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ACCA

Public trust in tax – Australia

A pulse check
on public trust
and people's
views on taxation
in Australia
compared to
G20 countries

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ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants, offering business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

ACCA supports its **198,000** members and **486,000** students in **180** countries, helping them to develop successful careers in accounting and business, with the skills required by employers. ACCA works through a network of **101** offices and centres and more than **7,291** Approved Employers worldwide, who provide high standards of employee learning and development. Through its public interest remit, ACCA promotes appropriate regulation of accounting and conducts relevant research to ensure accountancy continues to grow in reputation and influence.

More information is available at: www.accaglobal.com

About IFAC

IFAC is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of over **175** members and associates in more than **130** countries and jurisdictions, representing almost **3 million** accountants in public practice, education, government service, industry, and commerce.

More information is here: www.ifac.org

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Chartered Accountants Australia and New Zealand is a professional body comprised of more than 117,000 members living and working around the world. We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

More information is here: charteredaccountantsanz.com/alliance

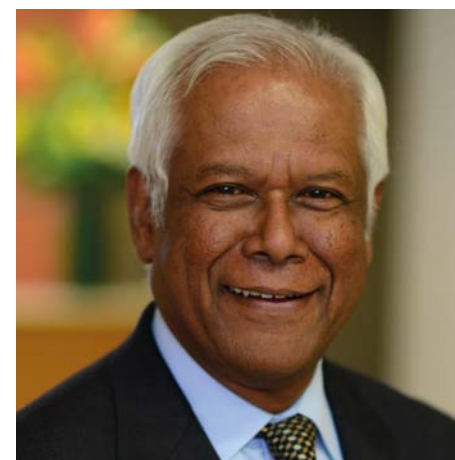
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The G20 Public Trust in Tax series is the first ever in-depth study of people's views, across all of the G20 Nations, on tax and trust. This supplementary report examines Australians' views and how they compare to those of people across the G20.

Results show people in Australia, and the G20 alike, want their governments to cooperate for a more coherent international tax system and that they trust tax professionals. Australians are more trusting of politicians on tax than their G20 counterparts and are strongly supportive of tax incentives for retirement planning and green energy projects.

Australia needs to continue to develop and maintain an effective tax system which is in step with technology and changing business models; and with a key focus on international cooperation to eliminate tax distortions.



G20 Public Trust in Tax conveys the voices of more than 7,600 people across the G20 countries, and this supplementary report takes a closer look at the views of over 400 Australians to compare and contrast with those of citizens throughout the G20. We believe it is vital to listen carefully and understand how people really feel about the international tax issues being debated in a crowded policy arena, and how those views compare.

Making taxation work effectively in the globalized, digital 21st century calls for collaboration among policymakers and commitment to working together on implementing agreed steps. But it is citizens who will ultimately shape their government's ability to implement reforms to our international tax system, and they will be the ultimate beneficiaries.

Like those throughout the G20 countries, most people in Australia want their governments to prioritize cooperation over competition for a more coherent international tax system, but making this a reality demands the public's trust.

While there is much we agree on throughout the G20 world, people's views diverge on who is paying enough tax, and who should be able to arrange their affairs in order to minimize tax—whether multinationals, local companies, or individuals at different income levels. Understanding the nuanced views of people in Australia and across G20 countries revealed in this study should help policy-makers better understand and tackle the challenges ahead.

We urge the Australian Government, as well as governments in G20 countries and beyond to heed people's clear call for cooperation, to constantly listen to them, and work hard to earn their trust by building a coherent international tax system fit for the 21st century.

Helen Brand OBE
Chief Executive, ACCA

Rick Ellis
Chief Executive, CA ANZ

Fayez Choudhury
Chief Executive, IFAC

“I appreciate that the whole tax regime is very complex. Perhaps a simpler system would be fairer and achieve better results.”

Respondent in Australia

KEY FINDINGS

1. **58%** of people in Australia trust or highly trust professional accountants for information on the tax system, compared to **57%** across G20 countries on average. (**49%** of Australians trust or highly trust professional tax lawyers, and **29%** trust or highly trust non-government organizations).
2. **65%** of people in Australia distrust or highly distrust politicians when it comes to the tax system. Compared to an average of **67%** in G20 countries. This public trust deficit extends to media (**38%** of Australians distrust or highly distrust), and business leaders (**40%**).
3. Australians want their government to cooperate on tax policy with other countries for a coherent international system – **8x more** prefer tax policy cooperation than competition (G20 average **3.5x more** prefer tax policy cooperation).
4. Australians tend to see paying taxes more as a matter of laws and regulation, than morals and fairness – almost **3x more** see tax as mainly about laws and regulations (G20 countries: **twice as many** saw tax as more about laws and regulations, as those who think it is mainly about morals and fairness).
5. People in Australia are overall most supportive of government tax incentives for retirement planning (**78%**), and green energy projects (**73%**), while in G20 countries people overall indicated higher levels of support for tax incentives for green energy projects. People in Australia were substantially less supportive of tax incentives to attract investment by multinational companies (**40%**) than those across G20 countries overall (**49%**).
6. **68%** of Australians agree or strongly agree average and low income earners are paying a reasonable amount of tax, while only **18%** believe multinationals are paying enough. This differs substantially from the views of people in G20 countries overall, where **46%** believe average and low income earners are paying a reasonable amount of tax, and **52%** believe multinationals are.
7. Australians' views on the appropriateness of arranging affairs to minimize taxation also differed from most people across the G20 countries – **67%** believe it is appropriate or very appropriate for average or low income earners to do this, while only **43%** believe it is appropriate for multinationals.
8. **49%** of people in Australia believe the work of professional accountants is contributing to more efficient tax systems (**49%**, more effective tax systems, **40%** more fair tax systems). More people in G20 countries had supportive views (**58%** more efficient tax systems, **56%** more effective tax systems; **49%** more fair tax systems).

