

# **The impact of recent tax changes on tax complexity and compliance costs: A tax practitioners' perspective\***

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## **Abstract**

This article reports the results of an online survey of Australian tax practitioners conducted in May 2014. It is part of a recently completed ARC Linkage project on tax system complexity involving researchers from UNSW Australia, the University of Tasmania and Monash University. Survey participants were drawn from the membership of the then Institute of Chartered Accountants in Australia (now Chartered Accountants Australia & New Zealand) which is the Industry Partner of the project. The purpose of the survey was to gain further insight into (i) how tax changes impact on the role of tax practitioners in assisting their clients to comply with tax obligations (including tax planning), and (ii) the possible managerial benefits that business taxpayers may derive from their relationship with a tax practitioner. This article focuses only on the first objective of the survey.

The online survey attracted 241 respondents and preliminary analysis of the data obtained reveals a number of key findings, some of which are confirmatory. First, respondents see tax planning as almost as important as tax compliance in their role as tax practitioners. Interestingly, this perception becomes weaker as firm size becomes larger. Second, respondents consider that the frequent changes to tax rules over the previous five-year period had an adverse impact on their practice and the nature of the tax services provided to their clients. They also perceive those frequent changes as a main driver of tax complexity. Third, respondents claim that they incur non-trivial annual costs of coping with tax changes and can ultimately pass only a small proportion of these costs to their clients. Fourth, respondents exhibit a largely negative view about the impact of cumulative effects of tax changes over the previous five-year period upon their ability to advise clients with certainty, particularly in relation to tax planning; and upon the time and stress associated with tax return preparation.

**Keywords:** tax practitioner, tax changes, tax planning, tax compliance costs, tax complexity.

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## 1. Introduction

Tax compliance often requires tax practitioners to bridge the gap between taxpayers and tax administrators. A tax practitioner is the generic term used in this article to describe a person who charges a fee for tax advice or for the preparation of tax-related documents such as an annual income tax return or Business Activity Statement (BAS). Elsewhere in the literature and in practice this person may be referred to as a ‘paid preparer’, ‘tax agent’, ‘tax professional’, ‘tax advisor’ or, more generically, ‘tax intermediary’. As an intermediary between taxpayers and tax administrators, tax practitioners wear many hats and this will be further elaborated in the next section.

The use of tax practitioners by taxpayers to prepare their annual income tax returns is a long-standing and common practice in Australia. In the late 1990s, Australian individual taxpayers were generally considered to be amongst the most intermediary-dependent in the developed world (McKinstry and Baldry 1997: 126). This seems to persist into the 2000s as Australia was ranked in 2004 the second highest country in the world in terms of proportion of individual income tax returns prepared with the assistance of tax practitioners (77%) (see OECD 2005: Table 9). Only Italy (with 96%) had a higher figure than Australia. The extent of the use of tax practitioners in Australia will be further discussed in Section 2 of this article.

In the past 15 years Australian tax practitioners have been regularly bombarded with frequent and wide-ranging tax changes as well as many failed or abandoned tax change proposals. Some of the most significant tax changes include the GST based tax reform, the introduction of the BAS and more frequent tax reporting, *Tax Agent Services Act 2009* (Cth), e-filing, pre-filled income tax returns and most, recently, the MyGov initiative.<sup>1</sup> Some of the abandoned attempts to introduce significant tax changes include the Tax Value Method and standard deduction for the cost of work-related expenses and the cost of managing tax affairs, whereas the Small Business Capital Gains Tax Concessions could be considered as a failed tax simplification attempt. Surprisingly there is virtually no Australian study that examines how these tax changes cumulatively affect the relationship between tax practitioners and their clients, or the ability of tax practitioners to reduce taxpayer uncertainty, or the determination of tax compliance costs.

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<sup>1</sup> Under this new initiative, the ATO is bypassing tax practitioners to communicate directly with taxpayers.

The article presents part of the outcomes of an online survey of Australian tax practitioners, conducted in May 2014. The survey was carried out with the assistance of the then Institute of Chartered Accountants in Australia (ICAA) (now Chartered Accountants Australia and New Zealand), which is an industrial partner of an ARC Linkage project involving researchers from UNSW Australia, the University of Tasmania and Monash University. This study of Australian tax practitioners constitutes an integral component of the overall ARC project on assessing and addressing tax system complexity.

The principal aim of this article is to examine how tax changes impact on the role of tax practitioners in assisting their clients to comply with tax obligations (including tax planning). Specific research questions include (i) what do Australian tax practitioners perceive as their main role, (ii) what do they perceive as the main drivers of tax complexity in Australia, (iii) how well do they cope with tax changes and how much can they pass on to their clients, and (iv) what is their overall assessment of the cumulative effects of tax changes over the previous five-year period upon their ability to advise clients? However, this article is not concerned with managerial benefits of tax compliance, which represents the second component of the survey mentioned above.

The remainder of this paper is organised as follows. After a concise review of the role of tax practitioners, Section 3 briefly discusses the research design and describes the implementation of the survey. The results are then presented and analysed in Section 4 while Section 5 summarises the main outcomes and implications of this study.

## **2. The Role of Tax Practitioners in Australia**

This section seeks to examine three main issues: (i) what are the functions of tax practitioners, (ii) why do taxpayers seek the service of tax practitioners and what is the extent of the use of tax practitioners, and (iii) what is the impact of the use of tax practitioners on tax compliance? Each of these broad issues will be briefly considered below. Note that while this section focuses on Australia, comparable international evidence will also be considered whenever appropriate.

### **3.1 *Functions of tax practitioners***

Tax practitioners are supposed to provide four specific services: (i) educating their clients about existing tax rules or changes in tax laws, (ii) assisting their clients in the preparation and lodgement of tax returns and tax-related documents, (iii) providing their clients with tax advice and risk advice, and (iv) representing their clients in tax disputes with the tax administration or other business entities.<sup>2</sup> Thus, the fundamental problem facing all tax practitioners is how to balance their dual roles of being simultaneously an advocate for their clients and an upholder of the tax law. While the dual roles of tax practitioners are well-known and researched into, it is somewhat surprising that there is a paucity of quantitative evidence regarding the competing roles of tax practitioners. This will be addressed by this study.

The roles of tax practitioners can be further clarified by conceptualising the market for tax services diagrammatically as follows. In the Venn diagram in Figure 1 below, the demand for tax services is divided into tax return preparation and lodgement, and tax planning whereas the supply is composed of local or shop-front tax service providers (such as H&R Block Tax Agents) and professional tax practitioners (such as CPAs, chartered accountants or lawyers). All taxpayers using tax service would need assistance with income tax preparation and lodgement. A proportion of such taxpayers, presumably high-income individuals and business taxpayers, would additionally seek professional advice for tax planning, mainly from more professional tax practitioners. The remaining taxpayers would be more likely to seek local or shop-front tax practitioners for their needs. Figure 1 illustrates the relationship between service types and intermediary types within the market for tax services.

