	Final date for submission of written conference papers if assistance is required for the translated document.
November 14, 2013	Final date for submission of written conference paper for inclusion in full conference papers made available to conference attendees on the conference website.
November 14, 2013	Final date for registration.
November 28, 2013	Final date for submission of PowerPoint presentations for conference speakers.

The editorial board of the *World Journal of VAT/GST Law* (WJOVL) cordially invites you to submit academic papers for publication in the second or third issue of 2013. The board welcomes the submission of academic articles focusing on VAT/GST related issues that are of relevance to the international community. The journal publishes both articles that critically analyse features of existing VAT/GST systems and tax policy articles. The WJOVL is a peer-reviewed journal and publication is subject to favourable peer-review reports. For further details, please consult the website (<http://www.hartjournals.co.uk/wjvol/index.html>) or the general editor (joachim.englisch@uni-muenster.de). The deadline for submission of articles is the end of August 2013 (for Issue 3/13).

Taxing Multinational Firms

Mannheim, 18 and 19 November 2013

Economic activities of multinational firms are becoming more and more complex and diverse, and national governments find it increasingly difficult to tax profits of multinational firms appropriately. In public debate, the view is widespread that multinational firms engage in tax avoidance. Many national governments, including those of Germany and the UK, have announced measures against "aggressive" tax planning by multinational firms. The OECD is working on its BEPS (Base Erosion and Profit Shifting) project to reform the international allocation of taxable profit between countries.

This conference aims to foster discussion on these issues by bringing together various research approaches to the taxation of multinational firms. Papers addressing the following questions are particularly welcome:

- How should governments tax multinational firms?
- How should tax policy respond to income shifting?
- How do corporate taxes impact investment and financing decisions of multinational firms?
- What are the economic implications of existing regimes for taxing foreign source income?
- How should they be reformed?
- Should acquisitions and greenfield investment be taxed differently?

Keynote Speaker

Harry Huizinga (Tilburg University, the Netherlands)

Organisers

ZEW Mannheim, University of Mannheim and Oxford University Centre for Business

Taxation

Scientific Committee

Johannes Becker (University of Münster), Michael Devereux (CBT Oxford), Clemens Fuest (ZEW and University of Mannheim), Friedrich Heinemann (ZEW), Eckhard Janeba (University of Mannheim and ZEW), Christoph Spengel (University of Mannheim and ZEW)

Paper Submission Procedure

You are invited to submit individual proposals for the conference. These should include an extended abstract or, preferably, the full paper. Submissions should be e-mailed as PDF file to taxation2013@zew.de by August 31, 2013.

Acceptance of proposals will be notified by September 25, 2013. Completed papers will be required no later than October 31, 2013. No conference fee will be charged for presenters. We will contribute to covering accommodation and travelling expenses for presenters of accepted papers.

Papers will be published in ZEW and CBT Discussion Paper series, but no conference volume is planned.

Contact

Centre for European Economic Research (ZEW)

Research Department "Corporate Taxation and Public Finance"

Frank Streif

P.O. Box 10 34 43 · 68034 Mannheim · Germany

Phone: +49 621 1235-398 · Fax: +49 621 1235-223

E-mail: taxation2013@zew.de · Internet: www.zew.eu

9 Atax Research Fellowships 2014

In 2014 the School of Taxation & Business Law at UNSW, Australia will offer several Research Fellowships to **international** academics and professionals keen to further their research in the fields of taxation, business law and related disciplines. The maximum value of each fellowship is AUSS\$ 6,000. The School may decide to award only one fellowship in any given year.

Fellowship duties

Research fellows normally spend four weeks working at the School of Taxation & Business Law on a mutually agreed area of research. During their stay, fellows are involved in the following activities:

- Producing at least one research paper on taxation or business law, in collaboration with Taxation & Business Law academic(s), to be published in a refereed journal with due acknowledgement of the fellowship
- Conducting a Taxation & Business Law research seminar for interested members of the broader tax/business law research community
- Participating in Taxation & Business Law collegial activities during the period of the fellowship

The School of Taxation & Business Law will provide office space and computer equipment at its Kensington campus in Sydney, Australia. Fellows will be responsible for organising their own travel and accommodation arrangements. The preferred timing for successful applicants

to undertake the fellowship is March–May 2014 or August–October 2014, but other times of the year may also be possible.

Selection

Selection is based on the applicant's research proposal and on their ability to contribute to the School of Taxation & Business Law research profile. A track record in collaborating with Taxation & Business Law academics will be considered as an advantage.

Application

Applications are invited from **overseas** academic and professional researchers working in taxation, business law and related disciplines. To apply, applicants must send by email:

(i) A **letter of application**, indicating the area they wish to research under the Fellowship and anticipated publication(s), how they will collaborate with Taxation & Business Law academic(s), and their preferred timing to undertake the Fellowship.

(ii) A **current curriculum vitae**

Applications should be sent to:

Associate Professor Binh Tran-Nam,
Research Fellowship Convenor
School of Taxation & Business Law
UNSW, Sydney NSW 2052
Australia
Email: b.tran-nam@unsw.edu.au

Applications to undertake the Research Fellowship in 2014 must be received by 30 November 2013. Successful applicants will be notified by 31 December 2013 and undertake the fellowship in 2014.

Further information

For further information about the Research Fellowship, please contact Associate Professor Binh Tran-Nam by phone on +61 (2) 9385 9561 or by email b.tran-nam@unsw.edu.au

10 Tax, accounting, economics and law related meetings

Local

ATTA's **26th Annual Conference** will be held at Griffith University Monday 20 January to Wednesday 22 January 2014. The theme of the conference is *The Politics of Tax*. The conference will celebrate 26 years of tax teaching in Australasia. The conference organisers welcome papers on taxation, the teaching of taxation and taxation research. We particularly encourage new academics and postgraduate research students to submit papers. Further information about the conference (including accommodation options and the programme) will be included in the future ATTA newsletters. In the meantime if you have any questions please contact Ms Renata Steenland at r.steenland@griffith.edu.au

Tax Institute <http://www.taxinstitute.com.au> lists many of the TI conferences, conventions, seminars, breakfast clubs. For further enquiries, contact Jessi Guy (02) 8223 0043 or email jessiguy@taxinstitute.com.au. Register online at <http://www.taxinstitute.com.au>

Call the National Events team on 1300 733 842 for more details.
Please contact the National Events Team on 1300 733 842 or by email,
nationaleducation@taxinstitute.com.au Follow us on Twitter @TaxInstituteOz.
Danielle Marriott, Event and Member Services Executive The Tax Institute Phone: 02 8223
0000; Direct: 02 8223 0014 Fax: 02 8223 0077 daniellemarriott@taxinstitute.com.au

Overseas

American Accounting Association Calls for paper website <http://aaahq.org/calls/default.cfm>

Annual International Conference on Business, Law & Economics, 5-8 May 2014, Athens, Greece. Academic Member Responsible for the Conference: Dr Michael P. Malloy, Director, Business and Law Research Division, ATINER & Distinguished Professor, Pacific University, USA. Conference Website: <http://www.atiner.gr/ble.htm>. Deadline to submit abstracts: 31 October 2013 (Decisions are reached in less than 4 weeks after the abstract submission).

Canadian Tax Foundation <http://www.ctf.ca/ctfweb/en>

Institute for Fiscal Studies Conferences and seminars
<http://www1.ifs.org.uk/conferences/index.shtml>

The **WU** and the **Institute for Austrian and International Tax Law** will move to a new Campus in September 2013. The new address of our Institute will be: 1020 Wien, Welthandelsplatz 1, Building D3. We think this is a reason to celebrate and we cordially invite you to the following series of events:

International Tax Events at the Occasion of the Opening of the new Premises of the Institute for Austrian and International Tax Law, WU at the new WU Campus – October 18-21, 2013
October 18, 2013 3:15-4:45 p.m., Tax Policy Fireside Chat (Michael Lennard, Jeffrey Owens)
Library and Learning Centre, Ceremony Hall 2, LC.0.200

October 18, 2013 5:00-9:00 p.m., Klaus Vogel Lecture (Peter Essers) Library and Learning Centre, Ceremony Hall 2, LC.0.200

<http://www.wu.ac.at/taxlaw/eventsn/klausvogellecuture>

October 20, 2013 6:00-9:00 p.m., Conference opening reception at the Institute for Austrian and International Tax Law, D3 AD Building.

October 21, 2013 9:00-5:30 p.m., Conference “Practical Problems of Tax Treaty Application: The Case Study Conference” (Speakers: Tax Treaty negotiators or competent authorities from Germany, Estonia, Poland, Czech Republic, Slovakia, Hungary and Austria)
Library and Learning Centre, Ceremony Hall 1, LC.0.100

<http://www.wu.ac.at/taxlaw/en/eventsn/practicalproblems>

October 21, 2013 6:15-8:30 p.m., Opening event “Doppler Laboratory “Savings Taxation in a Globalized World: The Rubik Agreements“ (Philip Kermode, Heinz Jirousek) at the Institute for Austrian and International Tax Law, D3 AD Building.

More information available at www.wu.ac.at/taxlaw

Arbitration in Tax Treaty Law - Providing Legal Protection and Avoiding Qualification Conflicts in the Future Conference, University of Uppsala/WU (Vienna University of Economics and Business) Thursday, August 22, 2013 in Uppsala (Sweden). The Conference is supported by the Uppsala Center for Tax Law, a research foundation supported by Deloitte, Ernst & Young, KPMG, Mannheimer Swartling, PwC and Skeppsbron Skatt (Taxand). These are the main topics which will be dealt with in four conference sessions:

- Session 1: Experience from non-tax
- Session 2: OECD Developments and OECD Countries Experience
- Session 3: Non-OECD-Countries: Developments and Experience
- Session 4: EU Experience

http://www.wu.ac.at/taxlaw/en/eventsn/arbitration_uppsala2013

The **Institute for Austrian and International Tax Law of WU** (Vienna University of Economics and Business) and the **Austrian IFA Branch**, together with the IFA branches of Czech Republic, Estonia, Hungary, Poland, Slovakia, are proud to invite you to the Conference “Practical Problems of Tax Treaty Interpretation and Application: The Case Study Conference” – October 21, 2013. This conference will focus on case law studies based on practical cases or problems which are of relevance in our bilateral tax treaty relations. At the Conference, qualification conflicts will be discussed with treaty negotiators and competent authorities, on the basis of selected case studies. We are grateful that treaty negotiators or competent authorities from Poland, Czech Republic, Slovak Republic, Hungary, Estonia, Germany and Austria will discuss these case studies. The Conference starts on October 20, 2013, at 18:00 with a welcome reception at the Institute for Austrian and International Tax Law, WU. Please note that this event will take place on the New Campus of WU, which is located in Vienna’s second district, at Welthandelsplatz 1. The working sessions will be held on October 21, 2013 at the Large Ceremony Hall of WU (Vienna University of Economics and Business), LC building on the New Campus, Welthandelsplatz, 1020 Vienna, from 9.00 a.m. to 5.30 p.m. For further information on the conference please see <http://www.wu.ac.at/taxlaw/en/eventsn/practicalproblems>
For info on the new campus please see <http://www.wu.ac.at/taxlaw/en/institute/contactnew>

Foundation for International Taxation **19th International Taxation Conference 5-7** December 2013, ITC Maratha Hotel, Mumbai, India, http://fitindia.org/conference_2013.htm
In the programme of the conference, several topics will be covered:

- International tax and treaty conflicts
- Emerging international tax trends in India
- International tax developments
- International tax structuring for investing abroad
- Transfer pricing developments and conflicts
- Indian tax and transfer pricing cases and developments

International Bureau of Fiscal Documentation. Various courses in Amsterdam, the Netherlands. For details, see <http://www.ibfd.org> The IBFD International Tax Academy (ITA) runs an extensive international course program. Generally all courses are held in Amsterdam. Should you require any further information or wish to register please refer to their web site www.ibfd.org or contact the International Tax Academy at +31-20-554 0160 or by e-mail ita@ibfd.org

For 2013 courses go to

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation>.

IBFD Courses in Asia-Pacific

Principles of Transfer Pricing 9-13 September 2013 Kuala Lumpur

Principles of International Taxation 21-25 October 2013 Kuala Lumpur

International Taxation of Oil and Gas and Other Mining Activities 18-21 November 2013

The ITA also offers tailor-made in-house courses on a worldwide basis for corporate clients, tax administrations and other organizations.

Should you have any queries, please contact Arcotia Hatsidimitris, Head of the International Tax Academy by telephone +31-20-554 0180, or by a.hatsidimitris@ibfd.org

ITA Courses Tel.: +31-20-554 0160; Fax: +31-20-620 9397; Email: itacourses@ibfd.org

International Fiscal Association Congresses <http://www.ifa.nl/pages/default.aspx>

25-30 August 2013 **Copenhagen, Denmark** www.ifacopenhagen2013.com

Subject 1: The taxation of foreign passive income for groups of companies

Subject 2: Exchange of information and cross-border cooperation between tax authorities

The Seminar programme is as follows:

Climate change and international taxation

Cross-border short-term employment
Cross-border loss utilization
IFA/EU
Profit methods and the arm's length principle
IFA/OECD: Base erosion and profit shifting (BEPS)
Jubilee Seminar 75th Anniversary of IFA - "How will the tax system look in 25 years?"
Recent developments in international taxation
Subnational taxes and international taxation
Overhead and VAT deductibility (RE PE)
2014 **Mumbai, India** (12 October 2014 - 17 October 2014) Website:
www.ifa2014mumbai.com
Subject 1: Cross-border outsourcing - issues, strategies and solutions
Subject 2: Qualification of taxable entities treaty protection
2015 **Basel, Switzerland** (30 August 2015 - 4 September 2015) www.ifabasel2015.com
Topics under consideration as Subjects 1 and 2 of the Congress are "The use of tax measures in the area of research and development (R & D)" and "Taxation and fundamental rights: taxpayers' procedural rights in a globalised world"
2016 **Madrid, Spain**
2017 **Rio de Janeiro, Brazil**
2018 **Seoul, Korea, Rep. of**
2019 **London, United Kingdom**

2013 Society of Legal Scholars Annual Conference, Edinburgh, Tuesday 3rd September to Friday 6th September, <http://www.legalscholars.ac.uk> The Taxation Law subject section will meet on Thursday 5th and Friday 6th September 2013 (in Group B). The SLS does require all speakers to book, **and pay for**, attendance at the subject section meeting. Glen Loutzenhiser, SLS Subject Convenor, Taxation Law <glen.loutzenhiser@law.ox.ac.uk>

Provisional Conference Programme 2013

Session 1: September 5th 11.00 - 12.30 Room

1A: John Vella (Oxford) 'Bank Levies'

1B: Paul Kenny (Flinders) 'A Sensible Tax System'

1C: Micah Burch (University of Sydney) 'Income Sans Frontiers: International Taxation of Truly Stateless Income'

Session 2: September 5th 14.00 - 15.30

Room 2A: John Taylor (University of New South Wales) 'Building on the Blocs: An Examination of What Trading Bloc to Trading Bloc Treaties Could Look Like'

2B: Michelle Markham (Bond) 'A rose by any other name...? The OECD discussion draft on the definition of intangibles'

2C: Adrian Sawyer (Canterbury) 'Comparing the UK-Switzerland tax cooperation agreement with the UK's and Switzerland's intergovernmental agreements with the US under FATCA'

Session 3 September 6th 09.30 - 11.00

3A: Saurabh Jain (University of New England, Armindale, NSW) and John Prebble (Victoria University Wellington) 'The Test of "Dominion" used to Judge the Criterion of Beneficial Ownership for Purposes of Benefits under Tax Treaties: a Critical Analysis'

3B: Kerrie Sadiq (Queensland University of Technology) 'Transfer Pricing and Multinational Financial Institutions: The Case for Replacing Arm's Length Price with a Unitary Approach'

3C: Anzhela Yevgenyeva (Oxford) 'Challenging EU Member States' Tax Provisions under the Infringement Procedure: Ariadne's Thread through the Labyrinth of Enforcement Practices'

3D: Puseletso Letete (University of South Africa) 'Coordination of Value-Added Tax in SADC: Challenges Brought About by the Place of Supply Rules'

Session 4 September 6th 11.30 - 13.00

Room 4A: John Bevacqua (La Trobe) 'From Moral Duty to Legal Rule – A Comparison of Taxpayer Rights to Fair Treatment in the UK and Australia and a Blueprint for Reform'

4B: Diane Kraal (Monash) ‘The Issue of a New Tax: A Grounded Theory Approach to the Minerals Resource Rent Tax ’

4C: Phyllis Alexander (Bournemouth) ‘Owner-occupied Housing Taxation: An Equity Evaluation of the UK and US Tax Systems’

4D: Sally Joseph (University of New South Wales) ‘The Polluter Pays Principle and Land Remediation: a comparison of the British and Australian approaches’

29th Annual Asia-Pacific Tax Conference, Singapore, 29-30 October 2013. For more information, please contact Liane Tsang of Baker & McKenzie, Hong Kong by tel.: +852 2846 2358 or by e-mail: liane.tsang@bakermckenzie.com or http://www.bakermckenzie.com/files/Uploads/Documents/Tax/event_ap_taxconference_oct13.pdf

International Conference of Chinese Tax and Policy, Xiamen University, Xiamen, China on 14-15 December 2013. Jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University. <http://sydney.edu.au/business/research/journals/jctp/conference>

International Atlantic Economic Society (IAES) conference www.iaes.org for more information. Prof Dr M. Peter van der Hoek Academy of Economic Studies, Bucharest, Romania and Erasmus University, Rotterdam, Netherlands. Mailing address: Erasmus University (L 7-20) P.O. Box 1738 NL-3000 DR Rotterdam Netherlands Phone/Fax: +31-10-4081622 E-mail: vanderHoek@frg.eur.nl

International Tax Planning Association Forthcoming meetings

<http://www.itpa.org/meetings.html>

Other useful tax and law related conference websites include the International Bar Association:

http://www.ibanet.org/Conferences/conferences_home.aspx

IBFD Course calendar

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation.TaxCourses>

International Events and Law Conferences

<http://internationaleventsandlawconferences.yolasite.com>

Law Conferences Worldwide <http://www.conferencealerts.com/law.ht>

New South Wales Bar Association

http://www.nswbar.asn.au/docs/professional/prof_dev/CPD/programme/index.php

Law Council of Australia <http://www.lawcouncil.asn.au/conferences/events-and-conferences.cfm>

LexisNexis Professional Development Calendar of events

<http://www.lexisnexis.com.au/aus/conferences/calendar/default.asp>

See also the *inTax Seminars Directory*, published in *inTax Magazine*.

Practising Law Institute <http://www.pli.edu/>

New York County Lawyers Association <http://www.nycla.org>

American Bar Association <http://w3.abanet.org/home.cfm>

New York Bar Association <http://www.nysba.org/>

Hieros Gamos Worldwide Law Events Calendar <http://www.hg.org/calendar.html>

For social sciences and humanities conferences, meetings etc, see Mind: The Meetings Index

<http://www.interdok.com/mind> See also the magazine *Australian Conference & Exhibition Diary*, Vamosi Information Publication.

11 ATTA members in the media

Rick Krever was quoted on the Independent Commission Against Corruption findings of corrupt conduct against former New South Wales politicians, ABC TV News 7pm, 1 August 2013.

12 Recent publications

Bold indicates ATTA members. Readers are encouraged to notify the Editor of recently written publications for notification, in these pages. Please note some of the overseas publications listed may not yet be available locally.

Local

(2013) 28 (2) *Australian Tax Forum*

- Redressing the imbalance - challenging the effectiveness of the Australian Taxpayers' Charter – **John Bevacqua**
- Law, policy and politics in Australia's recent not-for-profit sector reforms – **Fiona Martin** and **Ann O'Connell**
- Using the income tax system as your hedge counterparty – Amir Aghdaei and Tim Edgar
- The role of the criminal law for serious non-compliance – **Kalmen Datt**
- The old, the new, and the ugly: a comparative analysis of the UK, South African and Australian CGT small business concessions – with recommendations for Australia – Naomi Kewley
- Reviewing tax policy development in New Zealand: Lessons from a delicate balancing of 'law and politics' – **Adrian Sawyer**

(2013) 42 (3) *Australian Tax Review*

Editorial - Posturing and politics

Part IVA: An international perspective – A H Slater

Prior to being bankrupt, superannuation is a claimable asset – characterising and shaping the nature of a member's interest – Peter Bobbin

CGT event K7 provides loss recognition for personal consumption expenditure: History, anomalies and policy basis – **Dale Boccabella**

Book review – **Richard Krever** - Incentivising Employees: The Theory, Policy and Practice of Employee Share Ownership Plans in Australia

Passant, John 'A basic guide to taxing economic rent' (2012) 11 (2) *Canberra Law Review* 100. <http://www.canberra.edu.au/faculties/busgovlaw/attachments/pdf/CLR-2012-Version-8d-Final>.

