

PwC Compliance Report re TPB Order dated 25 November 2022

Report for six-month ending 31 December 2023

Dated: 18 December 2023



Executive summary

On 25 November 2022, after completing an investigation, the Tax Practitioners Board (the **Board** or **TPB**) imposed an Order on PricewaterhouseCoopers (TAN 1622600) (**PwC AU**) under section 30-20 of the *Tax Agent Services Act 2009 (Cth)* (the **TPB Order**).

Under item 4 of the TPB Order, PwC AU must provide a compliance statement to the Board every six months confirming the items set out in the TPB Order. This report relates to the six-month period from 1 July 2023 to 31 December 2023 (the **Reporting Period**). The report is due on 14 January 2024 but is being submitted early as PwC will be closing its offices for the Christmas period between 22 December and 8 January and many personnel will take extended leave in January.

On the basis of the material contained within this report, it is considered that PwC AU has complied with items 1, 2 and 3 of the TPB Order. This report forms PwC AU's Compliance Statement as required by item 4 of the TPB Order. For completeness, I note that the TPB confirmed that this Compliance Statement was due within 14 days of the end of the six-month period ending 31 December 2023.

If you would like to discuss these matters, please feel free to contact me.

Yours sincerely

Jan McCahey
Chief Risk & Ethics Leader

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1

TPB Order

1.1 The TPB Order

A full copy of the TPB Order appears in **Appendix A**. A summary of the terms of the TPB Order can also be accessed on the TPB's website: <https://www.tpb.gov.au/tax-practitioner/tax-agent/16226000>

Pursuant to section 30-20 of the TASA, the TPB ordered PwC AU to take the following actions during the 2023 and 2024 calendar years:

- 1 Ensure that appropriate training is provided on a 6-monthly basis to relevant partners and staff on compliance with s 30-10(5) of the Code of Professional Conduct in the TASA and PwC's policies on conflicts of interest, particularly including PwC AU's policy for managing conflicts of interest arising from engagements of partners and staff by Treasury, the Board of Taxation and/or other Australian Government agencies.
- 2 Ensure that the Head of Regulatory Affairs (or their delegate) takes all reasonable steps to maintain the central register of confidentiality agreements, including regular status-checks with relevant partners and staff on the register.
- 3 Ensure that the Chief Strategy, Risk and Reputation Officer (or their delegate) reports every 6 months to the Executive on the management of the participation of relevant partners and staff in confidential tax consultations with Treasury, the Board of Taxation and/or other Australian Government agencies.
- 4 Provide a compliance statement to the Board every 6 months from the date of this Order confirming:
 - a that PwC AU has complied with the requirements detailed in (1), (2) and (3) above
 - b the names of all relevant partners and staff who attended the training outlined in (1) above
 - c the content of the training provided under (1) above.

*"Relevant partners and staff" is a defined term and means:

All partners and staff engaged in PwC's tax practice who are registered tax agents;
All other partners engaged in PwC's tax practice; and
All other PwC staff for whom the training is considered, by PwC, to be relevant.

PwC wishes to advise the TPB that with recent changes within PwC:

- The relevant responsibilities of the Head of Regulatory Affairs have been assumed by the Head of Compliance.
- The relevant responsibilities of the Chief Strategy, Risk and Reputation Officer have been assumed by the Chief Risk & Ethics Leader

2

Training

“ensure that appropriate training is provided..”

2.1 Mandatory six-monthly training commitment

In response to the 25 November 2022 TPB Order, the second round of training on the Tax Agent Code of Conduct and Regulatory Consultation Processes for the six-month period 1 July 2023 to 31 December 2023 was launched in October 2023. The training was delivered as an eLearn and was mandatory for all Tax and Private Clients Tax Partners and staff. Contractors providing tax services were also required to complete the training. The eLearn course content appears in **Appendix B**.

In line with the course delivered in May/June 2023, this training covered TASA and the TPB Code of Professional Conduct, PwC’s policies on conflicts of interest and PwC’s policy for managing conflicts of interest arising from confidential consultations.

Reinforcing our commitment to the TPB and this training, the October 2023 training was updated to include the following:

- An introductory video message from our CEO, Kevin Burrowes, explaining the importance of the training and reiterating the obligation of our partners and employees to understand both the technical and ethical consequences of our decisions.
- Changes to PwC’s confidential agreements policy and process for entering into a confidentiality agreement. Most relevant, the training covered amendments to the policy on confidentiality agreements including:
 - PwC’s new confidentiality agreement central repository - All staff are now required to upload any confidentiality agreement or undertaking they enter into on or after 1 July 2023 to PwC’s central repository. This includes all third party agreements relating to their employment with PwC whether it is with a client, government, a government agency or regulator. This is a broader requirement than was set out in the original TPB order.
 - Approval for tax confidential consultations - The stated position of the leadership of the tax practice has now been incorporated into the firmwide policy suite making it clear that approval will not be given to Partners or staff entering into a tax confidential consultation with government, a government agency or regulator where that individual has a client-facing role. Anyone engaged in such a consultation is also prohibited from contributing to external or internal discussion or calls on the subject matter of the consultation during the period of the confidentiality agreement.
- The quiz at the conclusion of the training module was updated and individuals were required to successfully answer six multiple choice questions in order to complete the training (as opposed to three questions in the May/June 2023 version).
- A section was added on the new Disqualified Entities measures which will form part of the Tax Agents Code of Professional Conduct from 1 January 2024.

The completion of the eLearn was tracked. As at 30 November 2023, 100% of individuals who were not on extended leave during the relevant period, had completed the mandatory training. To provide further context, as at 30 November 2023, the training had been completed by 1,210 individuals.

There are 90 people who were on leave during the training period through to 30 November (including parental leave, secondments, leave of absence, etc.) and hence have not completed the training – This includes 4 tax agent partners. These individuals will be required to complete the training upon their return from leave. This is actively monitored.

A list of all personnel who have completed this training is provided in **Appendix C**.

This training module will be further updated before it is again included in the Quality Essentials Program to be run during the six-month period from 1 January 2024 to 30 June 2024. It is anticipated that the next version will include the following updates:

- The Code of Professional Conduct section will be expanded to provide an explanation of each Principle within the Code.
- The Disqualified Entities section will be removed and replaced with a section which outlines the new mandatory reporting obligations introduced to TASA by *Treasury Laws Amendment (2023 Measures No. 1) Bill 2023*.
- There will be a reference to PwC's new Global Tax Code of Conduct (discussed further below).
- The quiz questions will be updated to reflect the content of the training module.

