

Simple emails help businesses comply

The Deferred GST Scheme

About **1 in 3 businesses do not comply** with the requirements to remain eligible for the Deferred GST Scheme (such as being up to date with all tax obligations).

It is important to increase compliance to:

- ✓ Help businesses **maintain access** to the scheme and experience the cash flow benefit
- ✓ Support a level playing field

BETA and the ATO **measured the effectiveness** of sending out simple, salient messages to help businesses overcome cognitive overload and comply with the Deferred GST Scheme.



We designed **2 trials** to test the effect of these emails on business compliance.

Trial 1	Trial 2
<p>The ATO sent emails to over 800 businesses who were not complying</p>	<p>The ATO sent emails to over 150 new DGST Scheme registrants</p>
<p>Behavioural Insight Principle Loss aversion is a human tendency to feel losses more acutely than gains. ‘The aim was to encourage self-compliance, educate businesses on their tax obligations and reduce recurrent non-compliance’.</p>	<p>Behavioural Insight Principle Present bias in some instances may cause businesses to focus on their immediate demands and put off meeting tax obligations. Reminder messages can be utilised to address this.</p>
<p>Direct tone email “You will lose the benefits” Cooperative tone email “To continue to benefit”</p>	<p>Email recommending calendar reminders “Welcome! We recommend you place monthly reminders in your calendar to meet your tax obligations...”</p>
<p>How a message is worded can impact the outcome, we tested ‘Direct’ and ‘Cooperative’ toned emails. Both emails increased compliance by over 10 percentage points.</p>	<p>The email did not increase compliance during the trial timeframe. This result highlights the importance of experimentation.</p>

We designed emails that overcame cognitive overload and encouraged more businesses to comply with the DGST Scheme.