



Australian Government



TAX
PRACTITIONERS
BOARD

Using the Cloud

Presented by: Debra Anderson
TPB Board Member

Welcome

'In the spirit of reconciliation, we respectfully acknowledge the Traditional Owners and Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their cultures, and Elders past, present and emerging.'

Access the presentation slides: tpb.gov.au/webinar-hub

What we will cover today

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

Meet your presenter



Debra Anderson

- > Board member
- > Tax Practitioners Board

What is cloud computing



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

- 55% of businesses are using paid cloud services.
- Cloud computing can offer benefits such as reduced costs, greater productivity, speed, performance and 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



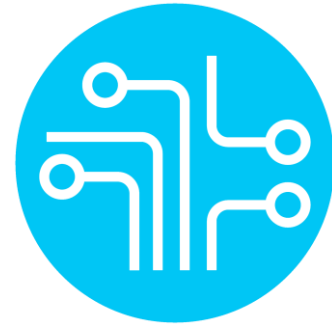
Can you get a
copy of your data
if the agreement
ends



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.



POLL 1



- Oliver a registered tax agent owns a small practice and is considering switching over to a cloud-based accounting software.
- He does some research online, and chats to friends and colleagues in the profession about choosing the software.
- Based on recommendations and his research, Oliver selects a service provider and checks their pricing plans.
- He calls the company to ask questions about where they store their data, who owns it and can access it, and their approach to data back up. He also asks about their level of customer service and support, and thinks this meets his needs well.
- Oliver is satisfied he has found a good provider and signs up.

Outsourcing and offshoring



Outsourcing

- Outsourcing is 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 1

- 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.



Your obligations under the Code



Code of professional conduct

Code item 1

Act honestly and with integrity

Code item 2

Comply with tax laws in the conduct of your personal affairs

Code item 3

Account to your client for money or other property you hold in trust

Code item 4

Act lawfully in your client's best interest

Code item 5

Manage conflicts of interest

Code item 6

Do not disclose information without client permission

Code item 7

Ensure tax agent services are provided competently

Code item 8

Maintain the knowledge/skills relevant to the services you provide

Code item 9

Take reasonable care to ascertain your client's state of affairs

Code item 10

Take reasonable care to ensure taxation laws are applied correctly

Code item 11

Do not obstruct the proper administration of taxation laws

Code item 12

Advise your client of their rights and obligations

Code item 13

Maintain professional indemnity insurance

Code item 14

Respond to requests and directions from the Board

Code item 6 – confidentiality of client information

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.

'Third party'

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

'Disclose'

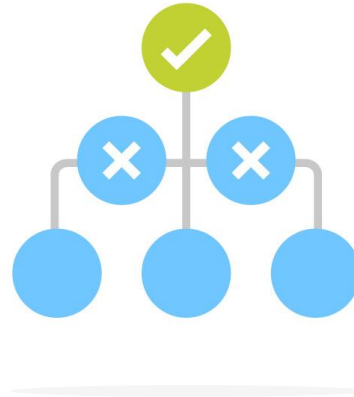
Distinction between secured data storage a third party can't access, and disclosure to a third party.

'Relating to'

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

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 with a cloud service provider.
- You are also responsible for the quality of work outsourced or offshored to a third party.



POLL 2



- 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.

Reasonable care



- The standard of care of a competent and reasonable person, possessing the knowledge, skills, qualifications and experience a registered tax practitioner is expected to have.
- Factors in considering reasonable care include the:
 - nature and scope of the tax agent services being provided
 - terms of engagement
 - skills, experience, qualifications and abilities of the provider
 - degree of supervision and oversight
 - client's circumstances; and
 - nature of any pre-existing relationship.

Professional indemnity insurance



- You must have PI insurance cover that meets our requirements.
- Features include, among other things:
 - scope of cover
 - amount of cover
 - persons covered
 - exclusions, and
 - insurance provider.
- When outsourcing you should review your policy to ensure you have appropriate coverage for the outsourced services.

Consequences for failing to comply



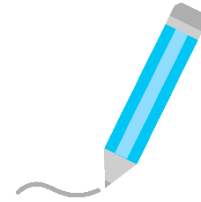
Termination



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/notifiable-data-breaches-scheme.





Questions

Stay in touch with the TPB



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tpb.gov.au/contact



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