Choices that make all the difference

One of the great pieces of writing about making choices is Robert Frost's poem, *The Road Not Taken*, which like much poetry can be read on both naturalistic and metaphorical levels. The closing lines are famous:

‘Two roads diverged in a wood, and I — I took the one less travelled by, And that has made all the difference.’

It is not hard to relate those lines to career choices and to points that mark significant changes in people’s careers. Since the last issue of Atax Matters three of our former staff have made significant career choices which in different ways represent roads less travelled for each of them. We have also gained a new staff member in what for her represents the continuation of a shift from legal practice to an academic career.

After a long and distinguished career both as a tax academic and earlier as a legal practitioner, **Maurice Cashmere** retired from academic life on 30th June. Maurice had been with Atax since 1993 and in that time made a particularly valuable contribution in teaching and course development in the complex technical areas of Taxation of Corporations and Taxation of Corporate Finance. We wish Maurice well in his retirement from academic life.

Two of our other staff have literally ‘gone West’ since the last issue of Atax Matters. **Nolan Sharkey** has been appointed to a chair in the Faculty of Law at the University of Western Australia. Nolan first joined Atax in 2002 as a lecturer and was subsequently promoted to Senior Lecturer and Associate Professor. Nolan developed and taught courses in International Taxation and has developed a reputation as a leading researcher in Chinese taxation. Nolan will continue to be associated with Atax as an Adjunct Professor.

**Helen Hodgson** has also moved to Western Australia, in her case to an Associate Professor position in the Faculty of Law at Curtin University where she joins a growing body of tax academics. Helen joined Atax in 2005 and taught in and developed courses in a variety of areas including: Taxation of Trusts, Taxation of Employee Remuneration, and Self Managed Super Funds.

In addition to the academic career opportunities which these prestigious appointments provided to both Nolan and Helen, ‘going West’ also meant that they can be closer to their extended families in Western Australia. We wish Helen and Nolan well in their careers in Western Australia and look forward to continued productive academic relationships with each of them.

Our new staff member is **Alex Evans** who joined us as a lecturer. After working for four years with Ashurst (then Blake Dawson) Alex completed her LLM in Taxation at the University of Sydney and then switched to an academic career as a research assistant and tutor at the University of Sydney. Alex is currently enrolled in a PhD at the University of Sydney and her current research and teaching focus is on Taxation of Entities. We hope that taking this road less travelled from legal practice to academe will make all the difference for her.
Students at Australian tertiary institutions can fund most of their studies through income contingent loans from the government. This scheme is called the Higher Education Loan Program (HELP). At end-June 2012, there were some 1.681 million debtors with an average HELP debt of $15,200, all up totalling $25.5 billion of debt. However, according to a new study by Highfield and Warren (2014), with the changes announced in the 2014 Budget by 2017–18 the number of debtors will have climbed to 3.275 million and their average debt to $21,500. With a proposed 10% drop in the threshold at which the loan must be repaid, and moves to index debt at the long term bond rate and deregulate (by uncapping) domestic student fees, the forecast total HELP debt will grow rapidly, reaching $70.4 billion by end-June 2018. To this enormous amount of debt must be added annual interest costs which run into the billions, all borne by Australian taxpayers.

With the expansion of HELP as announced, by 2017–18 over a quarter of 20–54 year olds will have a HELP liability with an obligation to repay their loan only when their income rises above $46,000 (at 2014 prices). While much attention has been focussed on broadening access to education through providing access to HELP, it appears not a lot of attention has been given to the implications of so many individuals having so much debt and how debt collection effectiveness can be improved.

There are some obvious obstacles to efficient and timely collection of HELP debts. Repayment of debt can be avoided or deferred indefinitely by debtors who leave the country to work overseas or by ensuring one’s income falls below the (relatively high) minimum threshold for repayments. With repayments collected almost wholly through the personal income tax system, what is still largely unexplored is how the weight of such debts influence individual’s tax compliance behaviour during the loan decumulation phase.

