

9 February 2024

Maryam Awan
Grants Manager
Australian Taxation Officer

By email: ExpansionofNationalTaxClinics@ato.gov.au

Dear Ms Awan,

The development of the National Tax Clinic program Grant Opportunity Guidelines

The Tax Institute welcomes the opportunity to make a submission to the Australian Taxation Office (**ATO**) in relation to the development of the National Tax Clinic program Grant Opportunity Guidelines (the **Guidelines**).

Assisting vulnerable clients

The National Tax Clinic program plays an important role in providing tax agent services to a range of vulnerable taxpayers who would not otherwise have the ability or option to seek professional advice on their tax affairs. The ongoing skill shortages in the tax profession, combined with the need for taxpayer education in respect of our increasingly complex tax and superannuation systems make the role of the Tax Clinics increasingly important.

In particular, we consider that the Tax Clinics plays a key role in assisting vulnerable taxpayers meet their taxation obligations. Vulnerable taxpayers are often most at risk of not being able to get the assistance they need. Tax Clinics fill an existing and ever expanding hole in the system, and supplement the role of other tax practitioners. The Tax Institute is of the view that Tax Clinics should continue to prioritise supporting vulnerable taxpayers and providing those most in need with free, objective tax advice, and should be supported and empowered to do so.

The nature of a taxpayer's vulnerability may vary due to their circumstances and can include, but is not limited to, financial vulnerability including those suffering from financial and economic abuse, mental health concerns, domestic violence, physical disabilities, and other disadvantages arising from the taxpayer's personal circumstances (such as homelessness or imprisonment). We consider that each individual Tax Clinic is best placed to identify the vulnerable clients they can cater to in their geographical location.



Selection and operation of a Tax Clinic

The Tax Clinics are best placed to determine the most appropriate methodology to identify, reach out to, and prioritise those they can assist with their limited resources. Each Clinic would benefit from the freedom to choose the most effective structure, depending on the needs of their taxpayers and the resources available to them. Constraining all Tax Clinics into adopting the same methodology or structure may unintentionally hamper the effectiveness of some clinics.

We consider it important for Tax Clinics to continue to provide their services across Australia and have greater reach in areas of need. It is important for vulnerable taxpayers in both metropolitan and regional areas to be able to access the services of Tax Clinics. Depending on population density and the needs of taxpayers in certain locations, this may require more than one Tax Clinic, or a relatively large Tax Clinic in a given geographic region. The Tax Institute supports additional funding for the Tax Clinic program to better ensure they are able to assist vulnerable taxpayers throughout Australia.

Measuring the success of a Tax Clinic

The success of a Tax Clinic depends on a number of factors, including but not limited to:

- the number of vulnerable clients assisted, and the time able to be allocated to assist them;
- tax education provided to students and taxpayers;
- the ability to provide outreach services to rural and remote communities;
- the ability of the Tax Clinic to identify ways to improve the administration of the tax and superannuation systems; and
- the relationship between the Tax Clinics and the ATO.

Refer to **Appendix A** for our detailed response.

About The Tax Institute

The Tax Institute is the leading forum for the tax community in Australia. We are committed to shaping the future of the tax profession and the continuous improvement of the tax system for the benefit of all. In this regard, The Tax Institute seeks to influence tax and revenue policy at the highest level with a view to achieving a better Australian tax system for all.

If you would like to discuss any of the above, please contact our Senior Counsel – Tax & Legal, Julie Abdalla, at (02) 8223 0058.

Yours faithfully,



Scott Treatt
Chief Executive Officer



Todd Want
President

APPENDIX A

We have set out below our detailed comments and observations in respect of the Guidelines.

Question 1.1

As noted above, the nature of a taxpayer's vulnerability may vary due to their circumstances and can include, but is not limited to, financial vulnerability including those suffering from financial and economic abuse, mental health concerns, domestic violence, physical disabilities, and other disadvantages arising from the taxpayer's personal circumstances (such as homelessness or imprisonment). We consider that each individual Tax Clinic is best placed to identify the vulnerable clients they can cater to in their geographical location.

We note that a key phrase in the paragraph above is '*may not be able to use a tax practitioner*'. In our opinion, the utilisation of a Tax Clinic vis a viz a Registered Tax Agent is not a choice, rather it is a consequence of circumstance. We consider it important to ensure that any Tax Clinic is not operating in a manner which inappropriately ventures into the commercial sphere of an ordinary business of a Registered Tax Agent or tax lawyer while availing themselves of the available funding and holding themselves out as a Tax Clinic. The priority of a Tax Clinic should remain assisting those that are vulnerable.

We also consider it important to ensure that Tax Clinics are able to support vulnerable clients, regardless of the type of entity used or nature of the underlying tax issue. For example, feedback from our members indicates that some Tax Clinics are unable to assist vulnerable clients with business issues. This is not an appropriate outcome as it could potentially mean that a sector of vulnerable clients will not have access to needed advice and support. The Tax Institute is the view that Tax Clinics should be empowered to identify and address the reasons they are unable to provide tax agent services to certain types of entities or businesses, and we support additional funding or other support to ensure the clinics can achieve the goal of assisting all vulnerable clients.

Question 2.1

The table below contains our views on, and reasons for, the weighting of the stated activities when assessing grant applications.

