

c

5 Role of reputational risk in tax decision making by large companies
Catriona Lavermicocca and Jenny Buchan

51 Assessing the quality of services provided by UK tax practitioners
Jane Frecknall-Hughes and Peter Moizer

76 Relational impact of tax practitioners' behavioural interaction and service satisfaction: Ev



158 The internal costs of VAT compliance: Evidence from Australia and the United Kingdom and suggestions for mitigation
Kathrin Bain, Michael Walpole, Ann Hansford and Chris Evans

183 Information sharing by government agencies: The effect on the integrity of the tax system
Peter Bickers, Virginia Hopkins-Burns, April Bennett and Rico Namay

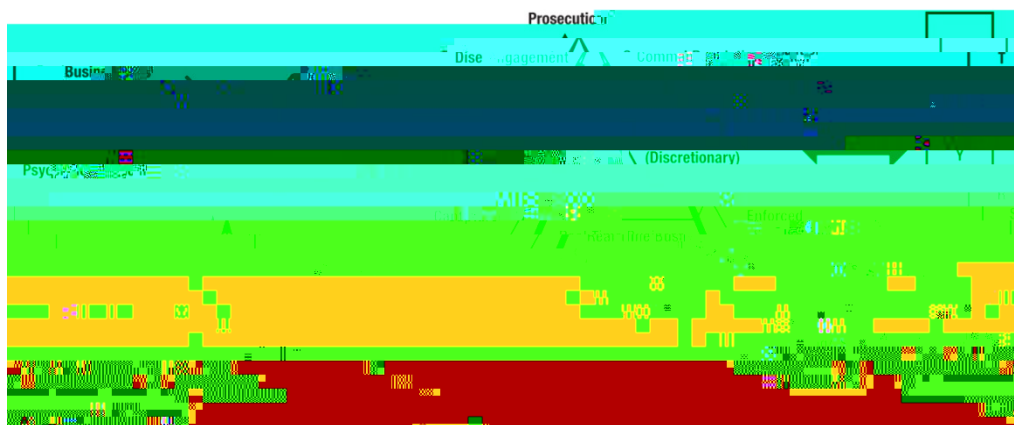
202 Small business and tax compliance costs: A cross-country study of managerial benefits and tax concessions Does the Australian Higher Education Loan Program (HELP) undermine personal income tax integrity?

1. INTRODUCTION

The importance of taxation in public good provision and in economic management means that improved compliance with tax laws is continually sought after (Allan 1971; OECD 1998; Tanzi 2000; D'Ascenzo 2010; Commonwealth of Australia 2010). Near the turn of the century, the ATO adopted the cooperative compliance model (CCM) as its compliance improvement strategy. This approach combines deterrence measures with so-called compliance measures in a hierarchy of regulatory actions chosen in accordance with the taxpayer's attitude to compliance and the context in which noncompliance or otherwise occurred (Commonwealth of Australia 1998; Braithwaite 2011).

Figures 1 and 2 illustrate the CCM. Figure 1 was developed for the cash economy as part of the Cash Economy Task Force (CETF; Commonwealth of Australia 1998). The compliance pyramid in the centre illustrates the aforementioned hierarchy of sanctions. Informing the pyramid is the Business, Industry, Sociological, Economic and Psychological (BISEP) model on the left while the *Taxpayers' Charter* is shown on the right. The *Taxpayers' Charter* is not strictly part of the CCM, however, the CCM was designed with it in mind. Figure 1 was used as a basis to develop Figure 2 for the Large Business and International (LBI) segment of the ATO (Commonwealth of Australia 2000). While Figure 1 may be regarded as the *compliance model* and Figure 2 may be regarded as the *cooperative compliance model*, this article will refer to both as the cooperative compliance model (CCM) for simplicity since they are both founded on the same concepts and theory and this article is interested in the history of the concept of cooperative compliance.

Figure 1: The CCM for the cash economy



(Commonwealth of Australia 1998, p. 58)

Figure 2: The CCM for LBI

(Commonwealth of Australia 2000, p. 5)

The CCM applies theoretical research in regulation developed by John and Valerie Braithwaite and a number of their colleagues (Braithwaite & Braithwaite 2001; Braithwaite, V 2002a). Valerie Braithwaite and her team developed motivational posturing theory which is modelled on the left side of the pyramid (Braithwaite & Braithwaite 2001; Braithwaite, V 2002a). In the taxation context, motivational posturing is concerned with a taxpayer's attitude to compliance as manifested in his or her compliance behaviour and determined by applying the BISEP model (Braithwaite & Braithwaite 2001). The most compliant posture is *commitment* (labelled as *managerial accommodation* in Figure 1), followed by *capitulation* (labelled as *capture* in Figure 1). The CCM assumes that most taxpayers are committed to voluntary compliance and have a commitment posture (Braithwaite, V 2002a). The next two postures, *resistant* and *disengaged*, are the least compliant (Commonwealth of Australia 1998; Braithwaite, V 2002a). While a resistant taxpayer may be persuaded to comply, it is considered unlikely that a disengaged taxpayer will ever comply (Braithwaite & Braithwaite 2001).