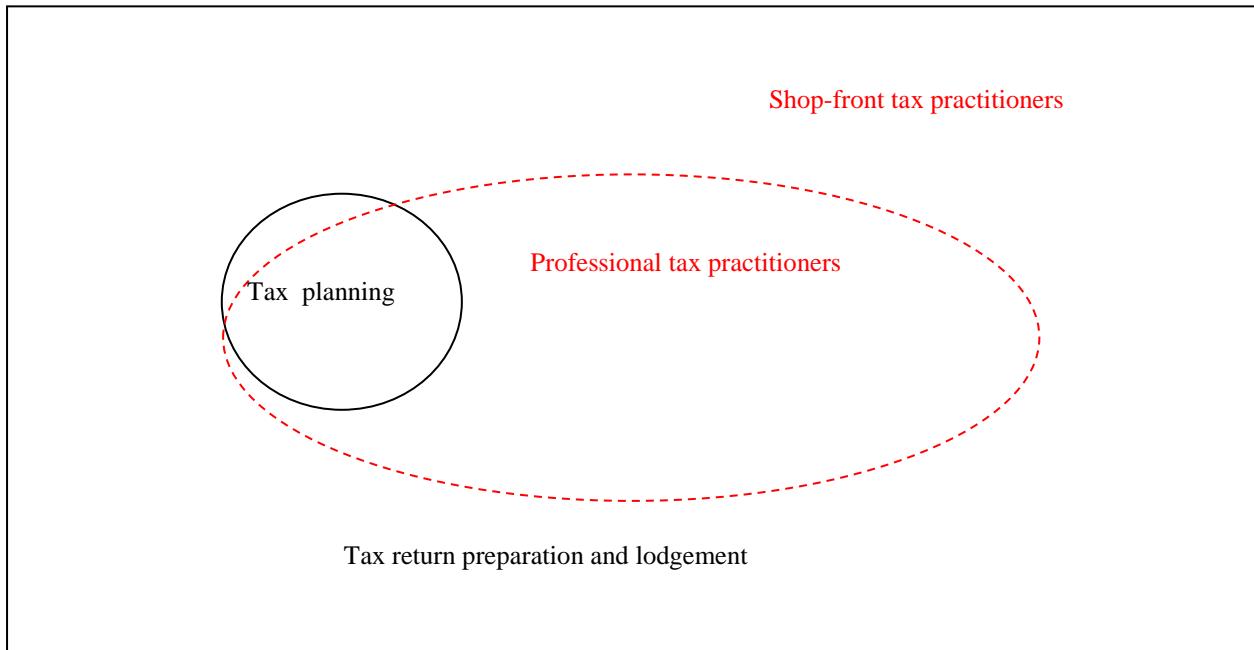
The sub-market for tax return preparation and lodgement approximates a competitive market structure in the sense that the service is highly standardised across different types of taxpayers and there are many small service providers none of whom can unduly influence the price of the service. However, the sub-market for tax advice is more likely to resemble a mixture of the monopolistically competitive market where the service is differentiated or the oligopoly market where there is a small number of very large tax intermediary firms. Note

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<sup>2</sup> Note that some authors may only emphasise some aspects of tax intermediaries' functions. For example, Hite et al (2000: 17) only mentioned return preparation, tax advice and risk advice.

that if only professional tax practitioners were able legally to offer clients tax advice (as in the United States) then the black circle in Figure 1 will be completely inside the dotted red ellipse.

**Figure 1: Market for tax services**



### 3.2 Use of tax practitioners

Tax practitioners have long been operating in Australia, with efforts to regulate their registration dating back to at least 1922 (Fisher 2010: 396). In the Australian context, it seems plausible to expect a priori that taxpayers, especially individual taxpayers, use tax practitioners primarily because taxpayers want to (i) lodge an accurate income tax returns and (ii) to maximise allowable deductions. These two factors simultaneously reflect taxpayers' commitment to tax compliance in general and the existence of a wide range of income tax deductions specific to Australia.

The above a priori expectations have been borne out in Australian empirical studies. In the first large-scale, systematic, national study of federal tax compliance costs in Australia, Evans et al (1996: 52) found that for personal (individual non-business) taxpayers in 1994–95, by far the three most common reasons for using tax service were (a) comply with tax obligations (62.3% of respondents), (b) tax return too complicated (60.2%) and (c)

maximise allowable deductions/rebates (58.8%). Further, the same respondents also indicated their main reason for using tax practitioners were (a\*) maximise allowable deductions/rebates (31.3%), (b\*) comply with tax obligations (29.1%) and (c\*) tax return too complicated (27.8%) (Evans et al 1996: 52). Subsequent Australian studies by McKerchar (2003), Niemiowski and Wearing (2003) and Tran-Nam et al (2014) have reported similar findings regarding the drivers of tax practitioner usage by personal taxpayers.

The extent of tax practitioner usage can be regarded as a proxy of tax system complexity. As tax laws and returns have become more complex, one would expect the usage of tax practitioners by individual taxpayers to increase. Not surprisingly, the proportion of Australian individual taxpayers relying on the services of tax practitioners for the completion and lodgement of their tax returns increased tremendously, from approximately 38%–40% in 1977–1978 (McKinstry and Baldry 1997: 136) to well over 70% in the period since 1996–1997 (Davidson 2009: 73). However, the proportion of individual taxpayers using tax practitioners has slightly decreased in recent years, falling from a peak of 77.5% in 1999–2000 (near the introduction of a GST) to less than 71% in 2009–2010 but then climbing back up to 73.5% in 2012–2013 (ATO 2010: 9; 2015: Table 4). Part of the recent fall in usage of tax practitioners can be attributed to the increasing popularity of e-filing and pre-filled income tax returns.

### **3.3 *Tax practitioners and tax compliance***

Does the use of tax practitioners improve taxpayer compliance? This is perhaps the most relevant and important question especially from the point of view of tax administration. The theoretical reasoning and empirical evidence on the relationship between tax practitioners and tax compliance have so far been both mixed and inconclusive. There exists a substantial body of international literature on the impact of tax practitioners on taxpayer compliance. Since this strand of literature has been thoroughly reviewed elsewhere (see, for example, Tran-Nam and McKerchar 2012), only a very brief summary of main findings of the literature will be presented here.

Conceptually speaking, the dual role of tax practitioners as taxpayer advocate and tax law upholder necessarily implies that the overall impact of tax practitioners on taxpayer compliance is ambiguous. In the tax return preparation and lodgement sub-market segment it

seems plausible to expect that tax returns prepared with the assistance of tax practitioners are generally more accurate than those prepared by taxpayers themselves. In the tax planning sub-market segment, the impact of tax practitioners is, however, by no means clear. After all, tax practitioners are recognised as being both designers and promoters of aggressive tax planning (OECD 2008). Due to their extensive professional training, they can act as exploiters of legally ambiguous features of the tax law to the advantage of their clients. Thus, the overall impact of tax practitioners on tax compliance is theoretically ambiguous.

The empirical evidence regarding the role of practitioners on tax compliance has been accordingly mixed. Relevant factors that have been identified in the literature include (i) the training level of tax practitioners (see, for example, Scotchmer 1989, Ayres et al 1989, Erard 1993, Hite and Hasseldine 2003), (ii) tax service market regulation (McKerchar et al 2008), (iii) tax law ambiguity (Klepper and Nagin 1989, Klepper, Mazur and Nagin 1991) and (iii) interaction between taxpayers and practitioners (Hite and McGill 1992, Tan 1999, Sakurai and Braithwaite 2003). Table 1 classifies the findings of the various studies, mostly US based, on the impact of tax practitioners on tax compliance into three categories: positive, negative and unambiguous impact. In the majority of cases, the impact of tax practitioners on taxpayer compliance is ambiguous. For detailed discussions, the interested reader is referred to Tran-Nam and McKerchar (2012).