(2013) 48 (2) *Taxation in Australia*

- The value of mining information and its tax implications – Wayne Lonergan and Hung Chu
- Superannuation: Can the ATO access a taxpayer's superannuation when bankruptcy looms? – Bryce Figot and David Oon
- Deductions for education expenses – A revamped landscape for taxpayers and their advisers – **Michael Blissenden**
- How to get the best deal for SME clients using tax consolidation – Jolyon Dare
- Mid-market focus: Planning ahead: Individual taxpayers and industry variations – Guy Brandon
- A few reflections on the current state of play for not-for-profit taxation arrangements – **Dale Pinto**, David Gilchrist and Annette Morgan
- Tax cases: Sea Shepherd and the Japanese whaling fleet – Michael Norbury
- Significant individual: a problem – John Gaal

Tax Institute Seminar and convention papers:

National Division – published August

- The aggregation of transactions - The key cases - Harry Lakis
- The aggregation of transactions - Jim Richards
- Payroll tax - Employment agency provisions - Lewis Popov
- Exemptions and concessions in landholder duty - Sue Bosch
- Payroll tax exemptions, rebates and concessions - Brett Monger
- The self-assessment experience - Sally Newman and Nicki Suchenia
- Payroll tax harmonisation - A practitioner's perspective - Glynn Flaherty
- Takeovers of listed landholders - Managing the duty implications - Peter McMahon
- The Commissioner's audit and investigation powers - David W Marks and Natalie Wakefield
- State taxes update - Lee Jurga

Queensland Division – published July

- Tax in tough times - Muhunthan Kanagaratnam
- Division 7A and complex structures - Arthur Athanasiou
- Superannuation - Ian Burgess
- Asset protection - Brian J Richards
- Practical GST solutions - Damian Welshe
- The year in review - **Tom Delany** and Mark Molesworth

Victorian Division – published July

- Charities and not-for-profit organisations - an overview of reform, regulation and practical issues - Frank Hinoporos

South Australian Division – published July

- Executors' duties - Patrick Coyle

Overseas

For Bureau of Fiscal Documentation journals listed below, you can also view this content on your mobile via m.ibfd.org

Asia-Pacific Tax Bulletin Number 4, 2013

China (People's Rep) - Taxation of Dividends, Interest, Royalties and Technical Service Fees - Jiang Bian

Hong Kong - The Development of Islamic Finance - Davy Yun and Finsen Chan

New Zealand - The Thin Capitalization Regime – A Discussion of Current and Proposed Rules - Michelle Redington and Nicola Jones

Pakistan - Taxation of Royalties, Fees for Technical Service, Dividends and Interest - Huzaima Bukhari and Dr Ikramul Haq

Transfer pricing

India - FDI Trapped in Transfer Pricing Controversy – A Few Thoughts on Shell's USD 2.7 Billion Tax Dispute - Mahesh Kumar and Rajesh Simhan

Indonesia - Transfer Pricing Audit Guidelines - Carlo Llanes Navarro, David Dorson and Sachin Tewari

Thailand - The Advance Pricing Agreement Process – A Mixed Blessing? Sorraya Boonsongprasert

Developments: Reports on the following: Australia, Bangladesh, China (People's Rep), China (People's Rep)/Hong Kong, India, India/Malaysia, Indonesia, Malaysia, New Zealand, Pakistan, Singapore, Taiwan and Vietnam

Bulletin for International Taxation Number 8 - 2013 contains the following:

Editorial - International - 75 Years ... And More? Fraser Dickinson
International/OECD/France - Tax Sparing and Matching Credit: From an Unclear Concept to an Uncertain Regime - Vanessa Arruda Ferreira and Anapaula Trindade Marinho
United Kingdom/United States - The FCE Case: Former United Kingdom Group Relief and Treaty Discrimination - Brian Cleave
Belgium-Luxembourg Income and Capital Tax Treaty (1970) Resolves Double Taxation on Net Assets of Luxembourg Investment Funds with Belgian Investors - Wolfgang Oepen, Kris Lievens and Tim van den Bruel
International/European Union/OECD - Global Developments and Trends in International Anti-Avoidance - Stef van Weeghel and Frank Emmerink
India - The Proposed Indian General Anti-Avoidance Rule - Vijay Krishnamurthy
International - The Taxation of Multinational Enterprises: An Elusive Balance - Jeffrey Owens

European Taxation Number 8 - 2013

United Kingdom - The EU's Financial Transaction Tax, Enhanced Cooperation and the UK's challenge - Christiana HJI Panayi
The Development of International Assistance in Tax Matters in Switzerland: From Evolution to Revolution - Xavier Oberson
Religion and Taxation in Italy: The Principle of Laïcité and Compliance with EU Law - Pietro Mastellone
EU Update – Commission - Laura Pakarinen; Court of Justice - Laura Pakarinen
Human rights issues and developments
International - Some Recent Decisions of the European Court of Human Rights on Tax Matters - Philip Baker
CFE Forum 2013: Tax Planning: What Is (Un)acceptable? – Summary Report - Oana Popa and Tamás Kulcsár
European Union - Levy & Sebbag: The ECJ Has Once Again Been Asked To Deliver Its Opinion on Juridical Double Taxation in the Internal Market - Katharina Daxkobler and Eline Huisman
New Guidance on Italian Participation Exemption - Emiliano Zanotti and Baldassare Bono

Forman, Jonathan Barry & **Mackenzie, Gordon D** 'Optimal rules for defined contribution plans: what can we learn from the US and Australian pension systems?' 66 (3) *Tax Lawyer* 613-651 (Spring 2013), abstract available at http://www.americanbar.org/groups/taxation/publications/tax_lawyer_home/ttl-spr13-forman-mackenzie.html

International Transfer Pricing Journal Number 4 - 2013

United States - US Cost Sharing: Current Issues and Court Cases - Brandon Heriford, Harry A. Keates, Heather Lamoureux and Deloris R. Wright
International - Transfer Pricing in the Pharmaceutical Industry: The Remuneration of Marketing Intangibles - Chantal Roberge
International - OECD Report on Base Erosion and Profit Shifting: Search for a New Paradigm or Is the Proposed Tax Order a Distant Galaxy Many Light Years Away? Mathew Brittingham and Michael Butler
International - Voluntary Payment of Taxes and Voluntary Adjustments of Transfer Prices from an EU Perspective - Dick Barmentlo and Piergiorgio Valente
United States - Voluntary Transfer Pricing Adjustments and Voluntary Payments of Tax: A US Overview - Matthew Herrington and Cym Lowell
China - Changing Transfer Pricing Landscape: "Like It or Not" - Shanwu Yuan, Jinghua Liu and Glenn DeSouza
Finland - Supreme Administrative Court Ruling on Location Savings - Merja Raunio
Finland - Assessment of First Year of Transfer Pricing Programme - Johanna Waal
Greece - Transfer Pricing Legislation and Introduction of Advance Pricing Agreements -

Katerina Perrou

India - Determination of Arm's Length Price for Sale of Shares to an Associated Enterprise - P Raj Kumar Jhabakh

Italy - Tax Administration Releases Data on International Standard Ruling Procedures and First International Advance Pricing Agreements - Gianfranco Peracini and Sarah Benettin

Korea - Guidance on Intercompany Guarantee Transactions: Amendment of Law for Coordination of International Tax Affairs - Joon-hyun Kim

Netherlands - No Deduction Allowed for Loss under Cross-Guarantee - Bernard Damsma and Krzysztof Lukosz

International VAT Monitor Number 4 - 2013

VAT as a Hidden Tax: Brazil's Social Experiment - Robert F van Brederode

B2C Supplies of Electronic Services from 1 January 2015 from a German Perspective - Hans-Martin Grambeck

New Implementing Measures for EU Place-of-Supply Change 2015 - Madeleine Merckx

A Little Light on Transaction Fees under UK VAT Law - John G Watson

VAT Implications of Islamic Financing – A South African Perspective - Marlene Botes

Book review - Shima Heydari reviews *Intermediation of Insurance and Financial Services in European VAT* by Claus Bohn Jespersen.

VAT news - Reports from: Bahamas, Belgium, Brazil, Bulgaria, Cameroon, Canada, China (People's Rep.), Costa Rica, Croatia, Ecuador, European Union, Finland, Germany, Greece, Honduras, Hungary, Israel, Italy, Luxembourg, Malaysia, Montenegro, New Zealand, Norway, Pakistan, Palestinian Autonomous Areas, Poland, Portugal, Puerto Rico, Russia, Slovenia, Spain, Tanzania, Uganda, United Kingdom and United States.

VAT case notes - Case notes from: Australia, Austria, Brazil, Canada, Finland, Ireland, Sweden, Russia, United Kingdom and United States.

15 Quotable quotes

"News Limited analysis reveals workers offset 5.59 per cent of their income in 2005-06 but only 4.76 per cent in 2010-11, the most recent financial year for which ATO data is available.

Had we kept up that 2005-06 level we would have claimed \$37 billion of deductions in 2010-11 instead of just \$31.5 billion.

On this basis the average taxpayer duded themselves of \$436 in deductions and a potential refund of \$131 for those on a 30 per cent marginal tax rate.

Reasons for the decline include the increasing complexity of the system, poorer record keeping by taxpayers - and more DIY returns.

ITP regional director Scott Bailey said people were getting worse at claiming deductions.

"I think they miss out on a lot," Mr Bailey said.

H&R Block regional director Frank Brass said: "It comes down to a lack of knowledge. People don't really know what they can claim. But they think they do."

The Federal Government is banking on us doing an even poorer job into the future.

The 2013-14 Budget papers reveal that Treasury expects a \$12.9 billion increase in gross income tax this year - a rise of 8.6 per cent. In stark contrast, it estimates refunds will increase by less than 0.2 per cent, or just \$50 million.

Yet more people are choosing to their return themselves. ATO data shows the proportion submitted by tax agents fell from 77 per cent in 1999-2000 to 72 per cent in 2010-11.

Ban Tacs consulting accountant Julia Hartman said some new clients get annoyed with all her questions. But they are always pleased when they see the size of their refund.”

Source: Rolfe, John ‘How to beat the taxman - the legit way’ News Limited Network 21 July 2013 <http://www.news.com.au/money/cost-of-living/how-to-beat-the-taxman-8212-the-legit-way/story-fnagkbpv-1226682802008>

“Tim Cook [archival]: We don't depend on tax gimmicks. We don't move intellectual property offshore and use it to sell our products back to the United States to avoid taxes. We don't stash money on some Caribbean island.

Journalist [archival]: But it's another Ireland that American senators have accused Apple of using for more than 30 years. Based in Ireland, Apple Operations International made \$30 billion over three years, but paid nothing in income tax. Another, Apple Sales International, made \$74 billion and the senators found it paid only a 'tiny fraction' in tax.

...

Stan Correy: So has much changed?

Jason Sharman: Not too much from that point of view. The French government have had the embarrassment of their minister who was meant to be combating tax evasion who was actually found to be practising tax evasion himself. But the Chinese still take a pretty sympathetic view to the activities of tax havens, in part because they benefit from them. Now, certainly the Chinese face costs from tax havens as well. China has a big problem with corruption, and some of this corrupt money certainly ends up in tax havens. On the other hand there's probably more corrupt Chinese money in Australia than there is in the British Virgin Islands or the Caymans.

...

Stan Correy: Governments claim that any aggressive policy on tax reform is limited by the overwhelming power of a new breed of multinational corporation. 'Governments powerless' is a good headline but it isn't accurate.

Jason Sharman: Governments are not as innocent as they would suggest. A lot of these corporate loopholes happened by accident but many of them didn't, and they were deliberately created by governments for corporations because of the sort of lobbying activity and the capture that we've seen that has been in many ways responsible for the financial crisis. So it's no secret that big business and governments often have close ties and that they do favours for each other, and one of the favours you can do for a corporation if you're a government is to create a great loophole for them. And governments have been doing that, in part to attract investment and jobs but in part to get re-elected as well. So a lot of the proposed powerlessness of governments in the face of global corporations I think is overdone.

...

Stan Correy: The international tax rules were created for a totally different global economy where physical production—car factories, steel mills—were the norm. Now it's the search engine algorithm, the patent, and the brand name. For the guerrilla fighters of modern business, the digital corporations, their profits can't be touched by the tax man, they're intangible.

Jason Sharman: In some ways the tax system that we have internationally is about 90 years old. So the laws were created by the League of Nations in the interwar period. So they haven't

changed too much. But what has changed is the rise of intangibles or the value of intangibles, so whether this is a copyright or a brand or a patent or an algorithm like Google uses have become increasingly important, especially for pharmaceutical firms and high-tech firms, but even for firms that produce things like Starbucks coffee where it's been particularly controversial in the UK.”

Source: ABC Radio National Rear Vision ‘Global tax avoidance: the long war against tax havens’ Sunday 11 August 2013 12:05PM
<http://www.abc.net.au/radionational/programs/rearvision/global-tax-avoidance/4860572#transcript>

“On the GST

Joe Hockey What we’ve said emphatically is any change would go to the people in relation to the GST or major taxation change would go to the people. ABC24, August 7

Tony Abbott If it comes up in the consultations, we will consider what the consultations come up with. August 7

Lateline In this case you’re putting the GST on the table in the tax review which of course Labor refused to do.

Julie Bishop We are. A tax review will look at taxes and the GST is a tax. August 7

Arthur Sinodinos We have no plans about the GST per se for this election ... So, there are many minefields on the way to a change to that particular tax. August 13

Tony Abbott Let me be as categoric as I can, the GST won’t change, full stop, end of story. August 13

Source: Daley, G; Walsh, K & Keen, L ‘All at sea over future of the GST’, *Australian Financial Review* 14 August 2013 p 1 at 6

“Broader and more comprehensive tax bases for income, consumption and payroll taxes can fund lower tax rates, reduce distortions and associated productivity losses, simplify tax collection and compliance, and provide greater equity. For example, all remuneration, whether in the form of wages, superannuation or fringe benefits, would be taxed at a common rate as personal income. Applying a similar tax rate on different forms of saving placed in banks, own homes, property, shares and superannuation, rather than the current hybrid mix of very different effective tax rates, would result in a more productive mix of investment options, greater equity, and less waste of resources in designing tax effective, but socially wasteful, tax minimisation schemes.

Comprehensive tax reform would consider also changing the mix of taxes. Transaction taxes, and in particular the state stamp duties, as the most distorting taxes, would be replaced. The less distorting tax bases are land and consumption. Packages of changes in the mix of taxes need to be carefully designed to maintain, at least approximately, the after-tax purchasing power for those on low and middle incomes.”

Source: Freebairn, John ‘Coalition must cast wide net for true tax reform’, *Australian Financial Review* 14 August 2013 p 43

ATTA News September 2013

<http://www.asb.unsw.edu.au/attanews>

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ATTA website <http://www.asb.unsw.edu.au/atta>

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1 Presidential column

We have hit the midpoint of semester 2, and we are now on the downhill run to final assessments (or uphill depending on your perspective). It never ceases to amaze me how the semester gathers momentum as it progresses: at this stage many of us are looking at our various course outlines and wondering how we are going to get through the rest of the course before exams.

The Australian Business Deans Council has published its report on the ranking of journals across the business fields of research. The work that we put into preparing submissions has been worth it for tax academics. As the list has developed over the years we have been disadvantaged relative to other disciplines in terms of A ranked journals. The draft of the revised list has addressed this by allocating A rankings to Australian Tax Review, eJournal of Tax Research and NZ Journal of Tax law and Policy journals. The anomalies in respect of the Tax Institute publications has also been corrected, the Taxation in Australia (Blue Journal) being reranked as C and The Tax Specialist (Red Journal) being upgraded to B. VAT/GST journals were also adjusted with the International VAT Monitor dropped to B, but the inclusion of the World Journal of VAT/GST Law and the Australian GST Journal as C ranked journals. The Journal of Chinese Tax and Policy has also been included as a C.

The ranking are substantially in line with the submissions that ATTA made, but if members want to provide feedback on anomalies or errors in the revised list they may make further submissions to the review panel before 30th September. We should also note that an international panel will also review the list before it is finalised. I would like to express our appreciation to the panel members who took on this task.

I don't think the results of the election on 7th September created any huge surprises – except in the likely make-up of the Senate. However the Abbott government has promised another white paper on tax reform, to be published within two years with the proposals to be taken to

the next election. We also have commitments to cut red tape, and repeal the carbon tax and the mining tax; and to cut corporate tax rates but impose a paid parental leave levy from 1 July 2015. All up I think there will be plenty to keep tax academics actively researching: but we need to be watchful of the proposed changes to the ARC System to reduce “wasteful research”. I can only hope that this is not a subjective determination.

The theme of the next ATTA conference, at Griffith University next January is certainly timely.

Helen Hodgson

2 2014: ATTA’s 26th Annual Conference

ABSTRACTS NOW CLOSED!! Next year’s conference is looking good, as there have been over 70 abstracts lodged addressing the conference theme: “**The Politics of Tax**”. Authors should have received notification of whether their paper has been accepted or not. Please contact Renata Steenland if you have not heard back. (r.steenland@griffith.edu.au). Full papers are due by Friday 13 December to be eligible for judging.

Super Early Bird Registration Closes Soon!! Registration for the 2014 ATTA Conference is now open, and if you register and pay by 30 September it will cost **only \$450** (this includes all 3 days of the conference & the Conference Dinner). From October to 13 December there is the Early Bird Fee of \$500, and then from this date it is the full fee of \$560. For Full Time PhD students there is a special registration fee of \$350 (which does not include Opening Drinks & Conference Dinner) (note PhD students are recommended not to formally register until the PhD scholarships are determined which is by 29 November). To register go to: <http://attaconference2014.com.au/?pgid=319>

PhD Scholarship: Up to six PhD/SJD students will receive free registration to attend the ATTA 2014 Conference (excluding the Conference dinner). Interested PhD students should apply using the PhD Scholarships Form. Please contact Renata Steenland (r.steenland@griffith.edu.au) for a copy for the PhD Scholarship Form. Applications are due by 31 October 2013, with successful applicants notified by 29 November 2013.

Location: ATTA’s 26th Annual Conference will be held at Griffith University (South Bank campus) from Monday 20 January to Wednesday 22 January 2014. The conference itself will be held in the buildings of Griffith University’s Conservatorium of Music (South Bank city campus) in the heart of Brisbane. Confirmed Keynote Speakers include Terese Dyson (Chair of the Board of Taxation) and leading tax barrister Mark Robertson, Professor Jason Sharman (Griffith University) and the 2nd Commissioner of Taxation (ATO). The Conference Dinner will be at Rydges Rooftop Restaurant with Justice Richmonds (Federal Court of Australia) giving the dinner address.

Accommodation: Rydges Hotel has agreed to provide conference attendees with a discounted rate of \$159 per night (including free wifi). Rydges Hotel is directly across the road from the conference venue. It is possible for delegates to twin share a room to split the cost. Bookings can be made directly with Rydges Hotel - it is important to mention that you are a delegate of the Griffith University Tax Teachers' Conference. Phone: +61 7 3364 0800.

Conference Program: The current draft schedule is: Monday 20 January: PhD and Tax Teaching Seminars & Cocktail function; Tuesday 21 January: Keynote Plenary Presentations, Parallel Sessions & Conference Dinner; Wednesday 22 January: Parallel Sessions, Patron’s

Address, ATTA AGM (including prizes) and Closing event. For details about the Keynote speakers see: <http://attaconference2014.com.au/?pgid=317>

If you have any questions please contact Renata Steenland (r.steenland@griffith.edu.au) or phone: (+61 7 3735 3930) or visit the conference website at: <http://attaconference2014.com.au/>

3 Arrivals, departures and honours

Vale – Professor Pauline Sadler

It is with great sadness to announce that Professor **Pauline Sadler**, our dear friend, highly esteemed colleague and former faculty member of the Curtin Business School, passed away on Monday 29th April 2013.

Pauline started as a sessional academic with what was then the School of Business Law in January 1989, and was subsequently appointed as a full-time lecturer in July 1989. Among her special achievements, Pauline graduated in February 2000 with her PhD on free speech and national security from Murdoch Law School.

She won the 2004 CBS R&D Article of the Year with an article co-authored by a former colleague of ours, Professor Lynne Oats.

Pauline was instrumental in spearheading the research endeavours of the School of Business Law & Taxation, which included ‘Applied Law & Policy’ being approved as a CBS R&D Area of Research Excellence, effective 1st June 2007.

To crown these achievements, Pauline became a Professor of Information Law, effective January 2008.

Pauline also served on the University Promotions Committee and R&D Committees for many years and was a significant contributor to the Professoriate Advisory Forum in CBS. Our deepest condolences to Pauline’s husband Ian, their children Peter and Victoria and their extended families.

Dale Pinto

Carla Cross was approached by the Institute of Chartered Accountants of Australia (ICAA) to manage a tax education project. As many may be aware, NZICA and ICAA have rolled out a new CA Program. It consists of 4 online modules which candidates need to complete. They are: Financial Accounting, Management Accounting, Taxation and Capstone. Each jurisdiction has its own tax module. Emma Marr and I are responsible for creating the New Zealand tax module for roll out next February. Carla is based in the NZICA Auckland office.

In this role Carla is responsible for managing the curriculum, writing some units, engaging authors and technical reviewers, setting exams and seeing the project through the production process until it goes live. This has been a real introduction to the world of online learning! The art of crafting learning outcomes, teaching activities and ensuring that assessments are effective has been a wonderful experience for her. This is a far cry from being in private practice, but having that experience has been invaluable when trying to create application-styled interactive experience for candidates. Carla is also part of the Tax MAP which ensures that the assessments are to the best standard required to become a chartered accountant.

Carla is on contract to NZICA/ICAA until the middle of 2014.

Michael Blissenden, Associate Professor, University of Western Sydney Law School was recently appointed to TEQSA's External Expert Panel in the discipline areas of taxation law and accounting and related quality assurance areas, including in curriculum development and design.

Dr **Helen Hodgson** currently employed at the Australian School of Business at the University of New South Wales has been appointed as an Associate Professor, with the Curtin Law School effective from February 2014. She is a qualified accountant with specialised expertise and postgraduate degrees in taxation. In 2013 Helen was elected President of the Australasian Tax Teachers Association (ATTA). ATTA was founded in 1987 with the goal of improving the standard of tax education and research throughout Australasia. Helen is an experienced academic and her research interests include the taxation of trusts, small business entities, tax policy and professional ethics. Helen will report to Professor Dale Pinto in the Department of Taxation.

Dr **Prafula Pearce** is currently employed within the Department of Business Law at Curtin University as a lecturer and has been promoted as Senior Lecturer. She recently completed a doctorate entitled: 'Using tax and regulatory measures to reform choice and usage of motor vehicles for personal transportation in Australia for the sustainability of oil'. She is a published author in the area of superannuation law. Prafula will report to A/Professor Chris Finn in the Department of Business Law.

4 Australian GST Journal

The AGSTJ currently has an opening for a co-editor. If you are interested, please send a CV to Christine Peacock (christine.peacock@rmit.edu.au)

This journal has been running since 1998. It is published quarterly by Thomson Reuters. It has been ranked C on the ABDC draft revised journal ranking list 2013.

5 Tax Research Network Conference

The 22nd annual Tax Research Network Conference was recently held at Exeter University. The main conference took place on 3rd and 4th September, and was preceded by an Early Career Researcher's Symposium on 2nd September. Professor Lynne Oats and her team put together an excellent programme of varied speakers, with Australia and New Zealand well represented, both in attendees and presenters. On the first day of the conference, you would be forgiven for thinking you were at ATTA: 8 of the 10 presenters were Australian or New Zealand ATTA members. Around 70 people attended the conference over the three days, which was sponsored by the ICAEW, ICAS and the Chartered Institute of Taxation.

A wide range of research interests was evident. Presentation topics included a number of perspectives on tax compliance (costs of tax compliance; the role of trust and power in compliance decisions; coercive and legitimate power; and tax risk management); investigating moral reasoning in tax education; and application of the prisoner's dilemma game to cross border arbitrage.

We were treated to a very enjoyable conference dinner at Reed Hall at Exeter University, complete with entertainment in the form of card tricks and Australian Jennie Granger (formerly ATO, now HMRC) as our after-dinner speaker. Next year's TRN conference will be held at Roehampton University.

Lisa Marriott

6 European and International Tax Moot Court Competition 9th edition

Dear all,

We would like to inform you that in the academic year 2013-2014 the KU Leuven will organise the ninth edition of the European and International Tax Moot Court Competition. This year the oral phase will take place in Leuven (Belgium) from March 2 to March 8, 2014.

KU Leuven has strengthened its cooperation with the IBFD. Among others the arbitrator and co-arbitrator of the competition are members of the academic staff of the IBFD. Prof. P. Pistone, the new academic chairman of the IBFD, will serve as arbitrator being assisted by Dr. J. Nogueira as co-arbitrator. The IBFD will be in charge of preparing the cases and will offer some of the awards.

This year's competition will contain a written phase in which memoranda have to be prepared. The case for the first and second rounds will be available as from October 7, 2013 and will be distributed to the teams upon pre-registration. The preparation of the written memoranda shall be done by the participating students at their home university. The oral phase of the competition will be held in Leuven (Belgium) and consists of three rounds. All participating universities which submitted written memoranda in due time will proceed to the oral rounds. There is no pre-selection based on the written memoranda.

After a first round of oral pleadings during two days (Monday and Tuesday), the six best ranked teams will proceed to the second round (Wednesday) and will compete for a place in the final. The two best ranked teams of this second round qualify for the final. The case for the final will be distributed at the proclamation of the results of the second round (Wednesday late evening). The final will take place Saturday, March 8 2014.

As always, several awards will be granted to the winners of the various competitions. Besides the pleadings, participants will have the opportunity to visit European Court of Justice in Luxembourg (Thursday March 6, 2014) and to attend the "Frans Vanistendael lectures on International and European Taxation" (Friday, March 7, 2014).

Participating teams may consist of maximum 4 students and one coach. The registration fee for this edition amounts to € 375 per student and covers the accommodation and breakfast for the 7 days (comprising the nights in Leuven and in Luxembourg), as well as all scheduled Moot Court activities. Teams must bear the costs of their own travel arrangements. For the latter, we suggest you to search funding with your home university or with a private sponsor,

e.g. a law firm. The accommodation and further participation fees of the coaches (except the hotel night in Luxembourg) will be covered by the organization.

We invite you to visit our website and to apply as soon as possible (you do not have to submit the names of the participating students yet). The application is done by sending us the general agreement form (section 'registration' on the website) till October 14, 2013.