The right side of the pyramid applies John Braithwaite's responsive regulation theory which is generally concerned with the regulator acting in an appropriate manner based on the context and in accordance with the motivational posture of the taxpayer (Ayres

Contextual developments are regarded as being influential in the CCM's development and adoption, such as a re-emergence of aggressive tax planning by high wealth individuals in the late 1990s, the introduction of the Goods and Services Tax and concerns about the cash economy (Braithwaite 2007). The *Taxpayers' Charter*, developed in the mid-1990s and adopted on 1 July 1997 (Commonwealth of Australia 2004) also appears to have been influential as the CCM was adopted, in part, to complement it (Commonwealth of Australia 1998; Braithwaite, V 2002a).

These insights refer mainly to activity during the mid to late 1990s. They also originated predominantly from those who provided the key theoretical foundation for the CCM and helped the ATO to implement it, namely, John and Valerie Braithwaite. The following questions, however, remain unanswered and are the focus of this article:

What were the key change factors that prompted and shaped the emerging discourse?

What was the nature of the transition fro

Scholarly books;

Journal articles;

Working papers, conference papers and other unpublished research papers that were not written for the purpose of providing a history of the CCM;

ATO publications;

ATO PowerPoint presentations;

Speeches given by Commissioners of Taxation, Deputy Commissioners and Assistant Commissioners;

Speeches given by politicians;

Hansard;

Government taxation and finance reviews;

Senate inquiry and other committee reports;

Submissions to senate committees by interested parties;

Miscellaneous government reports concerned with taxation or other relevant topics;

Commentary from the professional accounting and taxation bodies;

Newspaper articles.

As foreshadowed above, semi-structured interviews based on a combination of open, closed and probing questions were also used with selected interviewees that were chosen on the basis of their direct involvement in the development and adoption of the CCM and/or their experience with respect to the ATO's compliance improvement approaches during the period under study. Interviews represent a purposive rather than probabilistic data gathering technique and were conducted until the researcher was satisfied that the point of saturation had been reached (Strauss & Corbin 1990 as cited in Bowen 2008; Morse 1995; Guest, Bunce & Johnson 2006; Glesne 2006; Marginson 2008). Interviewees may be separated among the following three categories:

Current and former ATO employees.

Taxation academics.

Other – comprising tax professionals or members of the CETF who are not in any of the other categories above.

A total of 25 interviews were conducted. Specific numbers are detailed in Table 1.

Table 1: Interviewee categories and number

Category of Interviewee	Number of interviews
ATO employees (former and current)	11
Academics	7
Other (former CETF members and tax professionals)	7

Many of the interviewees can be placed in more than one category, however, as many have a broad range of experience. The richness of this experience is detailed in Table 2.

Table 2: Range of interviewee experience

Type of Experience	Number interviewed with such experience
ATO employee (former and current)	13
Academics	9
CETF	9
Interviewees with professional industry experience (ie non-academic and non ATO experience)	6

There were three iterations of the CETF and members from the first two, and particularly the second, were regarded as relevant to the research questions having been among the group who recommended the ATO adopt the CCM in Figure 1. The ATO employees interviewed, except for two, were also involved in or oversaw the CCM's adoption and development. The authority of staff interviewed ranged from those who acted in support of the CETF to middle management and senior positions. The two ATO employees interviewed who were not directly involved in the development and adoption of the CCM had extensive knowledge of the ATO's compliance strategies during the period under study. Since the CCM was influenced by academic research, various senior academics that conducted research in tax compliance and administration were also interviewed.

The mastery of the sources is the hallmark of historical scholarship (Fleishman, Mills & Tyson 1996; Evans 1997; Tosh 2010). Consequently, in a manner similar to the historicists, the sources (written and oral) were treated with the utmost respect and were regarded as the keys to recounting the past with respect to the development and adoption of the CCM (Evans 1997, Parker 1997; Budd 2009). These were analysed through an ordering or reconstruction of the evidence using creative mental effort (Elton 1967; Stanford 1986). While the use of social science methods may be regarded as ahistorical (Stanford 1986) they may also

Fleih(man,

Hunt & Jacob 1994; Parker 1999; Budd 2009). In broad terms this involved coding the data among categories that are determined through the researcher being immersed in the sources, reading and re-reading them and through inductive reasoning (Neuman 2011).

