

EDITORIAL

There is one issue of the *Journal of Australian Taxation* for 2021. Volume 23(1) is the standard edition for each calendar year and consists of six articles covering a wide range of taxation topics. The year 2021 was still a difficult year with the Coronavirus pandemic continuing to have an impact on all of us involved in researching taxation law. It is heartening to see that tax academics, tax students and tax practitioners were able to find the inspiration to write about taxation issues during this period. The Editor is grateful for the contribution made by the authors in this edition of the journal.

The first article by Lidia Xynas and Alexander Xynas content that an expansion of the ‘purpose’ of taxation is to be supported where it is made to incorporate objectives of socially engineering human behaviours in those circumstances where government intervention is warranted. That is: to protect individuals and broader society from certain harms. The authors demonstrate that support for this extended purpose of taxation is based on three Pillars: Ethics, Law and Economics. This Article demonstrates how taxation can be a supported policy approach available to policymakers, and one which can still foster taxpayer confidence and acceptance.

The second article is written by Sashi Mohan and examines the concept of fairness in the taxation administrative system in India. This article discusses the views of around 30 interviewees, including retired ITD officials, former ITAT adjudicators, retired High Court judges, and tax practitioners, on fairness in tax assessments made by the ITD and adjudication at the levels of the CIT(A) and the ITAT. The article also references High Court caselaw supporting some of the discussed views. Hence, there is an immediate need to remedy the unfairness within the tax assessment process and at the level of the CIT(A).

The third article is written by Elizabeth Ng and provides a very comprehensive evaluation of the proposed changes to the individual tax residency rules as well as the current legal problems facing individuals in this area of taxation law. In the 2021-22 Federal Budget, the Australian Government announced that the current individual tax residency rules would be replaced with a new framework, which will be based on recommendations made by the Board of Taxation. The Proposed Reforms are based on a two-step model; a simple bright-line test as the primary test of residency, followed by more complex secondary tests if the primary test does not apply. A key focus of the Proposed Reforms is simplicity. The Proposed Reforms introduces a more targeted approach through the use of day-count tests, and four objective Australia-only factors. The author contends that the Proposed Reforms will meet the key policy objectives of equity, efficiency and simplicity to a large extent. The Proposed Reforms makes it easier for expatriates to determine their residency status and are a step in the right direction.

The fourth article written by Melissa Belle Isle and Brett Freudenberg provides a very comprehensive reports on their survey of small businesses in the service sector in terms of their literacy for financial statements, computer accounting software and business tax, and if there is any relationship between them. The results demonstrated that there was a linear relationship between them and that certain demographics were likely to have lower overall literacy. Their testing demonstrated that there was a lineal relationship between literacy

scores. When overall LSs were compared with the demographics, it was found that those service SBOs with the highest overall literacy were migrants who had been living in Australia for between 10 and 15 years, had a postgraduate degree and had been operating their business for more than 10 years. The authors found that low overall literacy was common for non-employing service SBOs who had immigrated to Australia between 15 and 20 years ago, and who had been operating a business for less than 10 years. The authors provide recommendations to try to assist those demographics which appeared to have lower overall literacy in these areas.

The fifth article is written by Amna Tariq Shah and Ken Devos and critically investigates the tax implications arising from mergers and acquisitions of Australian firms. The article investigates the presence of potential tax advantages obtained by Australian-based firms through M&A transactions. The authors made ninety-seven observations, comprising M&A deals completed between 2005 and 2015. These transactions were investigated to statistically support and explain the potential link between M&A decisions and certain corporate tax advantages gained. The authors contend that the findings of their research suggests that when firms make profit-maximising decisions as part of an M&A deal, a potential reduction in tax can transpire from such transactions.

The sixth and last article in this edition is written by Lex Fullarton and Dale Pinto and is an updated report on the taxation and economic implications of using a Hybrid Plug-In Electric vehicle in a remote part of Australia. The article presents further findings from a case study that was conducted on a Mitsubishi Outlander Plug-in Electric Hybrid Vehicle (PHEV) in remote Western Australia from 2016–17. The original article is found at ‘The Impact of the Changing Technology of Motor Vehicles on Road Tax Revenue’ (2018) 20(1) *Journal of Australian Taxation* 26. That study is updated and extended in this article to October 2021.

This Article builds on a previously published paper and uses the same research approach. It continues the aim of encouraging the transition in Australia’s transport sector from internal combustion engines to electrically powered vehicles, in order to reduce the nation’s GHG emissions. It also aims to encourage road users, governments and tax administrators to become aware of the impact of changing road tax revenue structures to fund the development and maintenance of road networks. To fulfil those aims it reviews the impact electric powered vehicles might have on the tax revenue currently raised through the fuel excises levied on the owners of motor vehicles powered by fossil fuels.

John McLaren

Editor