

The Increasing Imperative of Cross-Disciplinary Research in Tax Administration

Clinton Alley and Duncan Bentley*

Abstract

National research agendas are focusing increasingly on encouraging cross-disciplinary research collaboration. Research into tax administration should provide a natural context for cross-disciplinary research as it operates at the intersection of several disciplines. However, there is little evidence of cross-disciplinary research in tax administration beyond research into tax compliance and tax evasion. This article argues that such research will provide significant benefits to research output and impact. It provides examples of the benefits in developing frameworks for and measures of good practice in tax administration.

1. INTRODUCTION

Many of the most urgent problems we face require novel approaches which facilitate collaboration across the traditional boundaries of disciplines, including those between the ‘hard sciences’ and the humanities and social sciences.¹

The proposal of Dr Jim Peacock, Australia’s Chief Scientist, for interdisciplinary National Priority Research Centres was endorsed by the Cutler Review of Innovation in Australia (Cutler Review), released in September 2008.² It is by no means a novel perspective. As early as 1776, Adam Smith identified the importance of the division of labour.³ However, he noted the importance to ‘improvement’ of a high level of commerce and communication.⁴ This interaction between specialists to improve innovation and encourage best practice forms an important element of the wider policy debate on research and innovation.

The Cutler Review is one of many such reviews over the years, both in Australia and overseas. Alan Hughes of the Cambridge University Centre for Business Research Programme on Enterprise and Innovation provides an interesting critique of what he suggests is the overly narrow focus of innovation policies that have developed as a

* Clinton Alley is Senior Lecturer in the Department of Accounting, Waikato Management School, University of Waikato and Duncan Bentley is Professor at Curtin Business School, Curtin University of Technology. The authors wish to thank an anonymous referee for constructive comments.

¹ T Cutler, *Venturous Australia Report* (2008), <<http://www.innovation.gov.au/innovationreview/Documents/NIS-review-web1.pdf>> 75, at 19 September 2008.

² Ibid.

³ A Smith, *An Inquiry Into The Nature And Causes Of The Wealth Of Nations* (1st pub 1776, Cannan ed., 1950) Book I, Ch I.

⁴ Ibid, Ch III.

result of these reviews.⁵ He explores, through a range of data, different forms of contribution to innovation and the sources of knowledge from which innovation is drawn.⁶ The Cutler and other reviews acknowledge the importance of universities in this process.⁷ Hughes suggests that their role may be under-emphasised and that their major strength is their multi-faceted role in contributing to a diverse range of interactions.⁸ In other words, they provide a ‘public space’⁹ where specialists can interact and thereby support innovation and good practice.

An area of significant public policy importance, where specialists from a range of disciplines interact is taxation. A subset of taxation is tax administration. Current tax administrations generally focus on delivering efficiency and effectiveness while maintaining the requirements for the tax system to be fair and equitable, certain, simple, and neutral within the intended design parameters.¹⁰ This flows from the public finance analysis within public economics but has become widely accepted across the disciplines researching tax design and tax administration.¹¹

The combination of public sector management and performance management theories support the achievement of a ‘good’ tax administration through target setting, which is measured by selected key performance indicators. Endorsement for this approach is found in global market integration or globalisation, which directly affects tax administration and encourages interaction to assist in maintaining ‘good’ tax administration across international boundaries.¹² International organisations comprised mainly of tax administrators share research and examples of good practice, and provide information for comparative surveys.¹³ These in turn allow them to get some indication of how they are performing against each other and the standards to which they should aspire.

A continual drive for excellence or at least to perform better appears to be part of the human condition in any sphere of endeavour.¹⁴ This is no less true of tax administration than any other areas. Advances in research into quality assurance and

⁵ A Hughes, ‘Innovation Policy as Cargo Cult: Myth and Reality in Knowledge-Led Productivity Growth’ (Centre for Business Research, University of Cambridge *Working Paper No 348*, June 2007). This working paper forms part of the CBR Research Programme on Enterprise and Innovation.

⁶ *Ibid*, especially 9-15.

⁷ Cutler, above n 1, Ch 6.

⁸ *Ibid*, 9ff.

⁹ *Ibid*, exploring further the idea of ‘the public space function of universities’ put forward by RK Lester and MJ Piore in *Innovation: The Missing Dimension* (2004).

¹⁰ KC Messere, *Tax Policy in OECD Countries: Choices and Conflicts* (1993) Ch 6, although the emphasis on fairness and equity is less apparent in some countries, for example, South and East Asia. See the foreword by V Tanzi in L Bernardi, A Frascini and P Shome (eds), *Tax Systems and Tax Reforms in South and East Asia* (2006) xv.

¹¹ Discussed extensively in C Alley and D Bentley, ‘A Remodelling of Adam Smith’s Tax Design Principles’ (2005) 20 *Australian Tax Forum* 579.

¹² Discussed below in the context of the Organisation for Economic Co-operation and Development (OECD). Illustrated also through the International Tax Dialogue <www.itdweb.org> at 8 September 2008.

¹³ *Ibid*. The ATO, for example, participates in the OECD surveys, and is a member of groups such as the Pacific Association of Tax Administrators, the Study Group on Asian Tax Administration and Research and Commonwealth Association of Tax Administrators.

¹⁴ From different perspectives, see H Arendt, ‘The Human Condition’ in K Schaff (ed.) *Philosophy and the Problems of Work* (2001) 23; PS Miller and GA Kerr, ‘Conceptualizing Excellence: Past, Present, and Future’ (2002) 14 *Journal of Applied Sport Psychology* 140; and JJ Dahlgaard, K Kristensen and GK Kanji, *Fundamentals of Total Quality Management* (2005).

good practice in tax administration is found at the intersection of disciplinary theory. It raises issues in that what we measure and how we measure it can depend on our perspective and approach: it may also significantly influence the results. However, reviews such as that by Cutler and programmes such as those by Hughes suggest that it is research collaboration across disciplines that will lead to innovation and best practice. Such collaboration does not appear widespread in tax administration research. This article suggests significant gains may accrue from encouraging cross-disciplinary research.

Public finance and economic theories drive much of the policy agenda surrounding the structure of the tax system. The influence of those theories flows naturally into tax administration. However, a revenue authority is either a government department or an agency that reports to and is responsible to government. Public administration and public sector performance management theories therefore provide useful insights into best practice operation. As a revenue authority goes through change and focuses increasingly on serving taxpayers better, it is also subject to theories of organisational behaviour, change management theory and personnel psychology. Emphasis on service quality introduces a substantial literature on service management, customer relationship economics, social psychology and consumer behaviour. Audit commissions are concerned with budgeting and accountability from an audit and accounting perspective. Legal theory is interested in the constitution, rules, structure and operation of tax administration and extends to public sector governance theory.

Unlike the extensive cross-disciplinary work that underpins the design of tax systems,¹⁵ the research into tax administration is not comprehensive. There are areas where the work is increasingly sophisticated and a broader approach has been taken, such as research into tax compliance, avoidance and evasion.¹⁶ However, the literature is not sufficiently comprehensive to provide a set of measures of good practice in tax administration that embraces most relevant disciplines.

Section 2 of this article illustrates that collaboration across disciplines is not widespread in tax administration research. A brief review of the papers delivered at an international conference on tax administration demonstrates that most remain focused within a particular discipline and do not generally cite literature from other disciplines. The remainder of the article illustrates how an inter-disciplinary approach to research using accepted frameworks enhances the value of tax administration research and therefore fits within national research policy.