While the aim of historicists was to produce an objective history that recounted the past as it actually was, history's ability to be objective began to be questioned in the 20th century, especially after World War II (Appleby, Hunt & Jacob 1994; Evans 1997; Parker 1997; Budd 2009). In its quest for objectivity, history had aligned its methodology with the physical sciences, but once the physical sciences and the scientists themselves, became regarded as political and subjective to a degree, so too did history. Also, many history graduates in post-war United States sought to have their story heard over the traditional history of human progression told from the perspective of political leaders and decision makers. These trends led to the postmodernist recognition of the role of the historian in producing history and allowed for many varied viewpoints to be expressed and many different methodologies to be employed. Historical research then became in danger of being reduced to nihilism (Appleby, Hunt & Jacob 1994; Evans 1997; Parker 1997; Tosh 2010). Despite these developments and the now recognised limitations in historical study, history is generally regarded as the best means to understand the past and provide a way for the future (Tosh 2010). This article recognises the impact of the historian in producing history, especially with respect to analysis of the sources and reconstruction of the history (Appleby, Hunt & Jacob 1994; Evans 1997; Tosh 2010). Nevertheless, the sources provided the foundation of the history presented herein (Vincent 1995). Indeed, the sources are paramount to this end.

Many of the steps involved in historical scholarship described above are iterative and necessarily overlap. Writing the history is no different due to a process that Parker (1997, p. 139-140) calls "revelation through writing". This is especially the case for this article since it aims to produce an interpretive history to explain how the CCM came into existence through building an account of the past (Stanford 1986; Previts, Parker & Coffman 1990a, b; Parker 1997).

4. FINDINGS

This section will discuss how understanding taxpayers, building relationships and discourse were influential in the development and adoption of the CCM. These themes are highly interrelated; therefore each theme will not be discussed separately. Instead, discourse will be used as the primary theme with discussion of the other two themes embedded within it. Consequently, the discussion is mostly in chronological order. The story begins with how the ATO realised that it needed to engage with and understand small business better to improve compliance, particularly with respect to the cash economy.

4.1 Definition of discourse and its relevance to this research

This research has utilised a definition of discourse espoused by Michel Foucault and elucidated by other scholars after his death (Foucault 1970, 1972; Sheridan 1980; Mills 2003, 2004; Gutting 2005; O'Farrell 2005). Foucault defined discourse in various ways which may be regarded as somewhat contradictory (Mills 2003, 2004;

O'Farrell 2005). He defined it in a general sense as "a way of speaking" (Foucault 1972, p. 193, cited in O'Farrell 2005) and as a way to categorise "the group of statements that belong to a single system of formation [of knowledge]" (Foucault 1972, pp. 107-108, cited in O'Farrell, p. 78). Foucault himself tried to explain any apparent contradiction by saying that:

I nstead of gradually reducing the rather fluctuating meaning of the word 'discourse', I believe I have in fact added to its meanings: treating it sometimes as the general domain of all statements, sometimes as an individualizable [*sic*] group of statements, and sometimes as a regulated practice that accounts for a number of statements (Foucault 1972, p. 80, cited in Mills 2004, p. 6).

This explanation illustrates the tripartite nature of his definition of discourse. It may consist of written or verbal statements where statements are defined as, "an authoritative phrase or sentence which is affirmed by institutions and which has an effect on individuals" (Mills 2004, p. 147). Discourse may also be defined as groupings of statements into more complex formations on a topic, theme or issue such as medical or tax discourse, including tax compliance discourse (Foucault 1972; Mills 2003, 2004; O'Farrell 2005). Lastly, the regulation of discourse is itself part of discourse, an aspect that Foucault was particularly interested to understand why some discourses dominate over others, why some are accepted and become 'truth' while others are rejected (Foucault 1972; Mills 2003, 2004). In summary, discourses are accepted or rejected through a process of exclusion where sentences are compared to those already accepted discourses within society and accepted or rejected (Foucault 1972; Mills 2003).

According to Foucault, society's perspective, understanding, interpretation and experience of the material world are constructed through discourse (Mills 2003, 2004, O'Farrell 2005). This means that society generates what it regards as knowledge and truth through discourse by producing mutual understanding (Mills 2003, 2004; Gutting 2005). Discourse creates knowledge as well as disseminates it (Gutting 2005). Whether any particular discourse can be verified as 'truth' by analysis of empirical data or otherwise is irrelevant (Mills 2003, 2004).

This research utilises Foucault's definition of discourse since it is concerned with how the discourse of cooperative compliance came to dominate over command and control discourse in Australian taxation administration. Foucault's definition of discourse is used also due to its association with power (Delanty 2003; Mills 2003, 2004). For Foucault, power is closely associated with knowledge since knowledge produces power (Foucault 1977, 1978; Mills 2003; O'Farrell 2005; Schwan & Shapiro 2011). Tax compliance can be framed within a power relationship between the taxpayer and the regulator and power is a key element of discourse since, according to Foucault, power operates through discursive systems (Braithwaite, V 2002a; Delanty 2003; Mills 2003, 2004). In addition, Foucault argued that power and resistance are also closely aligned such that where there is power there is also resistance (Foucault 1977, 1978; Mills 2003; O'Farrell 2005; Schwan & Shapiro 2011). In essence, Foucault's definition of discourse allows an examination as to how power, knowledge and resistance interacted leading to the development and adoption of the CCM within the ATO.

