



Australian Government



TAX
PRACTITIONERS
BOARD

Understanding tax practitioners and their clients

Presented by Mick Mumford, Director of TPB Corporate Services,
and Dr Doowon Lee, Associate Professor, Sydney Business School

Welcome

'In the spirit of reconciliation, we respectfully acknowledge the Traditional Owners and Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their cultures, and Elders past, present and emerging.'

Access the presentation slides: tpb.gov.au/webinar-hub

What we will cover today

- ✓ Introduction to the survey
- ✓ What the survey tells us about consumers of tax practitioner services
- ✓ What consumers and tax practitioners tell us about our performance
- ✓ The Tax Compliance Intentions of Taxpayers and Tax Agents project
- ✓ Questions

Meet your presenters



Mick Mumford

Director of Corporate
Services, TPB



Dr Doowon Lee

Associate Professor,
Sydney Business School

Poll 1

Have you heard of the survey before the webinar, and have you received one previously?

- a) Never heard of it.
- b) Heard of it, but I've never been invited to participate.
- c) Invited previously, but didn't respond.
- d) Invited and responded.



Introduction

- We will unpack what the TPB has learned through its research about both tax practitioners and their clients, and why that matters.
- We will provide insights into the research that drives certain decisions we make, such as when, and what, we communicate to you.
- There is no such thing as an average tax practitioner, but we need to make certain assumptions about who we are speaking to and what they need to hear from us.



Poll 2

Why does the TPB want to understand you and your clients better?

- a) Because big brother is watching you, always...
- b) To help tax practitioners understand the market.
- c) To find ways to promote tax practitioner services to consumers.
- d) To assess taxpayer's knowledge of their rights.
- e) To assess public confidence in tax practitioners.
- f) To determine the success of our communication activities.
- g) To identify gaps in tax practitioner knowledge.



How we use data


- We use data to inform our communications approach and corporate reporting.
- Many of our significant performance metrics are reported publicly (e.g. through our Annual Report).
- We do not release or share all the data we collect. Some of this data is for our internal use and we do not make it available publicly.



How we do the survey

- We conduct a 5-7 minutes survey bi-annually via the ATO.
- The survey is issued to the following stakeholder groups:
 - consumers (including business owners, SMSF trustees/members and individuals)
 - tax practitioners (including tax agents and BAS agents).
- We invite 12,000 consumers and 3,000 tax practitioners to respond to each survey.
- We have conducted 5 'waves' of the survey.

**What the survey tells us about
consumers of tax practitioner services**



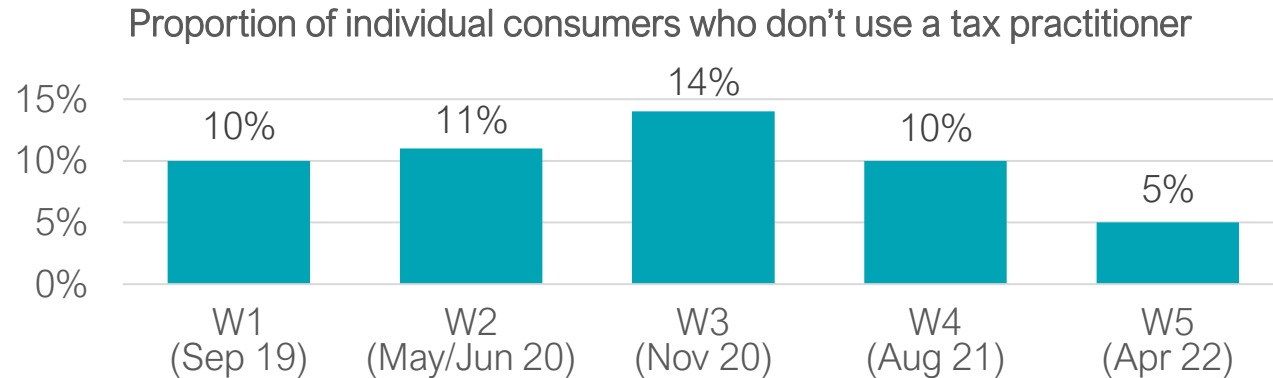
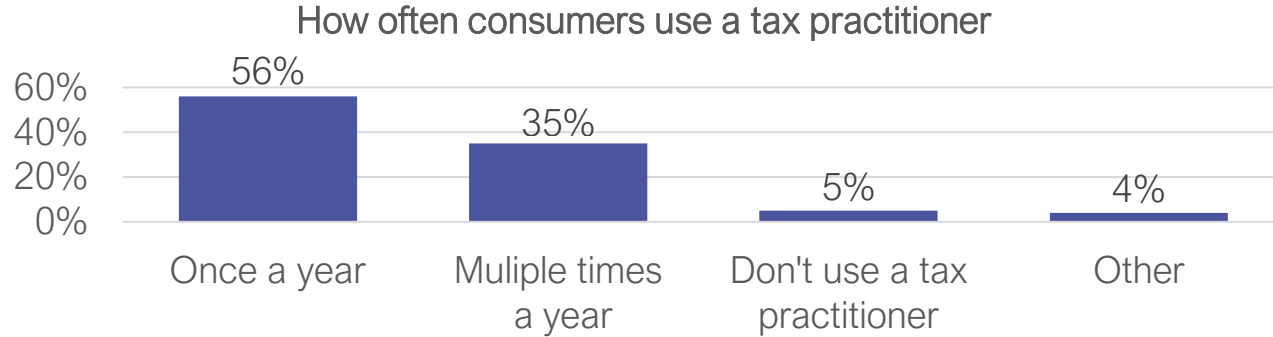
Poll 3

What proportion of individual taxpayers use a tax practitioner at least once a year?

