



Australian Government



TAX
PRACTITIONERS
BOARD

Competency and Quality management systems

Presented by
Peter de Cure, TPB Chair

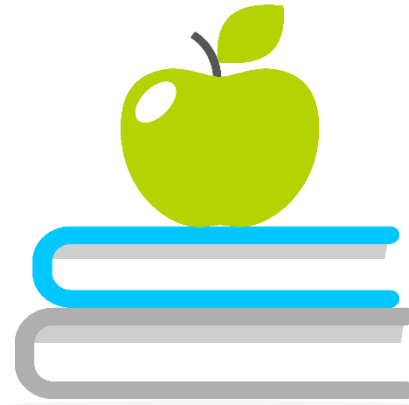
Welcome

'In the spirit of reconciliation, I respectfully acknowledge the Traditional Owners and Custodians of Country throughout Australia and their continuing connection to land, waters and community. I would like to pay my respect to them and their cultures, and Elders past and present.'

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

What we will cover today

- ✓ Government reform
- ✓ New Code obligations
- ✓ Transitional arrangements
- ✓ Our consultation process
- ✓ Competency
- ✓ Quality management systems
- ✓ Panel and Q&A



New legislation



Government reform



- The additional obligations are built on existing principles of the Code.
- They aim to strengthen integrity and accountability.
- You are likely already complying with these new obligations. If not, you will have time to adjust and meet best practice.
- We'll implement these changes in a pragmatic and practical fashion.

Background



- A 2019 independent review recommended a legislative instrument power to supplement the Code.
- On 6 August 2023, the government announced a significant package of reforms, including a provision for the Minister to create new obligations under a legislative instrument.
- The provision allows the Minister to act quickly to expand the Code if there is a new or emerging issue.
- Eight additional Code obligations have now supplemented the Code to reinforce high professional and ethical standards.

New Code obligations



- Upholding and promoting the ethical standards of the tax profession.
- Requirements relating to false or misleading statements.
- Managing conflicts of interest when undertaking activities for government and maintaining confidentiality in dealings with government
- Obligation to keep proper client records of tax agent services

provided.

- Supervision, competency and quality management under the *Tax Agent Services Act 2009*.
- Keeping your clients informed.



The obligations align with the existing 5 key principles in the Code and leverage material of other existing bodies, such as the APES Board.

Transitional approach



- On 8 October, the government amended the Determination to clarify the intent and scope of the new obligations.
- The new Code obligations commence on:
 - 1 July 2025 – for tax practitioners with 100 or less employees as at 31 July 2024, including new tax practitioners (with 100 or less employees) that register between 1 August 2024 and 30 June 2025 inclusive; and
 - 1 January 2025 – for any other tax practitioners.

Consultation

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 depth.

Public consultation

- We've released our draft information sheets for public consultation, with the aim to finalise in December.
- Provide your feedback to help shape the final guidance.
- Feedback should be emailed to us by **21 November** at tpbsubmissions@tpb.gov.au.
- We'll consider all feedback before we finalise our guidance.



Competence (s35)



Competence (s35)

A tax practitioner must ensure that each entity providing tax agent services on their behalf:

(1)

Maintains knowledge and skills
relevant to the tax agent services
provided

(2)

Is appropriately supervised, having
regarding to the knowledge/skills of
the entity, the tax agent services
provided and their system of
quality management

Competent standard



‘Competence, with respect to tax practitioners and those who provide tax agent services on their behalf, can be defined as a state of being capable, fitting, suitable or sufficient to provide a tax agent or BAS service to the appropriate professional and ethical standards’.



A partnership or company must have a sufficient number of registered individuals to provide tax agent or BAS services to a competent standard and to carry out supervisory arrangements.

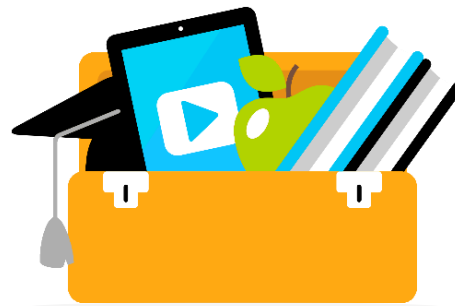
Case study 1 – scenario



- Gaby, a registered BAS agent is the sole director and supervising agent of a BAS agent company.
- She employs 10 staff to undertake BAS services on behalf of the company: 2 are graduates with less than 6 months experience, one has 5 years' experience; and 3 have 2 years' experience.
- Gaby is also the nominated sole supervising agent for 3 unrelated entities.
- Gaby's BAS agent company has 50 small businesses, each with an annual turnover of less than \$2 million.
- The unrelated entities' client base – mostly medium enterprises with annual turnovers of between \$10 and \$100 million and more complex tax affairs.
- These unrelated entities have approximately 150 clients each.