**Table 1: Impact of Tax Practitioners on Tax Compliance**

Positive	Negative	Unambiguous
Scotchmer (1989)	Erard (1993)	Ayres et al (1989)
Hite and Hasseldine (2003)	US GAO (2006)	Klepper and Nagin (1989)
McKerchar et al (2008)		Klepper, Mazur and Nagin (1991)
		Schisler (1995)
		Bloomquist et al (2007)

Source: Tran-Nam and McKerchar (2012)

### **3. Research Design and Data Collection**

#### **3.1 Methodology**

Since this study reflects a need to examine causes that influence outcomes, its research framework (or knowledge claim) is positivism although it has sometimes been argued that we cannot be ‘positive’ about our claims of knowledge when studying the behaviour and actions of humans (Creswell 2003: 7). The present study is positivistic in the sense that (i) data, evidence and rational arguments shape knowledge, and (ii) we seek to establish relevant propositions that explain causal relationships in an objective manner.

Consistent with its positivism research framework, this study adopts a primarily quantitative method of analysis (or strategy of inquiry). The quantitative method places emphasis on the measurement and analysis of the underlying relationships among variables. Using the quantitative approach, essentially ordinal variables (such as views and perceptions) will be quantified into an interval scale that allows statistical analysis.

#### **3.2 Data collection method**

In terms of data collection, the survey approach is considered to be the most appropriate strategy to collect the necessary primary data for this study. Further, online surveys are regarded to be more appropriate than the traditional, postal surveys for three main reasons. First, completing a questionnaire online may appeal to the busy tax practitioners, thus improving the response rate. Second, the data reported by the respondents will be automatically stored by the software and will become readily available for statistical analyses, thus minimising both transcribe errors and time losses. Third, an online survey can be administered much less expensively and more quickly than a corresponding postal, paper-based survey (Kaplowitz, Hadlock and Levine 2004: 94–95).

#### **3.3 Population of the study**

The population of the study should ideally be the totality of all individual tax practitioners in Australia at the point of time under study. The frame of such a population is not available from any sources, including the Tax Practitioners Board. For this reason and a variety of other practical difficulties, the researchers had to rely on their industry partner, the ICAA, to provide them with potential participants in this study. Given the nature of the ICAA, this



implies that the scope of the study will concentrate more on the tax planning segment rather than the tax return preparation segment of the Australian market for tax services.

### 3.4 *Sample selection*

ICAA has a large membership of tax practitioners working in firms of different sizes across all States and Territories of Australia. At the time of the survey implementation, the population of tax practitioner members who had opted to receive communication from the ICAA was around 5,400. Based on a target net sample of around 250 usable responses and the assumption of a 5% response rate, it was believed that the ICAA population of tax practitioner members should be used as the gross sample for the survey. The distribution of the ICAA population (Table 2) also indicates a fairly good representation of members from all States and Territories relative to population and a consistent distribution among different firm sizes.

**Table 2: Population of Members of ICAA Working in Tax Practice\***

State	Firm size		≥ 6 partners		2–5 partners		1 partner		Total	
	No	%	No	%	No	%	No	%	No	%
Australian Capital Territory	3	3	29	32	58	64	90	100		
New South Wales	46	2	459	22	1,628	76	2,133	100		
Northern Territory	0	0	7	25	21	75	28	100		
Queensland	19	2	186	20	720	78	925	100		
South Australia	15	4	83	23	266	73	364	100		
Tasmania	2	3	18	25	53	73	73	100		
Victoria	35	3	215	18	949	79	1,199	100		
Western Australia	15	3	108	21	399	76	522	100		
<b>Australia</b>	<b>135</b>	<b>3</b>	<b>1,105</b>	<b>21</b>	<b>4,094</b>	<b>76</b>	<b>5,334</b>	<b>100</b>		

Source: ICCA Database

\* Members who had opted to receive communication from the ICAA as at 31 January 2013.

### 3.4 *Survey instrument design*

At all stages of the questionnaire design, the researchers were guided by the objectives of the research as well as the user-friendliness of the questionnaire. The design of the survey instrument was an iterative process that went through three broad stages: first drafting of the questionnaire, cognitive and pilot testing and revision of the initial draft.

The questionnaire was sent to tax practitioners and to various people from ICAA, including the Head of Tax Policy, in late 2013. As a result of feedback received amendments were made to the wording of some questions resulting in a user friendly instrument that was both simple and coherent. Attention was also paid to the integrity of the questionnaire, in particular checking that responses collected met the objectives of the survey. The revised document was then sent to the Human Research Ethics Advisory (HREA) Panel at the University of New South Wales Australia for ethical approval.

The final electronic survey questionnaire was structured into three sections and included 37 questions. The first section 'Personal information' collected data about the practitioner and the firm where they practised; the data related to the qualification, experience and areas of specialisation of the respondent as well as their chargeable rate. The second section 'Your role as tax intermediary' contained questions probing the respondent's perception about their role as tax intermediary and their opinions about tax complexity. Finally, the third section 'Services provided by the firm to its business clients' explored the specific nature of tax services provided to business clients. The electronic questionnaire appears in Appendix 1 of this article.

### ***3.6 Survey implementation and response rate***

The survey was administered as an electronic survey to the gross sample of practitioners. As the database of tax practitioners was held by the ICAA, the broadcast was carried out under their responsibility. Potential respondents were contacted by an email from the ICAA and invited to participate in the survey by clicking on an embedded URL linked to the web server. Attached to the survey itself was a Participation Information Statement (PIS), explaining the purpose of the survey and informing participants about ethical clearance by the UNSW's HREA Panel. The initial email was broadcast in early May 2014. This was followed by a reminder email to all potential participants two weeks later. The contact details of two researchers were included in the PIS in case participants required any assistance with completing the electronic survey.

The final count of received responses was 248. Out of this total, four responses were from participants who indicated that they did not work as tax practitioners and were therefore

out of frame responses. In addition, three responses were considered unusable for the purpose of the analysis. This brought the number of usable responses to 241, giving a net response rate of 5.7%.<sup>3</sup> This response rate was consistent with the researchers' (low) expectation, and the net sample of responses was considered to be large enough to permit meaningful statistical analyses. A soft copy of the sample data is also available from the researchers upon request.

## **4. Discussion of Results**

### ***4.1 Testing quality of sample data***

Prior discussing the outcomes of the survey, it is important to test the quality of sample data. In this article, we consider three aspects of sample data quality: representativeness, non-response bias and internal consistency of data. Each of these issues is considered in turn below.

- **Representativeness**

Representativeness of the sample is often cited as a desirable property of random sampling because the validity of the generalisations from any sample results is dependent on how representative the sample of responses is in relation to key demographic characteristics of the general population of respondents. In general, it is extremely difficult, if not impossible, to generate effective samples that are representative of the population by reference to all demographic and economic characteristics.

In the context of the present study, representativeness is not that relevant because the sample was drawn from the ICAA membership data, thus the sample could not possibly be representative of the true (and unknown) population. Further, in comparing the sample distribution with the distribution of the whole population of tax practitioner members of ICAA, it is important to bear in mind that the only factor that is available for comparison is the size of the tax practice.

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<sup>3</sup> The net response rate was determined as follows. The proportion of out of frame responses (4 out of 248 ) was inferred to the entire sample, hence the net sample frame was reduced to 5,249. The response rate is then calculated as the ratio of the number of net response rate over the net sample frame ( 241/5249)

In the ICCA population, single partner firms represented 77% of the population, firms with 2–5 partners 20.5% and firms with 6 partners or more 2.5%. It seems that single partner firms in the final sample were under-represented (50%) while “large” firms (assumedly identified as “Big Four” and “Second tier” firms) (11%) were over-represented. The proportion of suburban and regional practices with more than one partner (assumedly medium size firms) was around 33%, also a significant over-representation of this category compared to the population (21%). Overall the survey sample appears to be skewed towards medium and larger firms, a fact that needs to be taken into account when interpreting the survey results.