In their paper, Highfield and Warren (2014) find evidence of taxpayers bunching below the minimum and higher HELP repayment thresholds as a result of higher-than-average deductions (e.g. work-related expenses). Debt repayment is also delayed by the late or non-filing of tax returns. Relative to other countries, of particular concern with the Australian repayment schedule is its high threshold, the high rate of repayment once the threshold is exceeded (that is likely to act as an incentive to understate taxable incomes), and that debtors working overseas (and non-residents for tax purposes) have no obligation to make timely repayments. In contrast, under New Zealand’s equivalent loan scheme the repayment threshold is less than half that in Australia and there are more onerous obligations applying for debtors working outside of New Zealand.

What Highfield and Warren (2014) find is that with both the planned major expansion of access to HELP and expected increase in course fees, considerably more attention will need to be given to the design of the HELP repayment regime. Here much can be learnt from recent international experience. The real danger, the paper argues, is that not to learn from international experience or to address administrative problems has the potential to undermine integrity in both HELP and the personal income tax systems in the long term.

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One of the Masters’ courses Professor Chris Evans has developed and taught over the years is **TABL5544 Comparative Tax Systems**, which focuses on the reasons why tax systems around the world differ. This background came in very handy over a 10-day period in May when Chris travelled from Papua New Guinea to South Africa to New Zealand to participate in tax reform symposia and present keynote addresses at major tax conferences.

The three countries Chris visited are at very different stages in terms of the development of their tax systems and those differences came out very strongly during the visits. ‘It could not have been a better case study of the differences between tax systems if I had designed it in class’, said Chris.

In Papua New Guinea Chris was the principal discussant at a conference organised by the National Research Institute and the PNG Tax Review Committee, and commented on papers relating to tax incentives, tax administration and tax compliance and morale. Papua New Guinea is very much a developing nation, confronting the sorts of tax issues typical of such emerging nations: poor institutional quality and high dependence on indirect taxes, with a very limited personal and corporate tax base being asked to do too much of the heavy lifting. Most of the discussion centred upon how to broaden the base and ensure best advantage is taken of the burgeoning minerals and natural resources markets that will be a key feature of PNG’s economy for years to come.

South Africa is one of the so-called BRIICS nations (Brazil, Russia, India, Indonesia, China and South Africa), a bloc which straddles the divide between developed and developing economies and which does not comfortably fit within either. As such, it shares a distinct set of tax issues with its BRIICS counterparts. Chris, who also holds a visiting appointment as an Extraordinary Professor at the University of Pretoria, presented a keynote address to over 600 delegates at the National Tax Indaba (a Zulu and Xhosa word for a conference or gathering) in Johannesburg on the fiscal outlook for South Africa: challenges and opportunities. The sub-title of his paper, which attracted widespread media interest, was ‘A nation at the crossroads’, reflecting the fact that the current tax system in that country performs remarkably well on many indicators, but that it is stretched to the point where significant tax reform is required if economic distortion and other systemic failures are to be avoided.

Finally Chris presented a keynote address on taxation compliance costs at the ‘Tax Administration for the Twenty First Century’ conference in Wellington, organised by the New Zealand Inland Revenue, Treasury and Wellington University of Victoria. ‘Frankly, you couldn’t have had had a greater contrast to the other two countries in terms of tax systems’ noted Professor Evans. With its focus on a ‘broad base/low rates’ approach to tax structure (despite its anomalous lack of a capital gains tax), Chris remained impressed with its approach to tax policy and administration, reflecting its status as one of the best performing tax systems in the OECD.

‘The three countries are at very different points on the tax spectrum, so it’s great to be able to practise what you teach, though the travel was pretty gruelling’, said Chris. He doesn’t appear to have learned from the experience, however. In the second half of the year he is presenting at various conferences in Melbourne, Margaret River, Bali, London, Florence, Birmingham, Vancouver and Pretoria, before returning to Sydney in December.
Tristan Webb
National Tax Director
Crowe Horwath
MTax 2001

What have you been doing since leaving Atax UNSW?

When I embarked on my Atax study I was terrified at the possibility that I may be a ‘lifer’ at the ATO. That all changed as soon as I graduated with my MTax from the UNSW Atax programme. I have been privileged enough to spend quite a few years in the chartered environment and a number of years doing non-client work. For instance, just prior to graduating I moved from the ATO to a Technical Knowledge Centre in a Big Four chartered firm. From there I spent a number of years with a top legal publisher as a writer before moving back to a mid-tier chartered firm. I then moved to a training role with the Institute of Chartered Accountants before coming across to Crowe Horwath as National Tax Director.

