

Proposed paper for ATTA 2015 Conference

Tax reform and tax simplification in Australia: An economic perspective

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Abstract

There have been repeated calls for tax simplification from all quarters of the Australian society since the Asprey Commonwealth Taxation Review in 1975. Yet there is ample evidence that the Australian tax system, especially at the Commonwealth level, is getting more complex over the years. The principal aim of this paper is three-fold. First, it considers the concept of tax simplicity (or it mirror tax complexity) and the consequential meaning of tax simplification. Second, it traces out the recent history of tax simplification in Australia. In particular, it analyses why policy simplification has not been achieved in the case of Australian Commonwealth taxation. Third, it examines the use of tax compliance costs as a measure of tax complexity. It is ironical that while tax compliance costs are widely regarded as a not meaningful indicator tax complexity, it is not easy to employ tax compliance costs to measure the changing level of tax complexity.