We would like to encourage you to do this as soon as possible, since the number of participating universities is limited. There are sixteen slots to be filled, which will be allocated on a first come first serve basis. The latter method has been chosen to give all interested universities a chance to participate.

You can find all the necessary information at the Moot Court's website:

<http://www.law.kuleuven.be/taxmootcourt/>

We would like to ask you to read the section 'registration' thoroughly to see what other actions are expected from you, in order to register your team for the competition.

We would also recommend you to study carefully the new “official rules” of the competition, posted also in the website. Some of the rules have been changed and therefore, we invite you to check the rules even if you are familiar with the competition.

If you should have any questions, please do not hesitate to contact:

Joke De Bruycker (+32 (0)16 37 38 17 or tax.mootcourt@law.kuleuven.be) or
Ingrid Matthys (+32 (0) 16 32 52 06 or ingrid.matthys@law.kuleuven.be).

Joke De Bruycker

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Belgium
Patrick Nolan

7 Invitation to participate in survey: Coverage of the Law of Business Forms in Australian Accounting Degrees

Brett Freudenberg (Griffith Uni) and Dale Boccabella (UNSW) are undertaking a research project that explores the extent to which Australian business/commerce degrees with accounting majors focus on the various business forms used in Australia. The purpose is to ascertain the extent to which undergraduate accounting students are taught about the law of the various business forms and if so, which business form types, what aspects of those forms and the time allocated.

We are looking for academics who are involved in teaching law courses within an Australian business/commerce degree (majoring in accounting) – such as:

- Introduction to Business Law
- Law of Business Associations
- Company/Corporations Law – Introduction
- Company/Corporations Law – Advanced
- Taxation Law – Introduction
- Taxation Law - Advanced

Depending upon your answers this survey will take approximately 15 minutes. You can commence the survey at: <https://www.surveymonkey.com/s/businessforms>

As a thank you for taking the time to complete the survey, you can elect to enter into a prize draw with the chance to win one \$100 Myer gift card.

Full details (including ethics approval) can be found on-line at the survey. If you have any queries please do not hesitate to contact the researchers on: Brett: b.freudenberg@griffith.edu.au or Dale: d.boccabella@unsw.edu.au

8 Call for papers

The organising committee of the *International Conference of Chinese Tax and Policy* is pleased to announce this call for papers for the 2013 conference. The conference is to be held at **Xiamen University, Xiamen, China on December 14-15, 2013**. The conference is jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University. The organising committee welcomes any paper dealing with the conference theme. The general theme of the conference is *Tax Policy and Tax Law for China in a Time of Change*. In the next three years, there will be a session in each conference focusing on the following sub-themes:

- 2013: *Taxation of Real and Immovable Property*
- 2014: *Individual Income Tax and the Role of Taxation in Income Redistribution*
- 2015: *A Review of China's VAT Reform*

All papers will be subject to an international blind peer-review process. All accepted papers have the priority to be selected for publication in the *Journal of Chinese Tax and Policy*.

Submission Guidelines

- Please submit an abstract in English of 300 words.
- Please provide the final paper in English, and please provide the Chinese original if the work has been translated.
- For Chinese language contributors, please indicate if you cannot organise the translation of the abstract into English.
- Please send all submissions to business.jctp@sydney.edu.au.

Key Dates

September 26, 2013	Final date for submission of written conference papers if assistance is required for the translated document.
November 14, 2013	Final date for submission of written conference paper for inclusion in full conference papers made available to conference attendees on the conference website.
November 14, 2013	Final date for registration.
November 28, 2013	Final date for submission of PowerPoint presentations for conference speakers.

9 Atax Research Fellowships 2014

In 2014 the School of Taxation & Business Law at UNSW, Australia will offer several Research Fellowships to **international** academics and professionals keen to further their research in the fields of taxation, business law and related disciplines. The maximum value of each fellowship is AUS\$ 6,000. The School may decide to award only one fellowship in any given year.

Fellowship duties

Research fellows normally spend four weeks working at the School of Taxation & Business Law on a mutually agreed area of research. During their stay, fellows are involved in the following activities:

- Producing at least one research paper on taxation or business law, in collaboration with Taxation & Business Law academic(s), to be published in a refereed journal with due acknowledgement of the fellowship
- Conducting a Taxation & Business Law research seminar for interested members of the broader tax/business law research community
- Participating in Taxation & Business Law collegial activities during the period of the fellowship

The School of Taxation & Business Law will provide office space and computer equipment at its Kensington campus in Sydney, Australia. Fellows will be responsible for organising their own travel and accommodation arrangements. The preferred timing for successful applicants to undertake the fellowship is March–May 2014 or August–October 2014, but other times of the year may also be possible.

Selection

Selection is based on the applicant's research proposal and on their ability to contribute to the School of Taxation & Business Law research profile. A track record in collaborating with Taxation & Business Law academics will be considered as an advantage.

Application

Applications are invited from **overseas** academic and professional researchers working in taxation, business law and related disciplines. To apply, applicants must send by email:

(i) A **letter of application**, indicating the area they wish to research under the Fellowship and anticipated publication(s), how they will collaborate with Taxation & Business Law academic(s), and their preferred timing to undertake the Fellowship.

(ii) A **current curriculum vitae**

Applications should be sent to:

Associate Professor Binh Tran-Nam,
Research Fellowship Convenor
School of Taxation & Business Law
UNSW, Sydney NSW 2052
Australia
Email: b.tran-nam@unsw.edu.au

Applications to undertake the Research Fellowship in 2014 must be received by 30 November 2013. Successful applicants will be notified by 31 December 2013 and undertake the fellowship in 2014.

Further information

For further information about the Research Fellowship, please contact Associate Professor Binh Tran-Nam by phone on +61 (2) 9385 9561 or by email b.tran-nam@unsw.edu.au

10 Tax, accounting, economics and law related meetings

Local

University of Sydney work-in-progress seminars for second semester are set out below.

September 24. John Azzi, UWS: Administrative estoppel and private rulings

October 22. Brett Bondfield, Sydney: TIEAs: The politics of peer review

November 12. Adrian Sawyer, Canterbury: The evolution of exchange of information standards and related agreements (tentative title)

As always, the seminars will be at the Law School starting at 4:30 (finishing usually when the beverages run out).

Graeme S Cooper

Professor of Taxation Law

Room 428, Law Building, F10

Eastern Avenue

University of Sydney NSW 2006

graeme.cooper@sydney.edu.au; Tel: 61 2 9351 0310; Mobile: 0403 334 108; Fax: 61 2 9351 0200

ATTA's **26th Annual Conference** will be held at Griffith University Monday 20 January to Wednesday 22 January 2014. The theme of the conference is *The Politics of Tax*. The conference will celebrate 26 years of tax teaching in Australasia. The conference organisers welcome papers on taxation, the teaching of taxation and taxation research. We particularly encourage new academics and postgraduate research students to submit papers. Further information about the conference (including accommodation options and the programme) will be included in the future ATTA newsletters. In the meantime if you have any questions please contact Ms Renata Steenland at r.steenland@griffith.edu.au

Tax Institute <http://www.taxinstitute.com.au> lists many of the TI conferences, conventions, seminars, breakfast clubs. For further enquiries, contact Jessi Guy (02) 8223 0043 or email jessiguy@taxinstitute.com.au. Register online at <http://www.taxinstitute.com.au>

Call the National Events team on 1300 733 842 for more details.

Please contact the National Events Team on 1300 733 842 or by email,

nationaleducation@taxinstitute.com.au Follow us on Twitter @TaxInstituteOz.

Danielle Marriott, Event and Member Services Executive The Tax Institute Phone: 02 8223 0000; Direct: 02 8223 0014 Fax: 02 8223 0077 daniellemarriott@taxinstitute.com.au

Overseas

American Accounting Association Calls for paper website <http://aaahq.org/calls/default.cfm>

Annual International Conference on Business, Law & Economics, 5-8 May 2014, Athens, Greece. Academic Member Responsible for the Conference: Dr Michael P. Malloy, Director, Business and Law Research Division, ATINER & Distinguished Professor, Pacific University, USA. Conference Website: <http://www.atiner.gr/ble.htm>. Deadline to submit abstracts: 31 October 2013 (Decisions are reached in less than 4 weeks after the abstract submission).

Canadian Tax Foundation <http://www.ctf.ca/ctfweb/en>

Institute for Fiscal Studies Conferences and seminars
<http://www1.ifs.org.uk/conferences/index.shtml>

The **WU** and the **Institute for Austrian and International Tax Law** will move to a new Campus in September 2013. The new address of our Institute will be: 1020 Wien, Welthandelsplatz 1, Building D3. We think this is a reason to celebrate and we cordially invite you to the following series of events:

International Tax Events at the Occasion of the Opening of the new Premises of the Institute for Austrian and International Tax Law, WU at the new WU Campus – October 18-21, 2013
October 18, 2013 3:15-4:45 p.m., Tax Policy Fireside Chat (Michael Lennard, Jeffrey Owens) Library and Learning Centre, Ceremony Hall 2, LC.0.200

October 18, 2013 5:00-9:00 p.m., Klaus Vogel Lecture (Peter Essers) Library and Learning Centre, Ceremony Hall 2, LC.0.200

<http://www.wu.ac.at/taxlaw/eventsn/klausvogellecuture>

October 20, 2013 6:00-9:00 p.m., Conference opening reception at the Institute for Austrian and International Tax Law, D3 AD Building.

October 21, 2013 9:00-5:30 p.m., Conference “Practical Problems of Tax Treaty Application: The Case Study Conference” (Speakers: Tax Treaty negotiators or competent authorities from Germany, Estonia, Poland, Czech Republic, Slovakia, Hungary and Austria) Library and Learning Centre, Ceremony Hall 1, LC.0.100

<http://www.wu.ac.at/taxlaw/en/eventsn/practicalproblems>

October 21, 2013 6:15-8:30 p.m., Opening event “Doppler Laboratory “Savings Taxation in a Globalized World: The Rubik Agreements“ (Philip Kermode, Heinz Jirousek) at the Institute for Austrian and International Tax Law, D3 AD Building.

More information available at www.wu.ac.at/taxlaw

The **Institute for Austrian and International Tax Law of WU** (Vienna University of Economics and Business) and the **Austrian IFA Branch**, together with the IFA branches of Czech Republic, Estonia, Hungary, Poland, Slovakia, are proud to invite you to the Conference “Practical Problems of Tax Treaty Interpretation and Application: The Case Study Conference” – October 21, 2013. This conference will focus on case law studies based on practical cases or problems which are of relevance in our bilateral tax treaty relations. At the Conference, qualification conflicts will be discussed with treaty negotiators and competent authorities, on the basis of selected case studies. We are grateful that treaty negotiators or competent authorities from Poland, Czech Republic, Slovak Republic, Hungary, Estonia, Germany and Austria will discuss these case studies. The Conference starts on October 20, 2013, at 18:00 with a welcome reception at the Institute for Austrian and International Tax Law, WU. Please note that this event will take place on the New Campus of WU, which is located in Vienna’s second district, at Welthandelsplatz 1. The working sessions will be held on October 21, 2013 at the Large Ceremony Hall of WU (Vienna University of Economics and Business), LC building on the New Campus, Welthandelsplatz, 1020 Vienna, from 9.00 a.m. to 5.30 p.m. For further information on the conference please see <http://www.wu.ac.at/taxlaw/en/eventsn/practicalproblems>

For info on the new campus please see <http://www.wu.ac.at/taxlaw/en/institute/contactnew>

Forthcoming events for the Institute for Austrian and International Tax Law of WU (Vienna University of Economics and Business) in 2013/14:

September 29, 2013 – IFA-Event "Wie haben sich die österreichischen Verrechnungspreisgrundsätze in der Praxis bisher bewährt?" (in German)

October 4, 2013 - Opening of the Campus

October 14, 2013 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Friederike Grube / Jutta Menninger

October 16, 2013 - Semester Opening

October 18, 2013 - Fire Side Chats, Klaus Vogel Lecture

October 20, 2013 - Cocktail reception for "Practical Problems of Tax Treaty Interpretation and Application: The Case Study Conference", the CEE-IFA-Conference

October 21, 2013 - The CEE-IFA-Conference; Evening: Opening of the Doppler Laboratory

October 29, 2013 - KPMG-WU-Workshop (in German)

November 11, 2013 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Andreas Musil / Moritz Glahe

November 14, 2013 - SWI Jahrestagung (in German)

November 15-16, 2013 - Symposium „Das Verfahren vor dem Bundesverwaltungsgericht und dem Bundesfinanzgericht“

November 21, 2013 – Inaugural Lecture of Prof. Edoardo Traversa, . "Tax incentives and territoriality: reassessing the ECJ case-law in the light of the principles of federalism and sound tax policy"

November 21-23, 2013 – Conference: "Recent and Pending Cases at the ECJ on Direct Taxation"

December 9, 2013 - KPMG-WU-Workshop (in German)

December 10, 2013 - Panel discussion with tax partners of accounting firms (in German)

December 15, 2013 – Cocktail reception for VAT Pending Cases

December 16-18, 2013 – Conference: "VAT Pending Cases"

January 20, 2014 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Jörg Schwenker / Frederik Boulogne

January 22, 2014 - 4. Wiener Symposium zum Unternehmenssteuerrecht (in German)

January 23, 2014 - Semester Closing

March 12, 2014 - Semester Opening

March 12-14, 2014 - Conference on a Tax Policy topic

March 17, 2014 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Marc Desens / Georg Zehetmayer

March 20, 2014 – IFA-Event

March 31, 2014 - KPMG-WU-Seminar (in German)

April 25/26, 2014 - Wiener Bilanzrechtstage (in German)

April 28, 2014 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Michael Droege / Niels Winther

April 29, 2014 Wolfgang Gassner Gedächtnisvorlesung (in German)

May 13, 2014 - Panel discussion with partners of law firms (in German)

May 19, 2014 - KPMG-WU-Seminar (in German)

May 26, 2014 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Stefan Geibel / Richard Jerabek

June 26, 2014 - Semester Closing

June 27, 2014 - 21th Symposium on International Tax Law "Update of the OECD-Model Convention"

July 3-5, 2014 - Conference (Rust, Burgenland)

Foundation for International Taxation **19th International Taxation Conference 5-7**
 December 2013, ITC Maratha Hotel, Mumbai, India, http://fitindia.org/conference_2013.htm
 In the programme of the conference, several topics will be covered:

- International tax and treaty conflicts
- Emerging international tax trends in India

International tax developments
International tax structuring for investing abroad
Transfer pricing developments and conflicts
Indian tax and transfer pricing cases and developments

International Bureau of Fiscal Documentation. Various courses in Amsterdam, the Netherlands. For details, see <http://www.ibfd.org> The IBFD International Tax Academy (ITA) runs an extensive international course program. Generally all courses are held in Amsterdam. Should you require any further information or wish to register please refer to their web site www.ibfd.org or contact the International Tax Academy at +31-20-554 0160 or by e-mail ita@ibfd.org

For 2013 courses go to

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation>.

IBFD Courses in Asia-Pacific

Principles of International Taxation, Kuala Lumpur, 21-25 October 2013

International Taxation of Oil and Gas and Other Mining Activities, Singapore, 18-21 November 2013

IFA and IBFD 75th Jubilee Asia-Pacific Tax Conference - 28-29 November 2013, Hilton Kuala Lumpur Hotel, Kuala Lumpur. The 2-day conference programme will look into tax trends, anti-avoidance, tax planning, the use of criminal provisions and sanctions, developments in tax treaties, tax litigation, customs and free trade, transfer pricing as well as VAT/GST. It will also feature a panel session on investing into the Indochina Region.

Confirmed speakers

1. Anand Raj, Shearn Delamore & Co. Malaysia
2. Aurobindo Ponniah, IBFD
3. Bhupinder Singh, Petronas Malaysia
4. Chas Roy-Chowdhury, ACCA United Kingdom
5. Prof. Craig Elliffe, University of Auckland, New Zealand
6. James Hunter, Ernst & Young Hong Kong
7. Prof. Jan de Goede, IBFD
8. Kang Beng Hoe, Taxand Malaysia
9. Li Ying, Siemens China
10. Luis Coronado, Ernst & Young Singapore
11. Michael Evans, University of Melbourne Law School, Australia
12. Michael Hendroff, Intel Malaysia
13. Michael Olesnicky, Baker & McKenzie Hong Kong
14. Prof. Miranda Stewart, University of Melbourne, Australia
15. Mohd Nizom bin Sairi, Inland Revenue Board of Malaysia
16. Mukesh Butani, BMR Advisors India
17. Noor Azian Abdul Hamid, Inland Revenue Board of Malaysia
18. Paul Drum, CPA Australia
19. Pieter de Ridder, Loyens & Loeff Singapore
20. Porus Kaka SC, IFA President elect
21. Raja Kumaran, PricewaterhouseCoopers Malaysia
22. Rakesh Dharawat, KPMG India
23. Robert Fletcher, Deloitte Singapore
24. Robert Tsang, Deloitte Singapore
25. Sandra Segaran, Deloitte Malaysia
26. Serjit Singh, Shell Malaysia
27. Shubendu Misra, Ernst & Young Singapore
28. Sobramaniam Tholasy, Royal Malaysian Customs Department
29. Steve Towers, Deloitte Singapore
30. Sunil Gupta, Central Board of Direct Taxes India
31. Sunny Choong, Standard Chartered Bank Singapore
32. Surin Segar, Maybank Malaysia
33. Thanneermalai Somasundaram, PricewaterhouseCoopers Malaysia
34. Todd Beutler, DLA Piper Hong Kong
35. Dr. Veerinderjeet Singh, IFA Malaysia/Taxand Malaysia
36. Prof. Yasuhiro Masui, University of Tokyo, Japan

The ITA also offers tailor-made in-house courses on a worldwide basis for corporate clients, tax administrations and other organizations.

Should you have any queries, please contact Arcotia Hatsidimitris, Head of the International Tax Academy by telephone +31-20-554 0180, or by a.hatsidimitris@ibfd.org

ITA Courses Tel.: +31-20-554 0160; Fax: +31-20-620 9397; Email: itacourses@ibfd.org

International Fiscal Association Congresses <http://www.ifa.nl/pages/default.aspx>

IFA and IBFD 75th Jubilee Asia-Pacific Tax Conference - 28-29 November 2013

2014 **Mumbai, India** (12 October 2014 - 17 October 2014) Website:

www.ifa2014mumbai.com

Subject 1: Cross-border outsourcing - issues, strategies and solutions

Subject 2: Qualification of taxable entities treaty protection

2015 **Basel, Switzerland** (30 August 2015 - 4 September 2015) www.ifabasel2015.com

Topics under consideration as Subjects 1 and 2 of the Congress are "The use of tax measures in the area of research and development (R & D)" and "Taxation and fundamental rights: taxpayers' procedural rights in a globalised world"

2016 **Madrid, Spain**

2017 **Rio de Janeiro, Brazil**

2018 **Seoul, Korea, Rep. of**

2019 **London, United Kingdom**

29th Annual Asia-Pacific Tax Conference, Singapore, 29-30 October 2013. For more information, please contact Liane Tsang of Baker & McKenzie, Hong Kong by tel.: +852 2846 2358 or by e-mail: liane.tsang@bakermckenzie.com or http://www.bakermckenzie.com/files/Uploads/Documents/Tax/event_ap_taxconference_oct13.pdf

International Conference of Chinese Tax and Policy, Xiamen University, Xiamen, China on 14-15 December 2013. Jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University. <http://sydney.edu.au/business/research/journals/jctp/conference>

International Atlantic Economic Society (IAES) conference www.iaes.org for more information. Prof Dr M. Peter van der Hoek Academy of Economic Studies, Bucharest, Romania and Erasmus University, Rotterdam, Netherlands. Mailing address: Erasmus University (L 7-20) P.O. Box 1738 NL-3000 DR Rotterdam Netherlands Phone/Fax: +31-10-4081622 E-mail: vanderHoek@frg.eur.nl

International Tax Planning Association Forthcoming meetings

<http://www.itpa.org/meetings.html>

Other useful tax and law related conference websites include the International Bar Association:

http://www.ibanet.org/Conferences/conferences_home.aspx

IBFD Course calendar

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation.TaxCourses>

International Events and Law Conferences

<http://internationaleventsandlawconferences.yolasite.com>

Law Conferences Worldwide <http://www.conferencealerts.com/law.ht>

New South Wales Bar Association

http://www.nswbar.asn.au/docs/professional/prof_dev/CPD/programme/index.php

Law Council of Australia <http://www.lawcouncil.asn.au/conferences/events-and-conferences.cfm>

LexisNexis Professional Development Calendar of events

<http://www.lexisnexis.com.au/aus/conferences/calendar/default.asp>

See also the *inTax Seminars Directory*, published in *inTax Magazine*.

Practising Law Institute <http://www.pli.edu/>

New York County Lawyers Association <http://www.nycla.org>

American Bar Association <http://w3.abanet.org/home.cfm>

New York Bar Association <http://www.nysba.org/>

Hieros Gamos Worldwide Law Events Calendar <http://www.hg.org/calendar.html>

For social sciences and humanities conferences, meetings etc, see Mind: The Meetings Index

<http://www.interdok.com/mind> See also the magazine *Australian Conference & Exhibition Diary*, Vamosi Information Publication.

11 ATTA members in the media

Dale Boccabella quoted in Pascoe, Michael 'That Big Idea is still waiting, Mr Hockey' *Sydney Morning Herald* 16 September 16, 2013 <http://www.smh.com.au/business/that-big-idea-is-still-waiting-mr-hockey-20130916-2ttje.html>

12 Recent publications

Bold indicates ATTA members. Readers are encouraged to notify the Editor of recently written publications for notification, in these pages. Please note some of the overseas publications listed may not yet be available locally.

