



Australian Government



INFORMATION FOR TAX PRACTITIONERS

MANAGING CONFLICTS OF INTEREST WHEN UNDERTAKING ACTIVITIES FOR GOVERNMENT

Overview

In relation to any activities undertaken for an Australian government agency in a professional capacity, you must do **all** of the following:

- **Step A** – Take reasonable steps to *identify and document* any material conflicts of interest you have in connection with the activity.
- **Step B** – *Disclose* the details of any material conflict of interest identified at Step A to the agency as soon as you become aware of the conflict.
- **Step C** – Take reasonable steps to *manage, mitigate, and where appropriate and possible avoid*, any material conflict of interest identified at Step A (except to the extent that the agency has expressly agreed otherwise).

What is a conflict of interest?

A conflict of interest is where you have a personal interest or duty to another person which is in conflict with the duty owed to the agency.

A conflict of interest may be direct or indirect, and real or apparent (or perceived).

What is a ‘material’ conflict of interest?

Whether a conflict of interest is ‘material’ will depend on the facts and circumstances and whether a reasonable person, having the knowledge, skill and experience of a registered tax practitioner, would expect it to be of substantial import, effect or consequence to the other entity.

You should exercise your professional judgement, taking into account the facts and circumstances surrounding the activities you are undertaking for the agency, including the:

- information known to you about the activities
- consequences for the agency if your personal interest is such that it could give rise to a real or apparent conflict of interest that could affect your ability to discharge your duties and/or obligations to the agency.

Activities undertaken in a professional capacity

The obligation covers activities you undertake in your capacity as a registered tax practitioner and in any other skilled or expert capacity.

Relevant activities include:

- providing expert advice, assistance, or feedback on technical and professional matters, including potential legislative changes
- providing advice, assistance, or feedback on strategy
- providing accounting and/or information technology services
- overseeing government functions.

REASONABLE STEPS TO IDENTIFY AND DOCUMENT ANY MATERIAL CONFLICT OF INTEREST

What reasonable steps to take would be a question of fact having regard to the particular circumstances of the matter. Relevant factors you may need to consider may include:

- the size of your practice
- the type of work undertaken
- the client base
- the likelihood of conflicts arising
- the sensitive nature of the activities undertaken
- any possible adverse consequences for the agency
- whether you have provided training to staff on conflicts of interest
- whether you have established procedures for identifying, disclosing and documenting conflicts of interest.

Records should be made as soon as possible and practicable after the conflict of interest is identified.

REASONABLE STEPS TO MANAGE, MITIGATE, AND WHERE APPROPRIATE AND POSSIBLE, AVOID, ANY MATERIAL CONFLICT OF INTEREST

You should exercise your professional judgement, having regard to your individual facts and circumstances, to determine the most appropriate method to manage, mitigate, and where possible, avoid, any material conflict of interest.

Examples of reasonable steps may include:

- enforcing procedures for managing, mitigating, and avoiding conflicts of interest
- allocating staff to projects in a way that manages or avoids potential conflicts of interest
- having internal governance policies in relation to conflicts of interest that include consequences for failing to comply with those procedures
- maintaining a conflict of interest register and information handling procedures that utilise technology to limit information access.

In some cases, regardless of the arrangement you put in place, a conflict of interest will be unmanageable and the only way to adequately manage the conflict will be to avoid it altogether. In such cases, you should decline the engagement.

Details to be disclosed to the agency

Details you may need to disclose may include, but are not limited to:

- the nature and extent of the conflict, including when it was first identified
- what interest, association or incentive gives rise to the conflict
- the identity and extent to which you and others related to the conflict have been involved in the services provided to the agency
- how the advice or services provided might have been different had there not been a conflict of interest
- any benefit, financial or otherwise, obtained due to the conflict of interest
- whether any actions have been taken or are proposed to avoid the conflict or to mitigate any damage arising from the conflict.

You should also disclose any conflicts of interest of your employees, associates, contractors or other relevant entities.

Exceptions

Once you disclose a conflict of interest to the agency, your continued engagement in the activities will be at the discretion of the agency.

Where an agency provides their consent, you must manage the conflict of interest in a way that is consistent with that consent.

i Further information

- Section 20 of the [Tax Agent Services \(Code of Professional Conduct\) Determination 2024](#)
- [TPB\(I\) 46/2024 Managing conflicts of interest when undertaking activities for government and maintaining confidentiality in dealings with government](#)
- [The Code Determination – Background and context](#)