2.2 Ongoing education - Current

In addition to the training prescribed by the TPB Order, PwC continues to maintain an ongoing required course curriculum and elective training opportunities related to tax matters as well as professional behaviours, which are undertaken throughout the year by Partners and staff. Examples in the past six months include:

- **Essential IQ e-learns (all business lines)** – This is an annual curriculum provided cross-line of service (assurance, tax and financial advisory, consulting) as refresher training and which is undertaken by all partners and staff across the firm. In October 2023, the curriculum included Cyber Security, Information Protection and Workplace Health and Safety.
- **New Starter Essential IQ e-learns** – All partners and staff receive compliance training upon commencement with the firm. The curriculum for new joiners includes modules explaining our Code of Conduct, Audit Independence, Confidentiality, Conflicts of Interest, Cyber, Ethics and Integrity and Data Protection policies. In line with our August 2023 commitment to the TPB and starting from October 2023 with the launch of the revised module, all new starters in Tax and Private Tax are now required to complete the Tax Agent Code of Conduct and Regulatory Consultation processes training.
- **Technical training** – PwC's Tax practice coordinates the delivery of national tax technical training.
 - Monthly in-depth virtual sessions and other periodic updates (e.g., Federal Budget event). These sessions, although open to all, are targeted at our Partner/Director/Manager group. These sessions typically focus on recent developments to ensure that our tax teams are up to date with their tax knowledge. Sessions are recorded and available on demand.
 - Virtual monthly fundamentals training on core topics and recent developments. The sessions, although open to all, are targeted at our Managers and staff. The sessions are recorded and available on demand.
 - In-person training programs run annually or biannually (depending on nominations). These sessions are case study focused with a series of programs offered focussing on different tax topics. Programs are targeted at Senior Consultants and Managers.
 - Training for all new tax graduates with over a week of in-person and virtual training sessions.
- **Team training** – Local team-based training is also run which supplements the content delivered centrally via national programs. These sessions specifically focus on industry/client specific tax technical issues – looking at either new developments or revisiting core concepts – and consider how the tax technical concepts are applied on the job.

2.3 Ongoing education - Planned

PwC will continue its firmwide Essential IQ e-learns in the six months to 30 June 2024. As previously detailed in our letter to the TPB on 26 October 2023 this will include the additional comprehensive training and education program on conflict identification and management that will be rolled out to all PwC Australia partners and staff.

This training “Managing Conflicts of Interest and Sensitive Situations” will incorporate case-study style learning materials, and include focus on the automation and other tools teams use to identify and address potential conflicts so that our people have a better understanding of the firm’s processes.

Our Tax and Private Tax Partners and staff will continue to undertake the training required under the TPB Order. This means that there will be some duplication of the training for our Tax and Private Tax Partners and staff, but we consider this will serve to reinforce the key learning points.

The Essential IQ will also incorporate a number of other modules focussed on Ethics & Compliance covering:

- Ethics & Business Conduct
- Anti-Money Laundering
- Anti-Trust/Fair Competition
- Anti-Corruption
- Information Protection
- Sanctions
- Insider Trading
- Independence.

Other Upcoming Training: In addition, the following training will occur in early 2024:

- **Global Tax Code of Conduct Training** - In September 2023, PwC introduced a new Global Tax Code of Conduct (Tax Code). The revised Tax Code sets out PwC’s role as trusted business advisors, our support to a well-functioning tax system and our speak up culture and accountability framework. The Tax Code was communicated to staff by our Tax and Private Clients leaders on 20 October 2023. In addition to these communications, the rollout of the Tax Code will include:
 - Development of a Toolkit by PwC Global which will include materials to facilitate learning and training.
 - The new Global Tax Code of Conduct will be included in the next version of the Tax Agent Code of Conduct and Regulatory Consultation Processes training as well as Complex Tax and Legal Training in March 2024.
- **Complex Tax and Legal Training** - This is mandatory training for all Partners and staff providing tax services in Tax and Private Clients which is planned to be presented in March 2024. In summary, this training covers the firm’s key policies and processes for delivering complex tax advice and tax as legal services engagements to clients.

3

Confidentiality Agreement Register

“take all reasonable steps to maintain the central register of confidentiality agreements...”

3.1 Australian Policy – Confidentiality agreements with clients, prospective clients or third parties

PwC AU's Policy *Confidentiality agreements with clients, prospective clients or third parties* (Confidentiality Agreements Policy) was updated in October 2023 to clarify and further extend a number of the requirements including:

- Expanding the list of relevant bodies covered by the requirement for pre-approval before a confidentiality agreement is entered into,
- Introducing the requirement:
“The signatory must upload any confidentiality agreement or undertaking they enter into in relation to a PwC engagement or a Firm appointment on or after 01/07/23 to our central repository.”
- Inserting a clear policy statement that:
“Approval will not be given to PwC Personnel to enter into a confidential consultation on tax matters with an organisation listed above where that individual has a client-facing role.”

3.2 Confidentiality Agreement Register

The relevant responsibility of the Head of Regulatory Affairs has passed to the newly appointed Head of Compliance who has taken over the existing central register of confidentiality agreements. The register has been transferred to a new platform.

The Head of Compliance has taken all reasonable steps to ensure the register contains all current confidentiality agreements and undertakings entered into by PwC AU personnel in relation to consultation on regulatory reform or policy consultation with government agencies, regulators and professional bodies are included in the register.

3.3 Steps taken to maintain the register

Steps that have been taken to maintain and to refresh the register have included:

- Under the confidentiality agreement policy, approval is required prior to PwC AU personnel entering into any confidentiality agreements in relation to involvement in regulator reform or policy consultation with government agencies, regulators and professional bodies. In the period covered by this report there has been 1 such request. Approval was not given.
- There has been active communication of the obligations of the policy and the introduction of the new NDA repository including:
 - An email to all partners from the Chief Risk and Ethics Leader requiring them to complete a compliance questionnaire which included confirmation of compliance with a large range of matters. Four policies including the revised Confidentiality Agreements Policy were specifically referenced in that email.
 - All partners were required to provide confirmations as part of the compliance questionnaire confirming their understanding of and compliance with the policy and that all agreements required under the policy to be uploaded to the new register had been uploaded.
 - Communication to all staff of the policy changes.
- Introduced a complementary approach for external appointments partners and staff undertake in a personal capacity, to require them to advise the firm if they have signed a confidentiality agreement in that context. This forms part of the record keeping for each appointment held in our external appointments database. It is included on the application form for new appointments.