Local

Australian Council of Social Service *Tax reform: purpose, principles and process*, Strawberry Hills, NSW, 2013
http://acoss.org.au/images/uploads/ACOSS_Tax_Reform_August_2013.pdf

Boccabella, Dale 'The truth about FBT on cars: meaningful tax reform is hard' *The Conversation* 23 July 2013 <http://theconversation.com/the-truth-about-fbt-on-cars-meaningful-tax-reform-is-hard-16235>

Cook, Kay 'Child support compliance and tax return non-filing: A feminist analysis' (2013) 11 (2) *Australian Review of Public Affairs* 43–64
<http://www.australianreview.net/journal/v11/n2/cook.pdf>

Eccleston, Richard 'The Tax Reform Agenda in Australia' (2013) 72 *Australian Journal of Public Administration* 103–113 <http://onlinelibrary.wiley.com/doi/10.1111/1467-8500.12019/full>

Fenna, Alan 'The Economic Policy Agenda in Australia, 1962–2012' 72 *Australian Journal of Public Administration* 89–102 <http://onlinelibrary.wiley.com/doi/10.1111/1467-8500.12020/full>

Mangan, John 'The GST debate: is reform necessary?' *The Conversation* 13 May 2013
<http://theconversation.com/the-gst-debate-is-reform-necessary-13888>

(2013) 19 (2) *New Zealand Journal of Taxation Law and Policy*

Adrian Sawyer and **Lin Mei Tan**, "Editorial"

Jonathan Barrett and **John Veal**, "Equity versus Political Suicide: Framing the Capital Gains Tax Debate in the New Zealand Print Media"

JingJing (Alice) Wang, "Is it Fair to Share? Income Splitting for Families"

Michael Gousmett, "The History of Charitable Purpose Tax Concessions in New Zealand: Part 1"

Helene Stuart and **Adrian Sawyer**, "An Excise Tax on Unhealthy Food or the Removal of GST from Healthy Food as a Way of Managing Obesity: A New Zealand Perspective"

Passant, John 'A basic guide to taxing economic rent' (2012) 11(2) *Canberra Law Review* 100 <http://www.canberra.edu.au/faculties/busgovlaw/attachments/pdf/CLR-2012-Version-8d-Final.pdf>

Sankoff, Peter; White, Steven & **Black, Celeste** *Animal law in Australasia: continuing the dialogue*, 2nd ed, Leichhardt, NSW, Federation Press, 2013

Foreword - David Weisbrot

Introduction - Peter Sankoff, Steven White and **Celeste M Black**

The Protection Paradigm: Making the World a Better Place for Animals? Peter Sankoff

Exploring Different Philosophical Approaches to Animal Protection in Law - Steven White

Farm Animals and Welfare Law: An Unhappy Union - Katrina Sharman

A Companion Animal's Worth: The Only 'Family Member' Still Regarded as Legal Property - Tony Bogdanoski

Moral Panics and Flawed Laws: Dog Control in New Zealand - David Tong and Vernon Tava

Animals and Entertainment - Jackson Walkden-Brown

Codifying Animal Welfare Standards: Foundation for Better Animal Protection or Merely a Façade? Arnja Dale and Steven White

Animal Welfare Law Enforcement: To Punish or Persuade? Jed Goodfellow

Animal Cruelty Sentencing in Australia and New Zealand - Annabel Markham

Out of Eden: Wild Animals and the Law - Dominique Thiriet

The Conundrum of Fish Welfare - **Celeste M Black**

The Australasian Regulation of Scientific Animal Use: A Chimera of Protection - Andrew Knight

International Dimensions of Animal Cruelty Law - Ruth Hatten

Animal Welfare Regulation and International Trade Law: Developments at the WTO - Amokura Kawharu

Why it is Difficult to Make Meaningful Progress in Animal Welfare Law Reform - Sue Kedgley

The Animal Welfare Trade-Off or Trading Off Animal Welfare? Elizabeth Ellis

Stewart, Miranda 'The tussle over Australia's company tax' *The Conversation* 19 August 2013 <http://theconversation.com/the-tussle-over-australias-company-tax-16354>

(2013) 48 (3) *Taxation in Australia*

- A matter of trusts: Payment of a non-assessable amount to an owner of discretionary units and CGT event E4 - Delphine Tan

- The importance of being earnest ... when recording oral advice - Chris Peardon

- Tax cases: A distribution of trust assets: *Oswal v FCT* - Michael Norbury

- Practical GST issues - Bastian Gasser and Shoba Kanniappan

- Funding hybrid trust structures - Melissa Coelho and Greg Mascaro

- Part IVA: Murky waters - John Cavanough

- Superannuation: International issues facing SMSFs today - Daniel Butler and Tina Conitsiotis

- Dividend access shares and s 177E of Pt IVA: What does TD 2013/D5 say? - **Robert Allerdice**

(2013) 17 (1) *The Tax Specialist*

- Employee share plans - Rob Basker

- Deductible liabilities for consolidated groups - Alexis Kokkinos

- Resource Capital Fund III LP v FCT: Some "what ifs" - Ken Lord

- Trading one uncertainty for another? Ten years' experience with the debt-equity rules - **Graeme Cooper** and Tony Frost

- Transfer pricing legislation reform – tranche 2: What does it mean for taxpayers? - Paul Balkus and Jesper Solgaard

Tax Institute Seminar and convention papers:

National Division – published September

- What you need to know about the super guarantee - Heather Gray

- Benefit payments - Philip Broderick
- Insurance applications - Craig Day
- Recent developments affecting contribution strategies and practices - David Shirlow
- Benchmarking Australia's superannuation system against the best in the world - David Knox

WA Division – published September

- Superannuation update - Jemma Sanderson
- Not-for-profit - Martin Kirkness
- Tax reform for private business - Keith James
- Strategies for the SME practitioner's kitbag - Daniel Fry and Alan Krawitz
- FBT and salary packaging update - Steve Frapple
- Trusts: Are they still worth it in the current tax climate? - Syd Jenkins
- Tax losses: Using them, not losing them - Natasha McCarthy
- Trusts update: What the ATO thinks and why you should care - Andrew Mills

Victorian Division – published August

- Practical GST issues - Author: Bastian Gasser

Queensland Division – published August

- Tax challenges of an international workforce - Tim Hands
- Families and business in transition - Peter J McKnoulty
- Restructuring the family business Peter J McKnoulty
- Part IVA issues for SMEs - **Graeme Cooper**
- Funding expansions - Dean Rallison
- Restructuring for growth - Craig Barry

South Australian Division – published August

- Incapacity: Who can sign the cheques? - Andrea Melillo
- Dealing with super in the estate planning context - Phil McGovern

Overseas

For Bureau of Fiscal Documentation journals listed below, you can also view this content on your mobile via m.ibfd.org

British Tax Review Number 2 2013

Current Notes

The financial crisis, tax avoidance and an EU GAAR - Timothy Lyons

Addressing Base Erosion and Profit Shifting - Heather Self

Case Notes

R. (on the application of Bampton Property Group Ltd) v King: the sequel -Gary Richards

FCE Bank plc v HMRC: applying Boake Allen to group relief - Brian Cleave

Julian Martin v HMRC: clawback of bonus Loraine Watson

Åklagaren v Hans Åkerberg Fransson: Charter(ing) new territory - Rui Camacho Palma

HMRC v Anson: hybrid mismatches and double taxation—a trip into Wonderland - Angelo Nikolakakis

Articles

Variation in the Outcomes of Tax Appeals Between Special Commissioners: An Empirical Study - Michael Blackwell

A South East Asian Tax Organisation - **Nolan Sharkey**

Chartism and the Income Tax - Stephen Utz

The Financial Transaction Tax Proposal Under the Enhanced Cooperation Procedure: Legal and Practical Considerations - Joachim Englisch, John Vella and Anzhela Yevgenyeva

British Tax Review Number 3 2013

Current Notes

The first weave of tartan taxes - Alan Barr

Case Notes

Commission v Ireland, Commission v The Netherlands, Commission v UK: persons eligible for inclusion in a VAT group - Gert-Jan van Norden

Alesco New Zealand Limited v CIR: concerns over the broad discretion in the application of the New Zealand GAAR - **Craig Elliffe** and **Mark Keating**

HMRC v Aimia Coalition Loyalty UK Ltd (UKSC): a question too far? Identifying supplies to separate recipients from a single transaction whilst circumventing the CJEU's response to a reference - Geoffrey Morse and Rita de la Feria

Articles

Approaches to the Taxation Treatment of Carbon Emission Allowances and Liabilities:

Comparing the UK and Australia - **Celeste M Black**

Moving on from the Tax Legislation Rewrite Projects: A Comparison of the New Zealand Tax Working Group/Generic Tax Policy Process and the United Kingdom Office of Tax Simplification - **Adrian Sawyer**

The Stamp Duty on Newspapers—the Unseen Hand in the First Amendment - **Pauline Sadler** and **Lynne Oats**

Bulletin for International Taxation Number 9 - 2013

OECD/Germany - The Construction Clause in Article 5(3) of the OECD Model - Georg Seitz

Argentina/Germany - Cross-Border Software Transactions from a Technology Importing Country Perspective: The Case of the Argentina-Germany Income and Capital Tax Treaty (1978) - Mirna S Screpante

International/OECD - Permanent Establishment Implications for Coordination Centres in the Oil and Gas Industry - Jan de Goede and Ruxandra Vlasceanu

International - A Modern Understanding of Article 31(3)(c) of the Vienna Convention (1969):

A New Haunt for the Commentaries to the OECD Model? Dirk M. Broekhuijsen

Can, and Should, the Parol Evidence Rule Be Invoked by or against the Canadian Tax

Authorities in Tax Litigation? Lessons from US Jurisprudence - Amir Pichhadze

European Union/The Netherlands - A Consideration of the European Foundation - JJAM

Korving and LWD Wijtvlit

India/International - TP or not TP: Examining the Applicability of the Arm's Length Principle to Inter-Company Equity Financing Transactions - Dhruv Sanghavi and Christian J. Schmidt

(2013) 61 92) *Canadian Tax Journal*

GAAR in Action: An Empirical Exploration of Tax Court of Canada Cases (1997-2009)—

Jinyan Li and Thaddeus Hwong

The Modern Approach to Statutory Interpretation, Applied to the Section 15 Anomaly in Foreign Affiliate Financing—Randy S. Morphy

Advance Pricing Arrangements: Are Australia's Recent Reforms Relevant to Canada?—

Michelle Markham

Policy Forum: Editor's Introduction - Recent Developments in US Tax Policy—Kevin Milligan

Policy Forum: A Decade of Reckoning - Fiscal Policy Challenges in the United States—Andrew A Samwick

Policy Forum: The Bucket and Buffett Approaches to Raising Taxes on High-Income US Individuals—Daniel Shaviro

Current Cases: (FCA) Morgauard Corporation v. Canada; (TCC) Birchcliff Energy Ltd. v.

The Queen; (UKSC) Prudential plc & Anor, R (on the Application of) v. Special

Commissioner of Income Tax & Anor

International Tax Planning: Canadian Taxation of Income Earned and Distributed by a Subsection 94(3) Trust

Personal Tax Planning: A Fresh Look at Retirement Compensation Arrangements: A Flexible Vehicle for Retirement Planning
Planification fiscale personnelle: Un regard neuf sur la convention de retraite: Un outil de planification de la retraite souple
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Editorial - Reporting of Income and Exchange of Information: A Confusing Era - Martine Peters

International - European Commission's Tax Barriers Business Advisory Group Report Calls for Simplification of Cross-Border Portfolio Withholding Tax Claim Process - Paul Radcliffe

Distressed Debt and the US Original Issue Discount Rules: An Intricate Web for the International Investor - Kelley Bender, Sarah Breitmeyer and Christie Galinski

International - Tax Implications of Recovery and Resolution Planning and Banking Reform - Erik de Gunst

Netherlands - Tax Treatment of Hybrid Finance Instruments - Gabriël van Gelder and Boudewijn Niels

Recent developments

Australia - Further Changes to Investment Manager Regime - Anton Joseph

Spain - Bank Asset Funds: General Regulatory Provisions and Tax Regime - Fernando Remón Peñalver and Cristina Mayo Rodriguez

Brazil - Tax Incentives for Investments in Brazilian Infrastructure Bonds - Flávio Rubinstein and Michel Haber Neto

European Taxation Number 9 - 2013

Editorial note - Treaty Override: Reviving a Long-Forgotten Debate in the Name of Anti-Avoidance - Tamás Kulcsár and Julie Rogers-Glabush

International - Anti-Avoidance and Tax Treaty Override: Pacta Sunt Servata? Bob Michel

International - Compatibility of Domestic Anti-Avoidance Measures with Tax Treaties - Larisa Gerzova and Oana Popa

International/European Union - FATCA and Tax Treaties: Does It Really Take Two to Tango? Tonia Padiaditaki

European Union - Restrictions on Treaty Override Resulting from EU Law - René Offermanns

Romania - Is a "Gross-Up Clause" a Treaty Override? Madalina Cotrut

Treaty Override – Revival of the Debate over the Constitutionality of Domestic Treaty Override Provisions in Germany - Andreas Perdelwitz

French CFC Legislation: An Illustration of Recovery from a “Tax Treaty Override” Situation - Noah Gaoua and Alexis Ribeiro
Spain - Treaty Interpretation and Treaty Override: The Spanish Case Law on Royalties under the Spain-United States Income Tax Treaty (1990) - Roberto Bernales Soriano
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Selective Bibliography on Tax Treaty Override - Mirela Mikic
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VAT Compliance Record of New Member States - Aleksandra Bal

The Treatment of Services in Tax Treaties - Jan de Goede

France exempts dividends paid to selected UCITS from dividend withholding tax - Noah Gaoua and Laura Pakarinen

High tax on high income earners: not the right path to take - Rene Offermanns

The application of General Anti-Abuse Rules (GAARs) under Double Tax Agreements - Tamas Kulcsar

The Successes and Challenges of Tax Administrations in Maintaining Efficiencies in a time of Global Economic Transformation

Exchange of Information Agreements as a Means of Combating Tax Evasion - Carlos D. Gutiérrez Puente

Abuso de convenios de doble imposición - Carlos D. Gutiérrez Puente, Astrid C. Schudeck Díaz

Integrity, ethics for tax administrations - Victor van Kommer

Legitimacy of the State and Taxation - Victor van Kommer

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1 The Benefits of Article 3(2) of the OECD Model 3 - John F. Avery Jones

2 The Interpretation of Tax Treaties and Authentic Languages - Michael Lang

3 The Role and Influence of Treaties and Domestic Law on the Design of Each Other - Nathan Boidman

Part II Considerations Arising Under Selected Distributive Articles

4 Coherence Among the OECD Model’s Distributive Rules: The “Other” State and Income from Third Countries - Kees van Raad

5 The UN Model and Agents: “Wholly or Almost Wholly” - **Richard Vann**

6 Notional Rental Charges and the Determination of PE Profits - Jacques Sasseville

7 The Substituted Property Rule in Article 13 of the OECD and UN Model Tax Conventions - David N. Finkelstein and Ronald K. Durand

8 Model Conventions and the Capital Gains Article - David W. Smith

9 The Concepts of “Employment” and “Employer” Under Article 15 of the OECD Model Convention - Luc De Broe and Katrina Petrosovitch

Part III Entitlements to Treaty Benefits and Abuse of Tax Treaties

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- 11 Limitation on Benefits as Applicable to Commercial Entities Under the Canada - US Income Tax Treaty - Peter H. Blessing
- 12 A General Anti-Abuse Principle of International Law: Can It Be Applied in Tax Cases? - Stef van Weeghel and Anna Gunn
- 13 Domestic Anti-Abuse Rules and Bilateral Tax Conventions in the Light of Public International Law - Guglielmo Maisto
- 14 Historical Perspectives on Abuse of Tax Treaties - Angelo Nikolakakis
- 15 Are (These) Tax Treaties Necessary? Scott Wilkie and Robert Raizenne

Meng, Sam; Siriwardana, Mahinda & McNeill, Judith 'The environmental and economic impact of the carbon tax in Australia' (2012) 54 *Environmental and Resource Economics* 313-32 <http://link.springer.com/article/10.1007/s10640-012-9600-4#page-1>

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- 1: **Miranda Stewart** and Edwin Simpson: Introduction: What is the Sham 'Doctrine'?
- 2: Mike McNair: Sham: Early Uses and Related and Unrelated Doctrines
- 3: **Miranda Stewart**: The Judicial Doctrine of Sham in Australia
- 4: Joshua Blank and Nancy Staudt: Sham Transactions in the United States
- 5: Edwin Simpson: Sham and Purposive Statutory Construction

Part II: Sham Transactions

- 6: Susan Bright, Hannah Glover and Jeremias Prassl: 'Shams' in Tenancy Agreements
- 7: Matthew Conaglen: Sham and Trusts
- 8: Nicholas Le Poidevin: Sham and Trusts: A Practitioner's Perspective
- 9: Lord Neuberger: Sham Doctrine and Company Charges
- 10: Anne Davies: Sham Transactions in Employment Law
- 11: Robert Miles and Eleanor Holland: Shams and Piercing the Corporate Veil

Part III: Taxation and Artificiality

- 12: Malcolm Gammie: Tracing the Boundaries of Sham and Ramsay
- 13: **Shelley Griffiths** and Jessica Palmer: Sham and Tax Avoidance: What Difference does a GAAR make? - a New Zealand Perspective
- 14: Glen Loutzenhiser: Trompe-l'oeil: Sham in the Canadian Tax Courts
- 15: John Vella: Sham, Tax Avoidance and 'A Realistic View of Facts'
- 16: Michael Kirby: Sham and Tax Law: Coffee Beans, Trust Funds and Judicial Distaste

Taxation Law Research Programme Asian Institute of International Financial Law
Www.Aiifl.Com Faculty of Law University of Hong Kong *TLRP Newsletter* No 6

- New Law Building

- TLRP/AIIFL Visiting Professor - Professor Adrian Sawyer, College of Business and Law, University of Canterbury, Christchurch NZ

- TLRP personnel - Welcome to Dr Doreen Qiu, Dongmei; Farewell and best wishes to Dr Xu, Yan

- Past TLRP/AIFL activities – conference, intensive course, seminars

Tiley, John (ed) *Studies in the history of tax law*, Volume 6, Oxford, Hart Publishing, 2013

- 1 Sir Josiah Stamp and Double Income Tax - John F Avery Jones
- 2 On the Origins of Model Tax Conventions: Nineteenth-Century German Tax Treaties and Laws Concerned with the Avoidance of Double Tax - Johann Hattingh
- 3 The Relationship of Situs and Source Rules for Tax Purposes - Malcolm Gammie
- 4 The Income Tax Law Rewrite Projects: 1907–56 - John HN Pearce
- 5 Law and Administration in Capital Allowances Doctrine: 1878–1950 - Dominic de Cogan
- 6 What is the ‘Full’ Amount? Richard Thomas
- 7 ‘Danegeld’—From Danish Tribute to English Land Tax: The Evolution of Danegeld from 991 to 1086 - Barbara A Abraham
- 8 Tax and Quacks: The Policy of the Eighteenth-Century Medicine Stamp Duty - Chantal Stebbings
- 9 Plaintive Glitterati: Famous People in Tax Cases - Philip Ridd
- 10 Estate Duty (1965–75): The Making of a Modern Tax - John Tiley
- 11 The Advancement (or Retreat?) of Religion as a Head of Charity: A Historical Perspective - **Ann O’Connell** and Joyce Chia
- 12 Of Taxes: An Enquiry into Dutch to British Malacca, 1824–39 - **Diane Kraal**
- 13 The History and Development of the Taxation Profession in the UK and Australia - Jane Frecknall-Hughes and **Margaret McKerchar**
- 14 When Accounting and Law Collide: The Curious Case of Pre-1914 Dividends in Australia - Lynne Oats and **Pauline Sadler**
- 15 Taxing Bachelors in America: 1895–1939 - Marjorie E Kornhauser
- 16 Dutch Tax Reforms in the Napoleonic Era - Onno Ydema and Henk Vording
- 17 Land Tax without Land and Land without Land Tax: A History of Land Tax in China - Yan Xu

13 Quotable quotes

The following two items came courtesy of Chris Wallis.

Which prevails the law relating to ETP or thge Age Discrimination Legislation?

18. Mr Harste submitted that the Commissioner’s assessment was excessive because it contravenes the ADA 2004. He pointed to the Commissioner applying a section of the ITAA 97 to override the intent of the ADA 2004, which he finds quite unfair in that a citizen must comply with the law, but he feels that in this case, the Commissioner has decided that he need not.

Source: *Harste and Commissioner of Taxation* [2013] AATA 544 (2 August 2013) [18]
<http://www.austlii.edu.au/au/cases/cth/AATA/2013/544.html>

“6. On the reasonable care issue, the appellant emphasised that it had sought and obtained a ruling and in doing so had fully exposed the transaction to the Commissioner. The appellant submitted that revisiting the issue following the passing of the retrospective legislation would not have led a reasonable taxpayer to conclude that it was no longer, to use her Honour’s words, “open to debate” that the claimed deductions were not available. The heart of the appellant’s submission was succinctly put in the following way:

It's perfectly true that we now know that that's the way the Commissioner puts his case, but it would require a very high standard of care, a very detailed knowledge of the rules relating to mining deductions and a very acute appreciation of how the Commissioner reads these provisions for you to be in any position to know that you ought to have revisited the problem.

7. It was only faintly submitted or suggested that the appellant did not have all these facilities available to it. That is not surprising, because it could not be submitted or suggested that if all these facilities were not available to the appellant they could not have acquired them by inquiring. The appellant was not a taxpayer without a lifeboat drowning in a sea of complexity. It had all the infrastructure of expertise available to it.”

Source: *Pratt Holdings Proprietary Limited v Commissioner of Taxation (No 2)* [2013] FCAFC 97 (21 August 2013) per Dowsett, Edmonds and Griffiths JJ

ATTA News October 2013

<http://www.asb.unsw.edu.au/attanews>

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ATTA website <http://www.asb.unsw.edu.au/atta>

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1 Presidential column

I've put aside several bundles of marking to write this month's column – we've reached that critical last few weeks of semester when students submit final assessments and prepare for their exams.

I know that we are all tired of the “phony election campaign” of the last year which has effectively limited any real progress on issues of tax reform as all initiatives have been challenged through a political lens. Now that the election is over and the new Government gets down to business we can expect to be kept busy as it follows up on its commitments. The new Treasurer Hon Joe Hockey is being assisted by Senator Arthur Sinodinos, and the Minister for Finance is Senator Mathias Cormann. I particularly look forward to the review of unlegislated tax measures as this will certainly help in the preparation of our teaching materials.

The surprise of the election was the strong showing of the Palmer United Party who will hold the balance of power in the Senate. The PUP tax policy appears to have been written by the founder of the party, and it will be interesting to see how the Government responds to ideas like the proposed reduction in taxes and removal of quarterly PAYG instalments.

The team at Griffith University is working hard on preparing for the conference in January. I have seen a draft of the programme, and there is a good range of papers across the theme of politics and tax. I look forward to an exciting three days in Brisbane next year before I trek back across the Nullarbor to take up my new position at Curtin University.

Helen Hodgson

2 2014: ATTA's 26th Annual Conference

ABSTRACTS NOW CLOSED!! Next year's conference is looking good, as there have been over 70 abstracts lodged addressing the conference theme: "**The Politics of Tax**". Authors should have received notification of whether their paper has been accepted or not. Please contact Renata Steenland if you have not heard back. (r.steenland@griffith.edu.au). Full papers are due by Friday 13 December to be eligible for judging.

Early Bird Registration!! Registration for the 2014 ATTA Conference is now open, and if you register and pay by 13 December it will cost **only \$500** (this includes all 3 days of the conference & the Conference Dinner). After from this date it is the full fee of \$560. For Full Time PhD students there is a special registration fee of \$350 (which does not include Opening Drinks & Conference Dinner) (note PhD students are recommended not to formally register until the PhD scholarships are determined which is by 29 November). To register go to: <http://attaconference2014.com.au/?pgid=319>

PhD Scholarship: Up to six PhD/SJD students will receive free registration to attend the ATTA 2014 Conference (excluding the Conference dinner). Interested PhD students should apply using the PhD Scholarships Form. Please contact Renata Steenland (r.steenland@griffith.edu.au) for a copy for the PhD Scholarship Form. Applications are due by 31 October 2013, with successful applicants notified by 29 November 2013.

Location: ATTA's 26th Annual Conference will be held at Griffith University (South Bank campus) from Monday 20 January to Wednesday 22 January 2014. The conference itself will be held in the buildings of Griffith University's Conservatorium of Music (South Bank city campus) in the heart of Brisbane. Confirmed Keynote Speakers include Terese Dyson (Chair of the Board of Taxation) and leading tax barrister Mark Robertson, Professor Jason Sharman (Griffith University) and the 2nd Commissioner of Taxation (ATO). The Conference Dinner will be at Rydges Rooftop Restaurant with Justice Richmonds (Federal Court of Australia) giving the dinner address.

Accommodation: Rydges Hotel has agreed to provide conference attendees with a discounted rate of \$159 per night (including free wifi). Rydges Hotel is directly across the road from the conference venue. It is possible for delegates to twin share a room to split the cost. Bookings can be made directly with Rydges Hotel - it is important to mention that you are a delegate of the Griffith University Tax Teachers' Conference. Phone: +61 7 3364 0800.

