Constraints on the “Enhanced relationship” model – what really shapes the relationship between tax administrators and tax intermediaries in Australasia and what this might mean for the United Kingdom

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Friends or Foes?

Introduction

- Tax administration and voluntary compliance
- Australasia - responsive regulation, community partnerships and the profession
- OECD’s “enhanced relationship”
- Theoretical concerns
- Interview program
- A rationalisation
- Implications for the UK
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What common interest?
- Opposing interests
- What is the “correct” amount of tax?

Problems from conflicting interests
- Which prevails?
- What are the administrator’s obligations?
- Do practitioners owe a duty to the system – the dob in line?
- The tax ethics of practitioners
- Duty of confidentiality v obligation to disclose breaches
- The views of the administrators
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The eclectic nature of tax advisers
- Advocate v adviser
- Collaborative practice
- Representative bodies

Transparency legitimacy independence
- Administrative discretion v the rule of law
- Flexibility v consistency and quality control
- Transparency v confidentiality
- Regulatory capture
Interview findings

- The rhetoric of partnership V the reality
- A patchy development
Interview conclusions: in pursuit of a partnership

- Change in mindset
- Acknowledgement of conflicting duties
- Establishment of parameters / expectations
- Fairness, transparency & accountability
- Empowerment
Relationship appears cyclical dependent on:

- past criticism
- lack of personal relationships
- lack of resources and competency
- political pressure
- reaction to activity of taxpayers
- recent court victories
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The partnership model as a mediator

- The relationship is patchy and has fluctuated over time
- Pressures that shape the partnership model
- Subjective element and second order pressures
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The Mediatory Role of the P/S Model

Government – fiscal imperative and legitimacy
Parliament – Independence and accountability
Other government law enforcement agencies ie public prosecutor – enforcing the rule of law and meeting fiscal imperatives

Ideology – Communitarian and individualist perspectives

Tax administrator – shaping and responding to pressures through the mediating mechanism of the partnership model
Professions – private markets in tax minimisation, ethics, rule of law

Legislative-Secrecy obligation and public accountability

Competitive globalization – Neutral revenue administration and lowering tax compliance costs
Interest groups – Tempering poorly formulated law and not being captured
Sources of dynamic tension

Ideological tension
- liberal individualism v Rousseau’s ‘general will’
- grey law and administrative discretion

Legislative parameters
- statutory obligations and substantive fairness
- care and management power
- obligation of secrecy
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Institutional parameters
- public media
- interest groups
- Parliamentary scrutiny

Internal parameters
- prevailing cultures
- resources
- management capacity and ownership

International pressures
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And what of the UK?

- Working together initiative
- The Varney review
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Conclusion – implications for the UK

- Dynamic relationship molded by its environment
- Expectations need to be realistic