Section 3 revisits why good practice in tax administration is important and how this has flowed through to current research. It identifies its cross-disciplinary nature and the development of common approaches. However, it is suggested that research questions and the methodologies used to answer them could be formulated more broadly. Alternative approaches to research that draw on cross-disciplinary developments should enhance their value.

¹⁵ See, for example, the work by R Krever through the *Australian Tax Forum* to generate inter-disciplinary debate on tax reform at a time of major change in the Australian tax system in the mid-1980s.

¹⁶ For example, in work done at the Australian National University, Canberra. See V Braithwaite (ed.), *Taxing Democracy: Understanding Tax Avoidance and Evasion* (Aldershot, Ashgate Publishing Ltd, 2003).

Section 4 provides examples of how different discipline perspectives might improve research outcomes in three different areas: independence of revenue authorities, governance by and of revenue authorities and the principles of good practice. The starting point is legal and analytical, using legal argumentation and analysis. However, this section shows that cross-disciplinary questions develop through drawing on aspects of accepted economic, accounting and performance management theories that have been incorporated into analysis of tax administration. The aim is to demonstrate that the amalgamation of the theory of different disciplines can bring far deeper analysis and content to questions on areas that are historically considered by a particular group or discipline.

The article concludes by drawing together the broad themes examined in each part. By demonstrating the opportunities that arise from using different methodologies, different contexts, and different approaches, it encourages better use of the open spaces including those provided by universities for collaborative research in tax administration.

2. THE RESEARCH POLICY FRAMEWORK: THE PURPOSE OF THIS ARTICLE

Hughes notes that the informal interactions within and around universities across a broad spectrum of engagement are highly valued by business.¹⁷ There is an assumption in reviews, such as the Cutler Review, that collaboration across disciplines is beneficial.¹⁸ This is an assumption that underpins the idea of a university and the academic community. For example, Lester and Piore, in their analysis of how best to encourage innovation,¹⁹ note in relation to university research that:²⁰

Another way in which the interpretive processes within the university differ from those in firms is in their diversity and openness to new participants. The university is a focus of conversation and debate that extends beyond the disciplines and, often, beyond the walls of the campus itself.

Yet, researchers and administrators themselves appreciate how difficult it is to encourage cross-disciplinary conversation, debate and research within the university. The assumptions and the reality do not necessarily align. Lester and Piore note this anomaly:²¹

For the purposes of research, the university is structured around scholarly disciplines. The borders of these disciplines are sharply defined, and careers of faculty members are typically influenced more by their standing among peers within their discipline than by their activities within their own university.

The problem is widely recognised.²² Does it subsist in research into tax administration, where the opportunity exists for regular conversation and debate across disciplines?

¹⁷ Hughes, above n 5, 17.

¹⁸ Above n 1, at 49, for example, the Review highlights the problem of a lack of collaboration and increasing fragmentation. It goes on to explore appropriate mechanisms to encourage collaboration.

¹⁹ Above n 9.

²⁰ Lester and Piore, above n 9, 159.

²¹ *Ibid*, 151.

²² To take just one example, in 2003 Van Zandt argued in the legal context that disciplines are strengthened by faculty from a range of backgrounds. See, D Van Zandt, 'Discipline-Based Faculty' 53 (2003) *Journal of Legal Education* 332.

Arguably, it does. For the purposes of this article it is sufficient to illustrate the point using as an example the research presented at probably the leading conference on tax administration in Australasia.

The 8th *International Tax Administration Conference* organised by Atax, University of New South Wales, was held on 27–28 March 2008. It is a biennial conference and appears widely respected given the range of high profile tax officials, academics and practitioners who speak and attend.²³ Most papers from these conferences are subsequently published as an edited collection.²⁴ There were 25 papers delivered at the 8th Conference. The papers can be classified as set out in the table below and are compared with the 25 papers delivered ten years earlier at the 3rd *International Conference on Tax Administration* held on 16–17 April 1998. The classification is not rigorous and is simply based on the discipline focus set out in each paper and the accompanying citations.

Classification topics	Number of papers 2008	Number of papers 1998	Cross-disciplinary citation
Keynote general addresses	5	2	Cross-disciplinary content
Description of administrative proposal	2	0	No
Compliance research/analysis	4	7	Compliance literature
Management analysis	1	1	No
Legal analysis of compliance	5	6	No
Economic policy analysis	2	0	No
Accounting policy analysis	1	0	No
Legal policy analysis	0	5	Limited
Inter-disciplinary research/analysis	4	4	Yes

The table illustrates that collaboration across disciplines is not common even in a multi-disciplinary field such as tax administration. It may relate to the sharp definition of discipline borders identified by Lester and Piore.²⁵ In a wide-ranging article on the issue, McKerchar demonstrates, among other things, the different strategies of inquiry

²³ Conference details are available at <www.atax.unsw.edu.au>, at 8 September 2008.

²⁴ See, for example, R Fisher and M Walpole (eds), *Global Challenges in Tax Administration* (2005).

²⁵ Lester and Piore, above n 9, 151.

that different disciplines use.²⁶ She suggests that although adapting to a different methodology can be challenging, given most researchers have a narrow discipline background, “the possible combinations for mixed method research are almost unlimited”.²⁷

The rest of this article seeks to demonstrate that a cross-disciplinary approach could yield valuable insights that are not currently explored. Researchers may use mixed method research as McKerchar suggests. They could also find it useful simply to apply the results of existing research from one discipline to the results of research in another discipline. As noted above, some tax compliance related literature demonstrates the significant benefits of this approach.²⁸

3. WHY IS GOOD PRACTICE NEEDED IN TAX ADMINISTRATION AND HOW MIGHT IT BE PURSUED FROM A CROSS-DISCIPLINARY PERSPECTIVE?

The basis for research into good practice in tax administration

Normative theory tends to underpin our fundamental conceptions of property rights. Murphy and Nagel suggest that there are two theoretical strands: consequentialist and deontological.²⁹ Consequentialist theory follows the utilitarian views of Bentham and Mill that emphasise maximising individual preferences.³⁰ The argument is that property rights maximise individual preferences and should be protected, particularly since they form the basis of the global economic system. Deontological theory argues that it is the inherent nature of a property right that requires protection. Theorists such as Locke and Kant stress the importance of protecting the concept of individual liberty, which includes the right to acquire and use property.³¹

The existence of society presupposes a social order. Depending on the theory of the origin of property rights, this allows a social organisation that maximises the individual preferences of the members to the greatest extent or, from a different perspective, safeguards the inherent standards of society that best protect the individual. A Hegelian perspective is one of several that suggest that acceptance of the concept of society includes concomitant acceptance of public interference with individual rights to allow the society to operate effectively.³² We therefore have a society or social order, one of the aims of which is to protect the property rights of individuals, but balanced by interference with those rights where it is necessary to maintain the society.

Society is governed and its structure is determined by a framework of rules setting out the agreement between the citizens as to the powers of the state. The status and the origin of rules is analysed in philosophy and legal theory. However, normally a constitution provides the basis for the state and the rules governing it. The constitution usually provides the power to tax and does so explicitly because taxation is recognised

²⁶ M McKerchar, ‘Philosophical Paradigms, Inquiry Strategies and Knowledge Claims: Applying the Principles of Research Design and Conduct to Taxation’ (2008) 6 *eJournal of Tax Research* 5.