There are now well over 300 confidentiality agreements included on the register.

A comprehensive review of all uploaded NDAs is now being undertaken.

3.4 Next steps

To illustrate our commitment to continuous improvement in the management of confidentiality agreements:

- The Annual Compliance Confirmation survey (ACC) to be completed in May 2024 will be expanded from the single question on confidentiality agreements included in 2023 to provide further confirmations from partners and staff that any required confidentiality agreements have been uploaded to the relevant register.
- Additional controls are being introduced across the business.
 - Questions about the confidentiality agreements are being progressively included in our client engagement risk assessment processes and, at the date of this report, are included in those used by our Mergers & Acquisitions and Tax practices.
 - Our Mergers and Acquisitions team who have the largest number of NDAs in our business as a reflection of the work they do, introduced a confirmation requirement on 1 December that is linked to the charging of time to a code in our system. This is required quarterly and covers elements on confidential information and NDAs.

4

Reporting

“report every 6 months to the Executive...”

4.1 Reporting

This report was provided to the TPB by Jan McCahey in her capacity as Chief Risk & Ethics Leader to the Risk Committee of the Management Leadership Team (MLT) on 8 December 2023 and the MLT on 18 December 2023.

5

Compliance Statement

“provide a compliance statement to the Board every 6 months...”

5.1 Compliance Statement for purposes of Item 4 of TPB Order

On the basis of the information contained in sections 1 to 4 of this Report, it is considered that PwC AU complies with items 1, 2 and 3 of the TPB Order, and this Report forms PwC AU's Compliance Statement as required by item 4 of the TPB Order.

For completeness, we note that the TPB confirmed that this Compliance Statement was due within 14 days of the end of the six-month period ending 31 December 2023.

Appendices

Appendix A	TPB Order dated 25 November 2022	15
Appendix B	Copy of eLearn Training Material	19

A

TPB Order dated
25 November 2022

TAX AGENT SERVICES ACT 2009

ORDER UNDER SECTION 30-20

To: The Partners
PricewaterhouseCoopers Australia
PO Box 2650
Sydney NSW 2001

Pursuant to section 30-20 of the *Tax Agent Services Act 2009* (TASA), the Tax Practitioners Board (the Board) orders PricewaterhouseCoopers Australia (registration number 16226000), to take the following actions during the 2023 and 2024 calendar years:

1. ensure that appropriate training is provided on a 6-monthly basis to relevant partners and staff* on compliance with s 30-10(5) of the Code of Professional Conduct in the TASA and PwC's policies on conflicts of interest, particularly including PwC's policy for managing conflicts of interest arising from engagements of partners and staff by Treasury, the Board of Taxation and/or other Australian Government agencies;
2. ensure that the Head of Regulatory Affairs (or their delegate) takes all reasonable steps to maintain the central register of confidentiality agreements, including regular status-checks with relevant partners and staff* on the register;
3. ensure that the Chief Strategy, Risk and Reputation Officer (or their delegate) report every 6 months to the Executive on the management of the participation of relevant partners and staff* in confidential tax consultations with Treasury, the Board of Taxation and/or other Australian Government agencies; and
4. provide a compliance statement to the Tax Practitioners Board every 6 months from the date of this Order confirming:
 - a. that PwC has complied with the requirements detailed in (1), (2) and (3) above;
 - b. the names of all relevant partners and staff who attended the training outlined in (1) above; and
 - c. the content of the training provided under (1) above.

*"Relevant partners and staff" is a defined term and means:

- All partners and staff engaged in PwC's tax practice who are registered tax agents;
- All other partners engaged in PwC's tax practice; and
- All other PwC staff for whom the training is considered, by PwC, to be relevant.

Dated this day 25 November 2022

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M O'Neill', written in a cursive style.

Michael O'Neill
Secretary and CEO
Tax Practitioners Board

Sanctions For Failure To Comply With This Order

A failure to comply with this order under section 30-20 of the TASA may be a breach of subsection 30-10(14) of the Code of Professional Conduct (Code) in the TASA.

If, after conducting an investigation under Subdivision 60-E of the TASA, the Board decides that a breach of the Code in the TASA has been established, the Board may do one or more of the following under section 30-15 of the TASA:

- give the agent a written caution;
- give the agent an order under section 30-20;
- suspend the agent's registration under section 30-25 of the TASA;
- terminate the agent's registration under section 30-30 of the TASA;
- terminate the agent's registration under Part 4/Division 40 of the TASA without commencing an investigation re fitness and propriety.

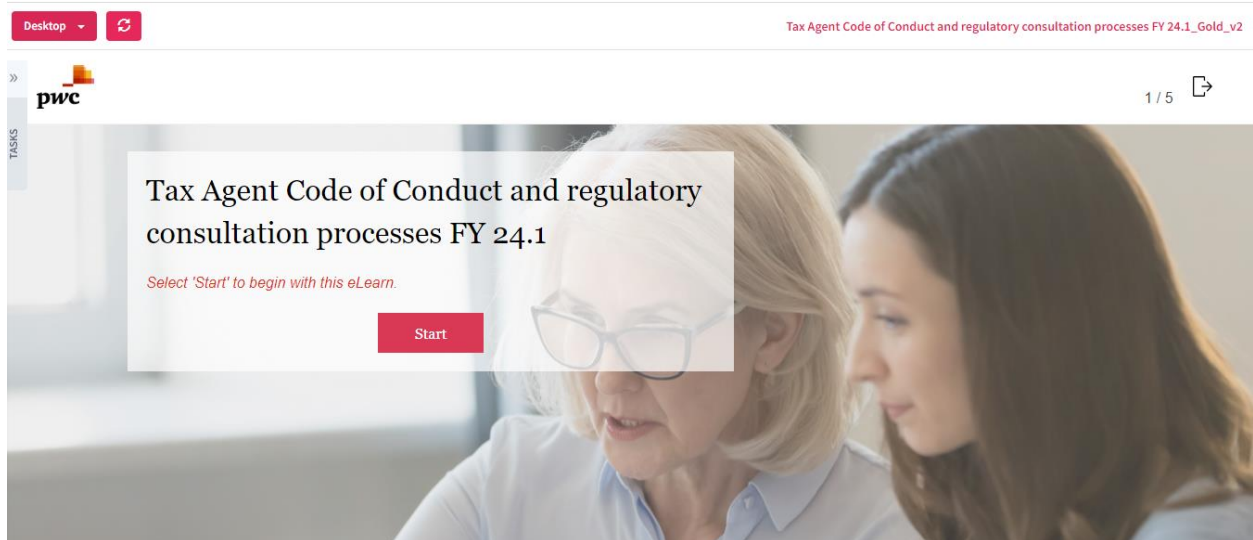
A failure to comply with this order under section 30-20 of the TASA may also reflect adversely on the fitness and propriety of the individual partners, company partner directors and supervising practitioners.