What has been your biggest professional achievement since graduation?

It is now thirteen years since I graduated and it seems that every year brings new challenges, rewards and achievements — for these reasons I don’t like to single out any particular event as my biggest professional achievement. However, I would say that (providing you don’t allow yourself to get stale) working in this profession can provide professional and personal growth. Looking back at where I was thirteen years ago and the amount of growth that I have managed to obtain in my career since then, I think this has been the biggest single professional achievement since my graduation.

Where do you see yourself heading in the next five years?

As someone far brighter than me once said ‘the future is like a corridor into which we can see only by the light coming from behind’. I would never be so presumptuous as to try to predict the future. However, I hope to be working to some extent with the friendly and talented people at Crowe Horwath as well as some of my other employers in some capacity in the future.

What do you think are the major challenges that industry face in the next five years?

I think there are three big challenges that the industry will have to face up to in the next five years:

Technology. The move to the cloud and the development of accounting apps will be a huge driver of change. Firms that do not embrace the change that is emanating from everyone from software developers to the ATO will fall behind.

Regulation. Many Tax Agents will find out too late that our profession is more highly regulated than it once was.

Demography. While the profession is still being led by the Gandalf the Grey generation, change is inevitable. How the profession responds to this generational shift will be a one of the biggest challenges of the next 5 to 10 years.
Julie Van der Velde
TEP CTA FCPA FTIA
Senior Associate
Donaldson Walsh Lawyers
MTax 2007

What have you been doing since leaving Atax UNSW?

I was working as a senior manager in a ‘big four’ accounting firm when I completed my masters. I think graduation was the achievement that spurred me on to engage in further study, a new role, and eventually the big move. I moved from tax consulting in an accountancy firm to the ‘National Tax Division’ where I was involved in writing and presenting the firm’s internal training programs, external presentations and writing submissions to Treasury. A few years later I made the next big move to tax consulting as a lawyer. I now lead the taxation and revenue division at Donaldson Walsh Lawyers. It’s been a very busy few years but also very interesting.

What is your biggest professional achievement since graduation?

Some of the most exciting things I have worked on were submissions to Treasury on the reforms to the Taxation of Trusts (which have not happened) and to the new part IVA (which has). I also worked on the development of submissions to the previous Government’s Tax Forum in 2011.

What do you think are the major challenges that industry face in the next five years?

As a tax adviser specialising in trust taxation I’m not sure about predicting the next five weeks much less the next five years, there will be lots of change, of that I am certain. One thing I think we will see is far more regulation around trust structures. The changes in Europe and the UK involving the registration of trusts and recording those who have control over them will almost certainly come to Australia in some form during that five year period.
The School of Taxation & Business Law hosted the Atax 11th biennial International Tax Administration Conference at the Sheraton on the Park, in Sydney on 14th and 15th April. The theme of the conference was ‘Building Trust in Tax Administration: Leadership, Accountability and Integrity’.

The conference was opened by the former Chief Justice of the Australian High Court (and former UNSW Chancellor) Sir Anthony Mason. The keynote speaker at the conference was Professor Eric Kirchler of the University of Vienna. Other plenary presentations were made by, Chris Jordan (Australian Commissioner of Taxation), Naomi Ferguson (CEO of Inland Revenue, New Zealand), Jennie Granger (Director General, Enforcement and Compliance Her Majesty’s Revenue and Customs, UK), Paul Drum (Head of Business and Investment Policy, CPA Australia and main sponsor of the conference), Ali Noroozi (Inspector General of Taxation), Colin Neave (Commonwealth Ombudsman), and Nina Olson (National Taxpayer Advocate, Inland Revenue Service, US). Twenty Five other papers were presented in parallel sessions by academics, administrators and practitioners. Eighty delegates attended from around the globe including Denmark, the Netherlands, Malaysia, Korea, Austria, US, UK, New Zealand and Australia.

The Dean of the Australian School of Business, Professor Geoff Garrett, gave a lively and thought provoking address at the conference dinner on: ‘Fiscal Sustainability in the OECD’. Another highlight of the conference dinner was the award of the Cedric Stanford Medal to Dr Catriona Lavermicocca of Macquarie University and Associate Professor Jenny Buchan of Taxation & Business Law at UNSW for their paper ‘The Role Of Reputational Risk In Tax Decision Making By Large Companies.’ We would like to acknowledge the generous support of our conference sponsors CPA Australia, and The Tax Institute who sponsored the dinner and the Cedric Stanford Medal.

