



Australian Government



TAX
PRACTITIONERS
BOARD

Using the Cloud

Presented by Greg Lewis, Board Member, Tax Practitioners Board

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What we will cover today

- What is cloud computing?
- Considerations when entering into an arrangement
- Outsourcing and offshoring
- Obligations under the Code
- Cyber security
- Questions

Meet your presenter

- > Greg Lewis
- > Board Member
- > Tax Practitioners Board



What is cloud computing?

A decorative graphic in the bottom right corner consisting of numerous thin, light blue curved lines that sweep upwards and to the right, creating a sense of motion and modernity.

What is cloud computing?

- Cloud computing is the delivery of IT services over a network.
- Services you use everyday like Google Drive, iCloud, online banking and Office 365 are all examples of cloud computing.



The cloud's increasing popularity

- 42% of businesses are using paid cloud services.
- Cloud computing can offer benefits such as:
 - reduced costs
 - speed
 - performance
 - reliability.
- You could use cloud computing for information storage, lodgement of returns, digital signatures, client information portals and practice management software.

Entering into an arrangement



Data ownership and access

It's important to check:



Who **owns**
your data



Can you get a **copy**
of your data if the
agreement ends



Who can **access**
your data

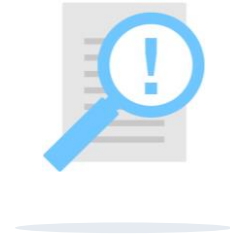
Location of storage and back up

- Understanding where your data is located can help you assess the risks and benefits.
- You should also find out if, and how often, your data is backed up.



Privacy and data breaches

- Before entering into an agreement, check if the provider complies with Australian privacy laws.
- You can seek advice about your privacy obligations at [oaic.gov.au](https://www.oaic.gov.au)
- Ask the cloud provider about how they manage breaches of data.



Services and support

Ask the cloud provider about:

- changes to the terms of your arrangement
- customer service and technical support on offer.



Example 1



Asking questions of a service provider

- Daniel, a registered tax agent, is considering switching over to a cloud based accounting software.
- He calls a provider to ask questions about where they store their data, who owns and can access it, and their approach to data back up. He also asks about their level of customer service and support.
- Daniel is satisfied he has found a good provider and signs up.
- In this scenario, Daniel did not ask the service provider any questions about privacy, and what would happen in the unfortunate event of a breach.
- If in doubt, Daniel should seek advice from the Office of Australian Information Commissioner.

Outsourcing and offshoring



Outsourcing

- Outsourcing: where you contract the services you provide to third parties.
- Examples of outsourcing:
 - engaging an external IT provider, using cloud technology
 - contracting specific work duties to another entity
 - seeking opinion or advice from a tax or legal specialist.
- When the work is outsourced overseas, you are offshoring.

Offshoring

- Offshoring: when you arrange to transfer a process, function, service or activity to another country.
- Offshoring does not have to involve a third party.
- An example of offshoring would be engaging an overseas third party to host and operate computer infrastructure on the cloud.

Considerations



When outsourcing or offshoring, you should consider factors such as:

- is there clear definition of the responsibilities of each party
- how is information transferred, stored, accessed and archived
- what security controls are each party responsible for
- is the provider competent, and how do you review their work
- are you meeting relevant legislative and regulatory requirements?

Example 2

- Adele, a registered tax practitioner, is looking at ways to minimise costs.
- Adele enters into an agreement with a bookkeeping/data processing firm overseas to perform this work for her.
- The information is provided to the processing firm via cloud technology.



Outsourcing



Offshoring



Cloud
computing

Your obligations under the Code



Code of Professional Conduct

- 1 Act honestly and with integrity
- 2 Comply with taxation laws in the conduct of your personal affairs
- 3 Account to your client for money or other property you hold in trust
- 4 Act lawfully in your client's best interest
- 5 Manage conflicts of interest
- 6 Do not disclose information without client permission
- 7 Ensure tax agent services are provided competently
- 8 Maintain knowledge and skills relevant to the services you provide
- 9 Take reasonable care to ascertain your client's state of affairs
- 10 Take reasonable care to ensure taxation laws are applied correctly
- 11 Do not obstruct the proper administration of taxation laws
- 12 Advise your client of their rights and obligations
- 13 Maintain professional indemnity insurance
- 14 Respond to requests and directions from the Board

Code item 6

Confidentiality

Unless you have a legal duty to do so, you must not **disclose** any information **relating to** a client's affairs to a **third party** without your client's permission.

'Disclose'

Distinction between secured data storage a third party can't access, and disclosure to a third party.

'Relating to'

The information does not have to belong to the client, or have been directly provided by them.

'Third party'

Any entity other than the client and practitioner, including cloud service providers.

Code item 7

Competence

- You must ensure a tax agent service you provide, or that is provided on your behalf, is provided competently.
- You are responsible for understanding any arrangements you enter into with a cloud service provider.
- You are also responsible for the quality of work outsourced or offshored to a third party.

Poll

Meeting Code obligations



- Jenny, a registered tax agent, outsources simple work to an offshore provider.
- She uses the cloud to send data to the third party, although she doesn't quite understand how it works. However, she has gained her clients' permission to use the third party provider.
- Jenny has procedures and random audits in place to check the third party's work.
- Do you think Jenny has met her obligations under Code items 6 and 7?

Consequences for failing to comply



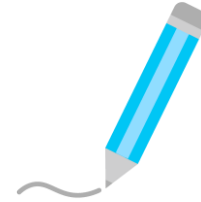
Termination



Suspension



Order



Written
caution

Cyber security



Protect your practice

- Ensure your passwords are strong and secure.
- Remove system access from people who no longer need it.
- Ensure all devices have the latest security updates.
- Secure your wireless network.
- Be vigilant about what you share on social media.
- Monitor your accounts for unusual activity or transactions.
- Exercise caution when downloading programs or opening attachments.

Data breaches

- Tax practitioners must notify the Office of the Australian Information Commissioner of any data breaches.
- We recommend you review your practices, procedures and systems for securing personal information to comply with the Notifiable Data Breaches scheme.
- Refer to our website for more information: tpb.gov.au/ndb



Questions

Stay in touch



tpb.gov.au



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