- a) 54%
- b) 69%
- c) 73%
- d) 91%



Poll 3 discussion



Poll 4

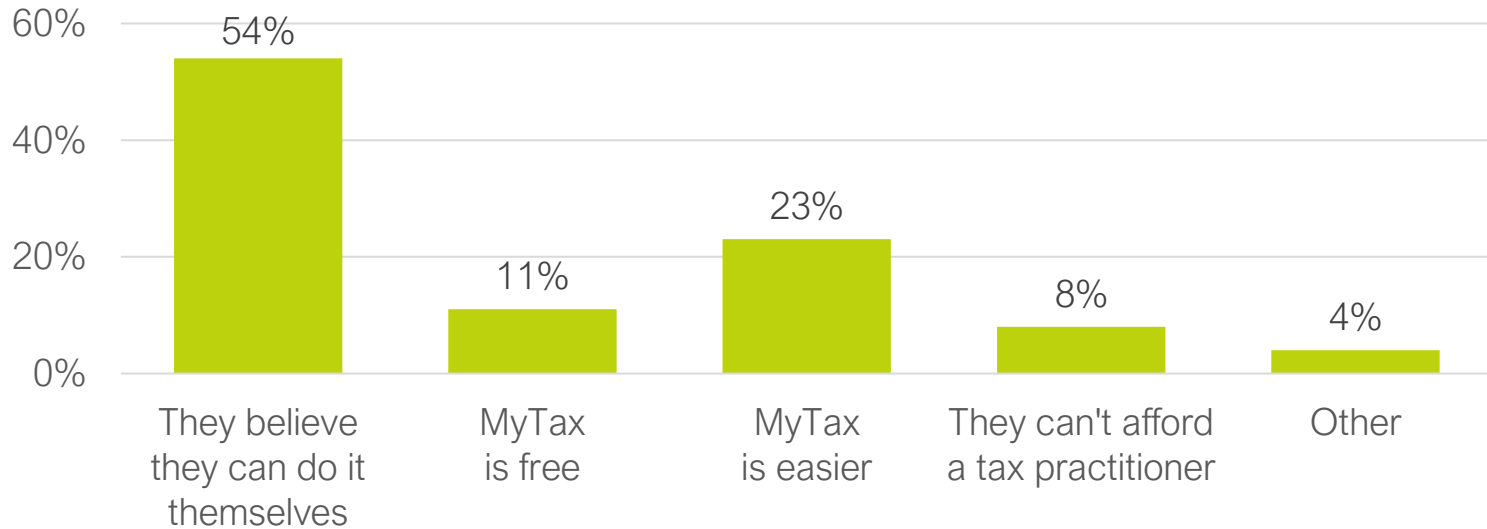
Why do taxpayers do their own tax?

- a) They believe they can do it themselves
- b) MyTax is free
- c) MyTax is easier
- d) They can't afford a tax practitioner
- e) Other



Poll 4 discussion

The main reasons some taxpayers do their own tax



Poll 5

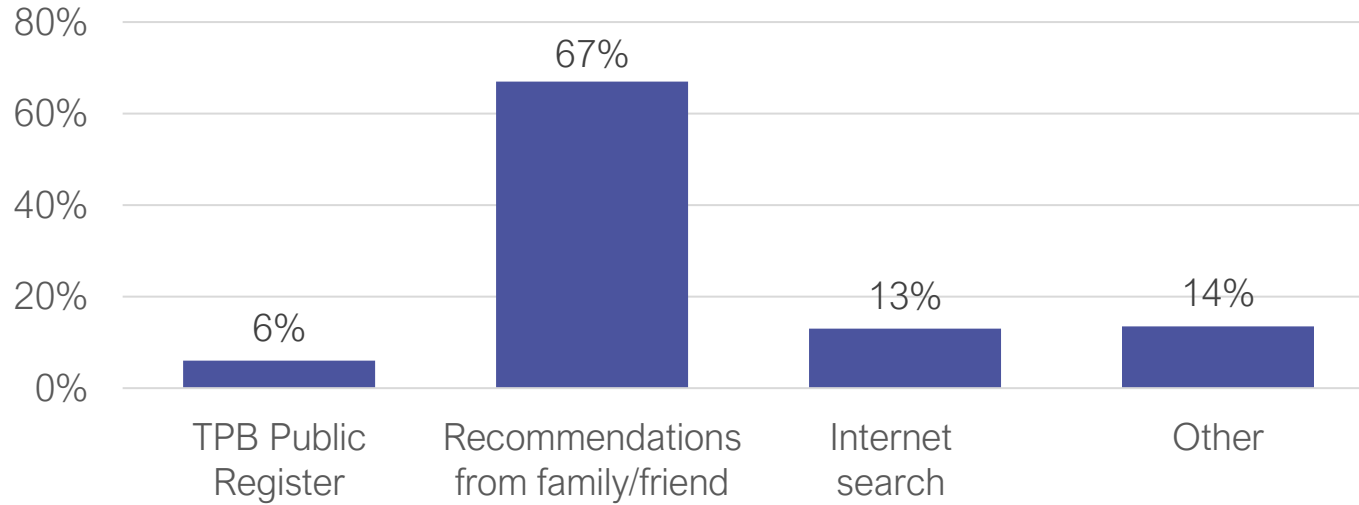
How do consumers choose their tax practitioner?