The unrepresentativeness of the sample in terms of firm size is, in some sense, unavoidable as it is well known from many similar surveys in the past that larger firms tend to be associated with a relatively higher rate of response and sole traders tend to have the lowest response rate. It is, however, important to note that the over-representation of large firms provides the researchers with sufficient number of large firms to make statistical generalisations.. Finally, it is worthwhile to note that the ICCA population distribution of tax practitioners by firm size needs not be the same as that of the Australian population of tax practitioners. This can be considered to be a limitation of the present study.

- **Non-response bias**

Testing for non-response bias establishes whether or not the result of the survey would have substantially changed had non-respondents responded (Creswell 2003: 160). While there are a variety of methods available to test for non-response bias, we decided to use a wave analysis approach. Wave analysis identifies respondents’ answers to key questions in the survey instrument by reference to the point of time when they responded to the survey. An analysis is then conducted to determine whether responses to the selected questions changed significantly from period to period. The procedure assumes that those who return surveys in the later part of the response period are ‘quasi non-respondents’ (Cresswell 2003: 160).

A wave analysis was conducted on the online survey responses. For the purposes of the analysis, survey responses were divided into three waves: those who responded early in the survey process; those who responded in the middle of the process; and those who responded late. The early wave was identified as comprising the first 67 responses received and the late wave as the last 67 responses received. Three key questions were chosen, namely, Questions

21.a (the cumulative effects of tax changes ... to advise clients with more certainty) and 21.c (the cumulative effects of tax changes ... more difficult for me to advise clients on tax planning). The two questions were chosen not only because they are key attitudinal questions but also because they were worded in opposite ways.

The responses of the early and late groups were then compared statistically using a non-parametric Chi square ( $\chi^2$ ) test. The differences between the early and late waves in terms of responses to the two tested question (Questions 21.a and 21.c) were not statistically significant at 5% level of significance. As the main assumption of this analysis is that late respondents are quasi non-respondents, it can be concluded from the above testing that no non-response bias was detected for this survey.

- **Internal consistency of data**

It is also important to test for the internal consistency of data, especially the key data on respondents' perceptions. To this end, we compute the Cronbach's alpha on Questions 21.a to 21.d. Because Questions 21.a and 21.b have been worded in opposite directions to Questions 21.c and 21.d we reversed the responses to 21.c and 21.d before calculating Cronbach's alpha for these four key questions. The resulting computed Cronbach's alpha for these questions is 73%. Since a Cronbach's alpha score of 70% or higher is regarded as 'acceptable' in most social sciences research situations, we conclude that the data is reasonably consistent.

In summary, while the sample data is not representative of the population, it is nevertheless free of response bias and is internally consistent. Thus, sample results can allow reliable generalisations at least for the tax planning segment of the market for tax services..

#### **4.2 Respondents' profile**

As expected, virtually all survey respondents have an accounting qualification (99.6%) and almost all are registered tax agents (92.5%). A much smaller proportion of them have a financial qualification (9.5%) or legal qualification (1.2%). It is interesting to note that those respondents with a legal qualification are working in small and medium tax practices.

A large majority of respondents are very experienced tax practitioners with 72.6% (22.4%) of them having more than 20 (between 10 and 20) years of work experience. Accordingly 95% of them hold senior position in their tax practices (owners, directors, partners, etc). While this may simply reflect the nature of the membership of ICAA, it also means that the distribution of survey respondents is skewed toward highly experienced and senior tax practitioners. This serves as a limitation of the study.

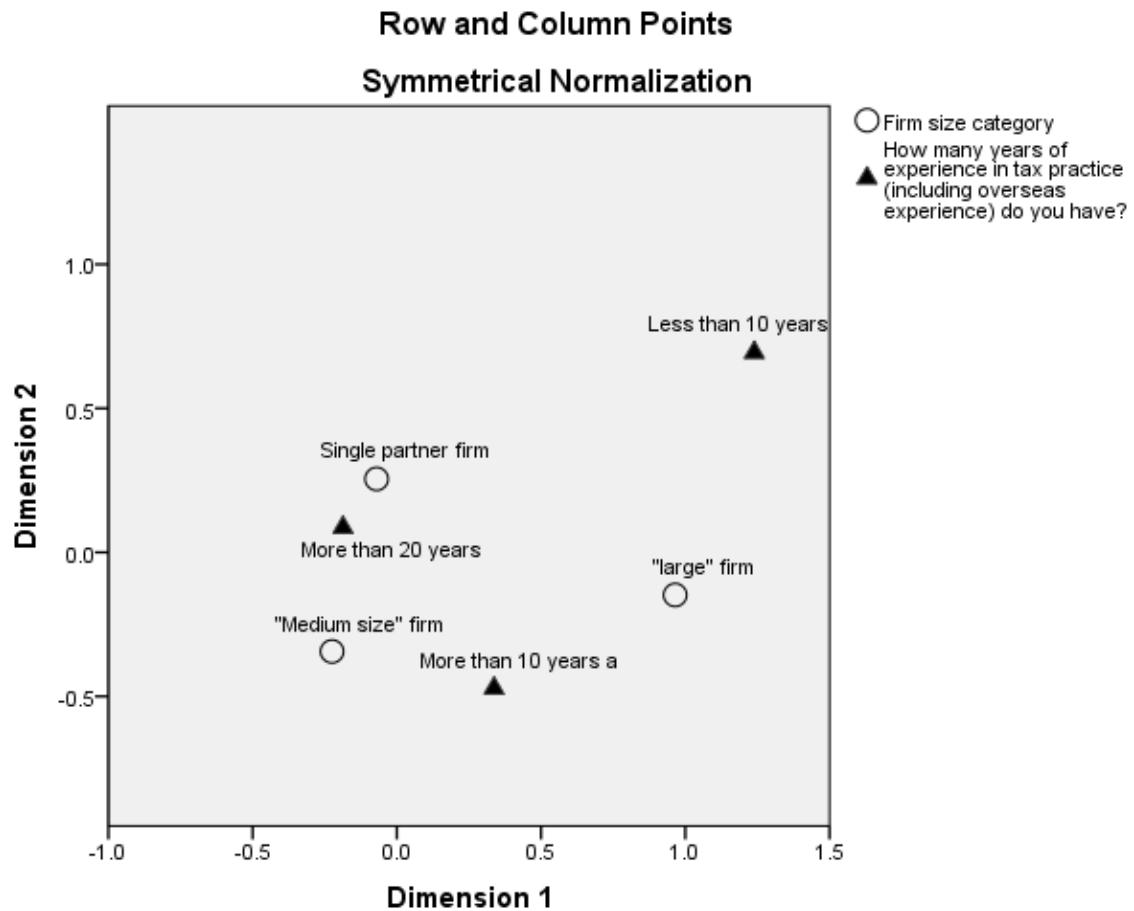
In terms of tax practice, just over half of the respondents are single tax practitioners and about one thirds of them work in local/suburban/regional practice with more than one partner. The remainder of the respondents work for the “Big Four” (2.9%), mid-tier firms (6.2%) and national practice with more than one partner (2.1%).

To gain further insight on the relationship between years of experience and firm size, a correspondence analysis has been performed. A correspondence analysis can be intuitively interpreted as a study of proximity between the two variables. The results of such an analysis are illustrated in Figure 2 below.

The results suggest that

- Respondents from single-partner practice are closest to the more than 20 years of work experience range;
- Respondents from medium practice are closer to the more than 20 years of work experience than the between 10 and 20 years of work experience range;
- Respondents from large practice are closer to the between 10 and 20 years of work experience than the more than 20 years of work experience range;
- Respondents with less than 10 years of work experience are not associated with any firm size.