²⁷ *Ibid.*, 21.

²⁸ Braithwaite, above n 16.

²⁹ L Murphy and T Nagel, *The Myth of Ownership: Taxes and Justice* (2002) 42.

³⁰ Discussed extensively in NE Simmonds, *Central Issues in Jurisprudence: Justice, Law and Rights* (1986) Ch 1.

³¹ Murphy and Nagel, above n 29, 42 and Simmonds, *ibid.*, 25.

³² GWF Hegel, TM Knox (trans.), *Philosophy of Right* (1967) 40.

as a legitimate interference with individual property rights in order to maintain society. To put it another way, taxation is not a public good.³³ Rather, it is necessary to allow the efficient and effective operation of society.

It is worth revisiting the assumptions on which the rationale for taxation is based for it drives the analysis of tax administration across all disciplines. If taxation were itself a public good, there would be less importance in determining limits on it. Because it represents interference with the basic order, albeit to allow that order to function, the manner and form of those limits become much more important. Taxation is introduced to perform a function and it should perform that function in the best way possible, within the framework of rules chosen to govern that particular society.

Good practice in tax administration flows directly from the nature of the tax function. It is implicit in the social contract constituting society that a revenue authority should collect and redistribute wealth as fairly and efficiently as possible. The type of politics and economics in the society is irrelevant at this level.³⁴ Good practice in tax administration is fundamental to the operation of almost any society. It is therefore a legitimate and important research pursuit to determine what good practice in tax administration is. But at this point the research diverges and becomes complex and cross-disciplinary.

Pursuing good practice in tax administration

Take three examples to illustrate the divergence and resulting complexity. Legal theory seeks to provide the best possible framework of rules to constitute and operate the tax system in that society: cognisant of lessons learned from other jurisdictions, but consistent with the nuanced contexts of the home jurisdiction.³⁵ Public economics and the sub-discipline of welfare economics attempt to design government behaviour to ensure the most efficient, but fair, distribution of income to maximise individual preferences and limit negative externalities.³⁶ Political and government theorists analyse and explain how political and bureaucratic behaviour can best function to achieve the goals of government given the widely different representative, interest and power groups in society.³⁷ All this is before governance, management, marketing and accounting theorists design optimal systems to govern, manage, implement, monitor and continually improve tax administration.

The nature of publication in discipline-specific journals limits statements of research context to that particular discipline. It would be useful if researchers placed more emphasis on the inter-disciplinary context and effect of their research: even if only to make their research more accessible to other disciplines. Even within disciplines, it is not always clear where the research fits and how it relates to prior research.

³³ For example, see J Finnis, *Natural Law and Natural Rights* (1980)155, 276.

³⁴ Unless it is a state in which property rights are not recognised.

³⁵ See, for example, JRS Gill, A Diagnostic Framework for Revenue Administration, *World Bank Technical Paper No 472* (World Bank, 2000); C Silvani and K Baer, Designing a Tax Administration Reform Strategy: Experiences and Guidelines (Washington DC, 1997), *IMF Working Paper No 97/30*; and V Thuronyi (ed.), *Tax Law Design and Drafting* (1996), Vols 1 and 2.

³⁶ See, for example, HJ Aaron and MJ Boskin, *The Economics of Taxation* (1980); RA Musgrave and PB Musgrave, *Public Finance in Theory and Practice* (5th ed, 1989); and P Abelson, *Public Economics: Principles and Practice* (2003).

³⁷ Discussed at length in G Tullock, (ed.) *The Vote Motive* (2006).

Barzelay³⁸ identified a similar gap in 2001 in the research into New Public Management: an approach to the policy debate about administration and management in the public sector popular in the 1980s and 1990s. His response was to argue for a formal propositional approach to “dialogue about doctrinal ideas and policy choices in the area of public management”.³⁹ However, the drawback to this approach is that it tends to formalise research and policy and doctrinal argumentation within a relatively orthodox policy-process framework; in this case that of political science.⁴⁰

Restricting the research framework does not always encourage inter-disciplinary research. For example, the process for argumentation set out by Barzelay focuses on proving propositional claims using a process of claim, argument, explication and contextualisation.⁴¹ Although this may work across a range of related fields of management and economics, it is less useful in other areas, such as an analysis of legal rules providing the legislative framework for tax administration and their interpretation and the development of proposals for reform.

A legal analysis of this kind employs doctrinal legal research, in which there is the systematic exposition, analysis and critical evaluation of legal rules and their interrelationships.⁴² From this it is usual to propose reform by providing recommendations for change, also based on critical examination. Legal research uses a mix of analysis and synthesis as it draws from a broad range of diverse materials across disciplines and jurisdictions. It recapitulates the relevant elements of the concepts found in a wide range of legal theory. From these it expounds and analyses, through a mix of induction and deduction, the application of the theory, rules and principles to the development of proposed reforms. Reform proposals rely on making connections across often dissimilar and unrelated comparative and international legal concepts. Reform proposals are also finely nuanced as they require critical understanding of context across diverse jurisdictions and simultaneous appreciation of the implications of developments in the different international fields to take advantage of what is possible.

However, where such differences in approach are accepted and the strengths of each discipline are applied, research areas such as tax administration can profit from their placement at the intersection of different disciplines. The research into the different facets of tax compliance is a case in point. Works on tax compliance draw together researchers from several disciplines and produce a rich body of material that facilitates a broader understanding than would be possible from a single-discipline perspective.⁴³

Disciplines do have predispositions to research particular areas of tax administration. The table below provides a limited summary representation of the relevant disciplines

³⁸ M Barzelay, *New Public Management: Improving Research and Policy Dialogue* (2001).

³⁹ *Ibid*, 100.

⁴⁰ C Hood and G Peters, ‘The Middle Aging of New Public Management: Into the Age of Paradox?’ (2004) 14 *Journal of Public Administration Research and Theory* 267, 268.

⁴¹ Barzelay, above n 38, 125ff.

⁴² From the excellent summary of legal research in D Pearce, E Campbell, and D Harding, *Australian Law Schools: A Discipline Assessment for the Commonwealth Tertiary Education Commission* (1987), Para 9.14, on which this paragraph is based.

⁴³ Take, for example, C Sandford (ed.) *Tax Compliance Costs Measurement and Policy* (1985); C Evans, K Ritchie, B Tran-Nam and M Walpole, *A Report into Taxpayer Costs of Compliance* (1997) and C Evans, J Pope and J Hasseldine (eds), *Tax Compliance Costs: A Festschrift for Cedric Sandford* (2001).

most often interested in research into tax administration and common issues they seek to answer. There are areas of collaboration. Other areas produce fewer cross-disciplinary works. The table is not intended to be comprehensive but illustrates the significant potential for cross-disciplinary cooperation. In the search for new knowledge, advances are likely to occur more easily if different perspectives are brought to bear.⁴⁴

Discipline	Issues
Accounting	<ul style="list-style-type: none"> • Administrative process • Best practice • Collection • Compliance and compliance measurement • Data management • Harmonisation • Information management and delivery • Intermediaries • Performance and productivity measurement, indicators and benchmarking • Regulation • Reporting standards – effect on administration • Systems management • Tax policy and reform • Tax ethics
Economics and public finance	<ul style="list-style-type: none"> • Administrative design and process • Best practice • Compliance and compliance measurement • Efficiency • Globalisation • Intermediaries and agency costs • Reform and optimisation • Simplification • Systemic efficiency • Tax policy and reform • Tax system design and design principles
Governance	<ul style="list-style-type: none"> • Accountability, reporting and budget process • Dispute resolution • Functions, roles and responsibilities • Integrity and corruption • Organisational purpose and outcomes • Risk management • Skill development • Tax governance • Taxpayers' rights • Values
Law	<ul style="list-style-type: none"> • Tax compliance regulation • Cross-jurisdictional administration • Dispute resolution • Ethics and responsibility • Judicial and administrative law aspects of tax administration

⁴⁴ Lester and Piore, above n 9, 186–187.