... discourse can be both an instrument of power, but also a hindrance, a stumbling block, a point of resistance and a starting point for an opposing strategy. Discourse transmits and produces power; it reinforces it, but also undermines and exposes it, renders it fragile and makes it possible to thwart it (Foucault 1978, pp. 100-101, cited in Mills 2003, p. 55).

4.2 Small business issues put the focus on engagement

As discussed in Whait (2012), the ATO began to use service and education provision as key compliance improvement strategies in the early 1990s and it was not too long before these techniques had gained some tentative empirical support (Wirth 1993; Sutton 1995). Despite this, by 1993 weaknesses began to appear in that approach especially for small business which was regarded as the least compliant market segment (Sutton 1992, 1995). This may have been due to a number of factors. Small business had a poor understanding of tax rules and did not keep up to date with legislative change. This was perhaps due to small business being more concerned with day-to-day business matters such as maintaining cash flows, improving sales and developing new products (Gibson & Wallschutsky 1993; McKerchar 1995). Complicating matters was the wide diversity present in small business in terms of culture, language and business practices partly caused by increases in Asian immigration over the preceding decades (Foster & Stockley 1988; Vivani 1990; Coleman & Freeman 1994, 1996; Jupp 1994; Mitchell 1995). This diversity made it difficult to take individual circumstances into account when treating noncompliance and in tailoring education and service solutions (Mitchell 1995). Despite this, it was hoped that new methods of improving compliance could be developed that took diversity into account through market segmentation.

Being realistic, we do not expect to be able to identify the 1990s equivalent of “self-assessment” as a means of changing the general environment within which SBI [small business income] operates. The sheer diversity of the Small Business sector will prevent this. However, what we do hope to achieve is some new ideas on how to better segment this sector, and (in turn) to identify some particular directions we need to follow to make it easier for small business to meet their tax obligations (Mitchell 1995, p. 21).

Thus the small business segment presented a number of challenges to the ATO. It caused the ATO to reassess the risks which that segment posed to the revenue, how to allocate resources to meet the needs of that segment and, perhaps most significantly, whether its extant compliance strategy would best meet the needs of that segment (Mitchell 1994). The then observed the

lifyp
lify

administration' (Commonwealth of Australia 2003, p. 15). The ATO thought that the best way to address this issue was to improve its understanding of the cash economy in the hope that it would lead to a more tailored solution, but by the time the first CETF report was finalised in May 1997, the ATO still regarded education as the basis of such a solution (Australian Taxation Office 1997). The seeds for the CETF were sown in discussions, a form of discourse, among ATO staff and tax practitioners.

I used to chair the main tax practitioner forum ... My very first meeting I went to ... I had two practitioners who gave me a really hard time about the cash economy ... and said that the ATO was a joke and you're doing nothing about it and I knew it's a very complex area, and no matter what I said at that meeting they just wouldn't let up ... So I then thought about that, and had conversations with [Commissioner] Michael Carmody ... So we ... decided to set up a Task Force, a Cash Economy Task Force and invited those two practitioners to be members of it and they both accepted (ATO employee).

4.3 Help from the CSA

The Child Support Agency (CSA) faced similar compliance issues in the late 1980s and early 1990s. This agency was established within the ATO in 1988 at a time when the payment of child support was not commonly accepted in the community (Commonwealth of Australia 1993; Buchtmann 1993). Furthermore, an increasing rate of divorce was putting pressure on the CSA requiring it to increase its levels of service and efficiency (Mackay 1993; Buchtmann 1993). The CSA used education and service provision to increase peoples' awareness of their rights as well as market research to listen to their needs and develop appropriate treatments. The CSA also sought to improve the level of cooperation between divorced couples in the hope of changing attitudes in the community toward payment of child support (Buchtmann 1993). This approach was influenced by drink driving and AIDS awareness campaigns undertaken in the 1980s in Australia that were regarded as successful in positively changing social attitudes toward those issues (Buchtmann 1993). This influence came via the CSA's manager, Trevor Sutton, who had been the National Campaign Director of the Australian AIDS Education Campaign during the mid to late 1980s (Australian Bureau of Statistics 2013). The CSA had an emphasis on treating people with respect

The two parents, that had [a] relati

Neil Mann approached Valerie Braithwaite at the time of the first iteration of the CETF in 1997 since he recognised that her research could help the ATO to improve its relationships with taxpayers. He regarded improving relationships as being important in finding a response to systemic noncompliance since it could help the CETF, and the ATO more broadly, to engage with people in a deeper way to gain the understanding needed to find the required solution. While the social marketing approach of the CSA was regarded as a success, Neil Mann and David Butler wanted to take it further and they saw the research of John and Valerie Braithwaite as a means to do so. The importance of improving relationships in this process was well understood.