Case study 1 – outcome

- In these circumstances, we are not likely to be satisfied there are adequate and appropriate supervisory arrangements in place for Gaby's registered BAS agent company, or the unrelated entities.
- This is based on the number of clients, the size and complexity of the tax affairs of the clients, and Gaby's responsibility to her own client base.



Quality management systems (s40)

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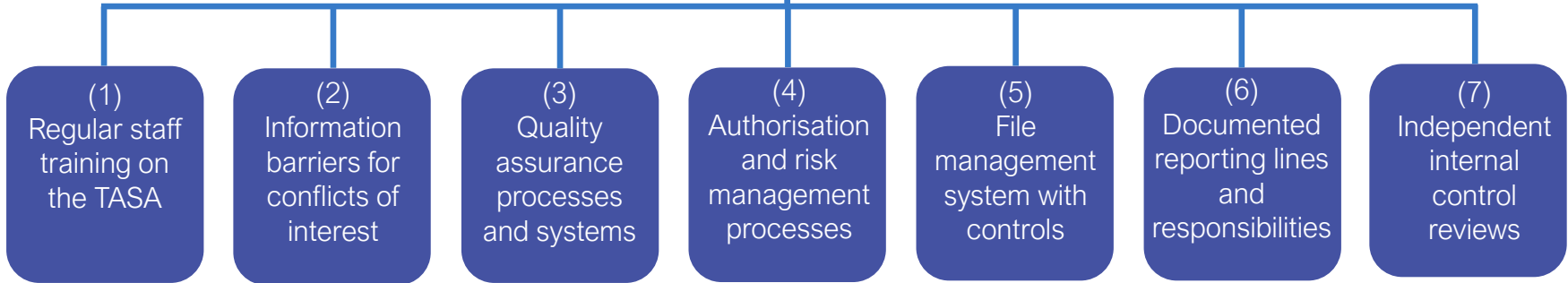
A tax practitioner must establish and maintain a system of quality management in relation to the tax agent or BAS services provided, with reasonable confidence you are complying with the Code, and you must:

Document and enforce policies and procedures of your system, which include:

- Governance and leadership
- Monitoring of performance
- Adherence to the Code
- Client engagement
- Proper record keeping
- Protecting confidentiality of information
- Management of conflicts of interest
- Recruitment, training and management of employees

Large firms

Large firms providing various streams of tax agent services are expected to use extensive internal controls, including:



Individual tax practitioner

Individual tax practitioners with a relatively small client base who are generally located in the same geographical area should:

(1)

Have physical controls
over filing cabinets

(2)

Check for a conflict of
interest prior to engaging
or re-engaging a client

(3)

Regularly update
software to ensure
information remains
confidential

Policies and procedures



You also need to consider organisational policies and procedures on compliance, including policies and procedures relating to:

- recruitment
- training
- supervision
- information sharing
- reporting
- record-keeping
- security
- information technology
- human resources
- dealing with complaints
- workplace culture.



Exercise professional judgment in determining the appropriate controls for your circumstances.

Case study 2 – scenario



- Prepare to Lodge is a medium tax agent company employing registered tax agents and employees who are not registered.
- They maintain a sufficient number and last reviewed and updated its quality management policies and procedures 5 years ago (they're now out-of-date).
- Prepare to Lodge expects their tax agents to complete relevant professional education activities from external providers.
- They also don't conduct internal audits or reviews to assess if these expectations are being met.

Case study 2 – outcome



In these circumstances, we are unlikely to be satisfied Prepare to Lodge are meeting their requirements. They failed to:

- maintain policies and procedures regarding adherence to the Code
- actively enforce its expectation that tax agent employees complete professional education activities; and
- provide employees who are not tax or BAS agents with training.

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