Activity	Weighting percentage	Explanation for weighting
Provide advice to clients to better understand the tax system	30%	We acknowledge the importance of the need for a Tax Clinic to provide advice to taxpayers to better understand the tax system. It is crucial that any taxpayer engaging with the tax system and the ATO fully understands their obligations, and the importance of the representations made through fulfilling their tax obligations. Further, they must be fully informed of their rights as pertaining to their circumstances, and in any disputes which may arise.

		<p>Additional consideration should be given to how well placed a Tax Clinic is with regard to providing guidance on a One-to-Many basis rather than merely a One-to-One basis. Our weighting reflects the basis that Tax Clinics will aim to provide advice on a One-to-Many basis where possible.</p>
<p>Represent unrepresented taxpayers and small businesses when they need to interact with the ATO</p>	<p>30%</p>	<p>It is important that a Tax Clinic can properly represent a taxpayer in any and all interactions in which that taxpayer may need to engage with the ATO. This includes lodgments, queries, reviews and disputes.</p> <p>Given the framing of this activity, we refer back to our response to question 1.1 in ensuring 'unrepresented taxpayers and small businesses' is properly and appropriately defined.</p>
<p>Undertake educational activities to better inform students, taxpayers, and the broader community on matters of interest and concern</p>	<p>10%</p>	<p>Above we acknowledged the need for a Tax Clinic to provide advice to their clients. As noted in that section, Tax Clinics should have the ability to provide guidance on a One-to-Many basis which assists in resolving tax and administrative issues within our system, and easing the burden of compliance.</p> <p>Our suggesting weighting of 10% assumes that guidance provided on a One-to-Many basis is included as part of the first activity in this table. The Tax Institute is of the view that a Clinic's ability to provide One-to-Many advice which eases the compliance burden for the population which Tax Clinics represent is far more important than providing educational activities to the broader community.</p> <p>In providing education, a Tax Clinic's responsibilities should be limited to educating their students, the taxpayers whom the Clinic's represent, and the broader population which falls within the remit of the tax clinics, rather than the population as a whole.</p>

Advocate on behalf of clients when systemic taxation related issues are identified in their dealings with regulatory or government agencies	15%	In our opinion, it is important that Tax Clinics operate in a manner that seeks to resolve issues within our tax system, rather than patch a symptom. Australia's Tax Clinics have the ability to assess the patterns and trends of issues facing our most vulnerable within our community, making recommendations to improve our tax system, and its administration, in a way which ensures this population can remain engaged with the tax system on an ongoing basis with the smallest level of intervention and at the lowest cost to both the taxpayer and society.
Conduct research on tax compliance behaviours of unrepresented / disadvantaged individuals and businesses	15%	We consider that the population for which a Tax Clinic has responsibility, it is an important function of a Clinic to provide insights that facilitate improvements to our tax system, and its administration, to solve systemic issues and re-engage this population with the tax system in a self-sufficient manner.
Total	100%	

Question 3.1

As noted in our covering letter, we consider it important for Tax Clinics to continue to provide their services across Australia and have greater reach in areas of need. It is important for vulnerable taxpayers in both metropolitan and regional areas to be able to access the services of Tax Clinics. Depending on population density and the needs of taxpayers in certain locations, this may require more than one Tax Clinic, or a relatively large Tax Clinic in a given geographic region. The Tax Institute supports additional funding for the Tax Clinic program to better ensure they are able to assist vulnerable taxpayers throughout Australia.

Question 4.1

We consider that the Tax Clinics themselves are best placed to address the question of which operating model is most appropriate for their taxpayer base.

Question 5.1

See the table below for our views on the importance of relevant factors when choosing Tax Clinic providers.

Factor	Rating
Presence of multiple tax clinics in the same geographical area	3

Geographical coverage of tax clinics across Australia	5
Amount of time a proposed tax clinic will be operational and available to clients	4
Number of students who will gain experience working in a tax clinic	3
Number of student hours a proposed tax clinic will fulfil	1
Existence of an established tax clinic, including past output	3
Type of activities a proposed tax clinic will undertake	5
Volume of activities forecasted that a tax clinic will undertake	4
Type of professional supervision for the proposed tax clinic	5
Ability to provide outreach services to rural and remote communities	4
Accessibility to vulnerable groups	5
QS World University Rankings	1
The requested grant funds to operate a tax clinic	2
Joint applications across various academic institutions	1

Question 6.1

See the table below for our views when measuring the value, impact and benefits of the National Tax Clinic program.

Information	Rating
Number of clients supported by the tax clinics	4
Client entity type, (that is, individual, small business)	3
Eligibility indicators of clients supported by the tax clinics (that is, financial hardship, non-English speaking background, homelessness)	5
Type of support being provided to tax clinic clients (that is, lodgment support, registration support, objections, tax debts)	5
Referral source (how did the client find the tax clinic)	3
Geographic location of clients supported by tax clinics	3

Time spent supporting clients of the tax clinics	4
Systemic taxation related issues and opportunities identified by tax clinics	4
Number of students participating in tax clinics	3
Time commitment from students	3
Time commitment from clinic supervisors	4
Number of community education events undertaken by tax clinics	2
Time spent conducting research	2
Research outcomes (where known)	3
Case studies highlighting the challenges faced by tax clinic clients	3

Question 6.2

The Tax Institute is of the view that there are two further factors to measure the success of the National Tax Clinic Program. These are:

- recommendations made to improve the tax system and its administration to improve the compliance of vulnerable taxpayers, rather than the mere identification of issues; and
- the delivery of guidance on a One-to-Many basis to improve the compliance of vulnerable taxpayers, to expand the reach of the clinics, rather than just those who 'walk through the door'.