Conference Program: The current draft schedule is: Monday 20 January: PhD and Tax Teaching Seminars & Cocktail function; Tuesday 21 January: Keynote Plenary Presentations, Parallel Sessions & Conference Dinner; Wednesday 22 January: Parallel Sessions, Patron's Address, ATTA AGM (including prizes) and Closing event. For details about the Keynote speakers see: <http://attaconference2014.com.au/?pgid=317>

If you have any questions please contact Renata Steenland (r.steenland@griffith.edu.au or phone: (+61 7 3735 3930) or visit the conference website at: <http://attaconference2014.com.au/>

3 Arrivals, departures and honours

Congratulations to **Fiona Martin** who has been promoted to Associate Professor at the University of New South Wales effective from 1 January 2014.

Congratulations to **Yue Mei Guo** on completing her doctorate on *Finding and applying the optimal benchmark to identify tax expenditures in China*. This was done through Monash University Taxation Law and Policy Research Institute, with Profs Rick Krever and Kerrie Sadiq (Queensland University of Technology), as her supervisors.

Congratulations to **AKM Atiqul Haque** on completing his doctorate on *The taxation of small business in developing countries*. This was done through Monash University Taxation Law and Policy Research Institute with Prof Rick Krever, as his supervisor.

Congratulations to **Salwa Hanna Yussof** on completing her doctorate on *An analysis of Malaysia's corporate income tax expenditures and negative income tax expenditures using accounting standards as the benchmark tax base*. This was done through Monash University Taxation Law and Policy Research Institute, with Prof Rick Krever & Prof Jeyapalan Kasipillai, as her supervisors.

4 Inaugural Tax Adviser of the Year Awards

Nominations are now open for the Tax Adviser of the Year Awards

Hopefully by now you have heard about The Tax Institute's inaugural Tax Adviser of the Year Awards. Designed to recognise the profession's highest achievers, the awards continue the Institute's commitment to honouring the best and brightest professionals in the tax industry.

If you believe these awards resonate with you, or a colleague or employer of yours, this is your chance to be recognised by the industry's leading tax luminaries as nominations opened on 1 October 2013.

Nominations close 10 December 2013

Nominate yourself, a colleague or industry peer in one of three award categories:

- Emerging Tax Star Award
- Tax Adviser of the Year
- Chartered Tax Adviser of the Year

The awards will be judged by senior tax practitioners according to a set of criteria for each category and will be presented at an official awards ceremony in Hobart next year. For further information about the awards, please contact our Tax Adviser of the Year Awards Division on +61 2 8223 0014 or email taxawards@taxinstitute.com.au

Yours sincerely,
Noel Rowland
Chief Executive Officer
The Tax Institute

5 New Zealand developments

On 26th September, Japan and New Zealand exchanged diplomatic notes for a new DTA. Japan is New Zealand's fourth largest trade and investment partner. The new DTA will amend and update the existing DTA dating from 1963, and will come into effect 30 days from the exchange of notes.

On 4th September, the Ministers of Internal Affairs and Inland Revenue announced new information sharing agreements, aimed at improving compliance for child support and student loan repayments. The new arrangement will see the Department of Internal Affairs providing the Inland Revenue Department with contact details from passport applications or renewals. This arrangement will facilitate IRD's ability to contact people living overseas who are not complying with their child support or student loan payment obligations.

These changes come on top of the introduction of a Bill on 19th August 2013 proposing to tighten the rules for New Zealanders based overseas who have outstanding student loans in New Zealand. The Student Loan Scheme Amendment Bill (No. 3) proposes higher repayment obligations for student loan debtors who are based overseas, with the aim of encouraging faster repayment of loans and addressing some of the current anomalies that exist between student loan debtors located in New Zealand and overseas. At the present time, student loan debtors who are located overseas have repayment obligations that are based on loan balances. However, student loan debtors who are based in New Zealand have repayment obligations that are based on their income. Thus, the current outcome is that the repayment obligations decline over time for student loan debtors based overseas (as their loan balance decreases as they make repayments), while New Zealand debtors have increasing repayments (assuming their income increases). In an attempt to address this anomaly, the Bill proposes fixed repayment obligations for overseas student loan debtors.

In addition the Bill proposes tougher measures for those who are in default of repayments. Borrowers who are located overseas are responsible for 80 per cent of overdue loan repayments, totalling \$535 million as at 30 June 2013. The IRD have received considerable publicity in relation to these changes, mostly due to the ability of the IRD to request an arrest warrant in cases of serious non-repayment, which could potentially see student loan debtors arrested if they returned to New Zealand.

Lisa Marriott

6 Vacancies

Director, Tax and Transfer Policy Institute, Australian National University

On behalf of the Director, we wish to advise you that Crawford School of Public Policy is currently recruiting for the position of Director, Tax and Transfer Policy Institute. Applications close on 27 October 2013.

Full details are available at <http://jobs.anu.edu.au/PositionDetail.aspx?p=3560>

If you have specific enquiries, please contact Professor Tom Kompas, Director, Crawford School of Public Policy.

7 Invitation to participate in survey: Coverage of the Law of Business Forms in Australian Accounting Degrees

Brett Freudenberg (Griffith Uni) and Dale Boccabella (UNSW) are undertaking a research project that explores the extent to which Australian business/commerce degrees with accounting majors focus on the various business forms used in Australia. The purpose is to ascertain the extent to which undergraduate accounting students are taught about the law of the various business forms and if so, which business form types, what aspects of those forms and the time allocated.

We are looking for academics who are involved in teaching law courses within an Australian business/commerce degree (majoring in accounting) – such as:

- Introduction to Business Law
- Law of Business Associations
- Company/Corporations Law – Introduction
- Company/Corporations Law – Advanced
- Taxation Law – Introduction
- Taxation Law - Advanced

Depending upon your answers this survey will take approximately 15 minutes. You can commence the survey at: <https://www.surveymonkey.com/s/businessforms>

As a thank you for taking the time to complete the survey, you can elect to enter into a prize draw with the chance to win one \$100 Myer gift card.

Full details (including ethics approval) can be found on-line at the survey. If you have any queries please do not hesitate to contact the researchers on: Brett: b.freudenberg@griffith.edu.au or Dale: d.boccabella@unsw.edu.au

8 Australian and New Zealand tax and related doctoral theses

In the ATTA News for December 2002, March 2004, April 2005, June 2006, June 2007, July 2008, September 2009, December 2010, November 2011 and December 2012, I published a list, which contained Australian and New Zealand tax and related PhDs and SJDs completed and in progress. During the past year, a number of doctoral theses were completed and I found out about others, which were not on the original lists.

Please notify me of any, which have commenced or have been completed and or have been accepted for publication. I hope to issue a new list in December 2013. See the earlier issues for information required ie Author, Title of thesis, Institution, Supervisor/s, expected date of completion (optional). For completed ones, if published, please supply the title, place of publication, publisher, date of publication. If available electronically, please supply the URL or where it can be found. If you wish to preview the list before publication, please let me know by email.

Colin Fong

9 Call for papers

Tax Reforms: Experiences and Perspectives 20 June 2014, Zagreb, Croatia

Subject

2014 will mark the 20th anniversary of the start of the Croatian tax reform. Therefore, Institute of Public Finance, Zagreb; Faculty of Economics, University of Zagreb and Faculty of Economics, University of Rijeka are planning to organise a conference. The aim is to compare experiences and draw lessons from tax reforms in different countries, particularly former transition economies that are now members of the EU, and euro area crisis countries such as Greece, Ireland, Italy, Portugal and Spain.

We are seeking papers that would address a number of issues:

- What were the goals and accomplishments of tax reforms regarding efficiency, neutrality, fairness and redistribution?
- How effective have the reforms been in terms of revenue collection, the role of tax administration, administrative and compliance costs, environmental impact, and in fostering entrepreneurial activity?
- What have we learned from these experiences?
- How should the tax systems of these countries evolve, keeping in mind constraints of membership in the European Union, the planned adoption of the euro by countries such as Croatia, increasing globalisation of economic activity, demographic changes, the need to enhance productivity and promote innovation and investment?
- How are the tax systems of these countries likely to evolve, given the reforms that are underway?

Submission

Submissions of abstracts (300 to 500 words) or full papers consistent with topics of the conference can be made at any time until the deadline 20th December 2013, to taxreforms2014@ijf.hr. Submissions must be made in English and should include keywords as well as authors' full name(s) and affiliation(s) and contact details of the author in charge of correspondence, such as address, email address and phone number.

Acceptance for presentation will be communicated no later than 20th January 2014.

Completed papers are due by 20th May 2014.

KEYNOTE SPEAKERS Algirdas Šemeta, Member of the European Commission responsible for Taxation and Customs Union, Audit and Anti-Fraud

Sijbren Cnossen, Maastricht University and Erasmus University, Rotterdam

Michael Keen, IMF, Washington

Slavko Linić, Minister of Finance of the Republic of Croatia

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Zagreb, Croatia

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Sijbren Cnossen, Maastricht University and Erasmus University, Rotterdam

Peter Lambert, University of Oregon, Eugene

Michael Keen, IMF, Washington

Ivica Urban, Institute of Public Finance, Zagreb

Publication

In the months following the Conference, the following options are offered:

- A special conference issue of Financial Theory and Practice (FTP), a double blind peer-reviewed academic journal, publishing articles in the field of public sector economics (Abstract Indexing: DOAJ, EconLit, HRČAK, IBSS, RePEc).
- Conference proceedings in the form of an edited book in electronic format.
- Depending on the number and quality of papers submitted, the organizers might also consider contacting some established academic publishers with a view to publishing an edited conference volume.

Contact

For more information please visit the conference website at: www.ijf.hr/taxreforms2014

The organising committee of the *International Conference of Chinese Tax and Policy* is pleased to announce this call for papers for the 2013 conference. The conference is to be held at **Xiamen University, Xiamen, China on December 14-15, 2013**. The conference is jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University. The organising committee welcomes any paper dealing with the conference theme. The general theme of the conference is *Tax Policy and Tax Law for China in a Time of Change*. In the next three years, there will be a session in each conference focusing on the following sub-themes:

- 2013: *Taxation of Real and Immovable Property*
- 2014: *Individual Income Tax and the Role of Taxation in Income Redistribution*
- 2015: *A Review of China's VAT Reform*

All papers will be subject to an international blind peer-review process. All accepted papers have the priority to be selected for publication in the *Journal of Chinese Tax and Policy*.

Submission Guidelines

- Please submit an abstract in English of 300 words.
- Please provide the final paper in English, and please provide the Chinese original if the work has been translated.
- For Chinese language contributors, please indicate if you cannot organise the translation of the abstract into English.
- Please send all submissions to business.jctp@sydney.edu.au

Key Dates

November 14, 2013	Final date for submission of written conference paper for inclusion in full conference papers made available to conference attendees on the conference website.
November 14, 2013	Final date for registration.
November 28, 2013	Final date for submission of PowerPoint presentations for conference speakers.

10 Atax Research Fellowships 2014

In 2014 the School of Taxation & Business Law at UNSW, Australia will offer several Research Fellowships to **international** academics and professionals keen to further their research in the fields of taxation, business law and related disciplines. The maximum value of each fellowship is AUSS\$ 6,000. The School may decide to award only one fellowship in any given year.

Fellowship duties

Research fellows normally spend four weeks working at the School of Taxation & Business Law on a mutually agreed area of research. During their stay, fellows are involved in the following activities:

- Producing at least one research paper on taxation or business law, in collaboration with Taxation & Business Law academic(s), to be published in a refereed journal with due acknowledgement of the fellowship
- Conducting a Taxation & Business Law research seminar for interested members of the broader tax/business law research community
- Participating in Taxation & Business Law collegial activities during the period of the fellowship

The School of Taxation & Business Law will provide office space and computer equipment at its Kensington campus in Sydney, Australia. Fellows will be responsible for organising their own travel and accommodation arrangements. The preferred timing for successful applicants to undertake the fellowship is March–May 2014 or August–October 2014, but other times of the year may also be possible.

Selection

Selection is based on the applicant's research proposal and on their ability to contribute to the School of Taxation & Business Law research profile. A track record in collaborating with Taxation & Business Law academics will be considered as an advantage.

Application

Applications are invited from **overseas** academic and professional researchers working in taxation, business law and related disciplines. To apply, applicants must send by email:

(i) A **letter of application**, indicating the area they wish to research under the Fellowship and anticipated publication(s), how they will collaborate with Taxation & Business Law academic(s), and their preferred timing to undertake the Fellowship.

(ii) A **current curriculum vitae**

Applications should be sent to:

Associate Professor Binh Tran-Nam,
Research Fellowship Convenor
School of Taxation & Business Law
UNSW, Sydney NSW 2052
Australia
Email: b.tran-nam@unsw.edu.au

Applications to undertake the Research Fellowship in 2014 must be received by 30 November 2013. Successful applicants will be notified by 31 December 2013 and undertake the fellowship in 2014.

Further information

For further information about the Research Fellowship, please contact Associate Professor Binh Tran-Nam by phone on +61 (2) 9385 9561 or by email b.tran-nam@unsw.edu.au

11 Tax, accounting, economics and law related meetings

Local

University of Sydney work-in-progress seminars for second semester are set out below.

October 22. Brett Bondfield, Sydney: TIEAs: The politics of peer review - CANCELLED

November 12. Adrian Sawyer, Canterbury: The evolution of exchange of information standards and related agreements (tentative title)

As always, the seminars will be at the Law School starting at 4:30 (finishing usually when the beverages run out).

Graeme S Cooper

Professor of Taxation Law

Room 428, Law Building, F10

Eastern Avenue

University of Sydney NSW 2006

graeme.cooper@sydney.edu.au; Tel: 61 2 9351 0310; Mobile: 0403 334 108; Fax: 61 2 9351 0200

ATTA's **26th Annual Conference** will be held at Griffith University Monday 20 January to Wednesday 22 January 2014. The theme of the conference is *The Politics of Tax*. The conference will celebrate 26 years of tax teaching in Australasia. The conference organisers welcome papers on taxation, the teaching of taxation and taxation research. We particularly encourage new academics and postgraduate research students to submit papers. Further information about the conference (including accommodation options and the programme) will be included in the future ATTA newsletters. In the meantime if you have any questions please contact Ms Renata Steenland at r.steenland@griffith.edu.au

Tax Institute <http://www.taxinstitute.com.au> lists many of the TI conferences, conventions, seminars, breakfast clubs. For further enquiries, contact Jessi Guy (02) 8223 0043 or email jessiguy@taxinstitute.com.au. Register online at <http://www.taxinstitute.com.au>

Call the National Events team on 1300 733 842 for more details.

Please contact the National Events Team on 1300 733 842 or by email,

nationaleducation@taxinstitute.com.au Follow us on Twitter @TaxInstituteOz.

Danielle Marriott, Event and Member Services Executive The Tax Institute Phone: 02 8223 0000; Direct: 02 8223 0014 Fax: 02 8223 0077 daniellemarriott@taxinstitute.com.au

Overseas

American Accounting Association Calls for paper website <http://aaahq.org/calls/default.cfm>

Annual International Conference on Business, Law & Economics, 5-8 May 2014, Athens, Greece. Academic Member Responsible for the Conference: Dr Michael P. Malloy, Director, Business and Law Research Division, ATINER & Distinguished Professor, Pacific University, USA. Conference Website: <http://www.atiner.gr/ble.htm>. Deadline to submit abstracts: 31 October 2013 (Decisions are reached in less than 4 weeks after the abstract submission).

Canadian Tax Foundation <http://www.ctf.ca/ctfweb/en>

Institute for Fiscal Studies Conferences and seminars
<http://www1.ifs.org.uk/conferences/index.shtml>

Forthcoming events for the Institute for Austrian and International Tax Law of WU (Vienna University of Economics and Business) in 2013/14:

October 29, 2013 - KPMG-WU-Workshop (in German)

November 11, 2013 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Andreas Musil / Moritz Glahe

November 14, 2013 - SWI Jahrestagung (in German)

November 15-16, 2013 - Symposion „Das Verfahren vor dem Bundesverwaltungsgericht und dem Bundesfinanzgericht“

November 21, 2013 – Inaugural Lecture of Prof. Edoardo Traversa, . "Tax incentives and territoriality: reassessing the ECJ case-law in the light of the principles of federalism and sound tax policy"

November 21-23, 2013 – Conference: “Recent and Pending Cases at the ECJ on Direct Taxation”

December 9, 2013 - KPMG-WU-Workshop (in German)

December 10, 2013 - Panel discussion with tax partners of accounting firms (in German)

December 15, 2013 – Cocktail reception for VAT Pending Cases

December 16-18, 2013 – Conference: “VAT Pending Cases”

January 20, 2014 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Jörg Schwenker / Frederik Boulogne

January 22, 2014 - 4. Wiener Symposion zum Unternehmenssteuerrecht (in German)

January 23, 2014 - Semester Closing

March 12, 2014 - Semester Opening

March 12-14, 2014 - Conference on a Tax Policy topic

March 17, 2014 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Marc Desens / Georg Zehetmayer

March 20, 2014 – IFA-Event

March 31, 2014 - KPMG-WU-Seminar (in German)

April 25/26, 2014 - Wiener Bilanzrechtstage (in German)

April 28, 2014 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Michael Droege / Niels Winther

April 29, 2014 Wolfgang Gassner Gedächtnisvorlesung (in German)

May 13, 2014 - Panel discussion with partners of law firms (in German)

May 19, 2014 - KPMG-WU-Seminar (in German)

May 26, 2014 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Stefan Geibel / Richard Jerabek

June 26, 2014 - Semester Closing

June 27, 2014 - 21th Symposion on International Tax Law “Update of the OECD-Model Convention”

July 3-5, 2014 - Conference (Rust, Burgenland)

Foundation for International Taxation **19th International Taxation Conference 5-7**
 December 2013, ITC Maratha Hotel, Mumbai, India, http://fitindia.org/conference_2013.htm
 In the programme of the conference, several topics will be covered:

- International tax and treaty conflicts
- Emerging international tax trends in India
- International tax developments
- International tax structuring for investing abroad
- Transfer pricing developments and conflicts
- Indian tax and transfer pricing cases and developments

International Bureau of Fiscal Documentation. Various courses in Amsterdam, the Netherlands or in Malaysia. For details, see <http://www.ibfd.org> The IBFD International Tax Academy (ITA) runs an extensive international course program. Generally all courses are held in Amsterdam. Should you require any further information or wish to register please

refer to their web site www.ibfd.org or contact the International Tax Academy at +31-20-554 0160 or by e-mail ita@ibfd.org

For 2013 courses go to

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation>

Transfer Pricing and Attribution of Profits to Permanent Establishments 4 - 6 November 2013 (Netherlands)

Principles of Transfer Pricing 2 - 6 December 2013 (Netherlands)

Base Erosion and Profit Shifting - Selected Issues 3 - 5 March 2014 (Netherlands)

Principles of Transfer Pricing 5 - 9 May 2014 (Malaysia)

Taxation of Supply Chain Restructuring 6 - 8 May 2014 (Netherlands)

ITA109 Fundamentals of Transfer Pricing (Online course)

IFA and IBFD 75th Jubilee Asia-Pacific Tax Conference - 28-29 November 2013, Hilton Kuala Lumpur Hotel, Kuala Lumpur. The 2-day conference programme will look into tax trends, anti-avoidance, tax planning, the use of criminal provisions and sanctions, developments in tax treaties, tax litigation, customs and free trade, transfer pricing as well as VAT/GST. It will also feature a panel session on investing into the Indochina Region.

Confirmed speakers

1. Anand Raj, Shearn Delamore & Co. Malaysia
2. Aurobindo Ponniah, IBFD
3. Bhupinder Singh, Petronas Malaysia
4. Chas Roy-Chowdhury, ACCA United Kingdom
5. Prof. Craig Elliffe, University of Auckland, New Zealand
6. James Hunter, Ernst & Young Hong Kong
7. Prof. Jan de Goede, IBFD
8. Kang Beng Hoe, Taxand Malaysia
9. Li Ying, Siemens China
10. Luis Coronado, Ernst & Young Singapore
11. Michael Evans, University of Melbourne Law School, Australia
12. Michael Hendroff, Intel Malaysia
13. Michael Olesnick, Baker & McKenzie Hong Kong
14. Prof. Miranda Stewart, University of Melbourne, Australia
15. Mohd Nizom bin Sairi, Inland Revenue Board of Malaysia
16. Mukesh Butani, BMR Advisors India
17. Noor Azian Abdul Hamid, Inland Revenue Board of Malaysia
18. Paul Drum, CPA Australia
19. Pieter de Ridder, Loyens & Loeff Singapore
20. Porus Kaka SC, IFA President elect
21. Raja Kumaran, PricewaterhouseCoopers Malaysia
22. Rakesh Dharawat, KPMG India
23. Robert Fletcher, Deloitte Singapore
24. Robert Tsang, Deloitte Singapore
25. Sandra Segaran, Deloitte Malaysia
26. Serjit Singh, Shell Malaysia
27. Shubendu Misra, Ernst & Young Singapore
28. Sobramaniam Tholasy, Royal Malaysian Customs Department
29. Steve Towers, Deloitte Singapore
30. Sunil Gupta, Central Board of Direct Taxes India
31. Sunny Choong, Standard Chartered Bank Singapore
32. Surin Segar, Maybank Malaysia
33. Thanneermalai Somasundaram, PricewaterhouseCoopers Malaysia
34. Todd Beutler, DLA Piper Hong Kong
35. Dr. Veerinderjeet Singh, IFA Malaysia/Taxand Malaysia
36. Prof. Yasuhiro Masui, University of Tokyo, Japan

The ITA also offers tailor-made in-house courses on a worldwide basis for corporate clients, tax administrations and other organizations.

Should you have any queries, please contact Arcotia Hatsidimitris, Head of the International Tax Academy by telephone +31-20-554 0180, or by a.hatsidimitris@ibfd.org

ITA Courses Tel.: +31-20-554 0160; Fax: +31-20-620 9397; Email: itacourses@ibfd.org

International Fiscal Association Congresses <http://www.ifa.nl/pages/default.aspx>

IFA and IBFD 75th Jubilee Asia-Pacific Tax Conference - 28-29 November 2013

2014 **Mumbai, India** (12 October 2014 - 17 October 2014) Website:

www.ifa2014mumbai.com

Subject 1: Cross-border outsourcing - issues, strategies and solutions

Subject 2: Qualification of taxable entities treaty protection

2015 **Basel, Switzerland** (30 August 2015 - 4 September 2015) www.ifabasel2015.com

Topics under consideration as Subjects 1 and 2 of the Congress are "The use of tax measures in the area of research and development (R & D)" and "Taxation and fundamental rights: taxpayers' procedural rights in a globalised world"

2016 **Madrid, Spain**
2017 **Rio de Janeiro, Brazil**
2018 **Seoul, Korea, Rep. of**
2019 **London, United Kingdom**

29th Annual Asia-Pacific Tax Conference, Singapore, 29-30 October 2013. For more information, please contact Liane Tsang of Baker & McKenzie, Hong Kong by tel.: +852 2846 2358 or by e-mail: liane.tsang@bakermckenzie.com or http://www.bakermckenzie.com/files/Uploads/Documents/Tax/event_ap_taxconference_oct13.pdf

International Conference of Chinese Tax and Policy, Xiamen University, Xiamen, China on 14-15 December 2013. Jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University. <http://sydney.edu.au/business/research/journals/jctp/conference>

International Atlantic Economic Society (IAES) conference www.iaes.org for more information. Prof Dr M. Peter van der Hoek Academy of Economic Studies, Bucharest, Romania and Erasmus University, Rotterdam, Netherlands. Mailing address: Erasmus University (L 7-20) P.O. Box 1738 NL-3000 DR Rotterdam Netherlands Phone/Fax: +31-10-4081622 E-mail: vanderHoek@frg.eur.nl

International Tax Planning Association Forthcoming meetings
<http://www.itpa.org/meetings.html>

Other useful tax and law related conference websites include the International Bar Association:

http://www.ibanet.org/Conferences/conferences_home.aspx

IBFD Course calendar

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation.TaxCourses>
International Events and Law Conferences

<http://internationaleventsandlawconferences.yolasite.com>

Law Conferences Worldwide <http://www.conferencealerts.com/law.ht>

New South Wales Bar Association

http://www.nswbar.asn.au/docs/professional/prof_dev/CPD/programme/index.php

Law Council of Australia <http://www.lawcouncil.asn.au/conferences/events-and-conferences.cfm>

LexisNexis Professional Development Calendar of events

<http://www.lexisnexis.com.au/aus/conferences/calendar/default.asp>

See also the *inTax Seminars Directory*, published in *inTax Magazine*.