B

Copy of eLearn
Training Material

Tax Agent Code of Conduct and regulatory consultation processes FY 24.1

Select 'Start' to begin with this eLearn.



Navigation of the course

- Follow on-screen directions and use the > and < arrows to advance or back out of pages within a module.
- Scroll down on each screen to ensure all screen content has been viewed.
- All interactions in the course must be selected in order to advance.
- Links within the course displayed **like this** will launch a popup with further information, when selected.
- There is a quiz at the end of the course for you to test your knowledge.
- Select Home to return to the main screen.
- Select Exit on the upper right of the screen to exit the course at any time.

Tax agent code of conduct and regulatory consultations

This training will work through your obligations under the Tax Practitioners Code of Conduct and PwC's internal policies on conflicts of interest and confidential information. We will also work through managing conflicts of interest when working with Government.

This training will take approximately 30 minutes.

There is a short quiz at the end of this course.

A message from our CEO, Kevin Burrowes

Play the video to find out more.



Transcript

Hi Team

Thank you in advance for taking the time to do this really important training.

I know you only recently completed a similar course, but this training is a high priority for our firm. It will continue to be refreshed and is expected to be completed every six months.

I met with the CEO and the Chairman of the TPB recently. I gave them my word that we, at PwC, take our commitment to upholding the ethical principles underpinning our Firmwide and tax codes of conduct very seriously. The training you're about to do is part of the commitment we have given. But even more importantly it underscores the high standards and principles that we hold ourselves accountable to as PwC Professionals.

Understanding the Tax Agent Services Act and Code of Conduct is critical. This training covers this as well as your obligations regarding conflicts of interest and confidentiality. It also includes changes to our policies which you need to be aware of, and new laws coming soon for tax agents.

I ask that you focus not only on the technical elements, which are hugely important, but on the underlying values that drive decisions, and the behaviors that are expected as we all do our work. These are the things we hold ourselves - and each other - to.

The Executive Board and I are all fully committed to ensuring that everyone in our firm understands and meets our broader compliance obligations. Remember - if you are ever unsure about a situation - don't go it alone. Reach out - to Risk and Ethics, HC, business leaders, partners.

Thanks for giving this your full attention and thanks for serving our clients, being in the market and representing the best of PwC.

Confirm

By selecting the 'I confirm' button below, I certify that I will complete this module on my own and that no one else will take any portion of this training on my behalf.

I Confirm


Topics covered in this eLearn

Click the first topic to get started.

Topics covered in this eLearn

Click the first topic to get started.

- Registered tax agents
- Code of Professional Conduct
- Managing conflicts of interest
- Confidential information
- Tax confidential consultations
- Disqualified Entities
- Quiz



Registered tax agents

Code of Professional Conduct

Managing conflicts of interest

Confidential information

Tax confidential consultations

Disqualified Entities

Quiz

1. Registered tax agents

Registered tax agents

- Anyone who provides **tax agent services** for a fee or other reward must be registered with the Tax Practitioners Board. We will refer to the Tax Practitioners Board as the TPB in this eLearn.
- As PwC provides tax agent services to its clients, it is a registered tax agent (partnership).
- To become a registered tax agent, a partnership must satisfy a number of requirements. One of the key requirements is that the partnership has a sufficient number of **registered individual tax agents** to provide tax agent services to a competent standard and to carry out supervisory arrangements.

Tax agent service

A tax agent service is defined as:

1. Ascertaining or advising about liabilities, obligations or entitlements of your client under a taxation law.
2. Representing your client in their dealings with the Commissioner of Taxation (Commissioner) in relation to a taxation law.
3. Where it is reasonable to expect the entity will rely on the service to satisfy liabilities or obligations, or to claim entitlements under a taxation law.

The TPB provides a large list of examples: <https://www.tpb.gov.au/tax-agent-services>.

Tax Agent Services Act 2009 (TASA)

- The Tax Agent Services Act 2009 (TASA) is the legislation that governs the registration and regulation of tax agents.
- The object of the TASA is to ensure that tax agent services are provided to the public in accordance with appropriate standards of professional and ethical conduct. The Code of Professional Conduct sits within the TASA and was created to assist in achieving this objective. **All registered tax agents (partnership or individuals) must comply with the requirements in the TASA and the tax agents' Code of Professional Conduct.**

- The TASA requires that a tax agent must satisfy the following to maintain their registration.

Select each heading below to learn more, then select the right arrow to go back to the menu.

Continuing Professional Education

All Tax Agents are required to complete [Continuing Professional Education](#) (CPE). Complying with CPE requirements will assist you to maintain knowledge and skills relevant to the tax agent services. You must complete 120 hours over a 3 year registration period.

If you are a member of a recognised professional association (e.g. CAANZ or the Tax Institute) your compliance with that association's CPE requirements will be accepted as meeting the TPB's CPE requirements, subject to the CPE activities:

- being relevant to the tax agent services you provide;
- being provided by persons or organisations with suitable qualifications and/or practical experience in the subject area; and
- meeting your minimum amount of CPE hours as mentioned above.

Fit and proper person

One key requirement for PwC's partnership registration is that **each partner of the firm** is a [fit and proper](#) person. If a partner of the firm is not a fit and proper person, the firm is not eligible to hold a partnership registration.