Atax reached another milestone in April 2014 with its 26th GST and Indirect Taxes conference which was held at the Sheraton Hotel in Brisbane. The keynote speaker was recently retired Second Commissioner of Taxation, Mr Bruce Quigley. It was known to most delegates that Bruce was one of the team assigned to drafting and designing our version of the value added tax and had done much this work in the 1980’s. He was later one of the ATO personnel charged with implementing the GST at the time of introduction. Delegates were interested to hear what Bruce thought of the way the GST had developed after nearly 15 years in place and even longer in development. He was asked what he had expected of GST and what about its development was unexpected. There was a strong Australian Taxation Office presence at the conference and designated officers responded to queries raised by speakers and delegates. This is always a popular and important feature of the conference.

Several aspects of the GST were discussed, but the conference had a strong dispute resolution theme this year and there were presentations on ‘Running a GST dispute in the AAT or Federal Court’, ‘Developments in Alternative Dispute Resolution’. Delegates greatly appreciated a discussion on dispute resolution involving an expert panel and a free exchange of views between the panel and the audience.

Amongst other topics were several ‘back to basics’ presentations illustrating the manner in which the GST and its jurisprudence are still developing, with analyses of the ‘supply’ concept, identification of GST ‘black holes’, the need to correctly identify the taxpayer in a GST context, and fresh perspectives on contemporary issues such as how the ‘going concern’ rules will be applied to farmland.

One landmark presentation examined the GST equivalent of income tax’s BEPS coining the term Base Erosion and Supply Shifting (BESS). Another examined the oft overlooked importance of managing GST for taxpayers operating in the public sector. The next Atax Annual GST Conference is scheduled for 20–21 April 2015 in Brisbane.
Insolvency academics network

The School of Taxation & Business Law hosted the 7th annual Insolvency Academics Network meeting on Friday 13 June, 2014. Chaired by Dr Jenny Buchan, the theme of the meeting was ‘Corporate Rescue Cultures: A Stock-Take. Where are we now and where are we headed?’

The 30 delegates included academics, representatives of ARITA, ASIC and the NSW Bar as well as two recent graduates. Eleven papers were presented by academics from as far afield as Perth and Wellington. The tone of the day was aptly summed up by one of the barrister delegates, Jim Johnson, who noted: ‘Could I just place on record how much I enjoyed the conference on Friday and the camaraderie both during the conference and the dinner.’

The resources that have been built up because of these types of conferences reinforce the importance of academics’ pursuit of excellence and the insistence on the part of academics that any serious articles are reviewed to an acceptable standard.

The quite apparent support given between the academics who attended the conference is to be envied. QUT delegate Mark Wellard’s empirical research funded in part by ARITA was quite enlightening because it shows that on average administrators are not being too greedy. The report when available will be used in representing administrators in remuneration cases — a further reason for pursuit of excellence.

Next year’s meeting will be hosted by the University of Adelaide.

Research fellows 2014

Taxation and Business Law will host three international research fellows during the second semester of 2014 – Dr Andrew Grainger, Lecturer in Logistics and Supply Chain Management at the Nottingham University Business School, Dr Hyejung Byun, Assistant Professor at the University of Seoul Law School, and Dr Uri Benoliel, Head of the Commercial Law Department at the College of Law and Business in Israel.

Andrew is recognised as a world leading expert in the field of international trade and customs facilitation. During his stay, Andrew collaborated with Professor Chris Evans and A/Professor Binh Tran-Nam on a pioneering study into the compliance costs of customs. The paper will be submitted to a top journal in the field of international business. Andrew, Chris and Binh also developed their ideas about linkages between customs compliance costs, trade and economic development with a particular focus on the Greater Mekong sub-region. Andrew presented a research seminar on customs facilitation at the end of his stay.

Hyejung was appointed as the Abe Greenbaum Fellow and has considerable experience in tax law and administration in South Korea. Hyejung will work with Professor John Taylor on a comparative study on the tax effects of non-portfolio and portfolio debt and equity investment in Australia and South Korea. The research examines and compares the present tax rules in Australia and South Korea relating to non-portfolio and portfolio inbound and outbound investment from the perspective of the international tax policy criteria of capital and national neutrality. Hyejung will present a research seminar on a tax law topic at end of her stay.