	<ul style="list-style-type: none"> • Legal aspects of administrative design and implementation • Regulation • Regulation of intermediaries • Tax governance • Taxpayers' rights • Tax policy
Marketing	<ul style="list-style-type: none"> • Customer information management • Customer relations management • Quality assurance and taxpayer satisfaction • Service delivery • Service strategy • Taxpayer segmentation
Political Science	<ul style="list-style-type: none"> • Accountability • Administrative design and process • Compliance and compliance measurement • Data management • Harmonisation • Information management and delivery • Integrity and corruption • Performance and productivity measurement, indicators and benchmarking • Policy implementation • Reform and optimisation • Regulation • Reporting standards – effect on administration • Simplification • Systems management • Tax governance • Taxpayers' rights • Service strategy • Tax policy and reform
Psychology	<ul style="list-style-type: none"> • Best practice • Change management • Compliance and compliance measurement • Harmonisation • Information management and delivery • Integrity and corruption • Organisational behaviour • Performance and productivity measurement, indicators and benchmarking • Personnel management • Regulation • Reporting standards – effect on administration • Risk management • Systems management • Tax policy and reform • Tax ethics
Public Sector Management	<ul style="list-style-type: none"> • Change management • Dispute resolution • Organisational behaviour • Performance and productivity measurement, indicators and benchmarking • Personnel management • Policy implementation • Processes and procedures • Quality assurance • Values

Sociology	<ul style="list-style-type: none"> • Administrative relationships • Change management process • Organisational behaviour • Compliance culture • Relationship elements of information management and delivery • Cultural impact of performance and productivity measurement, indicators and benchmarking • Impact of regulation • Impact of tax policy and reform • Tax values and ethics
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4. EXAMPLES OF HOW DIFFERENT DISCIPLINE PERSPECTIVES MIGHT IMPROVE RESEARCH OUTCOMES

In this part we identify three areas from our own research where different perspectives would provide greater depth to the research outcomes. One aspect of research into tax administration examines good or best practice. As noted by Hasseldine in a keynote address to the 8th *International Tax Administration Conference*, mentioned in Section 2, research into best practice in tax administration is relatively recent.⁴⁵ This in itself is anomalous and goes directly to the point of this article.

Research into tax administration over the past twenty years has been substantial. This is evidenced by the extensive literature that has commented not only on tax reform, but on its implementation and administration.⁴⁶ However, the concept of good or best practice in tax administration is relatively untested.⁴⁷ This is distinguishable from the position in related disciplines. For example, the areas of public sector management and New Public Management, in particular, were focused on performance and good practice from the 1980s.⁴⁸ Not so in tax administration research, despite the increased emphasis on changing the culture of service delivery evident within tax administrations.⁴⁹

McKerchar explains this in part where she argues that “taxation is complex and researchers in this field are often not fully equipped to grapple with its multidimensional nature, particularly when it involves the study of human behaviour”.⁵⁰ In part it is explained by the focus of research on the legal and economic implications of tax reform, with relatively little attention paid to the rise of unenforceable administrative rules and practices.⁵¹

It is clear from Section 2 that good practice in tax administration is not easily discovered and can have different definitions depending on the perspective and

⁴⁵ J Hasseldine, ‘Study into: “Best Practice” in Tax Administration: Consultancy Report for the National Audit Office’, (paper presented at the Atax 8th *International Tax Administration Conference*, Sydney, 27–28 March 2008).

⁴⁶ Discussed in Alley and Bentley, above n 11 and D Bentley, *Taxpayers’ Rights: Theory, Origin and Implementation* (2007), Ch 1.

⁴⁷ Hasseldine, above n 45, 9.

⁴⁸ Discussed more extensively below in Section 4.

⁴⁹ See Bentley, above n 46, 278ff.

⁵⁰ McKerchar, above n 26, 6.

⁵¹ Discussed in D Bentley, ‘The Rise of “Soft Law” in Tax Administration – Good News for Taxpayers?’ (2008) 14 *Asia-Pacific Tax Bulletin* 32.

discipline of the researcher. However, there is much generally accepted good practice implemented in different jurisdictions. This section provides examples of how we might measure good practice in tax administration in three topical research areas: independence of the revenue authorities, governance by and of the revenue authorities and the principles of good practice applicable in tax administration. It bases its analysis in law and governance with a taxpayers' rights perspective. But in each example, the issues bring up questions on which other disciplines could shed light and bring a deeper content.

What makes the area so interesting and rewarding for researchers is that the research outcomes can have a major practical impact on a country's economic and political success. If a tax administration fails or is inefficient, it directly affects the country's revenue base. Tax administration is often used as a vehicle to deliver and monitor welfare payments and is one of the most pervasive and intrusive areas of interaction between the citizen and the state. Ineffective or injudicious tax administration can bring down governments or lead to the resignation of a prime minister.⁵²

For this reason, tax administrators are vitally interested in the effectiveness of their administration and produce useful information that can form the basis of broader research. Over a long period, the OECD, in particular, has produced reports that provide useful guidance on good practice generally; agreed good practice in specific areas such as the exchange of information; and surveys and reports to develop good practice, such as the work on strengthening tax audit capabilities. The International Tax Dialogue provides an effective repository of information from the International Development Bank, International Monetary Fund (IMF), OECD, United Nations (UN) and World Bank.

Because tax administrations already exist and operate, most analysis of good practice begins with existing systems. However, first principles are often examined in reports on new or developing areas. Examples include the 2007 IMF *Manual on Fiscal Transparency* and the 2005 OECD Working Party on Regulatory Management and Reform Proceedings, *Designing Independent and Accountable Regulatory Authorities for High Quality Regulation*. They provide a useful starting point for significant further research at a more specific level.

The rest of this section considers aspects of each of the three exemplar areas and illustrates the opportunities they present for broader and deeper cross-disciplinary research. They are also instrumental in allowing the application of the basic principles of tax administration set out above: efficiency and effectiveness; equity and fairness; certainty and simplicity; and neutrality.

Revenue authorities should be independent of political interference

A fair and effective revenue authority needs to be free from external interference. It needs to be free from the taint of corruption. Traditional research suggests that it needs to be independent from political interference. A broader view suggests that different perspectives could deepen understanding of how this could occur.

⁵² Arguably, the difficulties in administering the collection of the 'community charge' led to the resignation of UK Prime Minister, Margaret Thatcher. Discussed in S James and C Nobes, *The Economics of Taxation: Principles, Policy and Practice* (1998) 240.