In deciding whether an individual is a fit and proper person, the TPB considers:

1. whether the individual is of **good fame, integrity and character**
2. whether any of the following events have occurred during the previous 5 years:
 - (i) the individual has been convicted of a **serious taxation offence** or has been convicted of an offence involving **fraud or dishonesty**;
 - (ii) the individual has been penalised for being a **promoter of a tax exploitation scheme**;
 - (iii) the individual has been penalised for **implementing a scheme** that has been promoted on the basis of conformity with a product ruling in a way that is materially different from that described in the product ruling;
 - (iv) the individual has had the status of an **undischarged bankrupt**; and
 - (v) the individual has been sentenced to a term of imprisonment, or served a **term of imprisonment** in whole or in part.

Code of Professional Conduct

The Code of Professional Conduct regulates the personal and professional conduct of a registered tax agent. We will delve further into the Code of Professional Conduct in the next section.

It is important to know that tax agents can face an investigation and disciplinary consequences for failure to comply with any of the above. The outcome of this may be a written caution, an order, or a suspension or termination of registration.

2. Code of Professional Conduct

The [Code of Professional Conduct](#) sets out the professional and ethical standards that registered tax practitioners are required to comply with. It outlines the duties that registered tax practitioners owe to their clients, the TPB and other registered tax practitioners. The Code of Professional Conduct is legislated and sits in Division 30 of the TASA.

We will refer to the Code of Professional Conduct as “the Code” for the remainder of this eLearn.

The Code sets out principles under 5 separate categories.

Select each category to learn more and then the right arrow to continue.

1. Honesty and Integrity



2. Independence



3. Confidentiality



4. Competence



5. Other



1. Honesty and Integrity

The principle: Honesty and Integrity requires tax agents to:

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

2. Independence

The principle: Independence requires tax agents to:

4. Act lawfully in the best interests of your client

5. Have adequate arrangements in place to manage conflicts of interest

3. Confidentiality

The principle: Confidentiality requires tax agents:

6. Do not disclose information without client permission

4. Competence

The principle: Competence requires tax agents to:

7. Ensure tax agent services are provided competently

8. Maintain the knowledge/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

5. Other

The principle: Other requires tax agents to:

11. Not knowingly obstruct the proper administration of taxation laws	12. Advise your clients of their rights and obligations under taxation laws
13. Maintain professional indemnity insurance	14. Respond to requests and directions from the Board in a timely, responsible and reasonable manner

Code of Professional Conduct (Contd.)

You can also learn more about the Code in [TPB\(EP\) 01/2010 Code of Professional Conduct](#).

In the next few sections we will focus on the following principles.

5. Adequate arrangements to manage conflicts of interest	6. Do not disclose information without client permission
--	--

3. Managing conflicts of interest

Managing conflicts of interest

Item 5 of the Code states that you must have in place **adequate arrangements** for the management of **conflicts of interest** that **may arise** in relation to the activities that you undertake in the capacity of a registered tax agent (section 30-10(5) TASA).

Let's explore this a little further.

Select each hotspot to learn about each principle and then select the right arrow to continue.

What is a conflict of interest?



What are the adequate arrangements for managing a conflict?



What is a conflict of interest?

A conflict of interest is where a registered agent has a personal interest or has a duty to another person which is in conflict with the duty owed to the client.

A conflict of interest may be an actual or potential conflict. Also, it can arise before the registered agent accepts an engagement or at any time during the engagement. A registered agent has a duty to manage actual and potential conflicts of interest.

[TPB Information Sheet TPB\(I\) 19/2014](#) paragraph 7 and 8.

The Code does not prohibit you from having conflicts of interest. However, you must have adequate arrangements in place to manage any conflicts of interest that may arise relating to the activities that you undertake as a registered tax practitioner.

What are the adequate arrangements for managing a conflict?

Registered agents must have adequate arrangements to identify and manage conflicts of interest that arise or may arise. Whether conflict management arrangements are sufficiently adequate will be a question of fact having regard to the particular circumstances of the matter in question.

A number of mechanisms could be used to manage a conflict and it will be up to a registered agent to exercise their professional judgement to determine the most appropriate method for managing a particular conflict of interest.

Three mechanisms that registered agents may use to manage conflicts of interest are:

- Disclosing conflicts of interest
- Controlling conflicts of interest
- Avoiding conflicts of interest

[TPB Information Sheet TPB\(I\) 19/2014](#)

Mechanisms for managing conflicts of interest

Let's explore the mechanisms that registered Tax Agents can use to manage conflicts of interest.

Select each heading below to learn more and then select the right arrow to continue.

Disclosing conflicts of interest

You should sufficiently disclose conflicts of interest to your clients in a manner which will enable them to make an informed decision and give them reasonable time to assess how the conflict may affect the services being provided and about its management.

Controlling conflicts of interest

This involves identifying, assessing, evaluating, deciding and implementing an appropriate response to manage conflicts of interest. For example, depending on the particular circumstances, you may be able to control a conflict of interest by isolating the persons in your practice who will provide the relevant advice from those who are privy to the material information which gives rise to the conflict.

Avoiding conflicts of interest

You may decide to decline to act for the client in situations where you will be unable to manage the conflicts of interest regardless of arrangements put in place.

How does this work at PwC?

- Identification and management of potential client conflicts is embedded in our client / engagement acceptance processes and coordinated and overseen by our central Conflicts team. You can learn more by visiting the [Conflicts of Interest](#) page.
- PwC requires you to complete regular training, which includes content on managing conflicts of interest and maintaining confidentiality.
- One type of conflict of interest we want to focus on in this elearn is where we have been asked to participate in a tax confidential consultation with government or a regulator. These types of consultations mean that we are privy to **confidential information**. Approval will not be given to partners and staff to enter into a tax confidential consultation where the individual has a

client facing role and the subject of the consultation could be relevant to their clients. Before we look at tax confidential consultations, let's explore the rules on confidential information.

4. Confidential information

Item 6 of the Code states that 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 (section 30-10(5) TASA).

PwC's Network Risk Management Policy 4 [Confidentiality and Data Protection](#) governs your obligations on how to handle personal and confidential information properly. This is to protect PwC and our clients and also to comply with applicable data protection rules and regulations. In summary, the policy states that confidential information as well as personal data should be kept confidential and handled properly.

Select the heading below to learn more and then select the right arrow to continue.

What is confidential information?

'Information' refers to knowledge you have acquired or derived about a client, whether directly or indirectly. If you obtain this information other than from public sources you must treat it as confidential. It is only necessary that the information relates to the affairs of a client. Further, the information does not have to necessarily belong to the client or have been directly provided by the client to you.

