

Mr Ali Noroozi  
Inspector-General of Taxation  
GPO Box 551  
Sydney NSW 2001

Dear Mr Noroozi,

### **Review into the Future of the Tax Profession**

Thank you for the opportunity to comment on the report of your *Review of the Future Tax Profession*.

The Tax Practitioners Board (TPB) is an independent statutory body, separate from the Australian Taxation Office (ATO), that was created under the *Tax Agent Services Act 2009* (TASA). Given the TPB's regulatory functions are to register and regulate entities providing tax agent services in Australia, the TPB welcomes this review.

The report provides a good consolidation of known issues that are impacting on the tax profession, as well as a useful reflection of retrospective and current matters as context for your forward-looking review. Your report has provided a view on the main themes impacting on the tax profession – in particular, technological changes, social changes, policy changes and regulatory changes.

We appreciate acknowledgement in your report that:

- the Inspector-General of Taxation (IGT) recognises and commends the TPB for actively working and engaging with tax (financial) advisers to provide them with a range of guidance material to transition them into the tax agent services regime;
- on the issue of the creation of a super regulator, in the IGT's view, the better option would be to enhance the current role of the TPB incrementally, at pace with technological developments and how they may be employed in the tax sphere; and
- any expansion of the TPB's remit may need to be accompanied by additional resources not only to facilitate registration and provide an appropriate level of guidance but to also adequately risk assess and take compliance action.

The report contains 28 recommendations – with 19 recommendations relating to the ATO, six to the TPB and three for Government. Of those recommendations relating to the TPB, the TPB **agrees** with all of the recommendations. The TPB's detailed response to the recommendations is contained in Annexure 1.

Further, the TPB welcomes the amendments made by the IGT, following feedback provided by the TPB. These amendments have addressed the TPB's concerns about recognising the different roles of the ATO and the TPB and practical considerations impacting on implementation.

Finally, I would like to acknowledge the efforts of all involved in undertaking this review.

If you require further information to our response, please contact the Secretary/Chief Executive Officer, Michael O'Neill on [REDACTED] or at [REDACTED]

Yours sincerely

[REDACTED]

Ian R Taylor  
Chair

Tax Practitioners Board

26 October 2018

**Recommendation 4.1(b)**

- (i) The IGT recommends that the TPB implement a framework to periodically review its workforce capability needs to meet future regulatory and compliance challenges.
- (ii) The IGT recommends that the TPB in consultation with recognised professional associations, offer assistance to tax practitioners by, for example, providing advice on whether their future plans meet the ongoing obligations of the *Tax Agent Services Act 2009*.

***TPB response***

- The TPB agrees with recommendations 4.1(b)(i) and (ii).
- In relation to recommendation 4.1(b)(i), the following is noted:
  - the TPB agrees that it is appropriate to implement a framework to periodically review its workforce capability needs to meet future regulatory and compliance challenges;
  - the TPB welcomes the distinction that the IGT has drawn between the role of the TPB from that of the ATO. Importantly, the ATO is a revenue authority whereas the TPB is a regulator of tax practitioners; and
  - the TPB already has in place measures to address a shift from our current state to a future state and is continuously reviewing these measures to ensure that they meet operational requirements. The TPB's expected future state reflects one where the TPB's registrations function becomes largely business as usual and the bulk of the TPB's operational staff are dedicated to compliance activity.
- In relation to recommendation 4.1(b)(ii) the TPB will continue to always work together with tax practitioners and the professional associations to provide guidance on how they can ensure that they continue to meet their ongoing obligations under the *Tax Agent Services Act 2009*, including the Code of Professional Conduct.

**Recommendation 6.1**

The IGT recommends that the TPB, in consultation with recognised professional associations, undertake research to determine if its policies and procedures appropriately cater for all tax professionals within its jurisdiction, including tax (financial) advisers.

***TPB response***

- The TPB agrees with recommendation 6.1.
- In particular, the TPB notes that we will continue to work closely with all stakeholders, including recognised professional associations, to determine if our policies and guidance appropriately cater for all tax professionals.
- In the first instance, the TPB will engage with the recognised professional associations, through the TPB's formal consultation mechanisms, being the consultative forums. These forums establish an ongoing consultative arrangement with a dedicated group of representatives from TPB recognised professional associations, and other key stakeholders representing the interests of tax practitioners. The forums provide an opportunity to directly

engage with the Board of the TPB and facilitate an effective dialogue, to gain a mutual understanding of issues and generally act as a consultative advisory group to facilitate the TPB achieving its overall objective and purposes.

### **Recommendation 6.2**

- (a) The IGT recommends that the TPB periodically review the suitability of the educational requirements of the Tax Agent Services Regulations 2009 and its own related guidance with input from practitioners, professional associations, tertiary institutions and the ATO and act upon any findings including requesting the Government to consider legislative change where necessary
- (b) The IGT recommends that the TPB consider whether the TASA regime provides sufficient flexibility to manage the range of professionals who may offer tax services and present its findings to the Government.

#### ***TPB response***

- The TPB agrees with recommendation 6.2(a) and (b).
- In relation to recommendation 6.2(a), the TPB will continue to work closely with a variety of educational providers, not just tertiary institutions as well as other regulators of education providers (Tertiary Education Quality and Standards Agency and Australian Skills Quality Authority), to ensure the suitability of the educational requirements in the tax agent services regime, as prescribed by the *Tax Agent Services Regulations 2009*.
- In relation to recommendation 6.2(b), the TPB will continue to review whether the tax agent services regime is sufficiently flexible to manage the range of professionals who may offer tax services.
- In relation to recommendations 6.2(a) and (b), the TPB notes that these recommendations may also be appropriately addressed as part of a potential legislative review by Government.

### **Recommendation 6.3(b)**

The IGT recommends that the TPB undertake research to determine the extent to which tax services may be offered in the gig economy by people who are not appropriately registered and engage with other agencies, such as the ATO, the Australian Competition and Consumer Commission and the Australian Securities and Investments Commission to consider options to protect taxpayers from such service providers.

#### ***TPB response***

- The TPB agrees with recommendation 6.3(b).
- The TPB will build on existing work already being undertaken to determine the extent to which tax services may be offered in the gig economy by people who are not appropriately registered, and engage with other agencies to consider options to protect taxpayers from such service providers.