Practising Law Institute <http://www.pli.edu/>

New York County Lawyers Association <http://www.nycla.org>

American Bar Association <http://w3.abanet.org/home.cfm>

New York Bar Association <http://www.nysba.org/>

Hieros Gamos Worldwide Law Events Calendar <http://www.hg.org/calendar.html>

For social sciences and humanities conferences, meetings etc, see Mind: The Meetings Index <http://www.interdok.com/mind> See also the magazine *Australian Conference & Exhibition Diary*, Vamosi Information Publication.

12 Recent publications

Bold indicates ATTA members. Readers are encouraged to notify the Editor of recently written publications for notification, in these pages. Please note some of the overseas publications listed may not yet be available locally.

Local

Australian Taxation Office *Targeting tax crime: a whole-of-government approach* - September 2013 <http://www.ato.gov.au/General/Tax-evasion-and-crime/In-detail/Targeting-Tax-Crime-magazine/2013/Targeting-tax-crime---a-whole-of-government-approach---September-2013/?default=>

Fong, Colin 'Law report and medium neutral case citations'; 'Popular case names' in: Mann, Trischa (ed) *Australian law dictionary*, 2nd ed, Melbourne, Oxford University Press, 2013, Appendix 2 pp 806-12; Appendix 3 pp 813-26

Fong, Colin Update: 'Researching legal aspects of asylum seekers and refugees and the law in Australia, Canada, United Kingdom and the European Union,' Globalex, July, 2013 http://www.nyulawglobal.org/Globalex/Legal_aspects_asylum_refugees_Australia_Canada_UK_EU1.htm

(2012) 22 (1) *Revenue Law Journal*

Is section 8-1(2)(b) inoperative? Daniel Diaz

The impact of tax professionals upon the compliance behavior of Australian individual taxpayers - **Ken Devos**

High-frequency trading and a financial transactions tax - Jim Corkery and Kristen Zornada

Small business entity tax concessions: Through the eyes of the practitioner - Stephen

Marsden, **Kerrie Sadiq**, and Timothy Wilkins

'...Nowhere man sitting in his nowhere land': The continuing saga of cross border arbitrage -

Michael Dirkis

From tax expenditures to rebates: An 'output based equity' approach for Australia's retirement policies - **Lidia Xynas** and Steve Jaynes Dr.

An inherited wealth tax for Australia? The Henry Recommendation 25 for a bequests tax - Sylvia Villios

Arguments for an international tax base - Enrico Mercuri

Is it a levy, or is it a tax, or both? Madeline Taylor

(2013) 23 (1) *Revenue Law Journal* <http://epublications.bond.edu.au/rlj/vol23/iss1>

The Transition to Retirement Provisions: A Critical Analysis and a Consideration of Policy Alternatives - Rami Hanegbi

Apportionment of Dual-Purpose Expenses - **Nicholas Augustinos**

(2013) 48 (4) *Taxation in Australia*

• Tax cases: Substantially the same terms? - Michael Norbury

• Recent developments affecting contribution strategies and practices - David Shirlow

• Superannuation: Automatic pension reversion: Still worthwhile? - Daniel Butler and Tina Conitsiotis

• Failed trust distributions: Their tax consequences - Matthew Burgess and Darius Hii

• Division 7A and complex structures - Arthur Athanasiou

Tax Institute Seminar and convention papers:

National Division – published September

• Resolving disputes - Elizabeth Goli and Peter Poulos

NSW Division – published September

- Recent developments affecting contribution strategies and practices - David Shirlow
- Establishing residence for global villagers paper - Ian Stanley
- Non-residents and capital gains - Philip Bisset, Mark Friezer, Antony Barrier and Shane Tan
- Managing GST and customs duty obligations for cross-border transactions - Andrew Cavenor and Marc Bunch
- Australian legislative responses to the BEPs report - The changes so far and what you should be thinking about - Ernest Chang, Rosalind Myint and Arash Azimi
- Legislative changes to the transfer pricing rules - The state of play - Geoff Gill

Overseas

For Bureau of Fiscal Documentation journals listed below, you can also view this content on your mobile via m.ibfd.org

Antoine, Rose-Marie *Offshore financial law: trusts and related tax issues*, 2nd ed, Oxford, Oxford University Press, 2013

Bulletin for International Taxation Number 10 - 2013

Tax treaty monitor - International/OECD/Brazil - Tax Treaty Qualification of Income Derived from Hybrid Financial Instruments - Ramon Tomazela Santos

Tax treaty case law monitor - International - Tax Treaty Case Law News - Brian J Arnold
In this Tax Treaty Case Law News, Brian Arnold reviews two recent tax cases from Australia and India involving decisions regarding hybrid entities and the taxation of income from independent professional activities, respectively.

United Kingdom/Croatia - The Kljun (2012) Case: The Concept of Economic Employer under the United Kingdom-Yugoslavia Income Tax Treaty (1981) - Brian Cleave

OECD/Germany - Hybrid Mismatch Arrangements: OECD Recommendations and German Practice - Sven-Eric Bärsch and Christoph Spengel

International/European Union - Taxation of Financial Transactions - Malcolm Gammie and Erik Röder

Company Taxation in the European Union: A Key Challenge 20 Years after the Ruding Report - Luca Cerioni

European Union/Netherlands - Dividend Withholding Tax: Tax Reclaims within the European Union and European Economic Area and from Third Countries - How Long Should Member States Withhold? HTPM van den Hurk and JJAM Korving

United States/United Kingdom -US Supreme Court Rejects Form over Substance in Determining Creditability of Foreign Taxes - Charles E McLure, Jr

India - The Kodak (2013) Case: The Applicability of Indian Transfer Pricing Provisions - P Raj Kumar Jhabakh

Constitutionality of the Brazilian CFC Legislation - Maria Bocachica and Vanessa Arruda Ferreira

Derivatives & Financial Instruments Number 5 - 2013

Editorial - Parallels between International Regulatory and Tax Reforms - Paul Lau

Luxembourg - Securitization Companies: Efficient Platforms for Entering the Distressed Debt Market - Frank van Kuijk

International - Deductibility and Transfer Pricing of Banks' Liquidity Reserve Expense - Carrie Lim

India - Ruling on Applicability of Transfer Pricing Provisions to Situations Where No Income Arises under the Income Tax Act - P Raj Kumar Jhabakh

Recent developments

International - Judgment on VAT Recovery of Pension Fund Costs: Employers Entitled To Recover VAT on Pension Fund Investment Management Costs and Administrative Costs -

Jochum Zutt and Lizzie Bijl

Special issue

Pensions Funds as Cross-Border Investors: A Survey on Tax and Regulatory Developments

Editorial - Martine Peters

European Union - Pension Funds and Regulatory Developments - Jurre de Haan, Wilfried Mulder, Zöhre Tali, Merel Uittenbogaard-de Planque and Bas Zebregs

How the Financial Transaction Tax Affects Pension Funds - Willem-Jan van Veen

Taxation and Cross-border Pooling in the EU Pension Sector: From UCITS to IORP - Pascal Borsjé and Willem Specken

Pension Funds and VAT: Not Always the Best of Friends - Edwin van Kasteren and Lennert Janssen

Country surveys

Country Survey Outline

Switzerland - Peter Reinartz and Nelly Iglesias

Spain - Miguel Loran

Netherlands - Job van der Pol

France - Vincent Daniel-Mayeur

United States - Paul Carman and Gary Pollega

Russia - Ivan Sychev, Svetlana Zobnina and Oxana Yaroschuk

Australia - Anton Joseph

China (People's Rep.) - Jieyin Tang

India - Prasad Subramanyan

Taiwan - Heidi Liu, Sophie Chou and Jeff Chou

European Commission *Tax reforms in EU Member States 2013: Tax policy challenges for economic growth and fiscal sustainability*, Working paper N.38 – 2013, Directorate General for Taxation and Customs Union/ Directorate General for Economic and Financial Affairs, 2013, ISSN 1725-7557

http://ec.europa.eu/taxation_customs/resources/documents/taxation/gen_info/economic_analysis/tax_papers/taxation_paper_38.pdf

Hashimzade, Nigar; Myles, Gareth D and **Tran-Nam, Binh** “Applications of behavioural economics to tax evasion” (2012) 26 (4) *Journal of Survey Economics* (37p)

International Transfer Pricing Journal Number 5 - 2013

Canada - A Hard Step for Soft-Moc - Scott Wilkie and Janice McCart

France - Reorganization of Intra-Group Support Functions: A Transfer of Profit? Pierre Escaut and Eric Bonneaud

India - Transfer Pricing Adjustment on Issuance of Shares to Overseas Parents Leaves Companies Shell-Shocked - Vijay Krishnamurthy

China - Business Restructurings: A Case Analysis and Regulations Applicable to Business Restructurings - Jingyi Wang

Comparative survey

Italy - Voluntary Payment of Taxes - Andrea Musselli

Recent developments

Argentina - Big Brother Is Watching Your Annual Transfer Pricing Report - Daniel Rybnik

Brazil - New Brazilian Supreme Court Decision on CFC Rules - Elen Peixoto Orsini and Daniel Gustavo Peixoto Orsini Marcondes

China - Behavioural Game Split: The Arm's Length Principle and Highly Integrated Enterprises - Xinyu Chen

Czech Republic - Supreme Administrative Court Ruling on the Burden of Proof - Marie Konečná and Tomáš Draša

Hungary - Interpretative Leaflet Issued by the Tax Authorities on the Application of the Arm's Length Principle to a Loan Guarantee Agreement - Mihály Gódor

Latvia - Introduction of Advance Pricing Arrangement Legislation - Pavel Sarghi and Kaspars Banders

Russia - Recent Guidance on Filing the Notification on Controlled Transactions - Svetlana Stroykova, Andrew Joshi and Nika Slavinskaya

International VAT Monitor Number 5 - 2013

Watch Out, You May Be a Taxable Person! Michael van de Leur

Mecsek-Gabona: The Final Step of the ECJ's Doctrine on Reliance on EU Law for Abusive or Fraudulent Ends in the Context of Intra-Community Transactions - Redmar Wolf

Harmonization of the EU "Zero Rate for Airlines" - James D Walker

The Vague Concept of "Taxable Person" in EU VAT Law - Aleksandra Bal

Taxing the Consumption of Owner-Occupied Residential Property - **Christine Peacock**

The European Court of Justice – Recently Decided and Pending Cases - The Editors

VAT news: Reports from: Argentina, Belgium, Brazil, Bulgaria, Canada, China (People's Rep.), Denmark, European Union, Greece, India, Italy, Malta, New Zealand, Portugal, Romania, Russia, South Africa, Sweden, United Kingdom, United States and Venezuela.

VAT case notes: Case notes from: Austria, Canada, Finland, Germany, Norway, Poland, United Kingdom and United States.

Kemp, Murray C & **Tran-Nam, Binh** 'The gains from international trade and international aid in the presence of public goods' (2012) 1 (1) *Global Journal of Economics* 1-9

Tran-Nam, Binh 'An extended Ricardian model incorporating a consumption time constraint' (2012) 20 (5) *Review of International Economics* 1046-1051

13 Quotable quotes

"Google can bring you back 100,000 answers, a librarian can bring you the correct one"

Source: British author, Neil Gaiman

"A client does not go to a lawyer to find Google resources, they can do that themselves"

Source: Unknown

"Would it make it easier for our politicians if they just claimed work-related expenses as tax deductions and took their chances (as to approval and refund) with the ATO, as do the working classes?"

Suzanne Russell Rivett (ACT)"

Source: 'Letters to the editor' *Sydney Morning Herald* 10 October 2013 p
<http://www.smh.com.au/comment/smh-letters/abbotts-travel-claims-are-valid--mingling-is-part-of-the-job-20131009-2v8k3.html>

"From 1 July 2014, the new Australian Senate, once compared to the famous bar in Star Wars - 'Mos Eisley Cantina', will be made up of diverse range of cross bench microparty members."

Source: Wong, Jenny ‘Australia’s new Senate: From a galaxy far, far away...’ KPMG *Daily Tax News* 8 October 2013
<http://www.kpmg.com.au/newsletters/Tax/2013/Oct/08/DailyTaxNews08Oct13.html#n2>

EU regulations

Pythagoras' Theorem:24 words.
Lord's Prayer: 66 words.
Archimedes' Principle:67 words.
Ten Commandments:179 words.
Gettysburg Address:286 words.
US Declaration of Independence:1,300 words.
US Constitution with all 27 Amendments:7,818 words.
EU Regulations on the Sale of CABBAGES:26,911 words

ATTA News November 2013

<http://www.asb.unsw.edu.au/attanews>

Editor: Colin Fong, Faculty of Law, University of New South Wales, Sydney
c.fong@unsw.edu.au

ATTA website <http://www.asb.unsw.edu.au/atta>

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1 Presidential column

Every so often something interesting drops into my email in my capacity as President of ATTA. Last month I had the privilege of judging the Thomson Reuters Graduate of the Year, awarded as one of the inaugural Tax and Accounting Excellence Awards. This particular award honours an outstanding first year graduate, and is based on recommendations from a lecturer as well as their manager. Dale Pinto was also on the judging panel, and we agreed that Sally Dole of KPMG was a worthy winner with Elizabeth Sheaffe, also of KPMG, being highly commended. All of the shortlisted nominees were worthy nominees, and Dale and I were impressed by what these first year graduates had achieved already, even while completing professional qualifications in law or accounting. There seemed to be a recurring theme where in the absence of a line manager the graduate was required to step up in order to ensure that a major job was completed for a client; and all of the finalists were capable of showing leadership and team skills to make sure that the various elements of the project came together on time. I think that this is a tribute not only to the graduates who were nominated, but also to the teachers across the courses they have studied – not only in tax.

We have just completed the summer graduation season here at UNSW. Our students in the Atax programmes graduated on Saturday 9th November, and as always it was great to be able to share their special day – even more so this year as I was among them when my PhD was formally conferred. I was among six PhDs awarded by UNSW in tax related areas of studies and I would like to congratulate them all on their achievement.

2015 or 2016 Conference Proposals: Planning is well underway for the conference at Griffith in January, but we do need to start thinking ahead to 2015 and 2016. At this stage we don't have hosts locked in for the next two conferences. We need to have a concrete proposal

that we can consider at the AGM, so if you are interested in taking on this important task please contact me so that we can work up a proposal.

That's all for this month – I have a pile of papers waiting to be marked and I think I have procrastinated as long as I dare!

Helen Hodgson
November 2013

2 2014: ATTA's 26th Annual Conference

Next year's conference is looking good, as there have been over 70 abstracts lodged addressing the conference theme: "**The Politics of Tax**".

Full Papers due 13 December 2013!! Authors should have received notification of whether their paper has been accepted or not. Full papers are due by Friday 13 December to be eligible for judging. Full papers should be emailed to Laura Hopper - Laura's email is: **l.hopper@griffith.edu.au**

Early Bird Registration!! Registration for the 2014 ATTA Conference is now open, and if you register and pay by 13 December it will cost **only \$500** (this includes all 3 days of the conference & the Conference Dinner). After from this date it is the full fee of \$560. For Full Time PhD students there is a special registration fee of \$350 (which does not include Opening Drinks & Conference Dinner). To register go to: **<http://attaconference2014.com.au/?pgid=319>**

PhD Scholarship: Successful PhD students have now been notified – congratulations to the successful applicants.

Location: ATTA's 26th Annual Conference will be held at Griffith University (South Bank campus) from Monday 20 January to Wednesday 22 January 2014. The conference itself will be held in the buildings of Griffith University's Conservatorium of Music (South Bank city campus) in the heart of Brisbane. Confirmed Keynote Speakers include Terese Dyson (Chair of the Board of Taxation) and leading tax barrister Mark Robertson, Professor Jason Sharman (Griffith University) and Justice Logan (Federal Court of Australia). The Conference Dinner will be at Rydges Rooftop Restaurant with Justice Richmonds (Federal Court of Australia) giving the dinner address.

Accommodation: Rydges Hotel has agreed to provide conference attendees with a discounted rate of \$159 per night (including free wifi). Rydges Hotel is directly across the road from the conference venue. It is possible for delegates to twin share a room to split the cost. Bookings can be made directly with Rydges Hotel - it is important to mention that you are a delegate of the Griffith University Tax Teachers' Conference. Phone: +61 7 3364 0800.

Conference Program: The current draft schedule is now available on the conference website. Generally the program is: Monday 20 January: PhD and Tax Teaching Seminars & Cocktail function; Tuesday 21 January: Keynote Plenary Presentations, Parallel Sessions & Conference Dinner; Wednesday 22 January: Parallel Sessions, Patron's Address, ATTA AGM (including prizes) and Closing event. For details about the Keynote speakers see: **<http://attaconference2014.com.au/?pgid=317>**

If you have any questions please contact Laura Hopper (email: **l.hopper@griffith.edu.au** or phone: (+61 7 [3735 7475](tel:37357475)) or visit the conference website at: **<http://attaconference2014.com.au/>**

3 Arrivals, departures and honours

Congratulations to the following students who graduated with their PhDs.

Izlawanie (Mimi) Muhammad, recently graduated with her doctorate on the topic of: *Managing mixed responsibilities: A grounded theory of Malaysian tax auditors' dispute resolution behaviour in audit settlement*, from the University of New South Wales, Australian School of Business, School of Taxation and Business Law. Her supervisors were A/Prof Binh Tran-Nam and A/Prof Nolan Sharkey. Mimi is now a lecturer at Universiti Sains Islam Malaysia. Her research interests are tax auditors' behaviour, tax administration and tax compliance. Mimi would like to do more research on tax officers' behaviour, particularly on enforcement regulatory behaviour for better tax administration in developing countries.

Nor Raihana Mohd Ali, graduated in April 2013 with her doctorate on the topic of *The influence of religiosity on tax compliance in Malaysia*, from Curtin University School of Economics and Finance, in April 2013. Her supervisors were Professors Jeff Pope and Dale Pinto.

Idawati Ibrahim, who graduated with her doctorate on the topic of *Electronic filing of personal income tax returns in Malaysia: Determinants and compliance costs*, from Curtin University School of Economics and Finance, in October 2013. Her supervisors were Professors Jeff Pope and Dale Pinto.

Nolan Sharkey has been appointed Winthrop Professor of Law at the University of Western Australia. He will be taking up the position in 2014 after 12 years at Atax, University of New South Wales. He was recently admitted as a New South Wales barrister.

Tom Delany is Graduating from University
You may be interested to know that **Tom Delany** will be leaving his position as Senior Lecturer in Taxation Law at the University of Southern Queensland on 29th November 2013 having started there over 20 years ago in 1993. Tom is looking forward to commencing a new chapter in his professional career where he will undertake tax training for accounting firms and tax consulting and hopefully be able to fit in more time for family and friends. Tom has had a long and enjoyable association with ATTA from his first nervous presentation at our 1994 conference to taking on the role of president of ATTA in 2003 and 2004. Tom's contact details after 29 November 2013 will be <delanyt@bigpond.com> and 0428357413. Tom hopes to continue to attend our annual conferences.

John Passant was subjected to vile threats after writing about a recent Melbourne demonstration against education cuts — and has traced some of them back to Victoria Police. Source: 'Victoria police threaten academic', 2 November 2013
<http://www.independentaustralia.net/life/life-display/victoria-police-threaten-academic,5857>

4 CCH ATTA Doctoral Series 2013

Recently, the CCH ATTA Doctoral Series Editorial Board, consisting of Professors Chris Evans, Rick Krever and Dale Pinto completed their evaluation of applicants for the CCH ATTA Doctoral Series 2013. The Board was extremely impressed by the quality of applications it received which reflects the strong level of scholarship in the discipline of taxation.

The Board recommended that Associate Professor Fiona Martin's thesis on income taxation of mining payments to traditional owners be put forward for publication in the 2013 Series. Congratulations Fiona!

Fiona will now work with the Board and CCH to publish her work which is expected to appear in print during 2014.

I would like to thank my fellow Board colleagues, Professors Evans and Krever as well as CCH's Editor-in-Chief of Tax and Accounting, Jonathan Mendel, for their ongoing support of this prestigious series which greatly assists in disseminating scholarship in our discipline.

Professor Dale Pinto
on behalf of the
CCH ATTA Doctoral Series Editorial Board

5 Review of ATTA Constitution: Update

In the March 2013 ATTA News input was sought from members on whether or not ATTA should incorporate as part of the process of updating its constitution. This question sits within a more general review of the ATTA Constitution that followed from discussions at the 2013 AGM in Auckland.

Now that the Australian law reforms and changed regulatory landscape for the Not-For-Profit Sector are settled it is appropriate to bring the ongoing review of ATTA's constitution back to the attention of members.

Following input of members it remains the position that the threshold issue is whether ATTA should incorporate. That decision will dictate aspects of drafting a revised constitution. If a decision is made to incorporate then the constitution will have to be amended. While it is acknowledged that the current constitution would benefit from being updated to best reflect the way ATTA operates as an unincorporated association it is a waste of scarce resources to do this twice.

A table of points for and against incorporation along with the themes gleaned from member input will appear in December and form the basis for discussion at the 2014 AGM in Brisbane.

Brett Freudenberg & Brett Bondfield

6 Inaugural Tax Adviser of the Year Awards

Nominations are now open for the Tax Adviser of the Year Awards

Hopefully by now you have heard about The Tax Institute's inaugural Tax Adviser of the Year Awards. Designed to recognise the profession's highest achievers, the awards continue the Institute's commitment to honouring the best and brightest professionals in the tax industry.

If you believe these awards resonate with you, or a colleague or employer of yours, this is your chance to be recognised by the industry's leading tax luminaries as nominations opened on 1 October 2013.

Nominations close 10 December 2013

Nominate yourself, a colleague or industry peer in one of three award categories:

- Emerging Tax Star Award
- Tax Adviser of the Year
- Chartered Tax Adviser of the Year

The awards will be judged by senior tax practitioners according to a set of criteria for each category and will be presented at an official awards ceremony in Hobart next year.

For further information about the awards, please contact our Tax Adviser of the Year Awards Division on +61 2 8223 0014 or email taxawards@taxinstitute.com.au

Yours sincerely,

Noel Rowland

Chief Executive Officer

The Tax Institute

7 New Zealand developments

The New Zealand Inland Revenue Department (IRD) has released a report endorsing measures proposed by the OECD in relation to the taxation of multi-national companies. Specifically, the report addresses the global issue of base erosion and profit shifting among OECD countries: an issue that has received considerable media interest in recent times. While the OECD report provides a structured plan and global focus, the IRD report recommends components of the OECD report that may benefit New Zealand if implemented.

The New Zealand approach to the issue of base erosion and profit shifting is also reflected in the updated tax policy work programme that was released on 8th November. The updated programme highlights three broad areas, one of which is international tax reform and addressing base erosion and profit shifting. Specific activities outlined include:

- Aligning the treatment of offshore branches with the current controlled foreign companies regime.
- Investigating problems with the current thin capitalisation and transfer pricing rules.
- Exploring the restriction of interest deductions on hybrid instruments where the interest payment is not taxed in the foreign jurisdiction.
- Investigating the current *de minimis* GST threshold (of \$400) for online shopping.

