

## Media Release

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# Taxpayer cost of compliance

A report published by the Association of Chartered Certified Accountants, *Perspectives on Fair Tax*, says some Australian taxpayers see our tax system as complex with high taxes and high compliance costs.

Etax Accountants Director, Scott Griffin, said this finding was concerning as some taxpayers now avoid lodging their returns.

“The average taxpayer works hard for their money and enjoys living in Australia. They want to pay the right amount of tax but not have it cost an arm and a leg,” he said.

ATO statistics<sup>1</sup> outline how the average taxpayer spent \$268 in the 2007/08 financial year for the cost of managing tax affairs. This figure has risen from \$131 in 1996/97.

Some taxpayers mistakenly believe they save money by submitting their tax return using the free ATO software or the paper Tax Pack. However, to submit a correct tax return and minimise tax requires detailed knowledge of Australian tax law.

Mr Griffin said free tax return software was good for those who understood tax, but detrimental to those who did not as they could end up paying incorrect amounts of tax and potentially incurring tax penalties.

“In our experience we correct 80% of returns that clients lodge themselves and this is symptomatic of the fact that average taxpayers do not have all the skills necessary to complete compliant tax returns,” he said.

To counter negative public perceptions and taxpayer compliance costs, Mr Griffin said Etax Accountants had not increased its fees from 2008 due to the economic climate with basic returns starting from \$53.

“If taxpayers are to lodge their returns *and* get their fair refund entitlement, we need to offer simpler and more affordable tax services,” he said. Some taxpayers are paying over \$300 for a basic return.

“The industry needs to examine compliance costs and the way we help taxpayers as many have no idea what tax law means for them,” he said.

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<sup>1</sup><http://www.ato.gov.au/corporate/content.asp?doc=/content/00177078.htm&page=52&H52=&pc=&mnu=47213&mfp=001&st=&cy=>

Mr Griffin said taxpayers should seek to become better informed about tax matters this year instead of avoiding them and potentially creating a tax mess for themselves, especially in light of recent tax changes.

For taxpayers this year, Mr Griffin has a key piece of advice.

“Every taxpayer has the right to make an informed decision so read the available information, assess your current and future financial situations and talk to professionals when more technical advice is required so that sustainable tax decisions are made,” he said

“Most importantly, start seeking information early.”

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**Contact:**

**Scott Griffin**, Director, Etax Accountants

**P:** 07 3457 5100

**E:** [scott@etax.com.au](mailto:scott@etax.com.au)

**Annie Sen**, Media Manager, Etax Accountants

**P:** 07 3457 5100

**E:** [annie@etax.com.au](mailto:annie@etax.com.au)

*Etax Accountants Pty Ltd is Australia's largest online accounting firm preparing thousands of tax returns every year. Etax Accountants has been offering online tax services since 1998 and provides a low cost way to do a tax return while still getting professional advice. Etax is based in Brisbane with clients from all over Australia and overseas. Etax Director Scott Griffin is an MBA graduate from the Harvard Business School and launched Etax with father, Don and brother, Kent over ten years ago.*