Neil Mann understood that relationships were important for getting a good exchange of information so that the systemic noncompliance can be dealt with (former CETF Member).

This statement illustrates the importance of having constructive relationships to allow discourse to take place between the ATO and taxpayers so that knowledge (and therefore power) may be gained to improve taxpayer compliance behaviour.

4.5 Engagement with academia

As the CSA sought to understand motivations for compliance and noncompliance, so too did the CETF with respect to the cash economy. Part of this process entailed conducting a review of academic research into the “nature of the cash economy and the motivating factors affecting taxpayer compliance behaviour” (Commonwealth of Australia 2003, p. 5). A relatively new ATO officer named Jenny Job was given the responsibility for this. She had a sociology and anthropology background and

And when I read all those papers, it just suddenly struck me “this is the answer”. It was light bulb moment ... And so I then had to construct something, so I got a regulatory pyramid and ... what I did is [sic] I mapped John Braithwaite’s regulatory responses down the side and then I mapped Val Braithwaite’s motivational postures up the other side, and then mapped through the middle of it, all the things that we did in the Tax Office that sort of responded to John’s regulatory strategies that we could use (ATO employee).

In this way, the discourse of John and Valerie Braithwaite prevailed. The aforementioned literature review did not go entirely to waste. Since the ATO was interested in understanding the motivations for compliance, it sought to derive a model that included a broad range of possible factors. These factors appear in the resultant BISEP model (Shover, Job & Carroll 2001). Similar analyses of these types of factors had been conducted since risk management was introduced as part of environmental scanning (Saavé-Fairley & Sharma 1993; Nelson 1995; Wickerson 1995). Those in the ATO responsible for compliance improvement since self-assessment made it their business to study the academic literature to understand taxpaying behaviour in the hope of making use of it within the ATO. The BISEP model therefore represented another shift in emphasis where that type of analysis was to become more common and more formalised throughout the ATO once the CCM was adopted (Commonwealth of Australia 1998). As such, the BISEP approach does not represent a new development, but a formalisation of, and a progression from, previous ATO practice that became combined with the compliance pyramid to form the CCM. BISEP became a method of summarising the various factors that might impact on the taxpayer’s compliance behaviour.

So it’s about understanding what you’re working with. It’s about environmental scanning. And so I did what became known as the BISEP, so what are the drivers, what are the factors that we’re looking at? Well B for Business fact, I for Industry fact, S for Sociological, E for Economic, P for Psychological. You know all these things are happening in people’s lives and have an impact upon their lives and that makes them behave the way they do towards you the Tax Officer and you have to understand that. And you also have to understand that the way you behave has an impact on their response to you as well (ATO employee).

Engagement with academic discourse also occurred in LBI to adapt the CCM to that segment. Jim Killaly, the Director of LBI, was ready to adapt the CCM for that segment. Andrew Wirth, and ATO officer within LBI, was well read in the compliance and regulation literature and he approached John Braithwaite for help. Andrew assisted John Braithwaite in the writing of an article entitled *Co-designing a New Approach to Compliance Assurance under the New Tax System* (Australian Taxation Office 2000) to generate some discussion regarding compliance approaches in LBI and in developing a prototype model was produced and presented to large business taxpayers (Braithwaite & Braithwaite 2001; Australian Taxation Office 2002; Wirth 2004a). After some discussion with large business, to be detailed below, the CCM in Figure 2 was released to the public (Commonwealth of Australia 2000).

5. THE ROLE OF DISCOURSE IN THE CCM'S ADOPTION

After the development of the CCM through engagement with academic discourse, the ATO began to engage in discourse about it with taxpayers and with its own officers. It engaged with small business and other community leaders first via the CETF then large business via the Corporate Consultative Committee (Australian Taxation Office n.d.). As will be discussed below, taxpayers were generally supportive of the CCM and provided some suggestions for its development, but ATO staff were polarised in their support with many being vehemently opposed to it. Even though taxpayers saw promise in the CCM, small business and large business taxpayers had generally different reasons for doing so. Continued and persistent discourse was instrumental to it being accepted by ATO staff. This section will discuss the discourse that took place and how it influenced the development and adoption of the CCM.

5.1 Discourse with taxpayers and community leaders

When the CETF was established in November 1996 (Commonwealth of Australia 2003) it was regarded as an opportunity for the ATO to implement a new approach to consultation. Thus the CETF comprised leaders from the building and construction industry, the tax profession and the retail industry among others. It also comprised community leaders from, for example, the

let people have their say to improve knowledge and mutual understanding. Thus, understanding and relationship building was taking place through the telling of stories, that is, through discourse.

... there was lots of storytelling and that's what actually made it such an effective Task Force and the storytelling [was] on both sides the tax officers too loosened up and started sharing some of their problems and they were understood and so a rapport developed in that group and a commitment to try to deal with the cash economy task force better (former CETF member).