- a) TPB Public Register
- b) Recommendations from family or friends
- c) Internet search
- d) Other

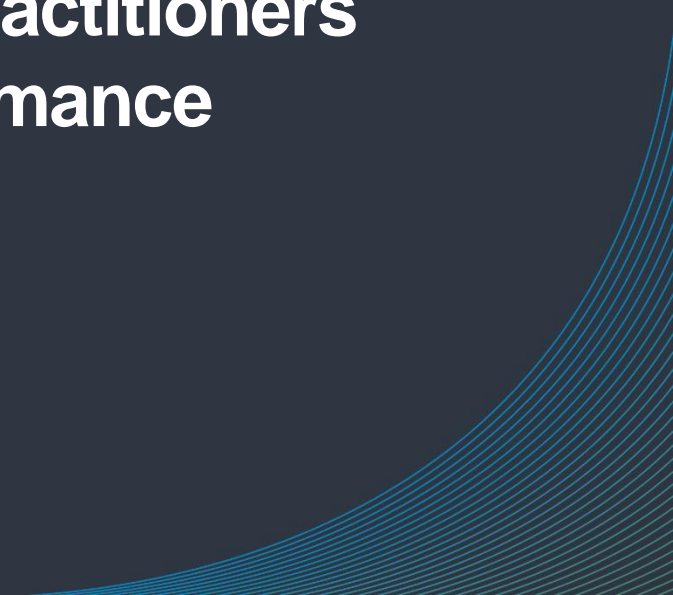


Poll 5 discussion

How consumers pick their tax practitioner



**What consumers and tax practitioners
tell us about our performance**

A decorative graphic in the bottom right corner consisting of a series of thin, light blue curved lines that sweep upwards and to the right, creating a sense of motion and modern design.

Poll 6

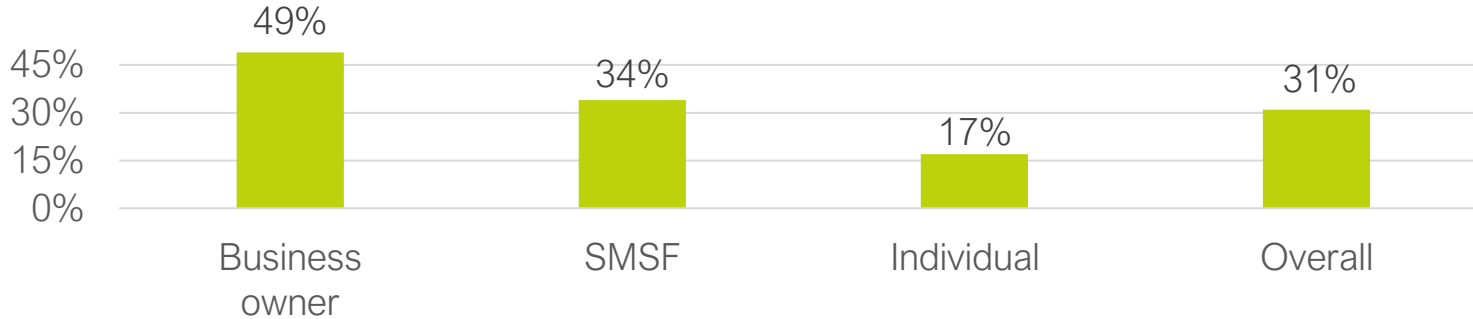
What proportion of consumers are aware of the TPB?