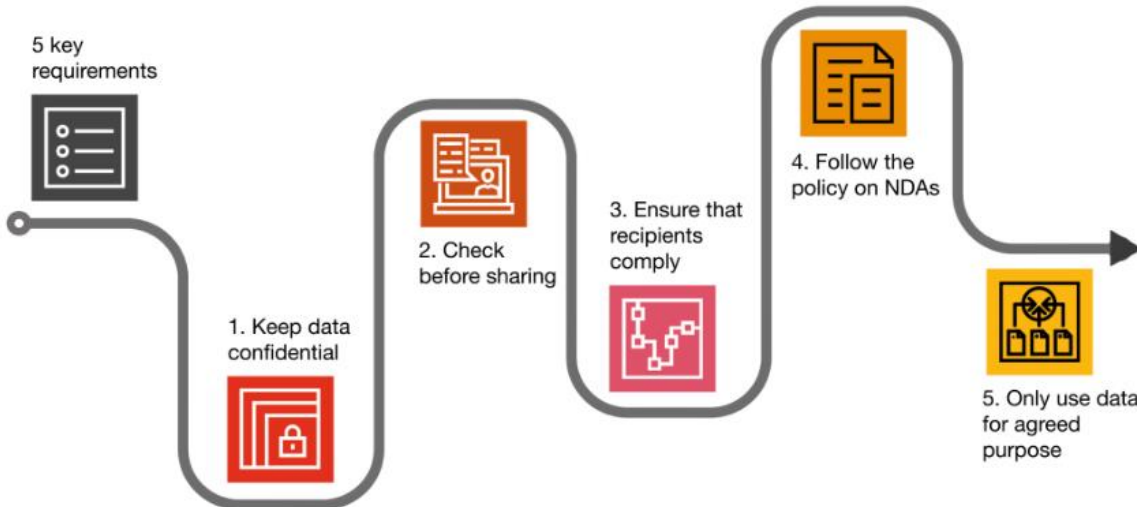
In summary, if you obtain information other than from public sources you must treat it as confidential.

[TPB Information Sheet TPB\(I\) 21/2014](#)

Confidentiality and data protection

The [Confidentiality and Data Protection Policy](#) also sets out 5 key requirements on how to keep information confidential. All partners and staff should be familiar with these requirements. More detail on each of these requirements is within the [Confidentiality and Data Protection Policy](#).

However, we wanted to expand on "Follow the policy on NDA's"



Confidentiality Agreements / Non-Disclosure Agreements

Obligations of confidentiality are covered in PwC's standard [Terms of Business](#).

However, clients and other parties may ask us to sign confidentiality agreements (non-disclosure agreements). PwC can enter into a confidentiality agreement if the terms are not unnecessarily onerous and fall within the parameters of PwC's policies.

The [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#) outlines what you should consider when you are negotiating a confidentiality agreement.

If you have been asked by a third party to enter into a confidentiality agreement, you should follow the process below.

Select the heading below to learn more and then select the right arrow to continue.

Determine whether approval is required to enter into the confidentiality agreement

You must seek approval before entering into any new confidentiality agreements with any government, government agency or Relevant body. You can learn more in the [Confidentiality agreements with clients, prospective clients or third parties Policy](#). This approval requirement does not extend to client confidentiality agreements unless you have a bespoke situation. In which case, please seek guidance from FA Risk & Quality.

Follow the firm's policies for reviewing the confidentiality agreement

Once you have determined whether you need approval to enter into a confidentiality agreement, the next step is to ensure the confidentiality agreement you agree with a client or other party is within PwC's risk profile.

The firm allows you to respond to a request by a client or other party to sign a confidentiality agreement. If possible, you should use the [PwC approved confidentiality agreement templates](#).

If the client or other party has changes or wishes to use their own confidentiality agreement (i.e. not the PwC template), consult the [Confidentiality Agreement Guidance](#) and, if the agreed terms are consistent with it, the engagement leader can sign the confidentiality agreement without consultation with R&Q.

If there are any departures from this guidance, you must consult with R&Q in the first instance, who may refer the issue to OGC if required.

Once you have signed a confidentiality agreement you must be aware of our confidentiality obligations under PwC's policies, the TPB's Code of Professional Conduct and the terms of the confidentiality agreement.

Upload your confidentiality agreement to PwC's central repository

PwC personnel are required to upload any confidentiality agreement or undertaking they enter into on or after 1 July 2023 to a central repository. This includes all agreements whether it is with a client, government, a government agency or regulator. A link to the central repository as well as further guidance is available in the [Confidentiality and Data Protection Policy](#).

Remember, confidential information is not limited to client information. It may also extend to any information you receive when you are working on a tax confidential consultation with government or a regulator where you have entered into a confidentiality agreement.

Let's learn more about tax confidential consultations.

5. Tax confidential consultations

What is a tax confidential consultation?

- A **tax confidential consultation** is where PwC has been asked to contribute ideas or make recommendations to government, government agencies or regulators (e.g. ATO / Board of Taxation / Treasury) as they develop policy positions or undertake regulatory reform.
- PwC's contributions may, on a case-by-case basis, analyse the technical and / or broader merits of proposals and in doing so we may identify inherent weaknesses and biases for consideration by a government, government

agency or regulator.

- These consultations may be performed under normal commercial engagements, pro bono / low bono on secondment or external appointment in a personal capacity.
- You may also be asked to sign a confidentiality agreement when working on a tax confidential consultation.

Conflicts of interest and confidential information

- Participation in a tax confidential consultation with government or a regulator means that the participant will receive and have access to confidential information.
- The participant must at all times observe their duty of confidentiality to the relevant government department or regulator. Different consultations may involve different obligations.
- The confidential information may be relevant to the commercial or strategic interests of one or more of our clients but still may not be disclosed to the client and, in many cases, cannot be disclosed even to fellow colleagues.

In some circumstances, disclosure of confidential information can constitute a criminal offence. If you are not sure about the scope or content of a confidentiality obligation, please seek advice from the Office of General Counsel and FA Risk & Quality.

Confidentiality when working with government

- PwC's [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#) covers confidentiality when working with government.
- In summary, this policy helps manage the conflicts of interest that may arise from participation in confidential consultations. All tax partners and staff at PwC are expected to be familiar with this policy.

What are the key features of the policy?

Select the heading below to learn more and then select the right arrow to continue.