Stories were also told regarding how cooperation with clients or taxpayers led to an outcome that was amenable to both parties and helped diffuse conflict. There was also discussion regarding the nature of cash, its movement in society and the types of activity that occurs in the cash economy. Most of the members of the CETF had input into this process. There was also discussion about motivations to comply or to not comply. Some of the discussion was quite animated due to disagreements concerning compliance motivations in the cash economy. Through these discussions, it became clear that not all small business taxpayers and their advisors had positive regard for the cash economy.

I remember having a fairly heated discussion with [name withheld] because [gender withheld] said to me "well you're representing business and you've got contractors and people you put on and you pay cash wages to them" and I was able to explain to them that cash wages really did not suit my small clients (former CETF member).

As discussed in section 4.4 some ATO officers had been working on a model that was hoped to improve compliance in the cash economy from as early as November 1996. After this, Valerie Braithwaite was asked to formally join the CETF as part of its second iteration by Neil Mann (Commonwealth of Australia 1998). She was reticent to discuss matters in the early meetings, but soon began to raise relationship issues among the rest of the CETF. She presented the already developed CCM as an essentially complete model with motivational posturing and BISEP included. The CETF members discussed some aspects of the CCM's operation, such as the level which a certain activity ought to be placed on the pyramid and what response ought to be appropriate. Nevertheless, they quickly seized upon it as the answer to noncompliance in the cash economy for the reasons previously discussed by Whait (2012), that is, it allowed the circumstances of the taxpayer to be taken into account and provided flexibility in determining any applicable penalty. It even gave scope for no penalty to be applied if that was deemed appropriate. The CETF members thought that it made intuitive sense. A key feature was the improving of relationships as it was recognised that building relationships would be instrumental in improving compliance.

I think that Task Force understood the relationship building stuff very quickly and in part that was because they had all of us there from such different walks of life, really saying to them look this is all about relationships and being prepared to say how we felt about tax office and telling funny stories ... but there was no reluctance to actually express them and there was no punishment for actually speaking truth as it were and then with Neil I think having an understanding of the relational side of things seeing that very quickly, getting on board with the responsive regulation

within that environment which was quite nurturing of different ways of working with new ideas (former CETF member).

The second CETF finished with a celebratory dinner where Commissioner Carmody expressed his delight regarding the CCM and that it could be applied across the whole of the ATO. One former CETF member recalls comments by Commissioner Carmody stating how the approach of the CCM was to be applied across the ATO.

... I recall [Commissioner] Carmody's comment when we met him at dinner, he said "You have not written anything about the cash economy, you've written a paper about the operations of the Tax Office in general". They saw straight away that this wasn't just about the cash economy this was actually about tax compliance more generally, and you could apply it and should apply it across the board (former CETF member).

Large business taxpayers also appreciated the focus on building cooperative relationships as well as generating community confidence (Australian Taxation Office n.d; Wirth 2004a). They thought it was a positive concept, a better way of working and they liked its simplicity (Australian Taxation Office 2002; Wirth 2004a). Additionally, large business appreciated the focus on optimising economic growth which would have been particularly appealing at the time since memories of the "recession we had to have" are likely to have been fresh in the minds of large business

time had grown comfortable in their role as an enforcer and they felt betrayed that the ATO sought to try other approaches. A general level of fatigue in the ATO surrounding new approaches and models fuelled further resistance to the CCM in LBI (Braithwaite & Wirth 2001). The CCM was initially viewed as just another one of many new approaches that had been tried that would disappear in twelve months. When the prototype CCM was sent to staff in LBI for comment, most ATO staff ignored the document. Some ATO officers thought that the ATO was going soft on taxpayers and resisted it as a result.

But a lot of people thought it was about falling in love with multinationals, or “I’m going to have to fall in love with a group tax manager now”. Being weak, soft, touchy-feely stuff, “oh so what - we are not going to do any more audits now? We are going gutless” (ATO employee).

Furthermore, some ATO staff held similar concerns to large business taxpayers that were raised above that it was too theoretical and that it was difficult to see how it could be implemented in their daily work (Australian Taxation Office 2002; Wirth 2004a). The ATO set about changing the perception of auditors by promoting the CCM as a means to enhancing their role rather than diminishing it. Consequently new techniques were developed to support the CCM. SBI developed real time reviews and LBI adopted client risk reviews. These were required to bridge the gap between the education and services at the base of the pyramid and the deterrence measures at the peak. These measures also gave ATO staff a means of implementing the CCM in a practical manner in their day-to-day work. Many ATO officers found the concepts and approach of the CCM foreign, therefore one challenge was to open their minds to the benefits associated with the CCM and that a change in approach could improve compliance.

But it was actually about challenges to people’s thinking to some degree, that if you worked for 20 years doing investigations ... to think you actually could get better compliance by doing something different ... some people found that a bit of a struggle but the vast majority of people just saw the benefit of it (ATO employee).

