



Australian Government



TAX
PRACTITIONERS
BOARD

Tax time tips

Presented by:

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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, water 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

- ✓ Client verification
- ✓ TPB compliance focus
- ✓ Engagement letters
- ✓ Enhancing consumer confidence
- ✓ ATO focus areas
- ✓ What's new or different this tax time
- ✓ ATO red flags
- ✓ Common mistakes
- ✓ Tax practitioner support
- ✓ Q&A

Meet your presenters



Debra Anderson

- > Board member
- > Tax Practitioners Board



Sylvia Gallagher

- > Assistant Commissioner
- > Australian Taxation Office

Client verification



Client verification

- We've developed POI guidelines to help you verify your clients' identities and thereby reduce the risk of identity theft and tax fraud.
- Maintaining best practices for client verification is especially pertinent as cybercrime is becoming increasingly prevalent.
- Our POI guidelines will help you to meet your obligations to secure the personal and financial details of your clients.
- Our POI requirements are aimed at making your processes more contemporary, consistent, and streamlined.

Evidence to validate a client's identity



- For individual clients and representatives, one primary photo ID will be sufficient.
- If there is no photo ID, both a primary non-photographic ID and a secondary ID will need to be sighted.
- For non-individual clients, documents or data confirming the existence of the client are required.
- In all cases where there is a representative, you also need to sight a legal document that shows the authority of the representative to engage you on the client's behalf.

Clients without conventional identity documents



- Take a flexible approach if a client doesn't have the standard identification documents, for example if they:
 - come from remote areas
 - have documents that have been destroyed
 - came to Australia as refugees; or
 - have identity documents that have recently expired.
- Maintain records outlining the client's circumstances and details of the steps you have taken.

Identifying discrepancies



If you identify any discrepancies with the information provided or claimed by clients or their representatives, we suggest you:

- ask additional questions
- ask for documentation or evidence; and/or
- see if you can independently verify the information provided.
- If you are still unable to verify, or are not satisfied with, the information provided to ensure the identity is correct, you should decline the engagement of the client.

Electronic and remote verification



- We strongly recommend you don't use email for communicating sensitive information, unless you use an encrypted or password protected attachment.
- Use secure websites, secure online mailboxes or secure messaging.
- When engaging remotely using webcam or videoconferencing to sight documents – record a note of the checks done.
- In circumstances where you engage with clients online and without a visual medium, refer to the ATO's requirements.

TPB compliance focus



Compliance focus



- We take compliance very seriously and are committed to ensuring services are provided with appropriate standards of professional and ethical conduct.
- We do this through targeted compliance programs that focus on higher risk tax practitioners.
- We recognise most tax practitioners do the right thing, but if we identify a serious risk to clients, the public or to revenue, we will act to support public interest.
- By taking action to address this behaviour we are supporting those doing the right thing.

Engagement letters

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 modern design.

How can engagement letters help?



Engagement letters are not compulsory, but they can assist you to:

- establish a clear understanding
- comply with your obligations under the Code
- maintain an ethical practice
- ensure you provide professional services
- avoid disputes about fees and the scope of work.

Why us an engagement letter?



- Engagement letters are a simple way to set out your business practices.
- When we receive complaints about tax practitioners, we often see they haven't used an engagement letter and expressly laid out the conditions of their engagement.
- Engagement letters can save you time should there be a dispute.
- An engagement letter does not need to be complex for simple affairs.

Receiving client money or property

- If you receive client money or property you must account for it.
- Money or property on trust includes:
 - money held or received in advance for settling or meeting liabilities
 - client tax refunds
 - money paid for specialist advice.
- You must keep money or other property held on trust separate.

Enhancing consumer confidence

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.

Registered tax practitioner symbol

- We're encouraging taxpayers to ensure their tax practitioner is registered by looking for the Symbol.
- The Symbol reassures clients you have the right qualifications and experience.
- The Symbol can be used to promote your registered status in a range of business materials.
- It's free and contains your personal registered tax practitioner number and is unique to you.



Tax agent
12345678



BAS agent
12345678

ATO focus areas

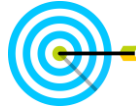
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What's new this tax time?



- Working from home – from 1 July 2022, the revised fixed rate method for calculating a working from home deduction has increased from 52 cents to 67 cents per hour.
- Car expenses – the cents per kilometre rate has increased from 72 cents to 78 cents for the 2022-23 income year.
- Lower tax assessment – we expect many of your clients will receive reduced refunds or even debit assessments this year.

Key focus areas



- The ATO have 3 key focus areas this tax time:
 - Rental property deductions
 - Work-related expenses
 - Capital gains tax (CGT)
- We have identified common errors – so are focused on addressing these and supporting taxpayers and registered agents to get their claims right.

Cyber security



- First party losses can include:
 - business interruption losses
 - software damage
 - cost of repairing and restoring systems; and
 - extortion costs.
- Third party losses can include liability in negligence for failing to properly protect client information and fines imposed by regulators.

Client verification



- It's important to check your client is who they say they are.
- We're updating the terms and conditions in **Online services for agents** to further strengthen proof of identity requirements.
- By following [ATO Client verification methods](#) in conjunction with the requirements set out by the TPB, you are deemed to have met the client verification requirements of both agencies when using ATO systems.

Protect your practice



- The ACSC's Essential 8 mitigation strategies can safeguard your practice.
- Secure wireless networks and be careful when using public ones.
- Avoid data hoarding – holding more data than is necessary can be a major attraction to cybercriminals.
- Protect your myGovID.
- If you are managing a practice, take additional steps to maintain authorisations and access.

Data breaches



Red flags when it comes to data breaches:

- receiving texts or emails about login attempts, password resets or multifactor authentication codes that you didn't request
- changes to files and document that weren't made by you or your staff
- your devices having glitching or running abnormally slow; and
- logins from devices and locations you don't recognise.

Case study



- An accounting firm experienced a ransomware attack, where a hacker gained access to systems via an infected machine and began encrypting their files.
- The firm managed to stop the attack mid-way, but the damage had been done.
- IT providers had to completely wipe the system and rebuild the servers.
- The firm was required under the NDB Scheme to report the incident to the ATO, the OAIC and most importantly, to clients.

Cyber security resources



Educate your staff and clients on cyber security:

- [Cyber.gov.au](https://www.cyber.gov.au) – the ACSC provide critical actionable guidance on cyber safety and security.
- [OAIC.gov.au](https://www.oaic.gov.au) – the OAIC hold guidance on data breach response plans and reporting data breaches.
- [ATO.gov.au](https://www.ato.gov.au) – the ATO provide guidance for tax professionals and their clients on cyber and scam safety.

Common mistakes



- **Rentals** – 9 in 10 rental property owners are getting their return wrong. We often see rental income being left out.
- **Holiday homes** – it's important to distinguish between a rental property and a holiday home.
- **Borrowing expenses** – don't confuse borrowing expenses with interest, they need to be claimed at different labels.
- **CGT** – when it comes to selling or disposing of capital assets, CGT is often forgotten or calculated incorrectly.

ATO support

We have a number of support options available, including our:

- Lodgment program deferrals.
- Small business lodgment penalty amnesty.
- Super health check.





Questions

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