Approval Process

Approval is required from FA's Business Risk Partner and PwC's Chief Risk and Ethics Leader before entering into a confidentiality agreement in relation to consultation on regulatory reform or public policy with a government department, regulatory body, professional standards body, etc where the arrangement is a pro bono / low bono on secondment or external appointment in a personal capacity.

Approval will not be given to partners and staff entering into a tax confidential consultation where that individual has a client-facing role and they will be prohibited from contributing to external or internal discussion or calls on the subject matter of the consultation during the period of the confidentiality agreement.

Central repository of confidentiality agreements

PwC personnel are required to upload any confidentiality agreement or undertaking they enter into on or after 1 July 2023 to PwC's central repository. This includes all agreements whether it is with a client, government, a government agency or regulatory. A link to the central repository and guidance is available in the [policy](#).

What does this mean for you?

- **Approval will NOT be given** to partners or staff to enter into a confidentiality obligation in relation to a tax confidential consultation where that individual has:
 - a client-facing role **and**
 - the subject of the consultation could be relevant to their client (e.g, the subject of the consultation could impact the client's tax position).
- **Seek clarification UPFRONT** if you are in any doubt about whether a conversation or correspondence with government or a regulator is confidential. If it is confirmed that the correspondence:
 - **is NOT confidential** - make a written record of this confirmation.
 - **IS confidential** - you should seek details, in writing, as to the terms of confidentiality.
- If you are involved as a member of a **technical working or advisory group** to an industry or professional body (e.g. CAANZ or TIA), discussions in relation to regulatory reform or public policy in these forums will generally not be confidential and not covered by the [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#). However, if as part of your consultation with such a body you are asked to sign or agree to confidentiality obligations, the policy will apply.
- The **Tax Markets and Knowledge team is the central point of contact** to reach out to regarding participation in consultations with Treasury, the ATO or

the Board of Taxation. If you are contacted about a consultation, please refer it to the Tax Markets and Knowledge team..

Information protection and quarantine for relevant confidential consultations

- If you are involved in a relevant confidential tax consultation (having received the required approvals under the policy), you may not contribute to external or internal discussions or calls on the subject matter of the consultation.
- Confidential information received in the course of consultations must be kept confidential.
- To further protect confidential information, you should:
 1. Implement **ethical walls** to quarantine the confidential information.
 2. Ensure there is **secure storage of electronic and hard copy material** containing confidential information.

For more information, please see PwC's policies on [data protection](#) and [conflicts of interest](#).

Speak up

- Breaches of requirements to maintain confidentiality or to manage conflicts of interest can be difficult to detect.
- It is important that we all do our part to speak up and raise issues where we see them.
- As you are all aware, a key component of the PwC Code of Conduct is the “speak up” policy. It’s important that all of our people know and understand PwC’s Code of Conduct. The Making Ethical Business Decisions Policy also sets out your specific responsibilities in reporting unethical behaviour.
- Additionally, PwC has a [Whistleblower Policy](#).

Available resources

- There are a wealth of resources available to you at the firm.

- PwC policies are accessible via the [FA R&Q Hub](#).
- PwC training modules are accessible via [Vantage](#).
- More information on the Code and other tax agent requirements are available on the [TPB's website](#).
- If you have any questions, please reach out to:
 - the R&Q team
 - the Head of Regulatory Affairs
 - the Office of General Counsel (OGC)
 - your Business leader

6. Disqualified Entities

Changes to TASA are currently being legislated by the Government as part of *Treasury Laws Amendment (2023 Measures No. 1) Bill 2023*.

The proposed legislation will introduce new items into the Tax Agents Code of Professional Conduct which will mean that tax agents will not be able to:

- employ or use the services of a **disqualified entity** to provide tax agent services on their behalf if they know, or should reasonably know, that the entity is disqualified (without approval from the TPB);
- provide their tax agent services in connection with an arrangement with an entity they know, or should reasonably know, is disqualified.

Select the heading below to learn more and then select the right arrow to continue.

What is a disqualified entity?

A disqualified entity includes anyone who is not a registered tax agent (or BAS agent) and has, within the last five years:

- been convicted of a **serious offence** or an offence involving **fraud or dishonesty**;
- been subject to **sanctions by the TPB**;
- had their **tax agent registration terminated, suspended, or refused** for reasons other than work experience and qualifications;
- been found to have **breached the Act by the TPB or Court**; or
- has become an **undischarged bankrupt** or has gone into **external administration**.

This definition is broad. A person who does not re-register with the TPB remains a disqualified entity for 5 years even if the sanction that was imposed was for less than 5

years, or the sanction did not involve termination or suspension of registration (for example, if an education order was imposed).

When do these measures apply?

As at the date this elearn was developed, the proposed changes are before the Senate. The rules can apply from the 1st day of the first quarter after the Bill receives Royal Assent. This means the new rules could start to apply as early as 1 October 2023. The FA R&Q Hub and FA R&Q Newsletter will keep you updated on these rules.

What do the Disqualified Entity Rules mean to PwC?

The key implication for PwC is that we cannot employ or use the services of individuals or entities who are a “disqualified entity” in the delivery of tax agent services, without the express approval of TPB.

The rules will apply to new employees, casuals and contractors from day 1. However, there is a 12 month transitional period for existing employees, casuals and contractors.

In order to ensure PwC is not employing or contracting with a “disqualified entity”, new measures are, or will be, in place. Below are the measures which will impact you.

Select the heading below to learn more and then select the right arrow to go back to the menu

New to firm Partners, employees, casuals and individual contractors

There are new onboarding processes to determine whether new to firm Partners, employees, casuals and or individual contractors are a 'disqualified entity'. The new process means individuals cannot commence working for PwC until the screening process is cleared - this applies to individuals providing tax agent services only.

Existing Partners, employees and casuals

Existing employees will be required to confirm they are not a Disqualified Entity in the Annual Compliance Confirmation. This was already in place in FY23.

Joint Business Relationship (JBR) entities

The Independence process will be updated for JBR entities (non-individuals). There will be a new question in the JBR disclosure form as well as additional questions in the JBR Salesforce questionnaire. The new process means JBR entities will not be able to commence providing tax agent services until the disqualified entity question is cleared (along with the other mandatory JBR questions/processes).

Service Delivery Centres

Processes will be put in place to ensure any offshore contractors who provide tax agent services to PwC Australia, such as Kolkata, are not a disqualified entity.