Uri visits as the John Raneri Fellow from 22 September to 21 October 2014. His main research interests are business law, especially franchise law. While here he will be collaborating with Associate Professor Jenny Buchan on an empirical analysis of franchisor insolvency and franchisee optimism bias. Their joint study will investigate whether franchisees are rational actors and whether franchisees are able to protect themselves sufficiently, ex-ante, against franchisor insolvency risks. Uri will also present a research seminar on a business law topic.

Their joint study will investigate whether franchisees are rational actors and whether franchisees are able to protect themselves sufficiently, ex-ante, against franchisor insolvency risks. Uri will also present a research seminar on a business law topic.
Three minute thesis

We are pleased to announce that on Friday 16 August one of our Higher Degree Research candidates, Ann Kayis, came first in the UNSW Business School heat in the Three Minute Thesis competition. Ann was one of thirteen contestants from the Business School and her explanation of her thesis on the Allowance for Corporate Equity (ACE) was very impressive. Ann will next be competing in the UNSW 2014 3MT Interfaculty Final hosted by the UNSW Graduate Research School at 4.00pm on Thursday, 18 September.

Congratulations to Ann and her supervisors, Professors John Taylor and Neil Warren and we wish Ann all the best in the final competition http://research.unsw.edu.au/events/3-minute-thesis-competition

Appointments & conference papers

Appointments

Chris Evans has recently been appointed to the Editorial Board of the Journal of Tax Administration, a refereed journal supported by Exeter University Tax Administration Research Centre and the Chartered Institute of Taxation.

Jenny Buchan has been appointed the inaugural Book Review Editor for the Journal of Marketing Channels.

Conference papers


Anil Hargovan and Jason Harris (UTS) presented a paper on ‘Directors’ Duties in Corporate Groups: Still Unchartered Waters?’ at the 2014 ALTA Conference, Bond University.

Fiona Martin presented her paper ‘Has the Charities Act 2013 amended the common law relating to charity?’ at the Australian Charity Law Association Annual Conference on 29 August 2014, Sydney.
Business Think

Business Think is the UNSW Business School’s new flagship online research journal — a platform for research, analysis and opinion. Business Think will bring you the latest in business thinking from Australia’s pre-eminent business school.

With engaging articles, video interviews and podcasts, this web-based publication will translate the extensive research of the UNSW Australia Business School into knowledge and ideas that will inform and shape the thinking of senior executives, industry groups and policy makers alike.

Its subscriber base of more than 49,000 includes CEO’s and other business leaders, UNSW and Business School alumni, MBA students, aspiring executives, professional associations and senior government officials.

Join BusinessThink and expand your education. businessthink.unsw.edu.au

Upcoming events

Jenny Buchan has been invited to be a panellist at the 12th Annual UniSA Competition and Consumer Workshop which will take place in Adelaide on 10 & 11 October 2014.

UNSW Australia and Monash University are co-hosting a two day Tax Complexity Symposium in Prato, Italy in September for academics, practitioners, tax administrators and members of the judiciary from around the world.

The 27th GST Conference will take place on 20 & 21 April 2015 in Brisbane.

Thought leadership lecture Monday 15 September

In conjunction with Greenwoods & Freehills, we are hosting a Thought Leadership in Taxation lecture on Monday 15 September by Edward Troup, the Second Permanent Secretary in Her Majesty’s Revenue and Customs. Edward will speak on the topic ‘Using what we know: tax administration and compliance in a data rich world’. A former keynote speaker at the Atax Tax Administration Conference his talk promises to be informative and provocative.

Books and publications

Books published in 2013


Articles


Contact details

School Office
School of Taxation & Business Law
Quadrangle Building (E15) Kensington Campus
UNSW Business School, UNSW Australia
Sydney NSW 2052
Phone/  +61 (2) 9385 6777
Email/  tbl@unsw.edu.au

Alumni Relations
Level 1, Room 1038, Quadrangle Building (E15)
UNSW Business School, UNSW Australia
Sydney NSW 2052
Email/  asbalumni@business.unsw.edu.au