**Figure 2: Correspondence analysis of work experience and firm size**



Since respondents are experienced and senior, their chargeable rate should be accordingly high. This is borne out in Table 3 below.

**Table 3: Distribution of GST exclusive chargeable rate per hour (%) by firm size**

	Single practitioners <i>N</i> = 121	Medium size firms <i>N</i> = 80	Large firms <i>N</i> = 27	All firms <i>N</i> = 241*
less than \$100	5.0	1.3	3.7	3.3
\$100 – \$249	52.9	26.9	7.4	38.4
\$250 – \$499	50.5	71.8	44.5	51.5
\$500 – \$749	1.7	0.0	25.9	3.7
\$750 or more	0.0	0.0	18.5	2.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

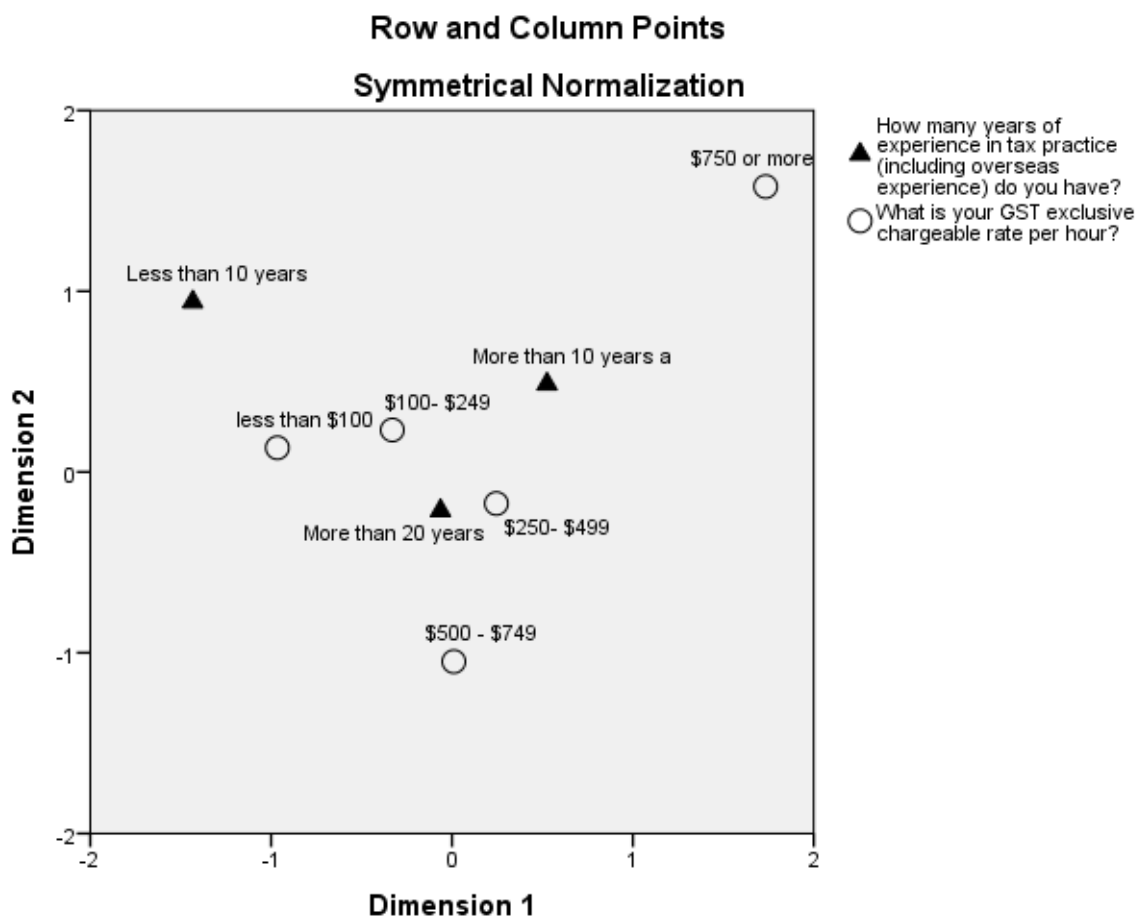
\* Note that 13 respondents did not reveal the size of their tax practices.

The modal and median classes for GST exclusive chargeable rate per hour are both \$250–\$499 and just over 60% of them charging \$250 or more per hour. As expected, hourly

chargeable rates increase with the size of the firm. A correspondence analysis of work experience and chargeable rate (see Figure 3) further reveals that

- Respondents with more than 20 years of work experience are very close to the \$250 – \$499 chargeable rate range;
- Respondents with less than 10 years of work experience are not associated with any chargeable rate range;
- The more than \$750 chargeable rate range is not associated with any groups of respondents.

**Figure 3: Correspondence analysis of chargeable rate and firm size**



### 4.3 Role of tax practitioners

To study and quantify the role of tax practitioners, we first look at their expertise and their working hours. We then consider how their total time is divided between tax-related matters. Finally, we study their own perception about their roles.



In terms of area of expertise, the results indicate a broad competency in various areas of taxation while small business tax appears to be the dominant area of specialisation. The proportions of respondents who specialise in personal income tax, small business tax, large business tax and GST are 81.3%, 95.0%, 16.2% and 55.6% respectively. Interestingly, there is a substantial proportion of survey respondents involved in tax planning (65.1%).

Table 4 presents the sample mean of weekly working hours by firm size. Firm size appears to have very little, if any, impact on working and chargeable hours whether these are related to tax or not. Two observations can, however, be made. First, as expected, there is some evidence that respondents working for large firms tend to work longer hours but charge less hours than their counterparts in small and medium firms. Secondly, and more significantly, tax-related matters have a much higher charge rate. Respondents were charging roughly 60% of total hours worked, and 87% of hours spent on tax related matters were charged to the client.

**Table 4: Mean values weekly working hours by firm size**

	Single practitioners <i>N</i> = 121	Medium size firms <i>N</i> = 80	Large firms <i>N</i> = 27	All firms <i>N</i> = 241
Total hrs/week	42	43	46	42
Chargeable hrs/week	27	27	25	27
Hrs spent on tax matters	23	22	23	23
Chargeable hrs on tax related matters	20	21	21	20

As shown in Table 5 below, overall, almost two third of hours on tax related matters were spent undertaking tax compliance activities (preparation and lodgement of tax returns) while a quarter was spent on tax planning (tax advice, business structuring and exit, etc). As expected, the proportion of time spent on tax compliance decreases with firm size. Conversely, practitioners from larger firms spend relatively more time on tax planning and litigation (assisting clients in tax appeals/disputes) than practitioners from single practitioner firms.

**Table 5: Distribution of total time spent on tax-related matters (%) by firm size**

	Single practitioners <i>N</i> = 121	Medium size firms <i>N</i> = 80	Large firms <i>N</i> = 27	All firms <i>N</i> = 241
Tax compliance	70	61	48	64
Tax planning	21	27	35	25
Tax litigation	2	2	3	2
Others	8	10	13	9
<b>Total</b>	<b>100</b>	<b>21</b>	<b>100</b>	<b>100</b>

Given that reality, how do respondents perceive the relative importance of their various roles? Table 6 presents average ranking score (1 most important; 4 least important) of respondents' perceptions about the importance of the services that they provide to client. Two points deserve mention. First, qualitatively, there is broad agreement between the overall results in Tables 5 and 6, i.e., the perceived importance of a particular role is consistent with the total amount of time spent on that role. When broken by firm size, for tax practitioners working in small and medium tax practices, the results in Tables 5 and 6 completely agree in the sense that the ratio of time spent on tax compliance over that spent on tax planning is inversely related to the ratio of score of importance of tax compliance over that of tax planning in consistently manner.