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Who does this study represent?

This study is based on an online survey of more than 7,600 individuals across the G20 countries, providing a representative sample of the population in each country with a confidence level of 95% and confidence interval of 5%¹.

Respondents include approximately 400 individuals residing in each of the following G20 nations: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, and the United States of America (the European Union, being the 20th G20 jurisdiction, was not sampled as a separate jurisdiction although EU Countries France, Germany, Italy, and the United Kingdom are included in the study). People in G20 Countries' refers to the average of all respondents, 'people in Australia' refers to the 400 respondents in Australia.

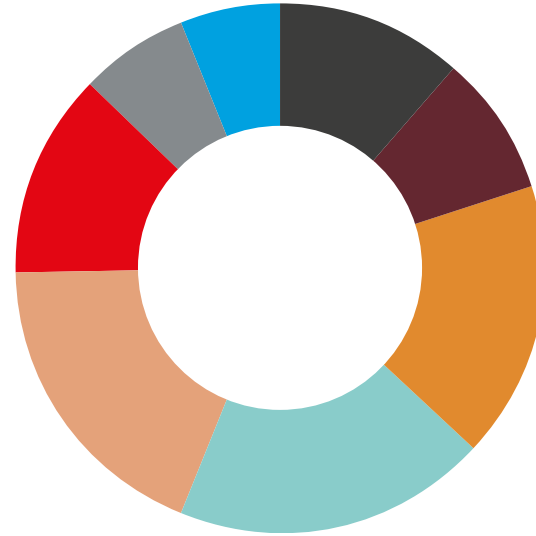
The sample in each country is balanced by demographics based on census data including age (targeting individuals of taxpaying age), gender, ethnicity, household income levels, and geographic location within the country.

¹ A confidence level of 95% and confidence interval of 5% mean there is a 95% probability that if you surveyed the entire population, the views expressed would be within 5% of those presented in this study.

This study is based on an online survey of more than 7,600 individuals across the G20 countries.

>7,600
individuals across the G20 countries

Figure 1: Household income of Australian study participants



■ Less than \$25,000	11.5%
■ \$25,000 to \$34,999	8.8%
■ \$35,000 to \$49,999	16.8%
■ \$50,000 to \$74,999	19.3%
■ \$75,000 to \$99,999	18.5%
■ \$100,000 to \$124,999	12.5%
■ \$125,000 to \$149,999	6.8%
■ \$150,000 or more	6%

Who do Australians trust when it comes to the tax system?

- 58% of people in Australia trust or highly trust professional accountants for information on the tax system, compared to 57% across G20 countries on average.
- 49% of Australians trust or highly trust professional tax lawyers, and 29% trust or highly trust non-government organizations.
- 65% of people in Australia distrust or highly distrust politicians when it comes to the tax system. Compared to an average of 67% in G20 countries.
- This public trust deficit extends to media (38% of Australians distrust or highly distrust), and business leaders (40%).