- a) 0-10%
- b) 11-20%
- c) 21-30%
- d) 31-40%
- e) Greater than 40%

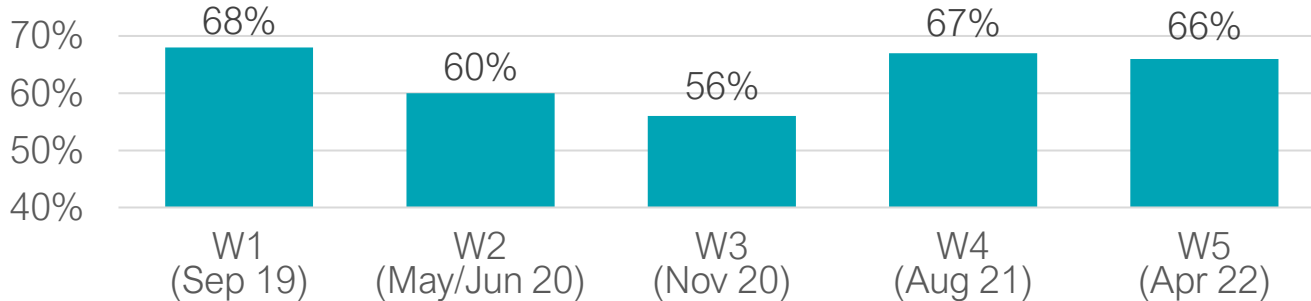


Poll 6 discussion

Proportion of consumer groups who have heard of the TPB



Proportion of consumers who have heard of the TPB's Public Register



Poll 7

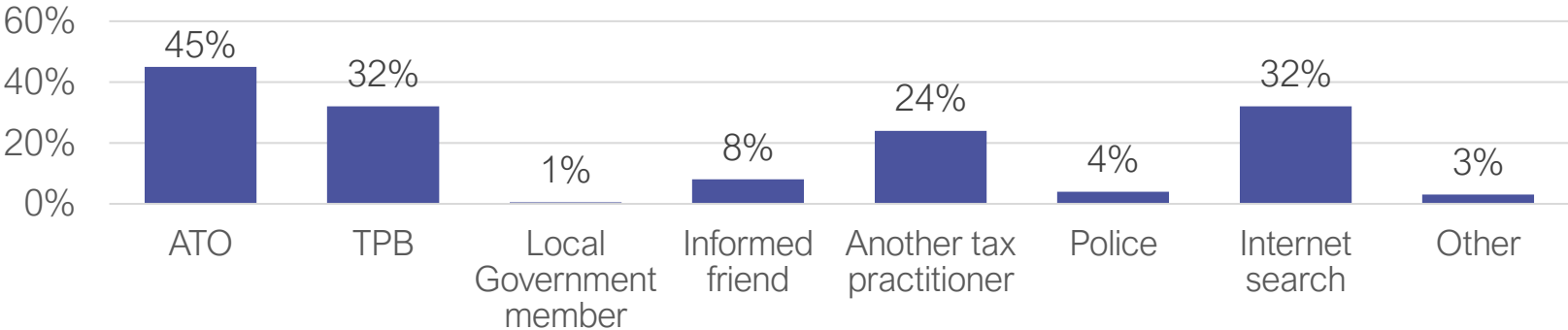
Who would a consumer go to if they were concerned about a tax practitioner's behaviour?

- a) ATO
- b) TPB
- c) Local Government Member
- d) Informed friend
- e) Another tax practitioner or accountant
- f) Police
- g) Internet search
- h) Other



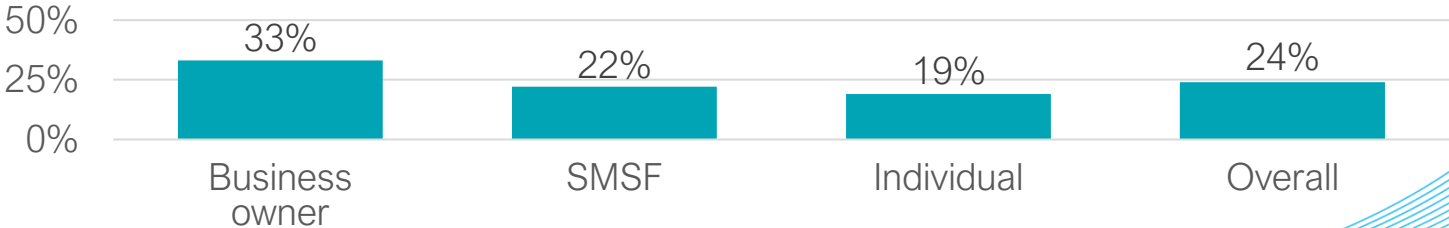
Poll 7 discussion

Who consumers go to for help when concerned about tax practitioner behaviour



(This question allowed respondents to select all options that applied.)

Proportion of consumer who would go to an another tax practitioner for help



Poll 7 discussion

- 81% of tax practitioners agree the TPB is effective at ensuring tax practitioners are registered.
- 83% of tax practitioners report the TPB is effective at ensuring tax practitioners understand their obligations under the *Tax Agent Services Act 2009* (TASA).
- 78% of tax practitioners find our policy and advice guidance useful.
- A total of 56% of tax practitioners say the TPB was responsive to their needs throughout COVID-19.

What the survey tells us about tax practitioners



Poll 8

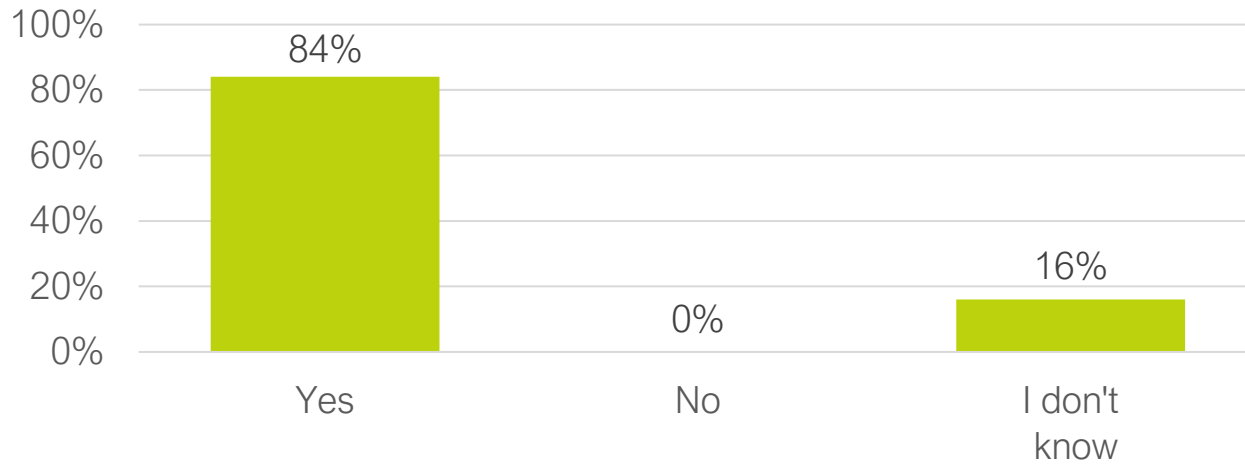
What proportion of consumers know that their tax practitioner is registered with the TPB?