However, this correspondence is violated by practitioners working in large firms. When spending more time on tax compliance activities, they regard tax planning as their most important function. There are several plausible explanations such as (i) tax advice and tax risk advice are regarded as more prestigious tax services to large tax practices, or (ii) tax advice and tax risk advice involves higher chargeable hours or higher chargeable rate. Obviously further research is necessary to determine the cause(s) of this inconsistency among tax practitioners working in large tax practices.

**Table 6: Perceived importance of different types of tax service by firm size**

	Single practitioners <i>N</i> = 121	Medium size firms <i>N</i> = 80	Large firms <i>N</i> = 27	All firms <i>N</i> = 241
Assisting clients in complying with the tax laws	1.5	1.4	1.8	1.5
Providing clients with tax	1.8	1.5	1.3	1.7

advice and risk advice including tax planning)				
Assisting clients with tax litigation	3.3	3.2	3.0	3.0
Others	3.3	3.6	3.3	3.5

#### 4.4 Reasons for use of tax practitioners and drivers of tax complexity

Table 7 below presents respondents' perception of why clients seek their tax services.

**Table 7: Reasons why clients seek professional tax services**

	Count	%
a) Tax matters are too complicated for them	216	89.6
b) They wish to improve their general understanding of tax-related matters	61	25.3
c) They need an expert opinion on a specific tax issue	166	68.9
d) They need an expert opinion about legislative changes	85	35.3
e) They want to maximise allowable deductions/tax offsets	182	75.5
f) They believe that it would reduce the chance of being audited by the ATO	107	44.4
g) They believe it is more cost effective to use an external tax adviser	104	43.2
h) Other	22	9.1

Tax complexity was identified by 90% of tax practitioners as an important reason why clients sought their professional service. For 61% of respondents this was the most important reason. Maximisation of tax deductions and tax offsets was also an important reason, but only 7.5% of practitioners considered that it was the most important reason.

These findings can be contrasted with taxpayers' own perception about why they used the services of tax agents. Tran-Nam et al (2014: 165) who surveyed Australian personal taxpayers in 2012 reported that the top three reasons why personal taxpayers used tax agents were (i) to make sure they comply with their tax obligations, (ii) "tax returns are too complicated" and (iii) "to maximise allowable deductions and rebates." Similarly, among Australian small and medium enterprise (SME) taxpayers surveyed in 2013, the complexity of tax matters was the most frequently quoted reason for seeking external tax advice, followed by the wish to maximise tax deductions/offsets (Lignier, Evans and Tran-Nam 2014: 20).

Survey respondents were asked to rank 10 drivers of tax complexity using a scale from 0 (no impact) to 10 (greatest impact). The four major drivers of tax complexity (scoring higher than 7 out of 10) according to tax practitioners are (i) the frequency of changes in tax rules, (ii) the compliance requirements imposed by the ATO, (iii) the uncertainty of the tax law and (iv) the number of different taxes. Using principal component analysis, the 10 factors can be reduced to three dominant components, namely, frequency of tax changes, ATO requirements and tax law uncertainty.

Similar questions were included in surveys of SME taxpayers and large business taxpayers both conducted in Australia in 2013. The questions in those surveys asked respondents to rank the likely factors of tax compliance costs for them. The number of different taxes, the complexity of tax laws and ATO requirements were perceived as being high impact factors by SME taxpayers (Lignier, Evans and Tran-Nam 2014: 246). The same factors were also perceived as high impact tax compliance drivers by large corporations (Evans, Lignier and Tran-Nam 2014). In the latter survey, frequency of changes in tax rules and uncertainty in the tax law were also perceived as high impact factors.

#### **4.5 *Costs of coping with tax changes***

In order to cope with tax changes, tax practitioners have to incur opportunity costs of continuing education and training. The two components of such opportunity costs are summarised in Table 8 below.

**Table 8: Average annual time spent and monetary expenses of continuing education/training in order to cope with tax changes**

	Single partitioners	Medium firms	Large firms	All firms
Time losses	78 hrs	81 hrs	93 hrs	80 hrs
Monetary expenses (books, seminars/conferences, travelling, accommodation, etc)	\$4,098	\$6,528	\$5,478	\$5,091

Table 9 below combines time losses and monetary expenses using the hourly chargeable rate and provides information on how much self-trainings costs tax practitioners are able to pass on to their clients.

**Table 9: Average annual costs (\$) of continuing education/training in order to cope with tax changes**

	Single practitioners	Medium firms	Large firms	All firms
Value of time losses	20,185	25,084	64,014	26,397
Monetary expenses	4,058	6,528	5,478	5,065
Gross costs	24,243	31,611	69,521	31,462
Costs passed on to clients	(2,963)	(3,502)	(\$657)	(2,881)
Net costs	21,280	28,109	68,864	28,581

Practitioners spent on average 80 hours and about \$5,000 per year to cope with changes in the tax law, tax rules and administrative practices. Using the hourly chargeable rate to value time losses, the total cost associated with continuing training in taxation is estimated around \$31,000. Practitioners were only able to pass on a fraction of these costs to clients (less than 10%), which results in a net cost for the practitioner of \$28,500.

When broken by firm size, the number of hours spent in taxation self-training is relatively stable across firm size. However, tax practitioners working in large firms find it much more difficult to pass on their own self-training costs onto their clients (less than 1% compared with more by 10% by both single practitioners and those working in medium tax practices).

#### **4.6 Cumulative effects on tax changes**

Survey respondents were asked to assess the cumulative simplification impacts of tax changes since 2008 (five years before when the survey was conducted) on tax certainty, time and stress associated with tax return preparation, tax planning and tax litigation. The results by firm size are summarised in Tables 10.a, 10.b, 10.c and 10.d, respectively.

**Table 10.a: The cumulative effects of tax changes since 2008 have allowed me to advise clients with more certainty**

	Single practitioners	Medium firms	Large firms	All firms
Strongly Disagree	18.2	13.9	18.2	16.5
Disagree	38.2	47.2	50.0	42.7
Neutral	22.7	23.6	13.6	22.3
Agree	16.4	13.9	18.2	15.5
Strongly Agree	4.5	1.4	0.0	2.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Table 10.b: The cumulative effects of tax changes since 2008 have allowed me to reduce time and stress associated with tax return preparation**

	Single practitioners	Medium firms	Large firms	All firms
Strongly Disagree	34.5	29.2	27.3	32.0
Disagree	42.7	55.6	50.0	48.1
Neutral	14.5	5.6	18.2	11.7
Agree	7.3	9.7	4.5	7.8
Strongly Agree	0.9	0	0	0.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Table 10.c: The cumulative effects of tax changes since 2008 have made it more difficult for me to advise clients on tax planning**

	Single practitioners	Medium firms	Large firms	All firms
Strongly Disagree	2.8	1.4	.0	2.0
Disagree	11.9	7.0	9.1	9.8
Neutral	11.0	21.1	18.2	15.2
Agree	52.3	59.2	50.0	54.9
Strongly Agree	22.0	11.3	22.7	18.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Table 10.d: The cumulative effects of tax changes since 2008 have made it more difficult to represent clients in tax litigation**

	Single practitioners	Medium firms	Large firms	All firms
Strongly Disagree	4.6	2.8	0	3.4
Disagree	2.8	8.5	4.5	4.9
Neutral	51.4	52.1	54.5	51.5
Agree	27.5	23.9	27.3	26.5
Strongly Agree	13.8	12.7	13.6	13.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Tax practitioners' attitudes towards the effects of recent tax changes on practice are generally negative. Nearly 60% of respondents disagreed or strongly disagreed that tax changes since 2008 have allowed them to advise their clients with more certainty while 80% thought that the time and stress associated with tax return preparation had not decreased and 73% believed that advising their clients on tax planning was now more difficult. Opinions regarding the cumulative effects of tax changes on tax litigation were more balanced, with more than half of all respondents reporting a neutral attitude. There were no fundamental differences in responses across firm size categories.