To achieve wider acceptance, the CCM w

They [the workshops] were torrid, torrid ... there was one branch office where they were always **super** aggressive. That's where they actually called out "You're a w****r!", like abuse was hurled out at me (ATO employee).

The torrents of abuse that the CCM generated began to dissipate as resistant ATO officers were slowly convinced by others and through the persistence of those conducting the seminars and workshops. Success stories, another form of discourse, fuelled acceptance of the CCM in SBI. These stories were written up in staff newsletters and their circulation meant that many would have read about the CCM being portrayed positively. Suddenly, the promotion and positive discussion of the CCM began to achieve critical mass and opposition to its adoption waned.

... and then suddenly "Holy s**t, it's taking off" and everyone wanted to jump on the bandwagon and have a piece of it, which they did (ATO employee).

One unique occurrence in LBI was the engagement of large business taxpayers to help promote the CCM in an indirect way by asking ATO officers about it (Australian Taxation Office 2002; Wirth 2004a). In this way, large business was co-opted into

- Braithwaite, J 1985, *To punish or persuade: Enforcement of coal mine safety*, State University of New York Press, Albany.
- Braithwaite, J 2002, 'Large business and the compliance model', in V. Braithwaite (ed), *Taxing Democracy*, ed. Ashgate, Aldershot, pp. 177-202.
- Braithwaite, J 2011, 'The essence of responsive regulation', *University of British Columbia Law Review*, vol. 44, no. 3, pp. 476-520.
- Braithwaite, J & Wirth, A 2001, *Towards a framework for large business tax compliance*, Centre for Tax System Integrity, Working Paper No. 24, Australian National University and Australian Taxation Office, Canberra, viewed 16 June 2013, <<http://asiapacific02.cap.anu.edu.au/sites/default/files/CTSI-WorkingPaper24-full.pdf>>.
- Braithwaite, V 2002a, 'A new approach to tax compliance', in V. Braithwaite (ed), *Taxing Democracy*, Ashgate, Aldershot, pp. 1-11.
- Braithwaite, V (ed.) 2002b, *Taxing democracy*, Ashgate, Aldershot.
- Braithwaite, V 2007, 'Responsive regulation and taxation: Introduction', *Law & Policy*, vol. 29, no. 1, pp. 3-10.
- Braithwaite, V & Braithwaite, J 2001, 'Managing taxation compliance: the evolution of the Australian Taxation Office compliance model', in M. Walpole & C. Evans (eds), *Tax administration in the 21st century*, Prospect Media, St Leonards, pp. 215-224.
- Braithwaite, V & Job, J 2003, *The theoretical base for the ATO's compliance model*, Centre for Tax System Integrity, Research Note 5, Australian National University, Canberra.
- Buchtman, L 1993, 'Child support compliance research: How do we measure success?', *Australian Taxation Office Compliance Research Conference: The State of Play*, Canberra, ACT, 2-3 December 1993.
- Budd, A (ed.) 2009, *The modern historiography reader*, Routledge, London.
- Carson, P & Carson K, 1998, 'Theoretically grounding management history as a relevant and valuable form of knowledge', *Journal of Management History*, vol. 4, no. 1, pp. 29-42.
- Coleman, C & Freeman, L 1994, 'The development of strategic marketing options directed at improving compliance levels in small business', *Australian Tax Forum*, vol. 11, no. 3, pp. 347-367.
- Coleman, C & Freeman, L 1996, 'Cultural foundations of taxpayer attitudes to voluntary compliance', *ATAX Conference*, Sydney, 11-12 April.
- Commonwealth of Australia 1993, *Report no. 326 an assessment of tax: A report on an inquiry into the Australian Taxation Office*, Australian Government Publishing Service, Canberra.
- Commonwealth of Australia 1998, *Improving tax compliance in the cash economy*, Australian Taxation Office, Canberra, April 1998.
- Commonwealth of Australia 2000, *Cooperative compliance: Working with large business in the new tax system*, Australian Taxation Office, Australian Government, viewed 9 July 2012, <http://regnet.anu.edu.au/sites/default/files/publications/ATO_CooperativeCompliance.pdf>.

Commonwealth of Australia 2003, *Improving tax compliance in the cash economy*, Australian Taxation Office, Canberra, May 1997.

Commonwealth of Australia 2004, *Audit report No. 19 2004-05 performance audit: Taxpayers' Charter Australian Taxation Office*, Australian National Audit Office, Canberra.

Commonwealth of Australia 2010, *2009-10 compliance program*, Australian Taxation Office, Canberra.