Two additional areas highlighted for attention are improving current tax settings within a broad-base, low-rate tax framework; and business transformation and better public services. Within the category of improving current tax settings within a broad-base, low-rate tax framework, items specified for investigation include:

- Research and development tax losses and the issue of cashing out these in the year that they arise.
- Black-hole research and development. On 7th November, a consultation document was released seeking feedback on proposals to resolve the issue of tax deductions on certain types of research and development expenditure.
- Loss grouping and imputation credits.
- The tax rules for closely held companies.
- The rules on tax pooling.
- The income tax treatment of government grants.
- Minimum financial reporting requirements for companies and certain other business taxpayers.
- The tax settings for annuities.

Activities that are highlighted for attention in the category of business transformation and better public services include:

- Review of the tax secrecy provisions.
- Information sharing (with social welfare, business regulators and in relation to serious crime).
- Reviewing interest, penalty and debt rules.
- Simplifying the tax and transfer rules.

Full details of the work programme may be found at: <http://taxpolicy.ird.govt.nz/work-programme>

Lisa Marriott

8 CSC-FWF Scholarship program for PhD Students

I am writing to you on behalf of Prof Michael Lang to inform you about a scholarship program for Chinese PhD students. The program is a cooperation of the Chinese Scholarship Council (CSC) and the Austrian Research Fund (FWF). It addresses to Chinese PhD students who intend to pursue their PhD studies fully or partly in Austria (up to one year). As we think that this is a great opportunity not only to promote research in the area of tax law but also to enhance the cooperation of researchers in China and Austria, we are listed as a host university for this program.

We would like to encourage Chinese PhD students researching in tax law to consider doing research at our Institute and to apply for this scholarship. We would therefore appreciate if you could forward this information to interested students or circulate it in related networks.

The application is now open for the academic year starting in fall 2014. Please find further information and the application form on the following homepage:

<http://www.fwf.ac.at/de/internationales/csc2013-applicants.html>

The provided application form must be used and sent to the FWF by December 6, 2013 at the latest! We would ask all interested students to supplement the application form with a CV and a short outline of their PhD project (topic, research questions).

Please do not hesitate to contact us if you have any questions at daniel.fuentes@wu.ac.at or renee.pestuka@wu.ac.at.

Thank you very much in advance for your help and cooperation!
Kind regards,

Daniel

Daniel Fuentes H., LL.M.

Wissenschaftlicher Mitarbeiter DIBT (Doctoral Program in International Business Taxation)

Research Associate DIBT (Doctoral Program in International Business Taxation)

Institut für Österreichisches und Internationales Steuerrecht

Institute for Austrian and International Tax Law

9 Vacancies

Lecturer/Senior Lecturer in Taxation and Commercial Law

**School of Accounting and Commercial Law
Victoria University of Wellington, New Zealand**

The School of Accounting and Commercial Law within Victoria Business School at Victoria University of Wellington seeks to fill a vacancy at either Lecturer or Senior Lecturer level. Applicants should have demonstrated ability in teaching and research in taxation and either commercial law or accounting. Practical experience would be advantageous. Applicants should have a PhD.

Applications close 15 January 2014

Victoria University of Wellington is an EEO employer and actively seeks to meet its obligations under the Treaty of Waitangi.

For more information and to apply online visit <http://vacancies.vuw.ac.nz>

Reference A200-13A

10 Australian and New Zealand tax and related doctoral theses

In the ATTA News for December 2002, March 2004, April 2005, June 2006, June 2007, July 2008, September 2009, December 2010, November 2011 and December 2012, I published a list, which contained Australian and New Zealand tax and related PhDs and SJDs completed and in progress. During the past year, a number of doctoral theses were completed and I found out about others, which were not on the original lists.

Please notify me of any, which have commenced or have been completed and or have been accepted for publication. I hope to issue a new list in December 2013. See the earlier issues for information required ie Author, Title of thesis, Institution, Supervisor/s, expected date of completion (optional). For completed ones, if published, please supply the title, place of publication, publisher, date of publication. If available electronically, please supply the URL or where it can be found. If you wish to preview the list before publication, please let me know by email.

Colin Fong

11 Call for papers

The 5th Queensland Tax Researchers' Symposium (QTRS) AND the 2nd Meeting of the Australasian Tax History Chapter (THC)

The James Cook University Faculty of Law, Business and Creative Arts will host the 2nd meeting of the Australasian Tax History Chapter on Thursday, 26 June and the 5th Queensland Tax Researchers Symposium on Friday, 27 June 2014.

These two events bring together tax academics and research higher degree students to discuss and present their current research interests. This is a joint initiative between academics from various universities with Griffith University, QUT and UNSW also sponsoring the event. These events build on the success of the annual symposium which has been held since 2010.

The 2014 THC will be held at the Cairns campus of James Cook University from 1 pm to 6 pm at the historic Boathouse located adjacent to Chinaman's Creek and set within World Heritage listed rainforest. The 1 pm commencement time is designed to provide participants with the opportunity to fly into Cairns in the morning, check into their accommodation and make their way to the venue.

The QTRS will be held the following day from 8.30 am to 4 pm at the Hilton Hotel beside the Cairns inlet. Lunch is to be held in the VIP room providing participants with panoramic views over Cairns city, the mountains and out to the Great Barrier Reef. The keynote will be a panel comprising Professors Kerrie Sadiq, Adrian Sawyer and Brett Freudenberg speaking to the topic "Building your academic CV".

The conference is to be held in mid-winter in Cairns so participants should expect an average daytime maximum temperature of 27C with a night time low of 21C. The Great Barrier Reef, Port Douglas, the Daintree, Undara Lava Tubes and Cape Tribulation are some of the options awaiting those who extend their stay in the region over the weekend or longer.

Registration is open to academics with a research interest in tax, as well as research higher degree students who are currently undertaking an honours, Masters or PhD dissertation in a tax related topic. While registration is free, numbers are limited and attendees will need to register by Friday **2 May 2014**. Attendees may register for one or both days. Advice as to the most economical travel options between Cairns city / airport and the University and accommodation options will be provided on registration.

Those interested in presenting a paper (including research higher degree students) are encouraged to submit a short abstract of their work by Friday **11 April 2014** (500 words) indicating whether they wish their paper to be part of the THC meeting on 26 June or the QTRS on 27 June. Authors will be notified of their acceptance by 28 April 2014. Note it is possible for tax academics to attend without presenting.

General enquiries about both the THC and QTRS (including paper submissions and registration) should be directed to:

Associate Professor Justin Dabner
Law School, James Cook University
Email: Justin.Dabner@jcu.edu.au
Ph: 07 4042 1093

Supporting Sponsors: Taxation Institute; Thomson Reuters; CCH Australia; Griffith University; QUT; UNSW

The **Journal of IFA Korea** is pleased to announce a call for papers for the third issue of Volume 29. The Journal of IFA Korea is a triannual peer reviewed journal published by International Fiscal Association Korea. It aims to stimulate research on international and comparative tax issues, problems, challenges and policies by academics, government officials and tax practitioners. The editorial board welcomes critical articles that analyze major recent tax issues and developments in their various contexts.

Articles for consideration should be written in English submitted as an email attachment to Prof. Hyejung Byun at hyejungbyun@yahoo.com by November 30, 2013.

All submissions must be original, unpublished works, not under consideration elsewhere and will be peer reviewed. Publication is subject to transfer of copyright to the publisher. Authors are provided with an honorarium. For further details see 'Submission Requirements' below.

Journal of IFA Korea Submission Requirements

Manuscript

- Manuscript must be original, unpublished work that has not been submitted or accepted for publication elsewhere, including for online publication.
- Personal details (name, qualifications, position) for publication and a delivery address, email address and phone number must be included with the manuscript on a separate page.
- Manuscript must be submitted electronically to Prof. Hyejung Byun (University of Seoul, hyejungbyun@yahoo.com) in Microsoft Word format.
- Manuscripts should be written in English preferably in MS-word file, A4 10 point and Times New Roman font, not longer than 8000 words inclusive of citations.
- Use footnotes rather than endnotes.
- Authors are responsible for the accuracy of case names, citations and other references.
- Tables and charts that are too wide to be accommodated in the text are usually placed separately in the page to which reference to them has been made.
- An abstract of 100-150 words must be included at the head of articles.
- An article must contain bibliographies cited at the end of the paper

Double Blind Peer Review

- Each article is, prior to acceptance, double blind reviewed by suitably qualified experts who are independent of the author.

Style

- Levels of headings must be clearly indicated (no more than four levels).

- Cases:

o Australia, Canada, New Zealand, and United Kingdom:

- Macquarie Finance Ltd v. FCT [2004] FCA 1170.
- IRC v. Duke of Westminster [1936] AC 1.

o United States:

- Herrick v. Lindley, 391 N.E.2d 729, 731 (Ohio 1979).

- Legislation:

o Australia

- Trustees Act 1962 (WA) s 90.

o United States

- Administrative Procedure Act s 6, 5 U.S.C. s 555 (1994).

o Pinpoint references:

- Section = s
- Sections = ss
- Paragraph = para

□ Paragraphs = paras

- Books are cited as follows:

o Deborah L. Rhode, *Justice and Gender* (1989) 56.

o Warren Blackmore, *Swiss Banking in an International Context* (1989) 259-61.

o In footnotes do not use *ibid* or *op cit*. Repeat author surname and add footnote reference to first mention. Eg: Blackmore, n 1 at 3.

- Journals are cited as follows:

o Thomson R. McCoy & Barry Friedman, *Conditional Spending: Federalism's Trojan Horse*, 1988 *Sup. Ct. Rev.* 85, 100.

o In footnotes do not use *ibid* or *op cit*. Repeat author surname and add footnote reference to first mention. Eg: McCoy & Friedman, n 3 at 4-5.

o Wherever possible use official journal title abbreviations.

- Internet references are cited as follows:

o Federal Department of Finance, *The Swiss Financial Centre* (2003)

<<http://www.dea.admin.ch/eda/e/home/foreign/ecopo?chfin.html>> at October 9, 2013.

Tax Reforms: Experiences and Perspectives 20 June 2014, Zagreb, Croatia

Subject

2014 will mark the 20th anniversary of the start of the Croatian tax reform. Therefore, Institute of Public Finance, Zagreb; Faculty of Economics, University of Zagreb and Faculty of Economics, University of Rijeka are planning to organise a conference. The aim is to compare experiences and draw lessons from tax reforms in different countries, particularly former transition economies that are now members of the EU, and euro area crisis countries such as Greece, Ireland, Italy, Portugal and Spain.

We are seeking papers that would address a number of issues:

□ What were the goals and accomplishments of tax reforms regarding efficiency, neutrality, fairness and redistribution?

□ How effective have the reforms been in terms of revenue collection, the role of tax administration, administrative and compliance costs, environmental impact, and in fostering entrepreneurial activity?

□ What have we learned from these experiences?

□ How should the tax systems of these countries evolve, keeping in mind constraints of membership in the European Union, the planned adoption of the euro by countries such as Croatia, increasing globalisation of economic activity, demographic changes, the need to enhance productivity and promote innovation and investment?

□ How are the tax systems of these countries likely to evolve, given the reforms that are underway?

Submission

Submissions of abstracts (300 to 500 words) or full papers consistent with topics of the conference can be made at any time until the deadline 20th December 2013, to taxreforms2014@ijf.hr. Submissions must be made in English and should include keywords as well as authors' full name(s) and affiliation(s) and contact details of the author in charge of correspondence, such as address, email address and phone number.

Acceptance for presentation will be communicated no later than 20th January 2014.

Completed papers are due by 20th May 2014.

Keynote speakers: Algirdas Šemeta, Member of the European Commission responsible for Taxation and Customs Union, Audit and Anti-Fraud

Sijbren Cnossen, Maastricht University and Erasmus University, Rotterdam

Michael Keen, IMF, Washington

Slavko Linić, Minister of Finance of the Republic of Croatia

Venue: Zagreb, Croatia

Publication

In the months following the Conference, the following options are offered:

- A special conference issue of Financial Theory and Practice (FTP), a double blind peer-reviewed academic journal, publishing articles in the field of public sector economics (Abstract Indexing: DOAJ, EconLit, HRČAK, IBSS, RePEc).
- Conference proceedings in the form of an edited book in electronic format.
- Depending on the number and quality of papers submitted, the organizers might also consider contacting some established academic publishers with a view to publishing an edited conference volume.

Contact

For more information please visit the conference website at: www.ijf.hr/taxreforms2014

12 Atax Research Fellowships 2014

In 2014 the School of Taxation & Business Law at UNSW, Australia will offer several Research Fellowships to **international** academics and professionals keen to further their research in the fields of taxation, business law and related disciplines. The maximum value of each fellowship is AUS\$ 6,000. The School may decide to award only one fellowship in any given year.

Fellowship duties

Research fellows normally spend four weeks working at the School of Taxation & Business Law on a mutually agreed area of research. During their stay, fellows are involved in the following activities:

- Producing at least one research paper on taxation or business law, in collaboration with Taxation & Business Law academic(s), to be published in a refereed journal with due acknowledgement of the fellowship
- Conducting a Taxation & Business Law research seminar for interested members of the broader tax/business law research community
- Participating in Taxation & Business Law collegial activities during the period of the fellowship

The School of Taxation & Business Law will provide office space and computer equipment at its Kensington campus in Sydney, Australia. Fellows will be responsible for organising their own travel and accommodation arrangements. The preferred timing for successful applicants to undertake the fellowship is March□May 2014 or August□October 2014, but other times of the year may also be possible.

Selection

Selection is based on the applicant's research proposal and on their ability to contribute to the School of Taxation & Business Law research profile. A track record in collaborating with Taxation & Business Law academics will be considered as an advantage.

Application

Applications are invited from **overseas** academic and professional researchers working in taxation, business law and related disciplines. To apply, applicants must send by email:

(i) A **letter of application**, indicating the area they wish to research under the Fellowship and anticipated publication(s), how they will collaborate with Taxation & Business Law academic(s), and their preferred timing to undertake the Fellowship.

(ii) A **current curriculum vitae**

Applications should be sent to:

Associate Professor Binh Tran-Nam,
Research Fellowship Convenor
School of Taxation & Business Law
UNSW, Sydney NSW 2052
Australia
Email: b.tran-nam@unsw.edu.au

Applications to undertake the Research Fellowship in 2014 must be received by 30 November 2013. Successful applicants will be notified by 31 December 2013 and undertake the fellowship in 2014.

Further information

For further information about the Research Fellowship, please contact Associate Professor Binh Tran-Nam by phone on +61 (2) 9385 9561 or by email b.tran-nam@unsw.edu.au

13 ATTA members in the media

Anamourlis, Tony

Williams, Marie-Claire & Watler, Kevin 'Questions over tax information exchange agreement', Tuesday, 29 October 2013 7:40 pm
<http://www.cayman27.com.ky/2013/10/29/questions-over-tax-information-exchange-agreement>

Anamourlis, Tony

'TIEAs now in question' Posted on Wed, 30/10/2013, CNS Business Thursday, 31 October 2013, <http://cnsbusiness.com/content/tieas-now-question>

Anamourlis, Tony

Williams, Marie-Claire & Watler, Kevin 'Attorney recommends review of TIEAs', Wednesday, 6 November 2013 12:55 pm,
<http://www.cayman27.com.ky/2013/11/06/attorney-recommends-review-of-tieas>

Stewart, Miranda

'TIEAs now in question' Posted on Wed, 30/10/2013, CNS Business Thursday, 31 October 2013, <http://cnsbusiness.com/content/tieas-now-question>

14 Tax, accounting, economics and law related meetings

Local

ATTA's **26th Annual Conference** will be held at Griffith University Monday 20 January to Wednesday 22 January 2014. The theme of the conference is *The Politics of Tax*. The conference will celebrate 26 years of tax teaching in Australasia. The conference organisers welcome papers on taxation, the teaching of taxation and taxation research. We particularly encourage new academics and postgraduate research students to submit papers. Further information about the conference (including accommodation options and the programme) will

be included in the future ATTA newsletters. In the meantime if you have any questions please contact Ms Renata Steenland at r.steenland@griffith.edu.au

11th International Conference on Tax Administration ‘Building trust through leadership, accountability and integrity’ 14 & 15 April 2014, Sheraton on the Park, Sydney, Australia. The International Conference on Tax Administration is a prestigious biennial event that brings together leading tax administrators, academics and practitioners from around the globe. Registration will open in early 2014. If you would like to be included on our mailing list please send your details to christine.brooks@unsw.edu.au

Tax Institute <http://www.taxinstitute.com.au> lists many of the TI conferences, conventions, seminars, breakfast clubs. For further enquiries, contact Jessi Guy (02) 8223 0043 or email jessiguy@taxinstitute.com.au. Register online at <http://www.taxinstitute.com.au> Call the National Events team on 1300 733 842 for more details. Please contact the National Events Team on 1300 733 842 or by email, nationaleducation@taxinstitute.com.au Follow us on Twitter @TaxInstituteOz. Danielle Marriott, Event and Member Services Executive The Tax Institute Phone: 02 8223 0000; Direct: 02 8223 0014 Fax: 02 8223 0077 daniellemarriott@taxinstitute.com.au

Overseas

American Accounting Association Calls for paper website <http://aaahq.org/calls/default.cfm>

Annual International Conference on Business, Law & Economics, 5-8 May 2014, Athens, Greece. Academic Member Responsible for the Conference: Dr Michael P. Malloy, Director, Business and Law Research Division, ATINER & Distinguished Professor, Pacific University, USA. Conference Website: <http://www.atiner.gr/ble.htm>

Canadian Tax Foundation <http://www.ctf.ca/ctfweb/en>

Institute for Fiscal Studies Conferences and seminars
<http://www1.ifs.org.uk/conferences/index.shtml>

Forthcoming events for the **Institute for Austrian and International Tax Law of WU** (Vienna University of Economics and Business) in 2013/14:

November 21, 2013 – Inaugural Lecture of Prof. Edoardo Traversa, . "Tax incentives and territoriality: reassessing the ECJ case-law in the light of the principles of federalism and sound tax policy"

November 21-23, 2013 – Conference: “Recent and Pending Cases at the ECJ on Direct Taxation”

December 9, 2013 - KPMG-WU-Workshop (in German)

December 10, 2013 - Panel discussion with tax partners of accounting firms (in German)

December 15, 2013 – Cocktail reception for VAT Pending Cases

December 16-18, 2013 – Conference: “VAT Pending Cases”

January 20, 2014 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Jörg Schwenker / Frederik Boulogne

January 22, 2014 - 4. Wiener Symposium zum Unternehmenssteuerrecht (in German)

January 23, 2014 - Semester Closing

March 12, 2014 - Semester Opening

March 12-14, 2014 - Conference on a Tax Policy topic

March 17, 2014 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Marc Desens / Georg Zehetmayer

March 20, 2014 – IFA-Event

March 31, 2014 - KPMG-WU-Seminar (in German)

April 25/26, 2014 - Wiener Bilanzrechtstage (in German)
April 28, 2014 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Michael Droege / Niels Winther
April 29, 2014 Wolfgang Gassner Gedächtnisvorlesung (in German)
May 13, 2014 - Panel discussion with partners of law firms (in German)
May 19, 2014 - KPMG-WU-Seminar (in German)
May 26, 2014 - PwC-WU-Seminar: Current Developments in European and International Tax Law: Stefan Geibel / Richard Jerabek
June 26, 2014 - Semester Closing
June 27, 2014 - 21th Symposion on International Tax Law "Update of the OECD-Model Convention"
July 3-5, 2014 - Conference (Rust, Burgenland)

Foundation for International Taxation **19th International Taxation Conference 5-7**
December 2013, ITC Maratha Hotel, Mumbai, India, http://fitindia.org/conference_2013.htm
In the programme of the conference, several topics will be covered:

- International tax and treaty conflicts
- Emerging international tax trends in India
- International tax developments
- International tax structuring for investing abroad
- Transfer pricing developments and conflicts
- Indian tax and transfer pricing cases and developments

International Bureau of Fiscal Documentation. Various courses in Amsterdam, the Netherlands or in Malaysia. For details, see <http://www.ibfd.org> The IBFD International Tax Academy (ITA) runs an extensive international course program. Generally all courses are held in Amsterdam. Should you require any further information or wish to register please refer to their web site www.ibfd.org or contact the International Tax Academy at +31-20-554 0160 or by e-mail ita@ibfd.org

For 2013 courses go to

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation>

Transfer Pricing and Attribution of Profits to Permanent Establishments 4 - 6 November 2013 (Netherlands)

Principles of Transfer Pricing 2 - 6 December 2013 (Netherlands)

Base Erosion and Profit Shifting - Selected Issues 3 - 5 March 2014 (Netherlands)

Principles of Transfer Pricing 5 - 9 May 2014 (Malaysia)

Taxation of Supply Chain Restructuring 6 - 8 May 2014 (Netherlands)

ITA109 Fundamentals of Transfer Pricing (Online course)

IFA and IBFD 75th Jubilee Asia-Pacific Tax Conference - 28-29 November 2013, Hilton Kuala Lumpur Hotel, Kuala Lumpur. The 2-day conference programme will look into tax trends, anti-avoidance, tax planning, the use of criminal provisions and sanctions, developments in tax treaties, tax litigation, customs and free trade, transfer pricing as well as VAT/GST. It will also feature a panel session on investing into the Indochina Region.

Confirmed speakers

1. Anand Raj, Shearn Delamore & Co. Malaysia
2. Aurobindo Ponniah, IBFD
3. Bhupinder Singh, Petronas Malaysia
4. Chas Roy-Chowdhury, ACCA United Kingdom
5. Prof. Craig Elliffe, University of Auckland, New Zealand
6. James Hunter, Ernst & Young Hong Kong
7. Prof. Jan de Goede, IBFD
8. Kang Beng Hoe, Taxand Malaysia
9. Li Ying, Siemens China
10. Luis Coronado, Ernst & Young Singapore
11. Michael Evans, University of Melbourne Law School, Australia
12. Michael Hendroff, Intel Malaysia
13. Michael Olesnick, Baker & McKenzie Hong Kong
14. Prof. Miranda Stewart, University of Melbourne, Australia
15. Mohd Nizom bin Sairi, Inland Revenue Board of Malaysia
16. Mukesh Butani, BMR Advisors India
17. Noor Azian Abdul Hamid, Inland Revenue Board of Malaysia

18. Paul Drum, CPA Australia 19. Pieter de Ridder, Loyens & Loeff Singapore
20. Porus Kaka SC, IFA President elect 21. Raja Kumaran, PricewaterhouseCoopers Malaysia
22. Rakesh Dharawat, KPMG India 23. Robert Fletcher, Deloitte Singapore
24. Robert Tsang, Deloitte Singapore 25. Sandra Segaran, Deloitte Malaysia
26. Serjit Singh, Shell Malaysia 27. Shubendu Misra, Ernst & Young Singapore
28. Sobramaniam Tholasy, Royal Malaysian Customs Department 29. Steve Towers, Deloitte Singapore
30. Sunil Gupta, Central Board of Direct Taxes India
31. Sunny Choong, Standard Chartered Bank Singapore 32. Surin Segar, Maybank Malaysia
33. Thanneermalai Somasundaram, PricewaterhouseCoopers Malaysia
34. Todd Beutler, DLA Piper Hong Kong 35. Dr. Veerinderjeet Singh, IFA Malaysia/Tax and Malaysia
36. Prof. Yasuhiro Masui, University of Tokyo, Japan

The ITA also offers tailor-made in-house courses on a worldwide basis for corporate clients, tax administrations and other organizations.

