

# **Evaluating Australia's Tax Dispute Resolution System: A Dispute Systems Design Perspective**

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Dispute Systems Design (DSD) refers to a deliberate effort to identify and improve the way an organisation addresses conflict by decisively and strategically arranging its dispute resolution processes. DSD involves the design and implementation of a dispute resolution system that is conceptualised as a series of procedures for handling disputes, rather than an individual procedure.

A number of principles have been put forward by various DSD practitioners for best practice in effective DSD. However, to date tax dispute resolution is an area that has not been examined extensively utilising DSD principles. Moreover, to the researcher's knowledge, currently only two researchers have conducted studies utilising DSD principles in analysing tax dispute resolution systems (and other procedures connected with them) around the world. These studies by Bentley (1996, 2007) and Mookhey (2013) were conducted in relation to the Australian tax dispute resolution system.

This paper builds primarily on the work of Mookhey (2013) through evaluating the effectiveness of the design of the current Australian tax dispute resolution procedures utilising a comprehensive range of DSD principles drawn from the prior DSD literature. This is set against the background of the increasing use of alternative dispute resolution (ADR) initiatives by the Australian Taxation Office (ATO) in order to manage and resolve disputes with taxpayers. Similar to Mookhey (2013), this paper concludes that the Australian tax dispute resolution system follows many of the DSD principles of best practice identified in the DSD literature. However, there are still some deficiencies, including the absence of first-level access to external review. Accordingly, this paper makes some suggestions for improvements to the Australian tax dispute resolution procedures from a DSD perspective.

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