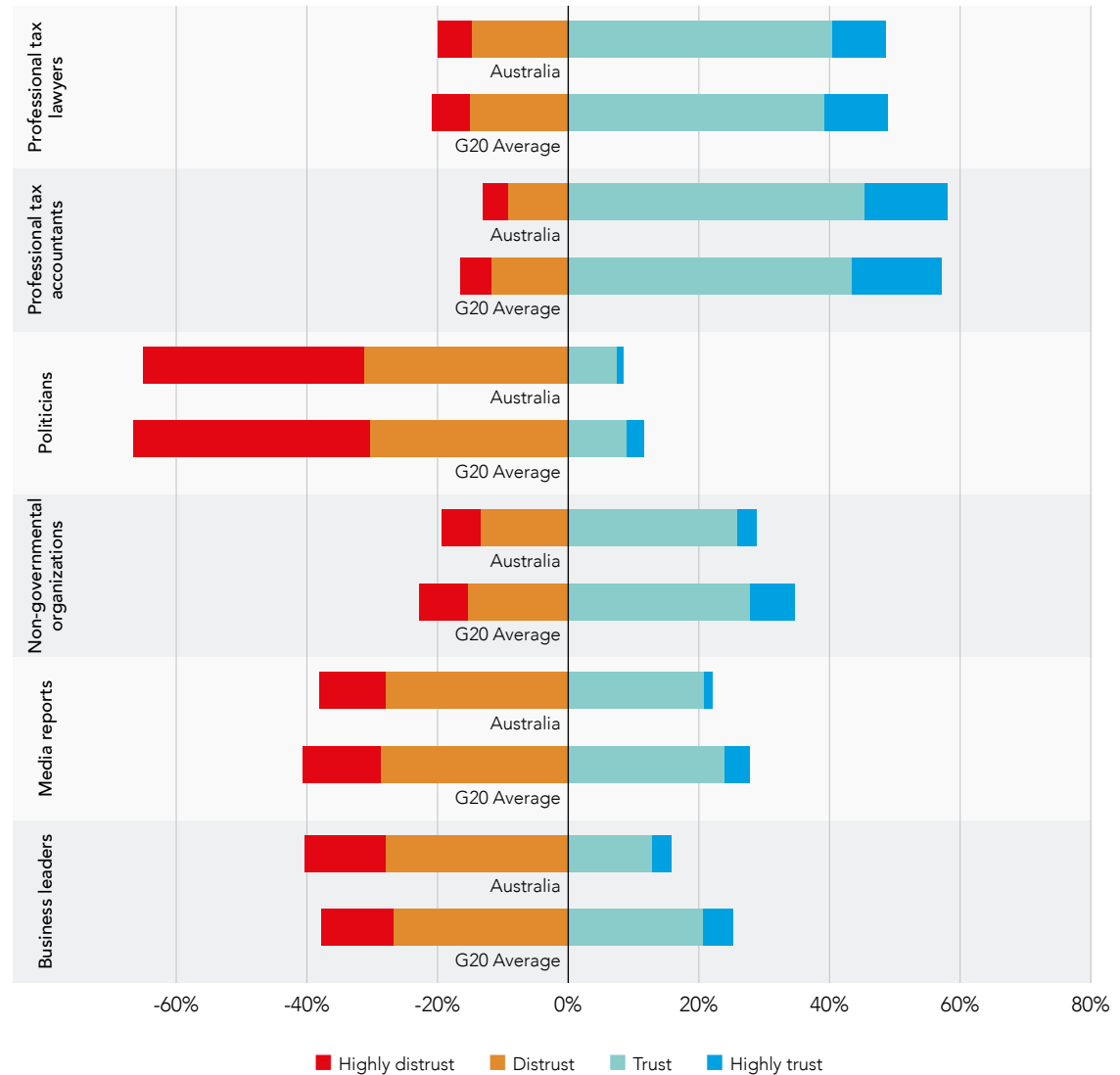


“To earn trust, you need to justify why and how much you are taxing an individual, and explain to the public and media where that money has been put.”
Respondent in Australia

65%

of people in Australia distrust or highly distrust politicians when it comes to the tax system, compared to an average of 67% in G20 countries

Figure 2: Who do people trust when it comes to the tax system?



More people in Australia want the government to cooperate on tax than to compete on tax, like those in G20 countries overall

- 8x more Australians want their government to cooperate on tax policy with other countries for a coherent international system, than prefer tax policy competition in the national interest (3.5x prefer tax policy cooperation over competition across G20 countries).
- 67% of people in Australia think it is important or very important for governments to cooperate with each other on tax policy to create a more coherent international tax system (G20 countries: 73%).

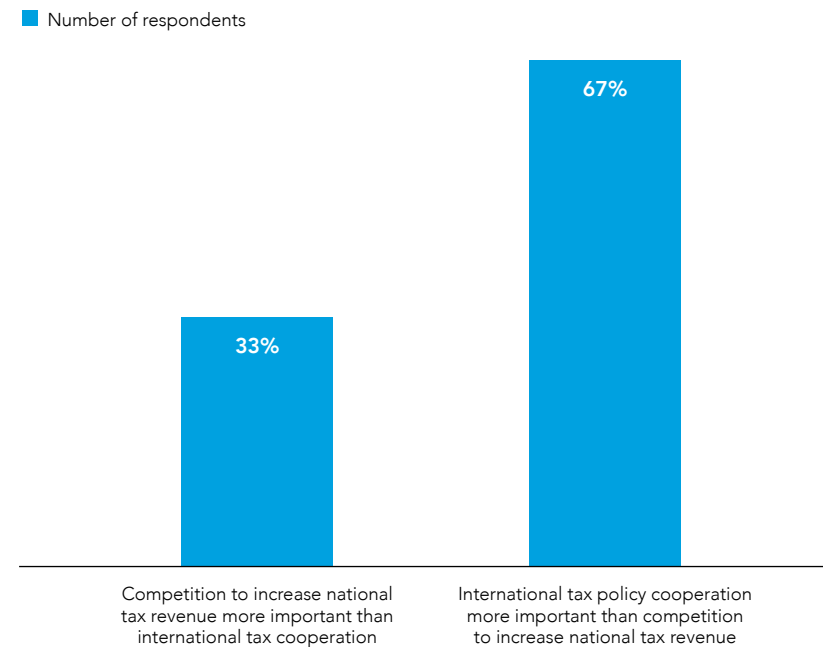
“Taxation needs to be consistent across countries and fair according to income and assets for individuals and companies.”

Respondent in Australia

67%

of people in Australia think it is important or very important for governments to cooperate with each other on tax policy to create a more coherent international tax system (G20 countries: 73%)

Figure 3: What's more important – competition or cooperation on tax policy?



In Australia, more people tend to think paying taxes is about laws and regulations, than morals and fairness, also in line with people in G20 countries overall

- Australians tend to see paying taxes as a matter of laws and regulation, than morals and fairness – almost 3x more see tax as mainly about laws and regulations (G20 countries: twice as many saw tax as more about laws and regulations, as those who think it is mainly about morals and fairness).
- 74% of people in Australia agree or strongly agree that paying taxes is mainly a matter of laws and regulations (G20 countries: 73%).