Should you have any queries, please contact Arcotia Hatsidimitris, Head of the International Tax Academy by telephone +31-20-554 0180, or by a.hatsidimitris@ibfd.org
ITA Courses Tel.: +31-20-554 0160; Fax: +31-20-620 9397; Email: itacourses@ibfd.org

International Fiscal Association Congresses <http://www.ifa.nl/pages/default.aspx>

IFA and IBFD 75th Jubilee Asia-Pacific Tax Conference - 28-29 November 2013

2014 **Mumbai, India** (12 October 2014 - 17 October 2014) Website:

www.ifa2014mumbai.com

Subject 1: Cross-border outsourcing - issues, strategies and solutions

Subject 2: Qualification of taxable entities treaty protection

2015 **Basel, Switzerland** (30 August 2015 - 4 September 2015) www.ifabasel2015.com

Topics under consideration as Subjects 1 and 2 of the Congress are "The use of tax measures in the area of research and development (R & D)" and "Taxation and fundamental rights: taxpayers' procedural rights in a globalised world"

2016 **Madrid, Spain**

2017 **Rio de Janeiro, Brazil**

2018 **Seoul, Korea, Rep. of**

2019 **London, United Kingdom**

International Conference of Chinese Tax and Policy, Xiamen University, Xiamen, China on 14-15 December 2013. Jointly organised by The University of Sydney Business School, the *Journal of Chinese Tax and Policy*, the Department of Public Economics of Xiamen University and the Taxation Law and Policy Research Institute of Monash University.
<http://sydney.edu.au/business/research/journals/jctp/conference>

International Atlantic Economic Society (IAES) conference www.iaes.org for more information. Prof Dr M. Peter van der Hoek Academy of Economic Studies, Bucharest, Romania and Erasmus University, Rotterdam, Netherlands. Mailing address: Erasmus University (L 7-20) P.O. Box 1738 NL-3000 DR Rotterdam Netherlands Phone/Fax: +31-10-4081622 E-mail: vanderHoek@frg.eur.nl

International Tax Planning Association Forthcoming meetings

<http://www.itpa.org/meetings.html>

Tax Reforms: Experiences and Perspectives, 20 June 2014, Zagreb, Croatia, Institute of Public Finance, Zagreb; Faculty of Economics, University of Zagreb and Faculty of Economics, University of Rijeka. The aim is to compare experiences and draw lessons from tax reforms in different countries, particularly former transition economies that are now members of the EU, and euro area crisis countries such as Greece, Ireland, Italy, Portugal and Spain. There is no registration fee. Keynote speakers include: Algirdas Šemeta, Member of

the European Commission responsible for Taxation and Customs Union, Audit and Anti-Fraud; Sijbren Cnossen, Maastricht University and Erasmus University, Rotterdam Michael Keen, IMF, Washington; Slavko Linić, Minister of Finance of the Republic of Croatia. In the months following the Conference, the following options are offered:

- A special conference issue of Financial Theory and Practice (FTP), a double blind peer-reviewed academic journal, publishing articles in the field of public sector economics (Abstract Indexing: DOAJ, EconLit, HRČAK, IBSS, RePEc).
- Conference proceedings in the form of an edited book in electronic format.
- Depending on the number and quality of papers submitted, the organizers might also consider contacting some established academic publishers with a view to publishing an edited conference volume.

For more information please visit the conference website at: www.ijf.hr/taxreforms2014

Other useful tax and law related conference websites include the International Bar Association:

http://www.ibanet.org/Conferences/conferences_home.aspx

IBFD Course calendar

<http://www.ibfd.org/portal/app?bookmarkablePage=org.ibfd.portal.presentation.TaxCourses>

International Events and Law Conferences

<http://internationaleventsandlawconferences.yolasite.com>

Law Conferences Worldwide <http://www.conferencealerts.com/law.ht>

New South Wales Bar Association

http://www.nswbar.asn.au/docs/professional/prof_dev/CPD/programme/index.php

Law Council of Australia <http://www.lawcouncil.asn.au/conferences/events-and-conferences.cfm>

LexisNexis Professional Development Calendar of events

<http://www.lexisnexis.com.au/aus/conferences/calendar/default.asp>

See also the *inTax* Seminars Directory, published in *inTax Magazine*.

Practising Law Institute <http://www.pli.edu/>

New York County Lawyers Association <http://www.nycla.org>

American Bar Association <http://w3.abanet.org/home.cfm>

New York Bar Association <http://www.nysba.org/>

Hieros Gamos Worldwide Law Events Calendar <http://www.hg.org/calendar.html>

For social sciences and humanities conferences, meetings etc, see Mind: The Meetings Index

<http://www.interdok.com/mind> See also the magazine *Australian Conference & Exhibition Diary*, Vamosi Information Publication.

15 Recent publications

Bold indicates ATTA members. Readers are encouraged to notify the Editor of recently written publications for notification, in these pages. Please note some of the overseas publications listed may not yet be available locally.

Local

Alderman, Richard ‘Combating transnational tax crimes and corruption: a practitioner’s perspective’, Paper delivered at the University of Sydney School of Business Seminar, 30 April 2013

http://sydney.edu.au/business/__data/assets/pdf_file/0007/171808/Richard_Alderman.pdf

(2013) 28 (3) *Australian Tax Forum*

- Extinguishment of tax attributes (eg losses) on death under Australia’s income tax is anomalous and inequitable - **Dale Boccabella**

- Transfer pricing tax audits in Asia Pacific: the case of MNEs in Malaysia - Ming Ling Lai, Shaikh Osman Muzairi and **Lin Mei Tan**
- Multilateral advance pricing agreements – a multifaceted approach to a global conundrum? - **Michelle Markham**
- Corporate tax strategy in the Australian dividend imputation system - **Catherine Ikin** and **Alfred Tran**
- Tax-induced earnings management within a dividend imputation system - Balasingham Balachandran, Dean Hanlon and Hanghang Tu
- Playing with fire: resetting cost bases of assets in consolidated groups - **Antony Ting**
- Trans-tasman thin capitalisation rules and treaties: implications for New Zealand and Australia on tighter thin capitalisation ratios - **Craig Elliffe**
- How close are taxable income and accounting profit? An empirical study of large Australian companies - **Shirley Carlon, Alfred Tran** and **Binh Tran-Nam**
- Raise top tax rates, not the GST - Patricia Apps and Ray Rees

(2013) 42 (4) *Australian Tax Review*

Editorial - If it wasn't broken, why try to fix it?

Judicial construction of Part IVA: What to expect from the application of existing principles going forward – Richard Edmonds

The 2013 Part IVA “reforms” – A H Slater

The new “improved” Part IVA – with extra tax benefit! – **Gordon Cooper** and Tim Russell

Taxation by analogy – **Graeme S Cooper**

The GAAR panels in Australia and the UK: Identical twins or distant cousins? – **Ann O'Connell**

When is avoiding tax not abusive? Comparative approaches to a GAAR in Australia and the United Kingdom – Malcolm Gammie CBE QC

Black, Celeste ‘Live export and the WTO: considering the exporter supply chain assurance system’ (2013) 11 *Macquarie Law Journal* 77-98

http://www.law.mq.edu.au/law_journals/macquarie_law_journal

Fong, Colin ‘Sub-ordination – 21 years later’ (2013) Issue 7 *Court of Conscience* 52-54

<http://unswlawsoc.org/Documents/2013/Education/S2W13-%20Court%20of%20Conscience%202013.pdf>

Lyster, Rosemary ‘Repealing the carbon tax: hidden costs and unanswered questions’ *The Conversation* 16 October 2013 <http://theconversation.com/repealing-the-carbon-tax-hidden-costs-and-unanswered-questions-19203>

Oleson, Neil ‘Reinventing the ATO – ready, willing and underway’, Speech by Second Commissioner, Law Design and Practice to the CPA Congress, Canberra, 17 October 2013 <http://ato.gov.au/Media-centre/Speeches/Reinventing-the-ATO---ready,-willing-and-underway>

(2013) 17 (2) *The Tax Specialist*

- The role of motor vehicle taxes in shaping Australia’s oil policy - **Prafula Pearce & Dale Pinto**
- “... mere contractual analysis”: GST and the Ten Commandments - Gordon Brysland
- Expanding TARP to capture goodwill and mining information - Martin Fry
- Takeovers of listed landholders: Managing the duty implications - Peter McMahon
- Traps in valuations for tax purposes - Hung Chu

(2013) 48 (5) *Taxation in Australia*

- Tax tips: GST: Purchase of leased premises – John Gaal

- Superannuation: How to deduct superannuation contributions by passive investment trusts - Bryce Figot and David Oon
- Tax cases: SPI PowerNet: Is a franchise fee deductible? - Michael Norbury
- Mid-market focus: Solar panels - Steven Toth
- Trusts are tricky: Difficulties in the administration of the GST law - Gold Mathoda
- Senior tax counsel's report: The tax priorities of the new federal coalition government - Robert Jeremenko
- ATO market valuation guidelines: Risky business - Michael Churchill and Kalem Sammut
- Managing a tax audit - Adrian Abbott and Kevin Munro
- Takeovers of listed landholders: Managing the duty implications - Peter McMahon

Tax Institute Seminar and convention papers:

Tasmanian Division – published October

- Div 7A: One step forward - How many backwards? - Michael Hine
- Superannuation: Actuarial insights into exempt current pension income and longevity - Melanie Dunn
- Small business CGT concessions - Keeping out of harm's way - Robert Warnock
- A review of major tax developments in 2013 - Michael Parker
- Being involved with tax fraud can land you in jail - never a participant nor a helper be - David Williams
- Tax and social networking - **Elen Seymour**

Victorian Division – published October

- Cases and rulings for large corporates - An update - Carmen McElwain, Rimma Miller and Daniel Slater
- R&D and other incentives - Are you making the most of them? - Damon Cantwell
- International tax for SME clients - Latest developments - Denise Honey and Sarah Prelorenzo
- Cases and rulings for SMEs - An update - Melanie Baker
- Employee Share Schemes - Current trends and issues - Andrew Clements
- Evidence: Defending your position - Daniel McInerney
- The accidental property developer - Ben Payne
- What's hot in super - Daniel Butler and David Oon
- Tax consolidation for SMEs - Neil Lamb
- Stamp duty - Hot topics arising from the introduction of the Victorian landholders' duty regime - Geoff Mann
- Cloud computing - Understanding the tax implications - Frank Putrino and Brendan Rynne
- Inheriting an international client - Chris Wookey
- The transparency - Are we entering a new age? - Tony Stolarek and Frank Drenth
- The trust bastion - Graeme Halperin
- Have the courts settled how tax consolidation is to be interpreted and applied? - Michael Flynn and Aldrin De Silva
- Developments in legal professional privilege - Toby Knight
- Estate planning - Rob Jeremiah and Amanda Morton

NSW Division – published October

- Tax base erosion - Emerging and likely developments - **Richard J Vann**

Overseas

For Bureau of Fiscal Documentation journals listed below, you can also view this content on your mobile via m.ibfd.org

Asia-Pacific Tax Bulletin Number 5 -2013

Australia - Taxation of Trusts – The Problem of Aligning Concepts of Income - **Catherine Brown**
 China (People’s Rep) - The New Tax Treaty with the Netherlands - Carola van den Bruinhorst and Martijn de Lange
 Indonesia - Taxation of Cross-Border Dividends, Interest, Royalties and Service Fees - Pieter de Ridder
 Philippines - Structuring Foreign Investments - Maria Rosario L Bernardo and Gia Angeli R Geraldez
 Transfer pricing
 China (People’s Rep) - Location Savings and Other Location-Specific Advantages - Brett A Norwood
 India - Location Savings - Bipin Pawar and Shilpa Udeshi
 Indonesia - Thin Capitalization and Secondary Adjustments - Nazly Siregar and Eddy Utama Tambunan
 Philippines - The 2013 Transfer Pricing Guidelines - Carlos T Carado II
 Reports on the following: Australia, Australia/New Zealand, China (People’s Rep.), Hong Kong, India, India/Indonesia, India/Japan, India/Singapore, Indonesia, Korea (Rep.), Laos, Malaysia, Nepal, New Zealand, Pakistan, Singapore, Sri Lanka, Taiwan, Taiwan/New Zealand, Timor-Leste and Vietnam

British Tax Review Number 4 2013

Current Notes

Automatic exchange of information—the arrival of a new international norm of taxation - Philip Baker

Creating new UK institutions for tax governance and policy making: progress or confusion? Judith Freedman

Case Notes

UK Uncut Legal Action v HMRC: legal inaction and a return to Fleet Street - Dominic de Cogan

Mertrux v HMRC: goodwill and roll-over relief - Ryan Hawthorne

Pitt v Holt and Futter v Futter: the rule in Hastings-Bass, mistake, and tax avoidance - Francis Ng

Article: Moral Taxation, Immoral Avoidance—What Role for the Law? Malcolm Gammie

Brooks, Kim (ed) *The quest for tax reform continues: The Royal Commission on Taxation fifty years later*, Carswell, Toronto, 2013, \$Canadian 125.00, ISBN: 978-0-7798-5491-2. This book presents a collection of papers written by leading tax experts from Canada, the United States, and Australia, edited by Kim Brooks, based on a series of discussions on the evolution of tax policy since Canada's Carter Commission. <http://www.carswell.com/product-detail/the-quest-for-tax-reform-continues-the-royal-commission-on-taxation-fifty-years-later>

Introduction - Kim Brooks

Tax Justice

1. The Politics of Fairness: Income Tax in Canada Before 1917 - Elsbeth Heaman

2. The Politics of Carter-era Tax Reform: A Revisionist Account - Shirley Tillotson

3. Drawing the Boundaries of Tax Justice - Allison Christians

4. Tax Levels, Tax Mixes and Income Redistribution in Canada and Selected OECD Countries Since Carter - Thaddeus Hwong

Base Reform

5. The Carter Report’s Corporate Income Tax Proposals: Why They Were Rejected and an Assessment of the Current Canadian System as an Imperfect Alternative - Kirk A Collins and Tim Edgar

6. The Carter Commission and the Value-Added Tax (VAT): A Prescient Review of the VAT Before its Time had Come - **Kathryn James**

7. Revisiting the Carter Commission’s International Tax Work - Arthur J Cockfield and Catherine Brown

8. Convergence, Divergence, and the Limits of Tax Globalization: The Canadian Experience - Michael A. Livingston
Human Relationships
9. “Beyond Conjuality”: Time for the Tax System to Take that Concept Seriously - Claire Young
10. Views of Dependency in the Tax System: The Minimal Changes over the Past 50 Years - Tamara Larre
11. As the Baby-Boomers Age, How Should They be Taxed?: The “Old” Age Tax Credit and “New” Age-Dependent Taxation - Faye L Woodman
12. Taxing Me or We: Yet Another Look at the Carter Commission’s Recommendation for Joint Returns - Chris Sprysak
Administration and Enforcement
13. Settlement and Compromise in Canadian Income Tax Law Since Carter - Colin Jackson
14. Noncharitable Nonprofit Organizations in Canada - Lori McMillan
15. Assessing the Fairness of Tax Avoidance: The Need to Consider Economic Substance - Carl MacArthur

Bulletin for International Taxation Number 11 - 2013

- Tax treaty monitor - International - Some Thoughts on Convergence and Tax Treaty Interpretation - Wim Wijnen
International - Taxation of Human Capital and Employment aboard Ships: Identification of the “Economic Employer” in International Maritime Practice - Daniele Dal Corso
Tax treaty case law monitor - South Africa/Luxembourg - Exit Taxation Arising from a Deemed Disposal of Shares - Markus Seiler
International - Voluntary Compliance - Roman Seer
The New Regulatory Framework in the European Union and the Role of the Independent Fiscal Authority - Patricia Lampreave
Transfer Pricing in Scandinavian Countries with Reference to the Corporate Income Tax Burden in the 34 OECD Member Countries – Denmark, Finland, Norway and Sweden Compared - Rainer Zielke
International/European Union/Australia/Austria/Netherlands/United States - Cross-Border Charitable Giving and Its Tax Limitations - Sabine Heidenbauer, Sigrid Hemels, Brigitte W. Muehlmann, **Miranda Stewart**, Otmar Thömmes and Tina Tukić

(2013) 61 (3) *Canadian Tax Journal*

- http://www.ctf.ca/CTFWEB/EN/Publications/CTJ_Contents/2013CTJ3.aspx
Rectification of Tax Mistakes Versus Retroactive Tax Laws: Reconciling Competing Visions of the Rule of Law — Catherine Brown and Arthur J Cockfield
Awareness and Use of Canada's Children's Fitness Tax Credit — Koren L Fisher, Amin Mawani, Barbara Von Tigerstrom, Tamara Larre, Christine Cameron, Karen E Chad, Bruce Reeder, and Mark S Tremblay
JL Ilsley and the Transformation of the Canadian Tax System: 1939-1943 — Colin Campbell
A Few Thoughts on Treaty Shopping — Robert Couzin
Policy Forum: Editor's Introduction - Income Splitting — Kevin Milligan
Policy Forum: Tax Consequences of Income Splitting for Canadian Households — Matt Krzepkowski
Policy Forum: The Impact of the Income-Splitting Proposal on Labour Force Participation and Other Household Decisions — Elisabeth Gugl
Policy Forum: Real Versus Notional Income Splitting - What Canada Should Learn from the US "Innocent Spouse" Problem — Lisa Philipps
Current Cases: (SCC) *Daishowa-Marubeni International Ltd. v. Canada*; (FCA) *CAE Inc. v. Canada*; (FCA) *Canada v. MacDonald*
International Tax Planning: Are You Ready for the Upstream Loan Rules?
Personal Tax Planning: Registered Savings Plan: Investing Without Penalty (Abstract - PDF)
Planification fiscale personnelle: Régimes enregistrés d'épargne: Investir sans pénalité

Corporate Tax Planning: The CRA's Tax Transparency Initiatives: Implications for a Corporate Governance Response
Current Tax Reading

(2013) 61 *Canadian Tax Journal* Special Supplement

http://www.ctf.ca/CTFWEB/EN/Publications/CTJ_Contents/2013CTJSP.aspx

Introduction

The Evolution of Indirect Taxes — Jean-Hugues Chabot and Mary Anne McMahon 45 Tax Law Practice, from Yesterday to Tomorrow — Pierre Cossette

The Federal Court of Appeal to the Rescue of Civil Law — The Honourable Justice Robert Décary

The Power To Audit Is the Power To Destroy: Judicial Supervision of the Exercise of Audit Powers — Guy Du Pont and Michael H. Lubetsky

Federal and Quebec Incentives for Resource Exploration—Flowthrough Shares — Claude E. Jodoin

GAAR: Observations on the Concept of Abuse — Denis Lacroix

Some Thoughts on Disclosure Rules in Canada: A Peek into the Future — Gilles Larin

The Role of the Attorney General in Tax Litigation — Wilfrid Lefebvre

Canada's System of International Taxation: A Look Back and a Look Forward — Brian Mustard

Outbound Foreign Direct Investment: 25 Years of Searching for the Right Balance—The Parameters of the Canadian Cone, the Canadian Hourglass, and the Canadian Tax Base — Angelo Nikolakakis

GAAR at 25: A Trip Down Memory Lane and Charting an Uncertain Future — Richard W. Pound

Lawyers Are from Mars, but Tax Lawyers Are from Venus — Manon Thivierge

The Rise and Dominance of Transfer Pricing in Canada — Alfred Zorzi and Al Rizzuto

European Taxation Number 11 - 2013

Hybrid Financial Instruments and Primary EU Law – Part 1 - Jakob Bundgaard

Switzerland - Lump-Sum Taxation – Quo Vadis? Roland Suter

International - OECD Actions To Counter Tax Evasion and Tax Avoidance (2013): Base Erosion and Profits Shifting and the Proposed Action Plan, Aggressive Tax Planning Based on After-Tax Hedging and Automatic Exchange of Information as the New Standard - Andrei Cracea

EU update: Commission - Laura Pakarinen; Court of Justice - Laura Pakarinen

Germany - Tax Liability on Dividends from Portfolio Investments: Amendments under the Act on the Implementation of the ECJ Decision in Case C-284/09 - Tobias Hagemann and Christian Kahlenberg

Transferring a Company's Tax Residence within the European Union: Implementation of the New Italian Exit Taxation Rule - Massimo Mojana and Simone Marchiò

Goldberg, Daniel S *The death of the income tax: a progressive consumption tax and the path to fiscal reform*, New York, Oxford University Press, 2013

Günther, Oliver-Christoph & Tüchler, Nicole (eds) *Exchange of information for tax purposes*, Linde Verlag Wien, 2013, ISBN 978-3-7073-2409-9

McMechan, Robert *Economic substance and tax avoidance: an international perspective*, Toronto, Carswell, 2013

Simader, Karin & Titz, Elisabeth (eds) *Limits to tax planning*, Linde Verlag Wien, 2013, ISBN 978-3-7073-2408-2

World Tax Journal Number 3 - 2013

Editorial: The Long March of International Taxation towards a Global Tax Legal Order - Pasquale Pistone
Profit Shifting and “Aggressive” Tax Planning by Multinational Firms: Issues and Options for Reform - Clemens Fuest, Christoph Spengel, Katharina Finke, Jost H Heckemeyer and Hannah Nusser
Taxing Capital Income in Emerging Countries: Will FATCA Open the Door? Itai Grinberg Stamp, Seligman and the Drafting of the 1923 Experts’ Report on Double Taxation - **Sunita Jogarajan**

16 Quotable quotes

“A lawyer who has worked with three businessmen arrested as part of an Operation Wickenby investigation into tax evasion says the federal government taskforce is a “Gestapo unit” that should be shut down.

...

He slammed Tax Office deputy commissioner Greg Williams for remarks in a press release issued yesterday morning in which Mr Williams described the arrests as “a warning to people who abuse tax secrecy havens” and promised to “hold tax cheats accountable”.

“The fact that Greg Williams is prepared to make those sort of comments about three men who have not yet been convicted of any crime indicates the kind of fanaticism that is at work in the ATO,” Mr Hyde Page said. “The Wickenby era is disgusting.””

Source: Butler, Ben ‘Lawyer lashes out at 'Gestapo unit' in ATO’, *Sydney Morning Herald* Business Day 17 October 2013 <http://www.smh.com.au/business/lawyer-lashes-out-at-gestapo-unit-in-ato-20131017-2vo18.html>

“Placing a price on greenhouse gas emissions pollution, either by a tax or by an emissions trading scheme, is the least-cost way to reduce pollution.”

Source: Prof John Freebairn as quoted, in: Wade, Matt & Hutchens, Gareth ‘Abbott plan fuels scepticism’ *Sydney Morning Herald* 28 October 2013 pp 1 & 10

“5. Thou shalt tax religious bodies.

When the priests came to him to ask whether they should pay tax to Rome, Jesus held up a coin with Caesar's face on it and said "render to Caesar the things that are Caesar's and to God the things that are God's". Organised religions amass huge fortunes and are not taxed. The government gives funding to religious schools. I don't get exemptions for my belief in science and reason. So if you want a budget surplus ... there it is right there.”

Source: McWatters, Nikki ‘Ten commandments for our Christian PM’ *Sydney Morning Herald* 19-20 October 2013 p 12

“I’m not being critical of Google: I think they’re a fine company and do a good job except I would like them to pay their share of tax, which should be greater than what we pay. We compete with people who don’t pay tax.” (quoting Seven West Media chairman Kerry Stokes)

Source: Mitchell, Jake ‘Seven’s Stokes calls on Google to pay its tax share’ *Australian Financial Review* 14 November 2013 p 7