Respondents' attitudes towards the effects of tax law changes on practice are consistent with the perceptions of business taxpayers about the effects of tax law changes on their tax compliance costs. For example, 68.4 % of SME taxpayers believed that tax laws had become more complex in the last six years and a similar proportion thought that tax compliance costs for their business were significant (Lignier, Evans and Tran-Nam 2014: 32). The consensus regarding the increasing complexity of tax laws was even stronger among large businesses with 95 % agreeing or strongly agreeing (Evans, Lignier and Tran-Nam 2014).

## **5. Summary Conclusions**

This article has examined the impact of recent tax changes on tax complexity and compliance costs from the Australian tax practitioners' perspective. The empirical evidence is derived from an online survey of tax practitioners who were members of the then ICAA in May 2014. The survey is in turn part of an ARCK Linkage project on assessing and addressing tax system complexity in Australia. Due to the nature of the membership of the ICAA, the study focuses more on the tax planning rather than the tax return preparation segment of the market for tax services. While the results are confirmatory (in the sense that it is consistent with

previous findings), they also provide many useful insights and quantifications on Australian tax practitioners' views and perceptions.

Being members of the ICAA, survey participants were, not surprisingly, highly qualified and experienced and thus senior in their tax practices. Respondents from single-partner practice are closest to the more than 20 years of work experience. The most common GST exclusive hourly chargeable rate falls in the range of \$250–\$499. Respondents with more than 20 years of work experience are closest to the \$250–\$499 chargeable range. Respondents working for larger firms tend to work longer hours but charge less hours than their counterparts in small and medium firms. Further, almost two thirds of survey respondents claim tax planning (tax advice, business structuring and exit, etc) as one of their specialisations.

As expected, tax practitioners spend most of their time on assisting clients with tax compliance activities (preparation and lodgement of tax returns). Further, the proportion of time spent on assisting clients with tax planning increases with firm size. For small and medium tax practices, there is an agreement between the perceived importance of a particular role and proportion of time spent on that role. However, for tax practitioners of large firms, while spending more time on tax compliance activities, they perceive tax advice and tax risk advice as their most important function. There are several plausible explanations such as (i) tax advice and tax risk advice are regarded as more prestigious tax services, or (ii) tax advice and tax risk advice involves higher chargeable hours or higher chargeable rate. More research is necessary to throw light into this issue.

Tax practitioners consider that their services are needed by taxpayers because of the complexity of tax law and administration, taxpayers' desire to maximise allowable deductions, and the need for an expert opinion on a specific tax issue. The first two reasons are completely consistent with results derived for previous studies on Australian taxpayers' use of tax practitioners. The three dominant drivers of tax complexity are perceived by tax practitioners to be frequency of tax changes, ATO requirements and tax law uncertainty. It is interesting to note that frequency of tax changes and tax law uncertainty are also considered by large Australian businesses to be the key drivers (in the same order) of tax system complexity (Evans, Lignier and Tran-Nam 2014).



The survey results reveal that to cope with tax changes a typical tax practitioner spends about 80 hours on tax training annually and this average figure is relatively stable across firm size. The annual non-labour costs associated with tax training also vary within a relatively narrow range from \$4,000 to \$6,500. Adding the two components (value of time and non-labour costs) together, tax practitioners incur on average \$20,000 (single-partner firm) to \$64,000 (large firm) to cope with annual tax changes. While tax practitioners working in single-partner and medium firms suggest they could recover just more than 10% of their own tax training costs from their clients, those working for large tax practices indicate they could only recover less than 1% from clients.

Tax practitioners regardless of firm size hold negative views about the accumulated effects of tax changes since 2008 on tax system simplicity. A clear majority (nearly 60%) of respondents disagreed or strongly disagreed that tax changes since 2008 have allowed them to advise their clients with more certainty while 80% thought that the time and stress associated with tax return preparation had not decreased and 73% believed that advising their clients on tax planning was now more difficult. Opinions regarding the effects of tax changes on tax litigation were more balanced, with more than half of all respondents reporting a neutral attitude. There were no fundamental differences in responses across firm size categories.

The survey results indicate that, despite the Australian government's commitment to tax simplification, the Australian tax system has been perceived by tax practitioners as becoming more complex over time. This is consistent with previous findings on recent estimates of taxpayer compliance costs. Further, tax changes have given rise to non-trivial tax self-training costs which tax practitioners find that they could only pass on a small fraction to their clients. Without considering tax practitioners' self-training costs that could not be passed on, the estimate of social tax compliance costs may be underestimated.

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## **Appendix 1: The Online Questionnaire**

# Survey of Australian Tax Practitioners

## \*1. Please describe the environment in which you work?

- Public practice firm
- Not a public practice firm

Other (please specify)

# Survey of Australian Tax Practitioners

There is no need for you to complete this survey as we are only gathering data about members who work in a public practice firm.

We thank you for your valuable time and may require your assistance in our future studies.

# Survey of Australian Tax Practitioners

## Please read this before completing the survey

- This survey form should be completed by the person to whom it was addressed.
- Please answer as many questions as possible. If exact figures are not available, please provide careful estimates.
- Please leave answer boxes blank where you have no data or response to enter but please write 0 if your answer is zero.

# Survey of Australian Tax Practitioners

## PERSONAL INFORMATION

### 2. What professional qualification(s) do you have?

**Please choose all that apply**

- Accounting (e.g. ICAA, CPA, IPA...)
- Tax (e.g. Registered Tax Agent)
- Legal (e.g. solicitor, barrister)
- Financial (e.g. Certified Financial Planner)

Other (please specify)

### 3. What is your position in the firm where you practise?

- Senior (e.g. partner, director)
- Intermediate
- Junior
- Other (please specify)

### 4. How many years of experience in tax practice (including overseas experience) do you have?

- Less than 5 years
- More than 5 years and less than 10 years
- More than 10 years and less than 20 years
- More than 20 years

### 5. What is your area of specialisation?

**Please choose all that apply**

- Personal income tax
- Small business income tax
- Large business income tax
- Tax planning
- GST

Other (please specify)



## 6. What is your GST exclusive chargeable rate per hour?

- less than \$100
- \$100 - \$249
- \$250 - \$499
- \$500 - \$749
- \$750 or more

# Survey of Australian Tax Practitioners

**7. Please estimate the total hours per week you work at the firm on average.**

hours

**8. Out of these, how many hours per week are chargeable hours?**

hours

**9. Please estimate the total number of hours per week you work on client tax-related matters.**

**If zero please write 0.**

hours

**10. Out of these, how many hours per week are chargeable hours?**

hours

# Survey of Australian Tax Practitioners

## 11. Focusing on total time spent on client tax-related matters only ( including tax matters related to superannuation), please estimate the proportion of time devoted to the following tax services

### If zero please write 0.

Tax compliance activities (e.g. preparation and lodgement of tax returns) %

Tax planning activities (e.g. tax advice, business structuring and exit) %

Tax litigation activities (e.g. assisting clients in tax appeals/ disputes) %

Other tax related activities %

## 12. Please choose the category that best describes the accounting firm where you practice

- " Big Four "
- " Second tier" or " mid tier"
- Other national practice with more than one partner
- Regional practice with more than one partner
- Local or suburban practice with more than one partner
- Single practitioner
- Other (please specify)