The structure and autonomy of a revenue authority to ensure its independence from political interference is an area of interest to developing countries and countries in transition. Research into this area focuses on such issues as structure, transparency, and independence. It also examines the quasi-regulatory nature of a revenue authority and the negative effects of its character as a public monopoly.

The OECD Comparative Information Series on Tax Administration (OECD 2006 Report) identifies a number of different institutional arrangements across the surveyed group⁵³ They include:⁵⁴ unified and semi-autonomous bodies responsible for administration of most taxes and reporting direct to a government minister; separate bodies for the collection of tax and social contributions; semi-autonomous or single directorates in the Ministry of Finance; and single or multiple directorates within the Ministry of Finance with limited autonomy. The structure is not as important as the independence of the revenue authority that is charged with administering the tax system.⁵⁵

A revenue authority can have practical independence within a formal structure that theoretically might permit interference. This occurs in jurisdictions where the revenue authority comprises one or more directorates within the finance ministry.⁵⁶ However, it is the lack of practical independence that opens the way to external interference. The head of the revenue authority should have sufficient independence and autonomy that the functions of assessment, collection and enforcement should not be interfered with politically or otherwise.⁵⁷ Moving from interference to independence is not easy and can be assisted by clear measures that can benchmark and encourage progress.⁵⁸ However, perhaps current research is too narrow.

Economists, for example, could try to measure the inefficiencies introduced by corruption within the tax system. Organisational behaviourists may be able to shed light through case studies using past data on how much corruption can exist in a tax administration and at what levels before the inefficiencies seriously undermine its operation. Further work by performance management specialists on the advantages and disadvantages of autonomous and semi-autonomous revenue agencies would also be useful. This could include the use of tax farming (which includes variants on outsourcing tax collection). There seems little literature on the effectiveness of external consultants' involvement in tax administration. Taking such work to the next step, it would be useful to analyse the arguments from an inter-disciplinary

⁵³ OECD, *Tax Administration in OECD and Selected Non-OECD Countries: Comparative Information Series* (2006), 9.

⁵⁴ *Ibid.*

⁵⁵ For a detailed discussion, see Bentley, above n 46, ch 7. It is a well accepted principle. CIAT, *Measures for Improving the Level of Voluntary Compliance with Tax Obligations* (1985) 41, records that the issue was addressed in discussions on improving voluntary compliance in member countries. It was recognised at the 1984 General Assembly that it is fundamental to an effective tax system that there must be sufficient guarantee for taxpayers against the illegal actions of tax administrators whether acting on their own account or at the behest of politicians or bureaucrats.

⁵⁶ Countries of this type are listed in the 2006 OECD Report, above n 53, 27.

⁵⁷ M Bersten, 'Independence and Accountability of the Commissioner of Taxation' (2002) 12 *Revenue Law Journal*, 5 in the context of the Australian Commissioner of Taxation.

⁵⁸ Described, for example, in FDAM Luoga, 'The Viability of Developing Democratic Legal Frameworks for Taxation in Developing Countries: Some Lessons from Tanzanian Tax Reform Experiences' *Law, Social Justice & Global Development* 2003 (2), <www2.warwick.ac.uk/fac/soc/law/elj/lgd/2003_2/luoga > 24ff, at 15 January 2008.

perspective of out-sourcing tax administration to the revenue administration of another jurisdiction. There is a growing body of data available for these types of research, but it would be most easily available through agencies such as the IMF and World Bank.

Current thinking suggests that the key to overcoming the problem of political interference generally is to ensure that the system is transparent.⁵⁹ A mechanism that allows the revenue authority to report directly to the legislature or to the executive arm of government can achieve this. However, the report should be tabled before parliament so that it cannot be hidden if concerns are raised within it. This was the genesis of the semi-autonomous revenue authority.⁶⁰ Disconnecting the administration of taxes from the political decision-making authorities provided a way to clean up the tax administration.⁶¹

This accepted requirement of practical independence is an essential element of good practice. It is measurable. Third parties already measure the extent of independence and corruption, for example, Transparency International.⁶² It is arguable that effective measurement of practical independence and absence of corruption should deliver good practice at the structural level, but this should be tested. Although structures may shape inefficiencies, inequities and other measures that distort, they do not seem necessarily connected. Further research could provide a basis for structural choice, taking into account the context. It would seem that if measures of good practice are put into place, they can ensure that a wide range of structures remain effective.

Taking this further, as an example, tax administrators do not generally operate in law as independent regulators. However, in fact, particularly where they issue regulations, rulings and interpretations that are followed as a matter of course by most taxpayers, they have a quasi-regulatory function. In a different context, Gilardi has identified an evaluation framework for independent regulators as part of an OECD Working Party on Regulatory Management and Reform.⁶³ It does not exactly fit a revenue authority. However, the rationale for the establishment of an independent regulatory authority (IRA) bears a striking similarity to the requirements for independence of the revenue authority, sometimes for different reasons.

Gilardi relies on a mix of economic, legal, organisational and political authorities to identify the rationale for IRAs.⁶⁴ Although Gilardi uses output and quality measures for IRAs,⁶⁵ the critical elements in the establishment of an IRA may prove initially even more useful to evaluators of revenue authorities in determining whether a

⁵⁹ IMF Fiscal Affairs Department, *Manual on Fiscal Transparency* (2007).

⁶⁰ Discussed, for example, in L Rakner and S Gloppen, 'Tax Reform and Democratic Accountability in Sub-Saharan Africa', (paper presented at an *IDS Taxation Seminar*, 28–29 October 2002) 6, <www.ids.ac.uk/gdr/cfs/activities/Taxation-Seminar.html> at 15 January 2008. For a comprehensive analysis of semi-autonomous revenue authorities and their advantages and disadvantages, see AJ Mann, *Are Semi-Autonomous Revenue Authorities the Answer to Tax Administration Problems in Developing Countries? A Practical Guide*, (2004), <www.fiscalreform.net/best_practices/pdfs/sara_study_final_jan-4-2005.pdf> at 15 January 2008.

⁶¹ Rakner and Gloppen, *ibid*, 7.

⁶² <www.transparency.org> at 15 January 2008.

⁶³ F Gilardi, 'Evaluating Independent Regulators' in OECD, *Designing Independent and Accountable Regulatory Authorities for High Quality Regulation*, (*Proceedings of an Expert Meeting*, London, United Kingdom, 10-11 January 2005), <www.oecd.org> at 15 January 2008.

⁶⁴ *Ibid* 102.

⁶⁵ *Ibid* 109.

revenue authority is sufficiently independent of political interference. In this context, Tullock would argue from a public choice theory perspective that the most significant hurdle is that the revenue authority is a public monopoly and it is overcoming the negative effects from this that requires most attention.⁶⁶ It would be useful to draw these perspectives together.