- a) 0-20%
- b) 21-40%
- c) 41-60%
- d) 61-80%
- e) 81-100%



Poll 8 discussion

Consumer responses when asked if their tax practitioner is registered with the TPB



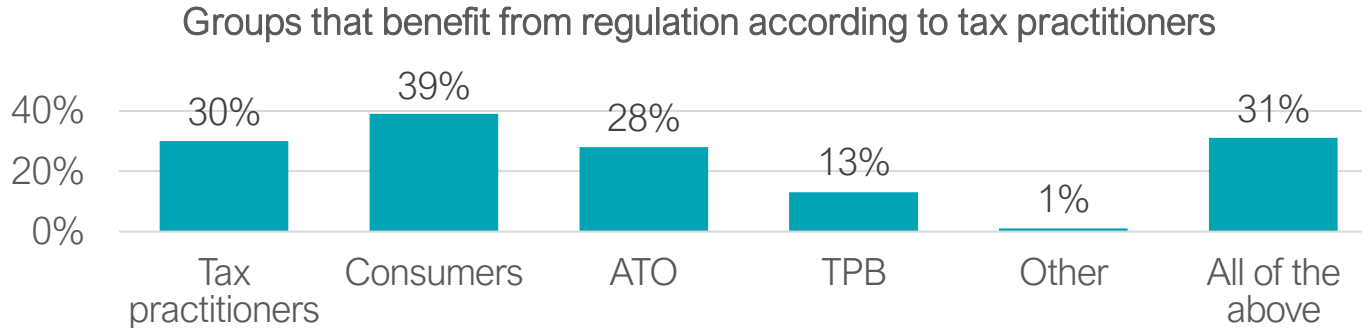
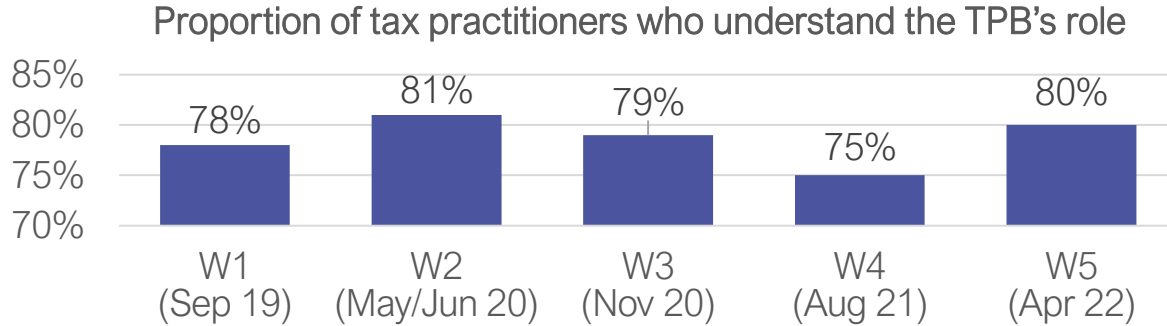
Poll 9

What proportion of tax practitioners are aware of the TPB's role?

- a) 0-25%
- b) 26-51%
- c) 52-76%
- d) 77-100%



Poll 9 discussion



(This question allowed respondents to select all options that applied.)

Poll 10

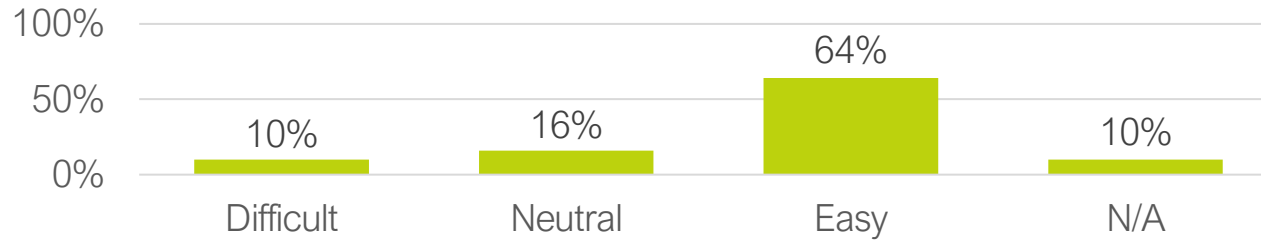
How easy or difficult was it for you to register with the TPB online?