# Survey of Australian Tax Practitioners

## Your role as tax intermediary

**13. Tax practitioners typically perform many roles in their work. Please rank each of the following roles (1 is most important to you and 4 is least important to you).**

Assisting clients in complying with the tax laws (including preparing and lodging of tax returns/documents)

Providing clients with tax advice and risk advice (including tax planning)

Assisting clients with tax litigation (appeals, disputes, etc)

Other

**14. If applicable, please specify "other"**

# Survey of Australian Tax Practitioners

## 15. Why do you think your clients seek your professional service?

**Please tick all that apply.**

- (a) Tax matters are too complicated for them
- (b) They wish to improve their general understanding of tax-related matters
- (c) They need an expert opinion on a specific tax issue
- (d) They need an expert opinion about legislative changes
- (e) They want to maximise allowable deductions/tax offsets
- (f) They believe that it would reduce the chance of being audited by the ATO
- (g) They believe it is more cost effective to use an external tax adviser
- (h) Other (please specify)

## 16. If you ticked more than one box, please list the three most significant reasons (e.g. a, c or g) in descending order where 1 is the most important in your view

1.
2.
3.

# Survey of Australian Tax Practitioners

**17. On a scale of 0 to 10 (where 0 implies no impact, 5 implies moderate impact and 10 implies an enormous impact) please score each of the following factors as a driver of tax complexity. Please also add and score any other factors that you consider may lead to tax complexity.**

The uncertainty of the tax law	<input type="text"/>
Tax record keeping requirements	<input type="text"/>
The frequency of changes in tax rules	<input type="text"/>
The number of different taxes that taxpayers have to deal with	<input type="text"/>
The compliance and regulatory tax requirements imposed by the ATO	<input type="text"/>
The compliance and regulatory tax requirements imposed by states/territories	<input type="text"/>
The frequency of changes in tax administrative practices	<input type="text"/>
The complexity of commercial transactions	<input type="text"/>
Taxpayers' desire to minimise their tax liabilities	<input type="text"/>
Other factors you think may cause tax complexity	<input type="text"/>

**18. If applicable, please describe which "other " factors may cause tax complexity**

# Survey of Australian Tax Practitioners

**19. To cope with changes in the tax law, tax rules or tax administrative practices, you may need to undertake continuing education/training in taxation. Please estimate your average annual costs of continuing education/training in taxation.**

**If Zero, please write 0**

Time losses: (hours per year)

Monetary expenses (books, seminars/conferences, travelling, accommodation, etc) (whether out of your own pocket or reimbursed by your firm): (\$ per year)

**20. Please indicate the percentage of your annual costs of continuing education/training in taxation that can be eventually passed on to your clients.**

**If Zero, please write 0**

%

# Survey of Australian Tax Practitioners

**21. Allowing for your increasing experience and improved skills in dealing with tax matters over time, please tick one box for each of the following statements.**

**The cumulative effects of tax changes since 2008 (or since when you started practising)...**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
have allowed me to advise clients with more certainty	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
have allowed me to reduce time and stress associated with tax return preparation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
have made it more difficult for me to advise clients on tax planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
have made it more difficult to represent clients in tax litigation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**22. Please tick one box for each of the following statements.**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I feel comfortable about recent simplification initiatives such as e-filing, pre-filled income tax returns, standard work related deductions, Standard Business Reporting, etc	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think simplification of tax laws is more important than technologically driven simplification	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



# Survey of Australian Tax Practitioners

## Services Provided by the Firm to its Business Clients

**23. Please indicate, in rough percentage terms, the breakdown of the firm's client related activity between different categories of services.**

Tax services to non-business individual clients (%)	<input type="text"/>
Tax services to business clients (incl. not for profit) (%)	<input type="text"/>
Tax services to superannuation funds (incl. self-managed) (%)	<input type="text"/>
Non tax services (incl. financial planning services ) to individual clients (%)	<input type="text"/>
Accounting and reporting services to business clients (incl. not for profit) (%)	<input type="text"/>
Auditing services to business clients (incl. not for profit) (%)	<input type="text"/>
Other non-tax services to business clients (incl. not for profit) (%)	<input type="text"/>

# Survey of Australian Tax Practitioners

## 24. Which of the following tax services are normally provided by the firm to its business clients?

### Please tick all that apply

- Tax compliance services (e.g. preparation and lodgement of tax returns)
- Tax advice related to specific Australian tax issues
- Tax advice related to international tax issues
- Strategic tax planning (e.g. choice of business structure)
- Information seminars on tax legislation changes

Other (please specify)

# Survey of Australian Tax Practitioners

## 25. Which of the following non-tax services are normally provided by the firm to its business clients?

Please tick all that apply

- Accounting and financial reporting services
- Forensic accounting services
- Auditing services
- Information system advice
- Financial advisory
- General business advisory (e.g. budgeting, cash flow)
- Business purchase and business restructure

Other (please specify)

## 26. What is the range of hourly rate (GST exclusive) charged by the firm for providing tax services to its business clients?

Minimum \$ per hour:

Maximum \$ per hour:

## 27. What is the range of hourly rate (GST exclusive) charged by the firm for providing non-tax services to its business clients?

Minimum \$ per hour:

Maximum \$ per hour:

## Survey of Australian Tax Practitioners

**28. For small business clients, the same financial information would typically be used for the purpose of preparing financial reports and tax returns. Would you agree that this may result in some fee saving for the client?**

- No
- Yes

# Survey of Australian Tax Practitioners

## **29. If yes, can you estimate the average annual fee saving for a typical small business client?**

- Less than \$500
- \$501 - \$1,000
- \$1,001- \$3,000
- \$3,001- \$5,000
- More than \$5,000
- Impossible to estimate

**30. Some business clients may be getting additional value from professional accounting and tax services in the form of casual advice or consultation for which they would not be billed. Would you agree that this may be the case for business clients of the firm where you practise?**

- No
- Yes

**31. If yes, can you estimate the average annual fee saving for the client as a result of those “unbilled” services?**

- Less than \$500
- \$501 - \$1,000
- \$1,001- \$3,000
- \$3,001- \$5,000
- More than \$5,000
- Impossible to estimate

# Survey of Australian Tax Practitioners

**32. Your firm may not be able to bill some professional services provided to its business clients. If it is the case, can you estimate the proportion of chargeable hours that is not billed as a proportion of the total chargeable hours billed to business clients in your firm?**

**If zero please write 0**

%



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**33. If some professional services to business clients are not billed by your firm, what is the approximate breakdown (in percentage) of the total un-billed amount between different categories of services :**

**If zero please write 0.**

Tax compliance services %

Tax litigation services %

Tax planning services %

Accounting and financial reporting services %

Auditing services %

Information system advice %

Financial advisory %

General business advisory %

Other services %

**34. If applicable, please describe "Other services"**

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**35. In the space below please provide any suggestions as how to tax complexity might be mitigated or reduced. Also feel free to add any other comments on the topic or the survey that you may have.**

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## 36. One last question

	No	Yes
Do you wish to receive a copy of the final report of the survey?	<input type="radio"/>	<input type="radio"/>
Are you willing to participate in data verification exercise?	<input type="radio"/>	<input type="radio"/>

**37. If you answer yes to any of the above, please provide us with your first name, email address or telephone number. This information will remain confidential to the research team.**

First Name

Email:

Telephone including area code:

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**Many thanks for your input. It is greatly appreciated by the research team.**