6. Quiz

Knowledge check

You are working for a bidder on a transaction. A conflict of interest has been identified by the Conflicts Team whereby PwC is acting for another bidder. Which of the following is NOT an effective way of managing this conflict?

Select the correct answer, then click confirm.

- a. **Disclose the conflict to the client before you provide them a deliverable**
- b. Set up ethical walls ie. different individuals are working for each team and each team works on different floors for the duration of the engagement
- c. Decline the engagement

Correct.

a.

Disclosing the conflict to the client is an effective way to manage a conflict of interest. However, in this example, **the conflict should have been disclosed when you were engaging with the client**. TASA requires you to disclose to your client and give them reasonable time to assess how the conflict may affect the services being provided and about its management. PwC's [Resolution of potential conflicts of interest Policy](#) also states that, where possible, the clients involved should be made aware of the fact that the other party is a client and the arrangements which have been made internally to preserve confidentiality.

Incorrect.

b.

Ethical Walls is an effective way to manage a conflict of interest. The [Resolution of potential conflicts of interest Policy](#) states that PwC can only advise two or more different parties to the same transaction if Ethical Walls are established so that there is no exchange between engagement teams without the knowledge and consent of all of the parties to the transaction.

Incorrect.

c.

In some situations, declining an engagement is the only way to manage a conflict of interest. Whether it is acceptable for PwC to act in certain circumstances may be a decision by the Conflicts Team in consultation with the Business Risk Partner (who may consult further where appropriate). Please [Resolution of potential conflicts of interest Policy](#) for further information.

Knowledge check

You have signed a confidentiality agreement (CA) with a client. The confidentiality agreement has been approved. What new process in the [Confidentiality agreements with clients, prospective clients or third parties Policy](#) must be completed before you can commence your services?

Select the correct answer, then click confirm.

- a. Make sure your Engagement Acceptance is signed off.
- b. File the CA to M-Files
- c. Upload the CA to the central CA repository**

Incorrect.

a.

Whilst this is a requirement before you can commence your work, this is an existing process and not a new process recently introduced into the [Confidentiality agreements with clients, prospective clients or third parties Policy](#).

Incorrect.

b.

Whilst it is requirement to file your CA to the engagement file, this is an existing process and not a new process recently introduced into the [Confidentiality agreements with clients, prospective clients or third parties Policy](#).

Correct.

c.

The [Confidentiality agreements with clients, prospective clients or third parties Policy](#) requires PwC partners and staff to upload any confidentiality agreement or undertaking they enter into on or after 01/07/23 to a central repository. A link to the central repository is available in the [policy](#).

Knowledge check

What should you do if you encounter a situation at PwC you think is unethical?

- a. Nothing
- b. Call the PwC Ethics Helpline**
- c. Talk to the individual

Incorrect.

a.

We all have a responsibility to seek guidance and where necessary report behaviour that seems unethical. A key component of the Code of Conduct is the “speak up” policy. You can learn more about what to do in the [Making Ethical Business Decisions Policy](#) and the [PwC Whistleblower Policy](#).

Correct.

b.

The [PwC Ethics Helpline](#) is a dedicated platform available 24 hours a day, every day, for partners and staff at all levels at the firm, clients and other third parties to report a concern by phone or online. People who report can choose to remain anonymous. We all have a responsibility to seek guidance and where necessary report behaviour that seems unethical. A key component of the Code of Conduct is the “speak up” policy. You can learn more about what to do in the [Making Ethical Business Decisions Policy](#) and the [PwC Whistleblower Policy](#).

Incorrect.

c.

Whilst you may be inclined to confront the individual this may not always be appropriate. The [Making Ethical Business Decisions Policy](#) states that you should consider speaking to your team leader, a trusted colleague, a member of the HC Professional Services team or contact the [PwC Ethics Helpline](#). You can learn more about what to do in the [Making Ethical Business Decisions Policy](#) and the [PwC Whistleblower Policy](#).

Knowledge check

Who is approval required from before entering into a confidentiality agreement with the government, a government agency or regulator, on a consultation relating to regulatory reform or public policy?

- a. FA's Business Leader
- b. PWC's CEO
- c. **Both of your Line of Service Business Risk Partner and the firm's Chief Risk and Ethics Leader**

Incorrect.

a.

The [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#) sets out the approval process.

Incorrect.

b.

The [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#) sets out the approval process.

Correct.

c.

Ultimate approval is from FA's Business Risk Partner and PwC's Chief Risk and Ethics Leader as per the [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#).

However, you should reach out to the Tax Markets and Knowledge team or R&Q in the first instance and they will walk you through the approval process.

Knowledge check

Does the [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#) only apply to tax confidential consultations with Treasury, the ATO or the Board of Taxation?

- a. Yes
- b. **No**

Incorrect.

a.

The [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#) states that the policy extends to government, government agency and Relevant bodies. Relevant bodies is defined in the policy to include a number of professional and regulatory bodies. Please note the list is not exhaustive and reach out to your Business Risk Partner if you need guidance on whether an entity falls within the policy.

Correct.

b.

The [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#) states that the policy extends to government, government agency and Relevant bodies. Relevant bodies is defined in the policy to include a number of professional and regulatory bodies. Please note the list is not exhaustive and reach out to your Business Risk Partner if you need guidance on whether an entity falls within the policy.

Knowledge check

Which of the following is an example of a tax confidential consultation?

- a. You have been asked to participate in a working group of a professional association which includes access to proposed law from the State Revenue. To join the working group, you sign an online form which contains a clause on confidentiality. The matters discussed may have a direct impact to your clients.**
- b. A PwC Partner attends a workshop run by the Tax Institute. The ATO and Board of Taxation will be sharing their views on tax reform. The papers from the workshop will be published after the event.
- c. A PwC Partner has had an informal phone conversation with the ATO regarding a particular tax technical issue affecting a number of clients. The Partner does not mention any client names on the call.

Correct.

a.

A tax confidential consultation is where PwC has been asked to contribute ideas or make recommendations to government, government agencies or other relevant bodies and the individual has been asked to make an undertaking of confidentiality. Refer to the [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#).

Incorrect.

b.

This is not a tax confidential consultation as there are no conditions of confidentiality. Refer to the [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#).

Incorrect.

c.

This is not a tax confidential consultation as there are no conditions of confidentiality. Refer to the [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#).