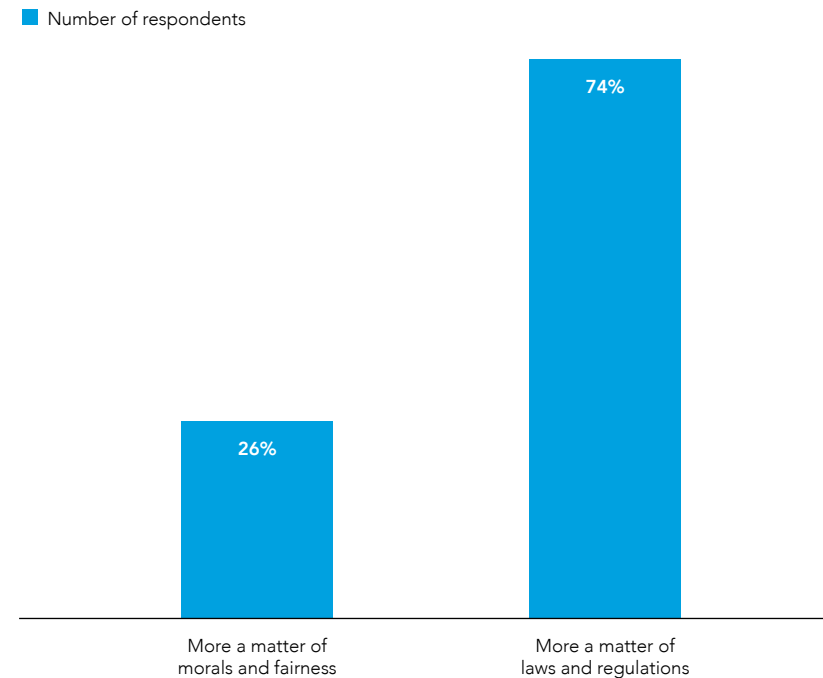
“Minimizing tax within the law is okay but tax evasion is not.”

Respondent in Australia

74%

of people in Australia agree or strongly agree that paying taxes is mainly a matter of laws and regulations (G20 countries: 73%)

Figure 4: Is paying tax more about morals and fairness or laws and regulation?



People in Australia are largely supportive of tax incentives for a range of social and economic objectives, although their priorities differ from those across G20 countries overall

- People in Australia are overall most supportive of government tax incentives for retirement planning (78%), and green energy projects (73%).
- People in G20 countries overall preferred tax incentives for green energy projects (76%) than for retirement saving (74%).
- People in Australia were less supportive of tax incentives to attract investment by multinational companies (40%) than people across G20 countries overall (49%).

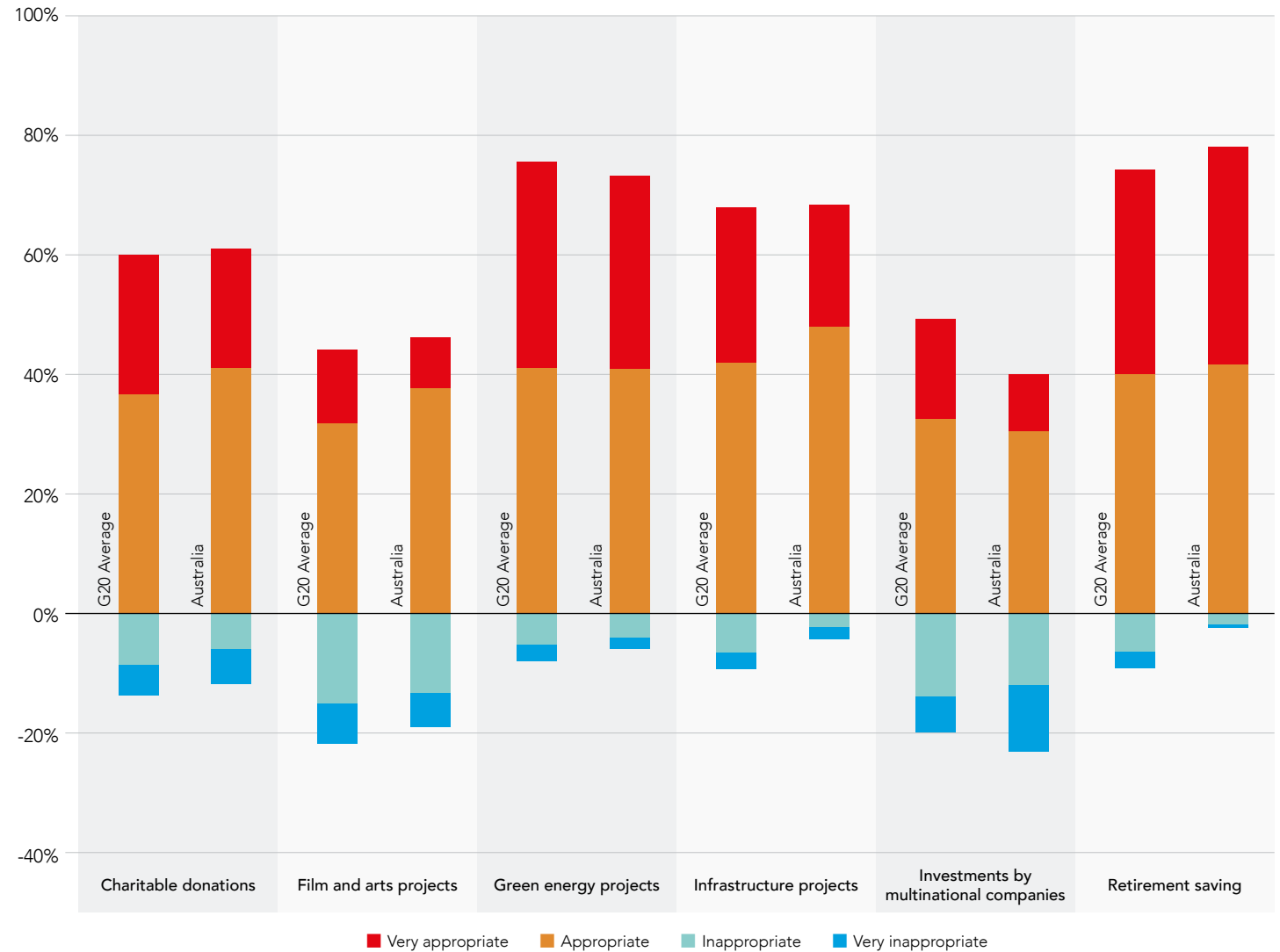


“Leave superannuation alone, it’s for our old age.”
Respondent in Australia

40%

of people in Australia were less supportive of tax incentives to attract investment by multinational companies than people across G20 countries overall (49%)