Commonwealth of Australia 2013,

- Guest, G, Bunce, A & Johnson, L 2006, 'How many interviews are enough? An experiment with data saturation and variability', *Field Methods*, vol. 18, no. 1, pp. 59-82.
- Gutting, G 2005, *Foucault: A very short introduction*, Oxford University Press, Oxford.
- Hayes, T 2014, Details released of ATO's 2013-14 dispute management plan, *Weekly Tax Bulletin*, Thomson Reuters, pp. 11.
- Hite, P 1997, 'Identifying and mitigating taxpayer non-compliance', *Australian Tax Forum*, vol. 13, no. 2, pp. 155-180.
- Jupp, J 1994, 'Identity', in R. Nile (ed), *Australian civilisation*, Oxford University Press, Oxford, pp. 93-109.
- Kagan, RA & Scholz, JT 1984, 'Criminology of the corporation and regulatory enforcement strategies', in K. Hawkins & J. Thomas (eds), *Enforcing regulation*, Kluwer Nijoff, Boston.
- Killaly, J 2000-2001, 'Large business compliance', *Australian Taxation Office PowerPoint Presentation*, Australian Taxation Office, Canberra.
- Mackay, H 1993, *Reinventing Australia: The mind and mood of Australia in the 90s*, Angus & Robertson, Pymble.
- Marginson, DEW 2008, 'The case study, the interview and the issues: A personal reflection', in C. Humphrey & B. Lee (eds), *The Real Life Guide to Counting Research*, CIMA Publishing, Oxford.
- McKerchar, M 1995, 'Understanding small business taxpayers: Their sources of information and level of knowledge of taxation', *Australian Tax Forum*, vol. 12, no. 1, pp. 25-41.
- McKerchar, M 2001, 'Why do taxpayers comply? Past lessons and future directions in developing a model of compliance behaviour', *Australian Tax Forum*, vol. 16, no. 1, pp. 99-134.
- Miles, MB & Huberman, AM 1994, *Qualitative Data Analysis*, 2nd edn, Sage Publications, Thousand Oaks.
- Mills, S 2003, *Michel Foucault*, Routledge, London
- Mills, S 2004, *Discourse*, 2nd edn, Routledge, London.
- Mitchell, V 1995, 'Managing risks: the small business income approach', *Australian Taxation Office Compliance Research Conference: Measurement, Evaluation and Risk Management*, Canberra, ACT, 7-8 December.
- Morse, JM 1995, 'The significance of saturation', *Qualitative Health Research*, vol. 5, no. 2, pp. 147-149.
- Nelson, M 1995, 'Research and risk assessment: A methodology', *Australian Taxation Office compliance research conference: Measurement, evaluation and risk assessment*, Canberra, ACT, 7-8 December.
- Neuman, WL 2011,

- OECD 1998, *Harmful tax competition: An emerging global issue*, OECD, viewed 9 July 2012, <<http://www.oecd.org/dataoecd/33/1/1904184.pdf>>.
- Olesen, N 2013, Re-inventing the ATO – ready, willing and underway, Australian Taxation Office, Australian Government, viewed 13 March 2014, <<http://www.ato.gov.au/Media-centre/Speeches/Reinventing-the-ATO---ready,-willing-and-underway/>>.
- Parker, L 1997, 'Informing historical research in accounting and management: Traditions, philosophies, and opportunities', *The Accounting Historians Journal*, vol. 24, no. 2, pp. 111-149.
- Parker, L 1999, 'Historiography for the new millennium: Adventures in accounting and management', *Accounting History*, vol. 4, no. 2, pp. 1-42.
- Previts, G, Parker, L & Coffman, E 1990a, 'An accounting historiography: Subject matter and methodology', *ABACUS*, vol. 26, no. 2, pp. 136-158.
- Previts, G, Parker, L & Coffman, E 1990b, 'Accounting history: Definition and relevance', *ABACUS*, vol. 26, no. 1, pp. 1-16.
- Quiggin, J 2004, 'The Howard years', in R. Manne (ed), *The Howard years*, Black Inc. Agenda, Melbourne, pp. 169-190.
- Richardson, M & Sawyer, A 2001, 'A taxonomy of the tax compliance literature: further findings, problems and prospects', *Australian Tax Forum*, vol. 16, no. 2, pp. 137-320.
- Saavé-Fairley, L & Sharma, C 1993, 'Taxpayer compliance risk evaluation in the large/medium market segment', *Australian Taxation Office Compliance Research Conference: The State of Play*, Canberra, ACT, 2-3 December.
- Sangster, A & Tyrrell, DE 2008, 'Insights from internet-based research: realising a qualitative understanding from a quantitative search process', in C. Humphrey & B. Lee (eds), *The Real Life Guide to Accounting Research*, CIMA Publishing, Oxford.
- Schwan, A & Shapiro, S 2011, *Foucault's discipline and punish*, Pluto Press, London.
- Sheridan, A 1980, *Michel Foucault: The will to truth*, Tavistock Publications Ltd, London.
- Shover, N, Job, J & Carroll, A 2001, *Organisational capacity for responsive regulation*, Centre for