- a) Easy
- b) Difficult
- c) Neutral
- d) Not applicable

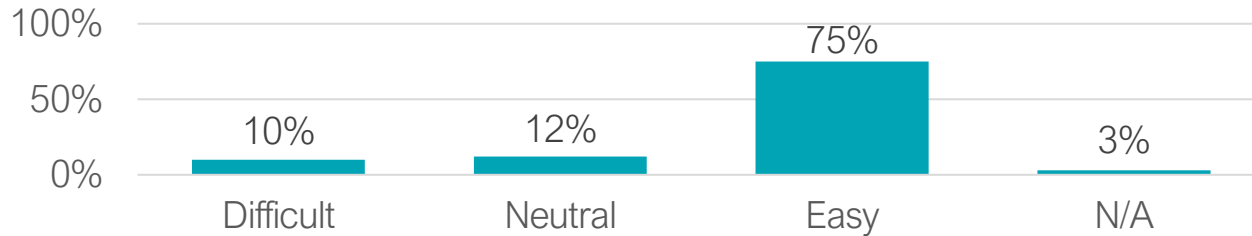


Poll 10 discussion

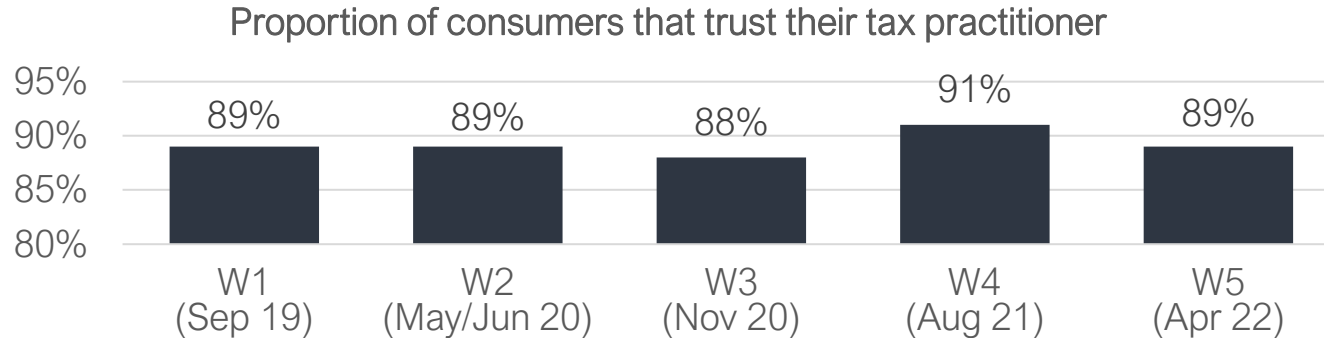
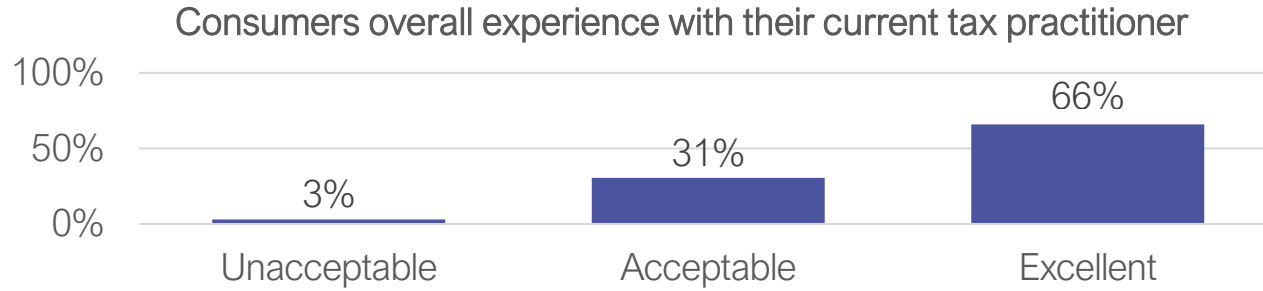
How tax practitioners found the registration process



How tax practitioners found the renewal process



Poll 10 discussion



Final thoughts

- The TPB is communicating key messages well, but there is room for improvement.
- 1 in 4 individual consumers say they would go to another tax practitioner to report misbehaviour. We believe you have a responsibility to act when individuals come to you for help.
- Tax practitioners are highly trusted and the TPB wants to maintain this. Trust levels are one of our key industry health indicators.
- We will continue seeking to better understand how we are perceived and how the industry is perceived and use this information to help inform our decisions.

Project Summary: Tax Compliance Intentions Of Taxpayers and Tax Agents



29 Sept 2022



PROJECT Aim:

Investigate the
Influence of Social
Norms on Tax
Compliance
Intentions:
Australia's Job
Keeper Subsidy
Scheme during
COVID-19

- Target survey group: **250** small business owners in Australia.
- A hypothetical scenario where participants rate how likely they would be to reduce their income to qualify for JobKeeper.
- Participants' tax compliance intentions are analysed using social norms theory.

Demographics of Respondents

Accommodation and food services	17
Administrative and support services	3
Agriculture, forestry and fishing	4
Arts and recreation services	18
Construction	31
Education and training	13
Electricity, gas, water and waste services	5
Financial and insurance services	12
Health care and social assistance	18
Information media and telecommunications	3
Manufacturing	9
Mining	2
Other services	39
Prefer not to say	4
Professional, scientific and technical services	37
Rental, hiring and real estate services	10
Retail trade	19
Transport, postal and warehousing	5
Wholesale trade	3

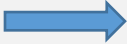
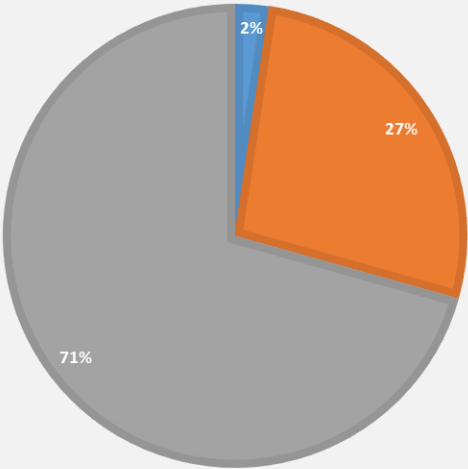
Company Type		Since establishment		Turnover	
Company	77	Between 2 years and 5 years	80	Below \$75k	64
Partnership	45	Between 5 years and 10 years	63	\$75k to less than \$100k	34
Sole trader	118	Less than 2 years	22	\$100k to less than \$200k	33
Trust	12	More than 10 years	85	\$200k to less than \$500k	37
		Prefer not to say	2	\$500k to less than \$1m	28
				\$1m to less than \$2m	26
				\$2m to less than \$5m	16
				\$5m to up to \$10m	6
				Prefer not to say	8

Age	
18-24 years	5
25-34 years	59
35-44 years	82
45-54 years	40
55-64 years	48
Above 64 years	18

Key Descriptive Statistics: More help from tax agents?