Figure 5: What are government tax incentives appropriate for?



People's strong views in Australia on who's paying enough tax differ substantially from views across G20 countries overall

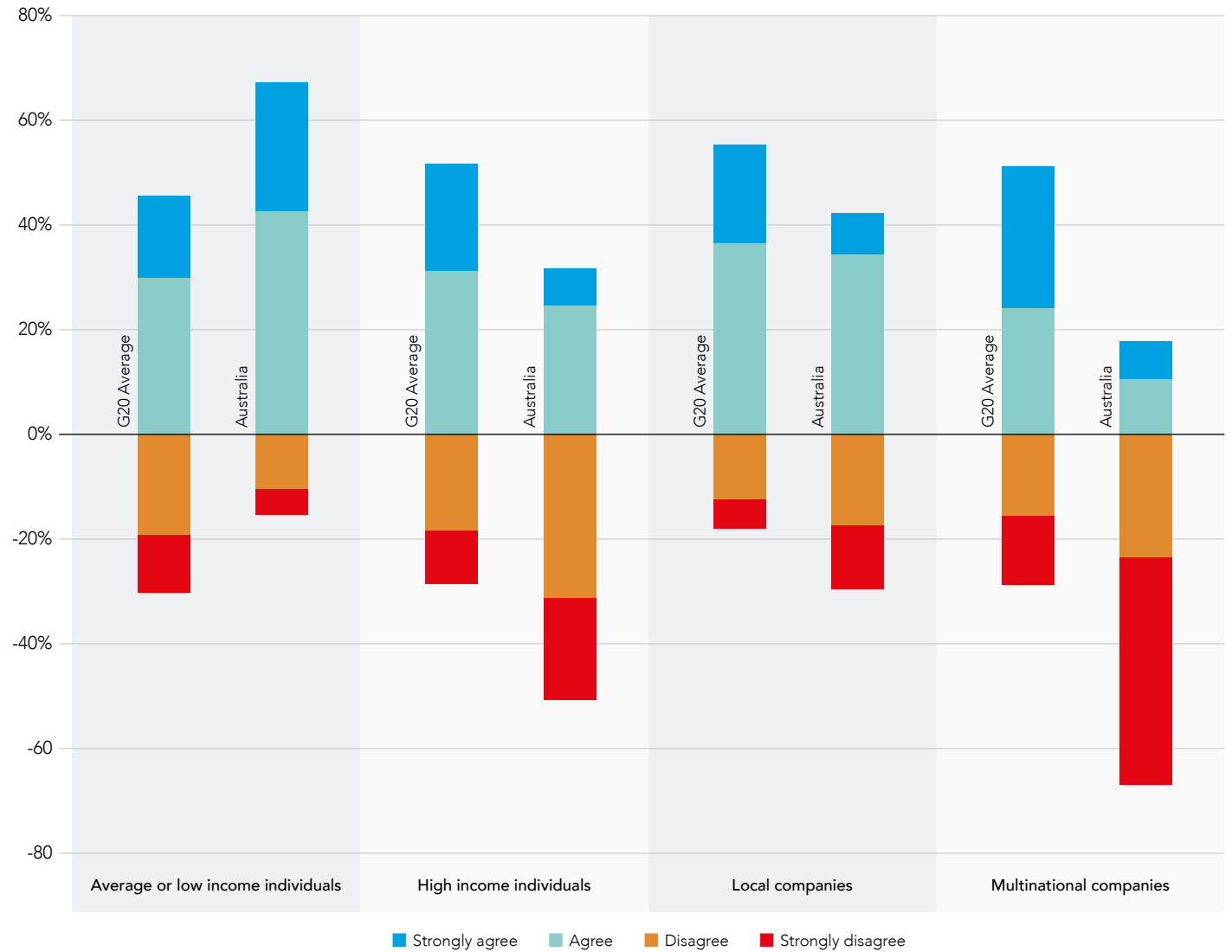
- 68% of Australian agree or strongly agree average and low income earners are paying a reasonable amount of tax, while only 18% believe multinationals are (67% of Australians disagree or strongly disagree that the amount of tax paid by multinationals is reasonable).
- This differs substantially from the views of people in G20 countries, where 52% believe multinationals are paying enough, while only 46% believe average or low income earning individuals are.



“Middle income workers need a fairer tax rate as we get no tax breaks or concessions.”
Respondent in Australia

67%
of Australians disagree or strongly disagree that the amount of tax paid by multinationals is reasonable

Figure 6: Who's paying enough tax?

