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CONTENTS

- | | |
|-----|-------------------------------------|
| 138 | Editorial
Michael Walpole |
|-----|-------------------------------------|
- 140 Transparency in the valuation of land for land tax purposes in New South Wales
Vince Mangioni
- 153 Reforming indirect taxation in Pakistan: A macro-micro analysis
Saira Ahmed, Vaqar Ahmed and Cathal O'Donoghue
- 174 The Australian GST regime and financial services: How did we get here and where are we going?
Kavita Benedict
- 194 Financial supplies: Bundling and unbundling
Ross Stitt
- 220 Managing GST litigation
Melanie Baker

Editorial

It is a privilege to have been invited back by the *eJTR* to pen this editorial for its December 2011 issue. This might be described as an “indirect tax” issue of the *eJTR* because all the articles are about aspects of indirect tax.

The first article, by Vincent Mangioni, is about land tax and the challenge of maintaining transparency in the context of land valuation. Mangioni attempts to measure the transparency aspects of the land valuation process in NSW. He concludes with a summary of improvements in transparency that he has identified as well as recommendations for refinements in, and development of, further transparency measures. The second article looks further afield, Pakistan in fact, and is the jointly authored work of Saira Ahmed, Vaqar Ahmed and Cathal O’ Donoghue. The article assesses contentious taxation reforms being considered in Pakistan in order to widen the tax base and rationalize the rate structure of different taxes. It singles out VAT and some direct agricultural taxes as more attractive for various reasons including ease of collection and revenue adequacy. The article makes a powerful argument for an increase in revenue collection which, in the authors’ simulation, increases public sector spending. Bearing in mind (as *eJTR* readers know) that the art of taxation is the plucking of feathers with limited hissing¹, the authors advocate an incremental approach to tax reform with a gradual increase in the tax net.

The article on VAT in Pakistan brings this issue of the *eJTR* neatly to a series of invited articles drawn from the annual Atax Goods and Services Tax Conference held in 2011. The first of these is a policy orientated article by Kavita Benedict which examines the Australian approach to the taxation of financial services and compares the policy intent behind that approach with the outcomes that we have seen in judicial interpretation. The author concludes that an overly literal interpretation of the precise drafting that was adopted has led to interpretations that undermine the policy intent.

Staying with financial services under the Australian GST, the article by Ross Stitt is a deep and detailed critique of how the Australian reduced input tax system affects the practice of ‘bundling’ services and trustee services within the financial supplies context. It also looks at ‘unbundling’ and outsourcing providing deep technical insights into these activities and the Australian Tax Office’s view.

The final article is by Melanie Baker and it continues the practical theme established by Stitt and Mangioni with its detailed examination of the litigation aspects of GST. Baker’s article essentially photographs the litigation landscape just as we enter a GST self-assessment phase and it notes recent changes to the process of dispute resolution

¹ The quote “The art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest possible amount of hissing.” is attributed to the 17th Century French statesman (Minister of Finance to Louis XIV) Jean Baptiste Colbert. But this writer has never been able to accurately track down its source.

caused by the introduction of the *Civil Dispute Resolution Act 2011 (Cth)* as well as changes to the Federal Court Rules.

Readers will find these excellent articles useful as a source of information and stimulus in your own research.

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