WHO FILED TAX REPORT PRIOR TO COVID

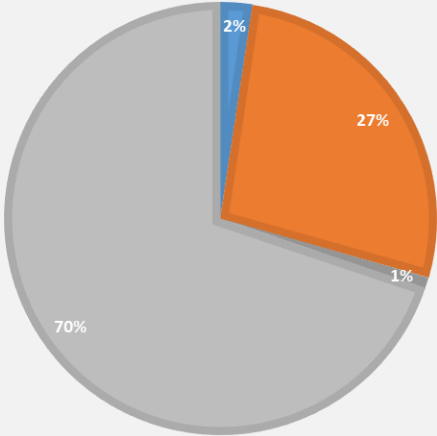
■ Don't remember ■ Myself – Owner/Manager ■ Tax agent



No Change

WHO FILED TAX AFTER COVID

■ Don't remember ■ Myself – Owner/Manager
■ New tax agent – different from above in Q2 ■ Tax agent – the same as above in Q2



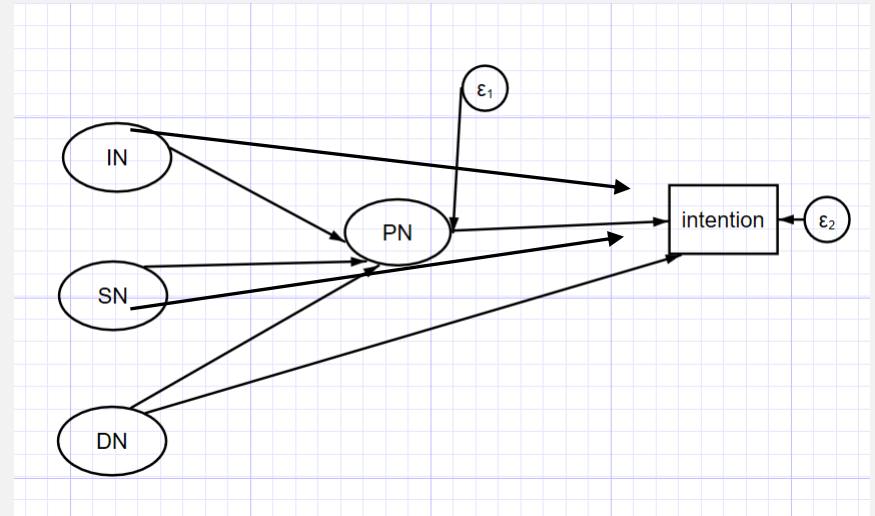
Scenario: Intention to Commit Fraud

-
- Assume that the Australian government re-introduces a payment scheme similar to JobKeeper. To qualify for this scheme, businesses need to show a 30% decline in quarterly turnover. James Smith is a sole trader and owns a small business. His business's annual turnover is around \$200,000. His business is negatively affected by COVID. The decline in its quarterly turnover is slightly below the required threshold of 30%. However, if James FALSELY omits income from a customer who paid in cash, his business's quarterly turnover will be further reduced by \$2,000. Then, James will be eligible for \$1,000 in subsidy fortnightly.
 - **Q: If you were in a situation similar to James, would YOU reduce the turnover by \$2,000?**
 - 7 scale from Extremely unlikely – Extremely likely