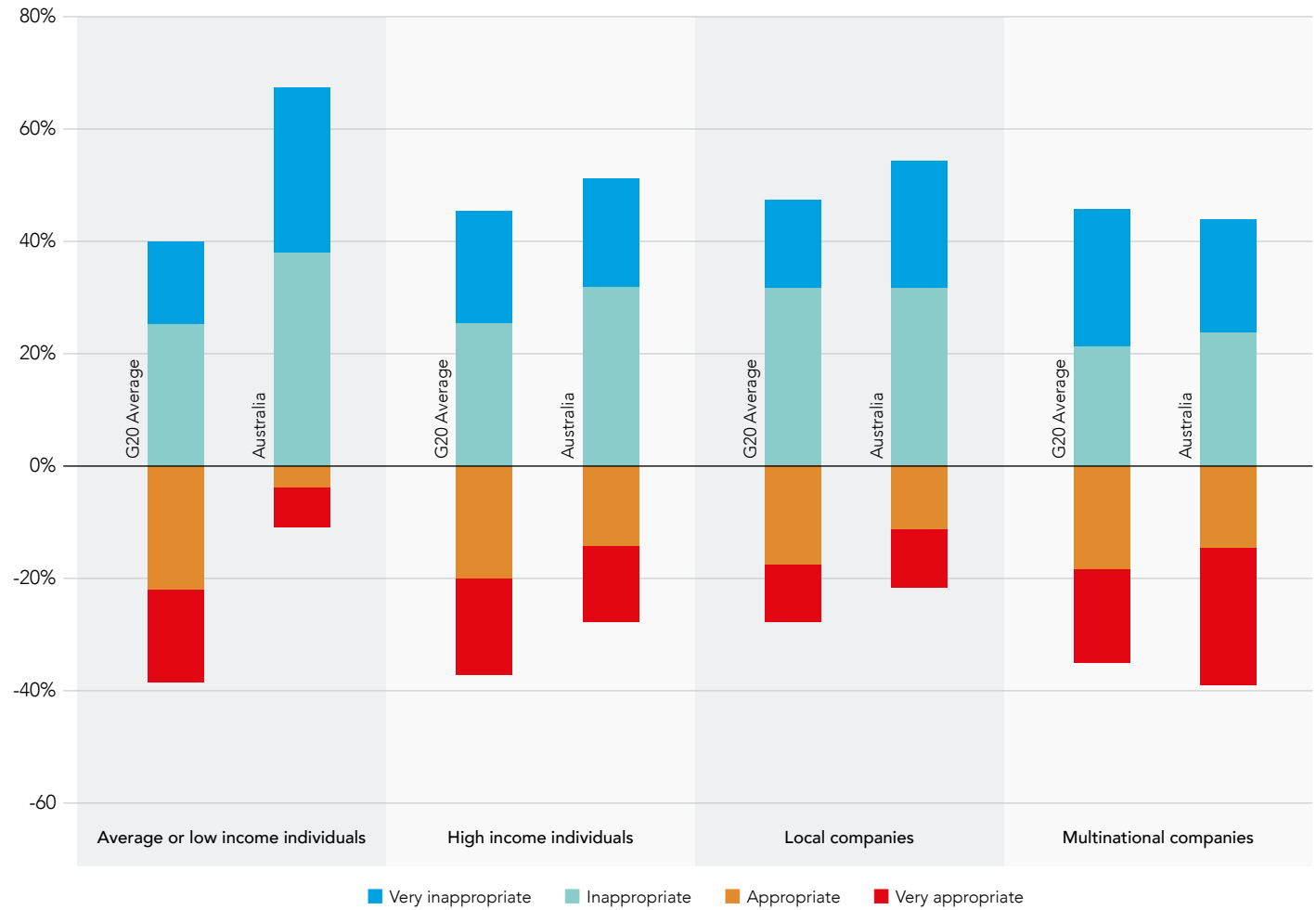


People's views in Australia on arranging affairs to minimize tax also differ from views across G20 countries overall

- Australians' views on the appropriateness of arranging affairs to minimize taxation also differed from most people across the G20 countries – 67% believe it is appropriate or very appropriate for average or low income earners to do this, while only 43% believe it is appropriate for multinationals.
- People in G20 countries are 15% more likely to think it is appropriate or highly appropriate for multinational companies to arrange their affairs in order to minimize taxes, than for average or low income earning individuals to employ tax minimization.

“I’m happy for companies to get tax benefits to operate in my country but I think all the arrangements to avoid paying tax should be tightened so they do actually pay their fair share of tax, this also applies to the wealthy.”
Respondent in Australia

Figure 7: How appropriate is it to arrange your affairs in order to minimize taxes?

