

The Board of Taxation
C/- The Treasury
Langton Crescent
Canberra ACT 2600

30 January 2012

By email: taxboard@treasury.gov.au

Dear Sir

Establishment of a Tax Studies Institute

Greenwoods & Freehills welcomes the opportunity to contribute to the consultation on the establishment of a Tax Studies Institute. While we understand that the Board of Taxation's consultation does not extend to the kinds of things the Tax Studies Institute should cover, we note here that its program should, in our view, include not only legal and accounting approaches to tax law but also econometric research.

In his closing remarks to the Tax Forum, The Honourable Wayne Swan, Treasurer, announced seed funding for the establishment of a Tax Studies Institute. The proposed contribution outlined by the Treasurer of around \$1 million per year for three years, while welcome, clearly would be insufficient to support independent, academically rigorous studies into all priority aspects of the taxation system. We also note that in other countries equivalent bodies or institutions (e.g., The Maxplanck Institute in Germany and Oxford University's Centre for Business Taxation) rely significantly on Government funding. We would encourage the Commonwealth to increase its contribution and period of commitment so that Australia can develop an equally robust and respected Tax Studies Institute.

Greenwoods & Freehills has been pleased to have provided funding for almost 20 years supporting the University of Sydney's International Tax Visitors Program. In addition, Greenwoods & Freehills have had various senior members of the University of Sydney's Law Faculty as Consultants to the firm on a permanent part-time basis. Not only have those Professors been able to contribute to the training of Greenwoods & Freehills staff, but have also helped inform, shape and bolster Greenwoods & Freehills' commitment to contributing to the policy debate on taxation in Australia, including the many submissions we make in our own name or draft for others.

Turning to the specific questions on which the Board has sought input, we provide the following comments:

1 Recruiting resources for the Institute

In addition to our comments in relation to Commonwealth support, it is quite clear that the Treasurer envisaged, and we would support, the idea that the States should also contribute to the ongoing research of the Tax Studies Institute.

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We note that there will be organisations such as ourselves and others who have in the past made contributions to the work of various Universities' Taxation Faculties / Programs. We would suggest that such organisations may wish to direct or redirect some of their resources to the Tax Studies Institute to support its ongoing work. Such contribution of resources could be monetary or by the secondment of staff. In addition, we would expect that the Tax Studies Institute would be able to draw on the resources of the Universities with tax programs for advice and direction as to the kinds of research projects that should have priority.

We note that equivalent overseas organisations also obtain funding through specific grants from organisations, both national and supranational, that wish to undertake particular kinds of research.

We note that the Oxford University Centre for Business Taxation receives contributions from business. Similarly, Australian business either via the Business Council of Australia or other peak industry bodies may be willing to make contributions to the Tax Studies Institute. We would also expect that the professional bodies, such as The Law Council, The Tax Institute and various accounting bodies would be prepared to make some contribution to the Tax Studies Institute.

Finally, one would expect that the Tax Studies Institute would be able to hold forums and conferences to debate particular kinds of policy issues and to obtain input from interested parties. Such conferences and forums should not be a drain on the resources of the Tax Studies Institute, but should be either self funding or potentially even contributory.

2 Appropriate Governance structure

While it is clear that there will need to be a small executive team to undertake the organisational work of the Tax Studies Institute, to recommend priorities for research and manage and monitor progress of various projects, we would expect that such an executive would report to an independent board or body.

We would expect that the members of that board or body would be drawn from representatives of a broad field of the community, including state and federal governments, business, professional bodies as well as groups representing social welfare and unions. Consideration should also be given to obtaining international input either directly by board representation or through the executive reporting on international experience and activity.

One would expect that the board would meet regularly (at least quarterly, perhaps more often) to approve funding for particular projects, to receive reports on and ensure progress in relation to projects that have been funded and to determine the priorities for research and the future viability and capacity of the Tax Studies Institute.

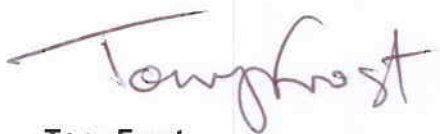
3 How the Governance structure might be put in place

We consider that the Governance structure of the Tax Studies Institute should broadly be free from Government direction (apart from some small representation on the board). The structure should incorporate representatives of the researchers (who would mainly be university based), of other funders, and of the broad community (drawn largely from organisations with specific interests in the tax system). The natural home for the Institute is one or more universities but the administrative and governance structure should allow participation from all potential tax researchers in Australia for research projects to maximise the research effort, output and influence of the Institute.

**Greenwoods
& Freehills**

We would be pleased to discuss any of the above with you. Please do not hesitate to contact me.

Yours faithfully

A handwritten signature in dark ink that reads "Tony Frost". The signature is written in a cursive style with a long horizontal stroke at the beginning.

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