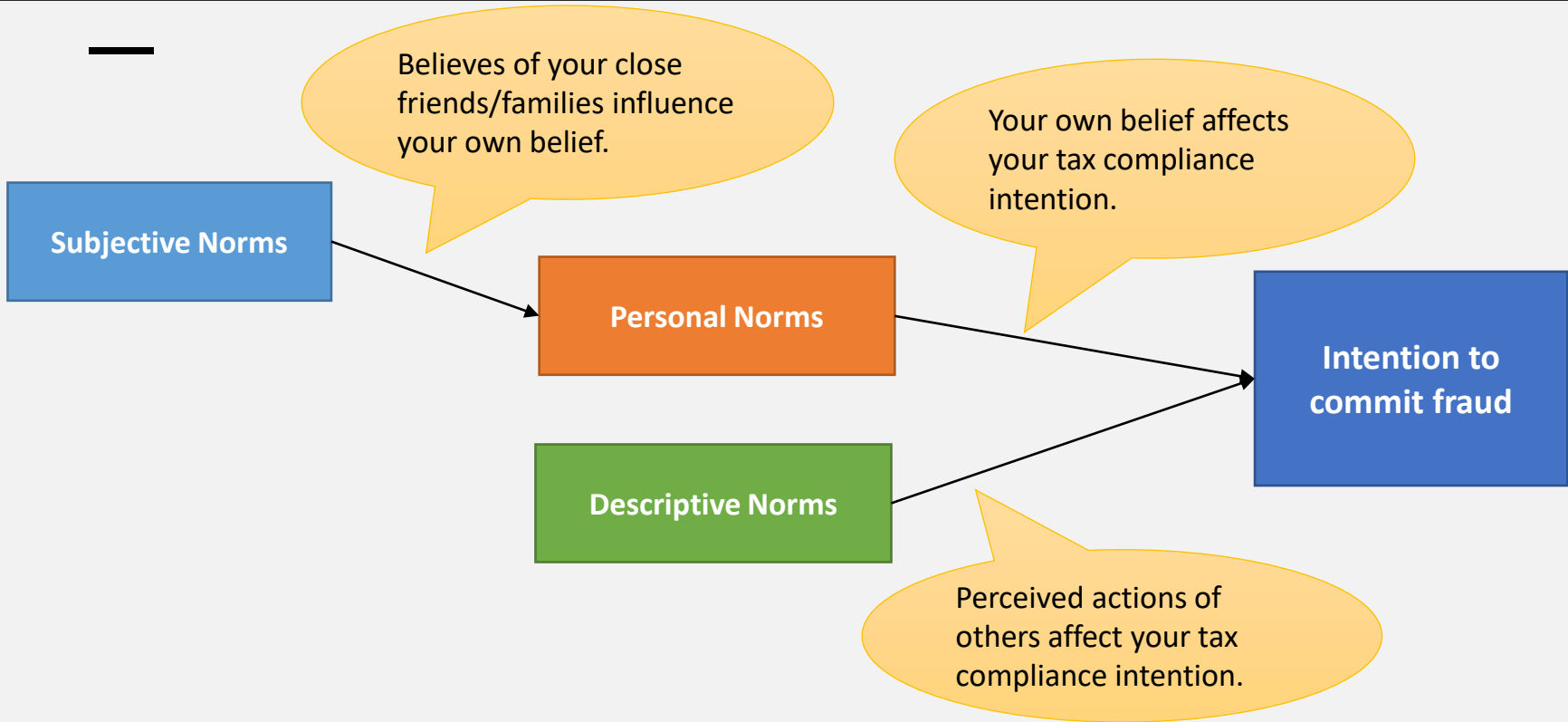
Note: Subsidy of \$1,000 per fortnight is equal to \$6,000 per quarter.

Model

- **Personal Norms (PN)**
 - one's own expectations for behavior
- **Subjective Norms (SN)**
 - your expectations of behaviours of important others (close friends/relatives)
- **Injunctive Norms (IN)**
 - your expectations of what should be done
- **Descriptive Norm (DN)**
 - your expectations of of how others actually behave



Results

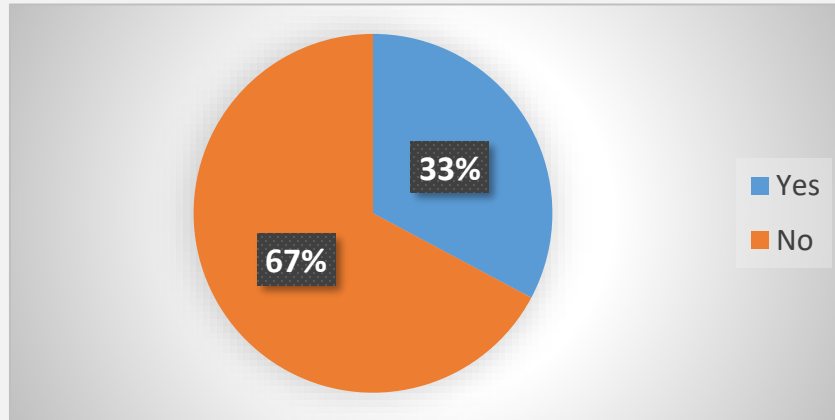


Jobkeeper Eligibility: Estimated vs. Actual GST Turnover

-
- 125 (50%) out of 250 respondents received the Jobkeeper subsidy in the original period (30 March to 27 September 2020).

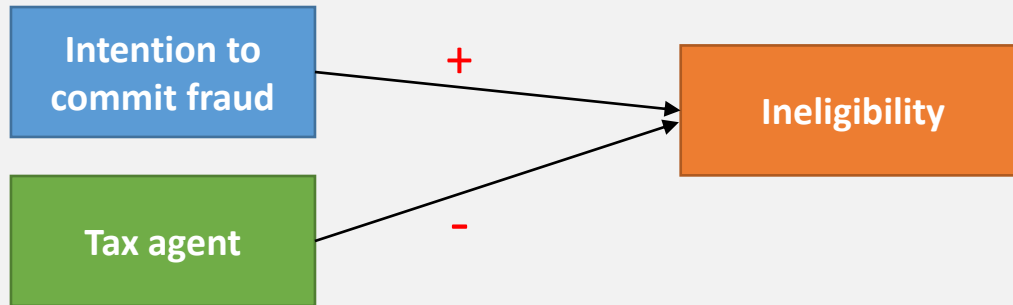
Q. For this period, was your actual change in GST turnover different from your estimate?

- Yes (33%)
- No (67%)



Jobkeeper Eligibility: Estimated vs. Actual GST Turnover

- 18 (14.4%) respondents who received the JobKeeper subsidy did not meet criteria based on the actual turnover (**Ineligibility** based on the actual turnover).



- Intentions to commit fraud **increases** the likelihood the company was ineligible based on the actual turnover.
- Hiring a tax agent **reduces** the likelihood the company was ineligible based on the actual turnover.

THANK YOU





Questions

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