That said, critiques of New Public Management adopted to some extent by the UK, Australia, New Zealand and Canada in the 1980s and 1990s,⁶⁷ note that care needs to be taken in assuming a 'one-size-fits-all' approach to public administration.⁶⁸ Before innovative research is applied to tax administration it needs careful testing, based where possible on empirical evidence.⁶⁹ This is particularly relevant where there are 'ideological schisms' within the discipline from which the theories and research are drawn.⁷⁰

Whether in theory or practice there is a tendency to adopt 'whole of government' initiatives, simply because of the nature of government. Much of the criticism of New Public Management in the literature we have cited appears to focus on this problem. Both researchers and the leaders of tax administrations need to be aware of this. It underlines the need for independence, so that the critically important function of tax administration cannot be driven by current trends. McGuire identifies this problem in her review of the Australian performance monitoring framework developed for the Council of Australian Governments by the Australian Productivity Commission.⁷¹ She notes the different paradigms of performance measures and the tension between political (outcomes-oriented) and managerial (process-oriented) approaches.⁷²

It may be accepted that tax administrators need to be sufficiently independent on a number of levels if they are to administer a fair, effective and efficient tax system. However, even a cursory review of the structure and independence of tax administration suggests that there is scope to draw more effectively on related research from other disciplines to better achieve this. Current research remains largely within discipline boundaries. Although the descriptive reports from institutions such as the OECD demonstrate increasing interest in these areas, broader academic research needs to follow this inquiry.

Governance by and of revenue authorities

In this second example of how different discipline perspectives might improve research outcomes, current issues and potential areas for broader research are noted in the governance by and of revenue authorities. A comprehensive analysis of governance in the context of tax administration is not attempted.

⁶⁶ Tullock, above n 37.

⁶⁷ C Hood and M Jackson, *Administrative Argument* (1991) was one of the early works defining and describing the concept. See further, Barzelay, above n 38 and P Aucoin, *The New Public Management: Canada in Comparative Perspective* (1995).

⁶⁸ C Hood and G Peters, 'The Middle Aging of New Public Management: Into the Age of Paradox' (2004) 14 *Journal of Public Administration Research and Theory* 267, 278.

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ L McGuire, 'Counting Performance or Performance that Counts? Benchmarking Government Services in Australia' (*Working Paper 5/02*, Working Paper Series, Monash University Faculty of Business and Economics, February 2002).

⁷² Ibid, 16ff.

Public sector governance presents a conundrum because the functions of government and therefore government departments and agencies are so diverse. In the same way that theories of the firm applicable to the private sector cannot be applied without modification to the public sector; application of theories of public sector organisation, governance and management need to be adjusted according to the purpose and function of the department or agency under examination.

The position becomes more complex when examining revenue administration. Governments find increasingly that their revenue authorities are actors on a world stage. The rules for international interaction are burgeoning, for example, through unilateral and multilateral economic, trade, investment and tax co-operation agreements. Analysis therefore extends to these broader international frameworks. Baker and Groenhagen draw attention, however, to the incompleteness of these frameworks. They note that the rules developed to enable international interaction do not extend to the formulation of international governance principles for taxation.⁷³

Reviewing the OECD 2006 Report, it is clear that governance is important.⁷⁴ However, the elements are blended into different chapters.⁷⁵ A useful governance benchmark equally applicable to revenue administration was that issued by the Independent Commission for Good Governance in Public Services in the UK, *The Good Governance Standard for Public Services* (Good Governance Standard).⁷⁶ It sets out six major principles:⁷⁷

1. Good governance means focusing on the organisation's purpose and on outcomes for citizens and service users.
2. Good governance means performing effectively in clearly defined functions and roles.
3. Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour.
4. Good governance means taking informed, transparent decisions and managing risk.
5. Good governance means developing the capacity and capability of the governing body to be effective.
6. Good governance means engaging stakeholders and making accountability real.

The detailed content of each principle is reinforced by sub-principles and explanations.⁷⁸ They provide a useful starting point to produce measures of good governance applicable to tax and this was done by one of the authors in the work,

⁷³ P Baker and AM Groenhagen, *The Protection of Taxpayers Rights – An International Codification* (2001) ch 2.

⁷⁴ Above n 53.

⁷⁵ *Ibid*, Ch 2 and Ch 3.

⁷⁶ (2004 OPM & CIPFA), <www.opm.co.uk/ICGGPS/download_upload/Standard.pdf> at 1 October 2007.

⁷⁷ *Ibid*, 5.

⁷⁸ *Ibid*, 5–26.

*Taxpayers' Rights: Theory, Origin and Implementation.*⁷⁹ The importance of governance is critical to effective tax administration. Kaufmann argues that:⁸⁰

The process of economic development does not in itself automatically ensure improved governance, civil liberties and control of corruption. The causality direction is from improved governance (including civil and political liberties) to economic development, and not vice versa.

His research shows that specific intervention by the state and the formulation and implementation of policies on governance is necessary to establish the climate both for human rights to be observed and economic development to occur.⁸¹ This suggests that until we get the governance right, there is little point pursuing lower-order performance management. It is particularly relevant, given the emerging international focus on the ethical responsibilities of intermediaries⁸² and corporate social responsibility.⁸³ While pursuing intermediaries and companies the tax administration should model the values and practices it seeks to impose.

However, the debates over tax intermediaries and corporate social responsibility highlight that when detailed measures of governance performance are sought there is less agreement as to exactly what constitutes 'good governance' and what measures should be used to determine whether or not it exists.⁸⁴ The arguments can become ideological.⁸⁵ It suggests that the general principles identified in the introduction (efficiency and effectiveness, fairness and equity, certainty and simplicity, and neutrality) and accepted principles such as the UK Good Governance Standard should provide a framework for the development of more detailed indicators. They provide an agreed base from which more detailed indicators and measures can evolve through argument and debate. Otherwise, without a starting point, the debate will not progress.

The knowledge from different disciplines has not generally, but arguably should be, applied to develop detailed measures to assess revenue authority governance. Remaining bound by traditional disciplines is limiting. The documentation of theory and practice of other disciplines abounds. From a social science perspective, for

⁷⁹ Bentley, above n 46, 269ff and 380ff.

⁸⁰ D Kaufmann, 'Human Rights and Governance: The Empirical Challenge' in P Alston and M Robinson (eds), *Human Rights and Development: Towards Mutual Reinforcement* (2005), 352, Section 5.

⁸¹ Ibid, see the conclusions in Section 5, summarising the earlier analysis, particularly in Sections 2 and 3.

⁸² There is extensive ongoing debate over the OECD, *Tax Intermediaries Study*, <www.oecd.org> at 15 January 2008, which reflects domestic developments in the member states.

⁸³ For example, see OECD, *Principles of Corporate Governance* (2004), and OECD, *Guidelines for Multinational Enterprises* (2000), www.oecd.org at 15 January 2008.

⁸⁴ S van Roosbroek, 'Rethinking Governance Indicators: What Can Quality Management Tell Us About the Debate on Governance Indicators?' (paper presented at EGPA conference: *Permanent Study Group on Productivity and Quality in the Public Sector*, Madrid, Spain, 19–22 September 2007), <soc.kuleuven.be/io/egpa/qual/madrid/papers/Paper%20Van%20Roosbroek.pdf> at 16 January 2008.

⁸⁵ W Drechsler highlights this in 'The Rise and Demise of the New Public Management' (2005) 33 *Post-automistic Economics Review*, Article 2, www.paecon.net at 15 January 2008. See also, P Dunleavy, H Margetts, S Bastow and J Tinkler, 'New Public Management Is Dead – Long Live Digital-Era Governance' [2005] 8 September *Journal of Public Administration Research and Theory* 1.

example, Stoker suggests that there are five propositions that help us to frame our governance theory:⁸⁶

1. Governance refers to institutions and actors from within and beyond government;
2. Governance identifies the blurring of boundaries and responsibilities for tackling social and economic issues;
3. Governance identifies the power dependence involved in the relationships between institutions involved in collective action;
4. Governance is about autonomous self-governing networks of actors; and
5. Governance recognizes the capacity to get things done which does not rest on the power of government to command or use its authority.