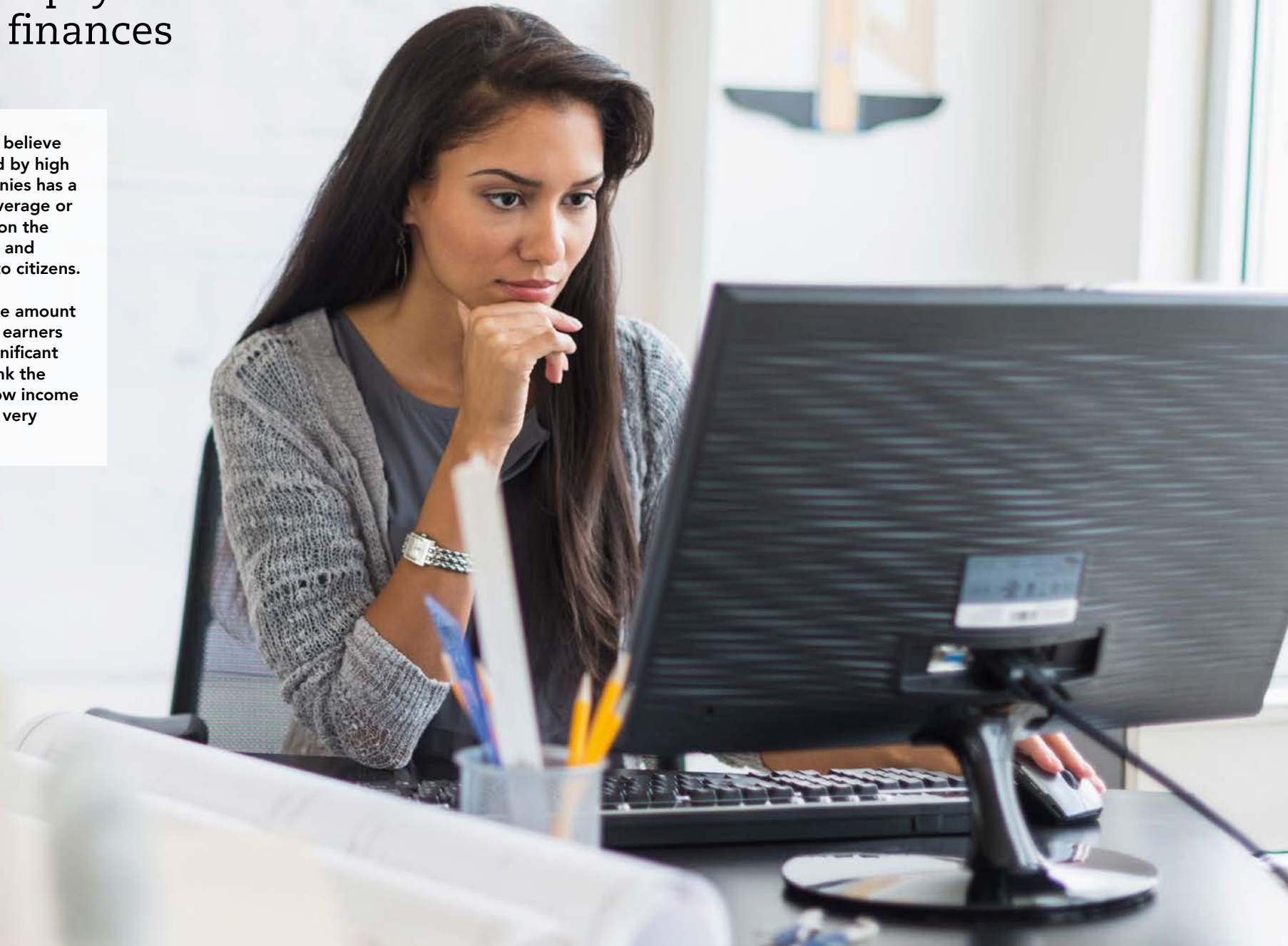


67%

believe it is appropriate or very appropriate for average or low income earners to arrange their affairs to minimize taxation

People in Australia had similar views to G20 countries overall on the impact of different tax payers' share toward the country's finances

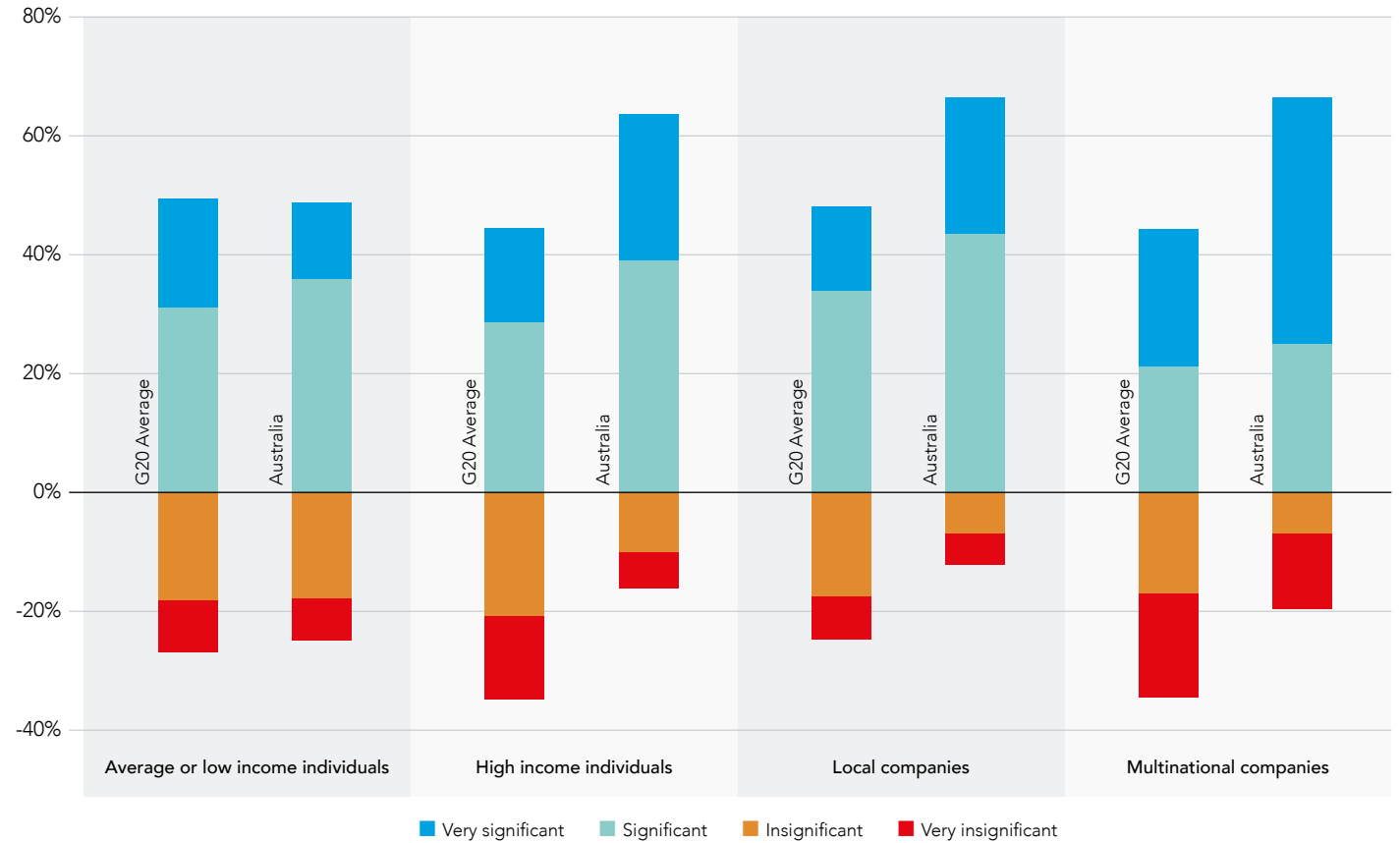
- People in Australia tend to believe that the amount of tax paid by high income earners and companies has a greater significance than average or low income earners' taxes on the country's financial situation and ability to provide services to citizens.
- 67% of Australians think the amount of tax paid by high income earners has a significant or very significant impact, while only 49% think the taxes paid by average or low income earners has a significant or very significant impact.