These propositions suggest that effective governance in a revenue authority requires a detailed understanding of its culture and organisation. Organisational behaviour and change management studies will contribute to our understanding of effective governance, particularly as it is value based. Peters and Pierre note from public administration theory that cultural change often determines whether performance measurement succeeds.⁸⁷ Braithwaite's socio-political perspective identifies system integrity as a key determinant of successful governance.⁸⁸

Van Roosbroek provides a useful analysis of the development of the debates over governance and its measurement, particularly in relation to values and quality.⁸⁹ Whereas legal research into governance (as compared to other areas of quality measurement) has traditionally made less use of the measurement methodologies put forward by Van Roosbroek: hard data, surveys, expert assessments and internal or external evaluations, the results of such measurement have the potential to add value to the conclusions. However, because of the conceptual differences that exist between different strands of research and between researchers, it is acknowledged that great care should be taken in how the data are used. This caveat seems to apply equally to disciplines that, on the surface, appear closely related, in part because governance is socio-political and not apolitical in nature.⁹⁰ As is to be expected, the differences to be negotiated become even more acute when comparing results across nations.⁹¹

The issues become even more complex with the added questions of personal drive and motive to comply with values and ethics to improve governance. In this context it would be useful to research the motives and find a simple goal that represents utility maximisation for tax administrators.⁹² This goal would have to distinguish between developed and developing countries and may have to distinguish between different

⁸⁶ G Stoker, 'Governance as Theory: Five Propositions' (1998) 50 *International Social Science Journal* 17, 18ff.

⁸⁷ BG Peters and J Pierre, 'Governance without Government? Rethinking Public Administration' (1998) 8 *Journal of Public Administration Research and Theory* 223, 230.

⁸⁸ V Braithwaite, 'Tax System Integrity and Compliance: The Democratic Management of the Tax System' in Braithwaite, above n 16, 271, 272.

⁸⁹ Van Roosbroek, above n 84.

⁹⁰ *Ibid.*, 10.

⁹¹ *Ibid.*, 12.

⁹² Tullock, above n 37, 62ff.

positions in economic systems. The research might help to find the most effective drivers of improved performance in an environment with limited resources.

Governance principles, such as the UK Good Governance Standard, reflect the general principles that underpin most tax administrations. It is more difficult to measure good practice and the substantive content of that practice without a cross-disciplinary perspective. Research has to cater for concerns about subjectivity and ideology. Nonetheless, in an area that crosses disciplines, the research generally needs to be applicable outside a narrow disciplinary paradigm. In this way, it is likely that the research will produce a wider range of valid measures of good governance in tax administration.

Principles of good practice

Cross-disciplinary research can promote better understanding of revenue authority structures, independence and governance. It is equally important to a proper understanding of how application of principles of good practice can encourage better administration of a tax system. Principles of good practice, as researched and applied in public administration generally, should therefore inform tax research. Yet, this rarely occurs.

Principles of good practice flow from public service standards and reflect the modern management focus on the achievement of measurable outcomes. However, they also embody the value element of service and contribution to society that is recognised as integral to the work of a revenue authority. Historically, the evolution of performance and operations management tended to start in the private sector and was later adopted by the public sector.⁹³ How effective this was in the 1980s and 1990s has been the subject of much debate, as discussed above in the context of New Public Management. However, the current approach was broadly reflected by Schacter in a 1999 Canadian Policy Brief.⁹⁴

Schacter suggests that public sector programs require a ‘complete performance measurement system’ that tracks both the public sector operations and their effect on society.⁹⁵ In the tax administration context this means that: input measures reflect the allocation of resources and their application to the administration of the tax system; output measures indicate the delivery of the broad range of services and the performance of the required functions of the revenue authority; efficiency measures track how well the resources are used to perform the functions and deliver the services; and outcome measures determine whether ‘society’ is affected as it was intended by the government’s taxing and welfare delivery function undertaken through the tax administration.⁹⁶

⁹³ Described in overview by ZJ Radnor and D Barnes, ‘Historical Analysis of Performance Measurement and Management in Operations Management’ (2007) 56 *International Journal of Productivity and Performance Management* 384. For works giving a more detailed description of aspects of that history relating to public sector management, see above n 67. In the context, it is briefly described in OECD 2006 Report, above n 53, 36ff.

⁹⁴ M Schacter, Means...Ends...Indicators: Performance Measurement in the Public Sector, Institute on Governance, *Policy Brief* No 3 – April 1999.

⁹⁵ *Ibid.*, 1.

⁹⁶ *Ibid.*

The 2006 OECD Report notes that performance budgeting and performance management are the strongest performance trends across the OECD with a particular focus on outputs, efficiency and outcomes.⁹⁷ However, it warns of a number of challenges:

- While identifying examples of good practice, the Report notes that many authorities struggle with effective strategic planning to align the purpose, mission and objectives of a revenue authority and its programs for all the stakeholders.⁹⁸ Without this it is difficult to define the principles and performance standards that determine good practice for that tax administration.
- The Report recognises the appeal of outcome measures, particularly for the public and politicians, but notes the difficulty in designing appropriate measures for tax administration generally, finding measures for some activities, the technical difficulty of their application and issues of time lag and control.⁹⁹ There is particular difficulty in relation to target setting. As with many organisations the level at which the target is set is difficult to get right, as is the number of targets to set so that they do not impose too great a burden on administrators.¹⁰⁰
- The cost and complexity of setting up data collection systems that produce quality data that are both verifiable and valid adds another layer to the measurement issue.¹⁰¹

Because performance measurement in tax administration places such an emphasis on values, taxpayer relationships and service delivery, the OECD 2006 Report provides in this context, without much analysis, a survey of taxpayers' rights, charters, and service delivery standards.¹⁰²

In *Taxpayers' Rights: Theory, Origin and Implementation* Bentley provides, from a legal perspective, a comprehensive analysis of principles and measures that demonstrate good practice in tax administration.¹⁰³ The aim was to provide a broad set of rules that would serve as a model for good practice in tax administration. James, Murphy and Reinhart review the experience of the Australian¹⁰⁴ and UK¹⁰⁵ charters of rights and draw some valuable conclusions as to how such rules should be implemented. Their support for the approach of the ATO is reinforced by improvement over time in the results of third party surveys of taxpayer perceptions of the ATO.¹⁰⁶ Legal and administrative rules comprise a useful combination of hard and soft law. However, there needs to be more in-depth inter-disciplinary study to draw together the research that forms the foundation for rule-based approaches and relate it

⁹⁷ OECD, above n 53, 37.

⁹⁸ Ibid, 39.

⁹⁹ Ibid.

¹⁰⁰ Ibid.

¹⁰¹ Ibid.

¹⁰² Ibid, 49ff.

¹⁰³ Above n 46, Ch 7 and Ch 9.

¹⁰⁴ S James, K Murphy and M Reinhart, 'The Taxpayers' Charter: A Case Study in Tax Administration' (2004) 7 *Journal of Australian Taxation* 336.