“Ensure multinational companies are taxed properly where their revenue is earned – money not shifted around to avoid tax rates in the host country.”
Respondent in Australia

67%
of Australians think the amount of tax paid by high income earners has a significant or very significant impact

Figure 8: How significant is the amount of taxes paid by the following to your country's financial situation and ability to provide services to citizens?



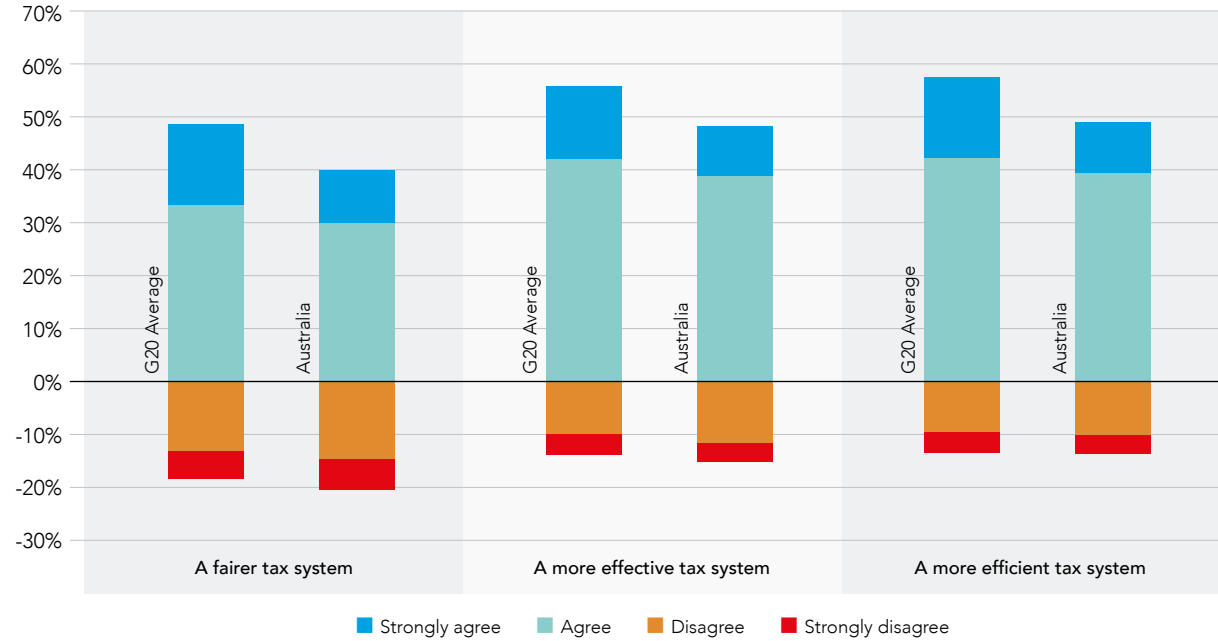
People in Australia tend to agree professional accountants are playing an important role in the tax system

- 49% of people in Australia believe the work of professional accountants is contributing to a more efficient tax system (48%, more effective tax system, 40% more fair tax system).
- People in G20 countries had stronger supportive views, with 58% of people believing the work of professional accountants is contributing to more efficient tax systems (56%, more effective tax systems; 49% more fair tax systems).



“Taxes are a necessary part of society, using a tax professional is the best way of making sure you maximize your potential return – as we pay high taxes we should be making sure we get the best opportunity to recoup some of it back if applicable.”
Respondent in Australia

Figure 9: Do you agree the work of professional accountants contributes to a better tax system?



49%

of people in Australia believe the work of professional accountants is contributing to a more efficient tax system

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