¹⁰⁵ S James, K Murphy and M Reinhart, 'The Citizen's Charter: How Such Initiatives Might Be More Effective' (2005) 20 *Public Policy and Administration* 1.

¹⁰⁶ TNS Consultants, *Review of the Taxpayers' Charter 2005* (2006), <www.ato.gov.au> at 15 January 2008.

to that underpinning targets and measures flowing from performance management, performance budgeting and other theories.

James, Svetalekh and Wright apply the theory of performance indicators to a case study of Thailand's Excise Tax Administration.¹⁰⁷ Van Stolk and Wegrich take performance indicator theory further to explore the 'relative significance and interaction of different mechanisms of choice and how this shapes the development and application of performance indicators'.¹⁰⁸ Of particular importance in the latter research is the analysis of the differences in performance indicators between countries.¹⁰⁹ The authors suggest that there is scope for further research at a comparative level, including "the effect of different governmental settings on the way targets are defined and enforced";¹¹⁰ further exploration of "conditions and limitations for international learning and 'benchmarking'";¹¹¹ and how this is influenced by country-specific factors.¹¹² Finally, they also suggest that comprehensive empirical analysis is required at different levels to understand better the connections 'between choice mechanisms and the operation and effectiveness of performance indicators within wider performance management systems'.¹¹³

Answers to these questions would also support an analysis of ways to develop both hard and soft law in tax administration that complies more closely with the underlying principles of good tax administration identified in the introduction: efficiency and effectiveness, fairness and equity, certainty and simplicity, and neutrality within the intended design parameters. They would assist governance frameworks and strategic planning. They flow directly into related issues raised by accounting and other performance management disciplines.

¹⁰⁷ S James, T Svetalekh and B Wright, 'Tax Charters, Performance Indicators and the Case for a More Strategic Approach to Tax Administration', (*University of Exeter Discussion Papers in Management, Paper No 07/12*), <sobe.ex.ac.uk/documents/discussion_papers/management/2007/0712.pdf> at 16 January 2008.

¹⁰⁸ C van Stolk and K Wegrich, 'What Gets Benchmarked Gets Measured? A Comparative Analysis of the Choice of Performance Indicators in Tax Administration and Social Security' (paper presented at *EGPA conference: Permanent Study Group on Productivity and Quality in the Public Sector*, Madrid, Spain, 19-22 September 2007), <soc.kuleuven.be/io/egpa/qual/madrid/papers/Paper%20Van%20Roosbroek.pdf> at 16 January 2008.

¹⁰⁹ *Ibid.*, 13ff.

¹¹⁰ *Ibid.*, 17.

¹¹¹ *Ibid.*

¹¹² *Ibid.*

¹¹³ *Ibid.*

In the same way, a review of performance budgeting and performance measurement literature generally provides a wide range of useful answers to questions raised in the tax literature as it considers how best to measure tax administration.¹¹⁴ The issues range from definition of terms, through evaluation of value frameworks, to analysis of the personnel and organisational behaviour effects of such measurement.

Of course, the emphasis on service quality in tax administration raises a range of different issues again. There is a significant body of literature on consumer satisfaction and service quality,¹¹⁵ but this does not necessarily translate into service quality in the public sector. However, there are ways to use the quality management tools that come from customer satisfaction literature¹¹⁶ and to do this would allow a much deeper understanding of what service quality in tax administration is and how to measure it.

Good practice in tax administration is measured. It is not measured consistently and it is not always measured effectively. Yet, the literature from different disciplines suggests that there is research available that could form an invaluable base for further research into tax administration that might allow more consistent and effective measurement. The breadth and extent of the literature also suggest that the benefits of much current research into good administrative practice are unnecessarily constrained within disciplines.

¹¹⁴ A selection is listed here as a stimulus for further enquiry. For example, see the series of Discussion papers by M Robinson on performance management and performance budgeting: 'Best Practice in Performance Budgeting', (*Discussion Paper* No 124, Queensland University of Technology, November 2002); 'Tightening the Results/Funding Link in Performance Budgeting Systems', (*Discussion Paper* No 147, Queensland University of Technology, May 2003); and 'The Output Concept and Public Sector Services', (*Discussion Paper* No 155, Queensland University of Technology, September 2003). Performance management papers illustrating the issues relevant to tax administration include: A Stainer and L Stainer, 'Strategic Change in Public Services: A Productivity and Performance Perspective' (1998) 7 *Strategic Change* 111; T Boland and A Fowler, 'A Systems Perspective of Performance Management in Public Sector Organisations' (2000) 13 *International Journal of Public Sector Management* 417; R McAdam and T Walker, 'Evaluating the Best Value Framework in UK Local Government Services' (2004) *Public Administration and Development* 183; GM Cunningham and JE Harris, 'Toward a Theory of Performance Reporting to Achieve Public Sector Accountability: A Field Study' [Summer 2005] *Public Budgeting and Finance* 15; D Greiling, 'Performance Measurement: A Remedy for Increasing the Efficiency of Public Services?' (2006) 55 *International Journal of Productivity and Performance Management* 448; C Game, 'Comprehensive Performance Assessment in English Local Government' (2006) 55 *International Journal of Productivity and Performance Management* 466; and ZJ Radnor and D Barnes, 'Historical Analysis of Performance Measurement and Management in Operations Management' (2007) 56 *International Journal of Productivity and Performance Management* 384.

¹¹⁵ Much of this, which is based on empirical evidence and modelling of this kind, could very usefully add to the service quality measurement in the tax area. For example, see A Dean, 'Links Between Organisational and Customer Factors in the Delivery of Service Quality: A Review of the Evidence', (*Working Paper* 63/01, Working Paper Series, Monash University Faculty of Business and Economics, August 2001); and A Wong and A Sohal, 'Evaluating Service Encounters From the Customers' Perspectives: The Effect of Service Quality on Overall Relationship Quality', (*Working Paper* 69/01, Working Paper Series, Monash University Faculty of Business and Economics, August 2001).

¹¹⁶ For a practical approach, see M Prowle, *Professional Guide to Management in the Public Sector* (2000) 167.

5. CONCLUSION

The wider research policy framework is placing increasing emphasis on cross-disciplinary research collaboration. The rationale is that in a complex world it is not always possible or sufficient to resolve problems within the research paradigm of a single discipline. This appears to be particularly relevant to research into good practice in tax administration.

To analyse effectively good practice in tax administration, requires a genuinely cross-disciplinary and inter-jurisdictional approach. The strengths of this approach to research have been demonstrated in areas such as tax compliance and tax evasion. Tax administration in both these areas has benefited significantly in its development from the different perspectives brought by the different disciplines.

However, it is apparent that although compliance and evasion have attracted cross-disciplinary research collaboration, this does not extend generally to other areas of tax administration. Yet, the examples in Part 3 identify the benefits of this approach. They also emphasise how important it is to be clear exactly what approach is being taken, from which disciplinary perspective and why. Equally important is to understand the significance of context and the nuances it can bring to research. Perhaps, as McKerchar suggests, there is need for researchers to build confidence in “philosophical research paradigms and strategies of inquiry” different from those with which they are familiar.¹¹⁷

If researchers take into account the opportunities that cross-disciplinary research brings, it will substantially enhance the quality of research into tax administration. Instead of just looking for how we might measure and pursue good practice we may well be able to aspire to best practice in tax administration.

117 McKerchar, above n 26, 6.