Australian Government

TAX PRACTITIONERS BOARD

Navigating TPB compliance: what's coming in 2026

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Welcome

'In the spirit of reconciliation, we respectfully acknowledge the Traditional Owners and Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their cultures, and Elders past, present and emerging.

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What we will cover today

- An overviewof our 2026 compliance priorities
- Our priorities explained
- Our enduring priorities
- Case studies
- Report misconducting
- Mandatory breach reporting obligations
- Q&A

Setting the scene

- Our 2026 compliance priorities provide greater transparency for tax practitioners.
- The priorities are designed to:
  - support voluntary compliance
  - promote integrity and strengthen community confidence
  - build on our enduring priorities
  - address emerging risks and ongoing challenges in misconduct.

Our 2026 compliance priorities

Our 2026 compliance priorities

Avoiding paying tax debt

Illegal phoenix activities

Shifting profits to low-tax jurisdictions

Hiding income or assets in secrecy havens

Misusing R&D concessions

Shadow economy activities

Overclaiming work-related expenses

Exploiting vulnerable Australians

Failing to meet personal tax obligations

Helping clients avoid paying tax debts

Helping clients avoid paying tax debts

- Our focus is on those who assist clients in avoiding payment, through schemes or by failing to act on known debts.
- These patterns may indicate misconduct or poor professional practice.
- Tax practitioners are expected to:
  - Support clients to meet tax obligations on time.
  - Encourage early contact with the ATO if clients can't pay when due.
  - Avoid advice or actions that help clients deliberately avoid paying tax debts.

Engaging in illegal phoenix activities

Engaging in illegal phoenix activities

- Illegal phoenix activity occurs is transferring a business to a new company without paying fair market value, leaving debts.
- This practice:
  - deprives employees of wages and entitlements
  - leaves suppliers unpaid
  - undermines fair competition across the business community.

Preventing illegal phoenix activities

Tax practitioners must never engage in or facilitate illegal phoenix activities. To prevent it:

- Avoid abusing small business restructure concessions.
- Seek advice from a qualified insolvency practitioner if a client can't pay debts.
- Educate clients and correct false or misleading statements.
- Be transparent with us.
- Report concerns.

Shifting profits to low-tax jurisdictions

Shifting profits to low-tax jurisdictions

- Misconduct can occur when tax practitioners place clients in tax avoidance schemes that shift profits to low-tax countries.
- Our compliance focus will look at tax practitioners who:
  - fail to take reasonable care in advising clients
  - use templated advice instead of tailoring it to client circumstances
  - fail to disclose or explain key tax risks
  - design or promote tax schemes, exposing clients to significant tax adjustments.

Shifting profits to low-tax jurisdictions

To meet your obligations, you should:

- avoid involvement in secrecy havens or income alienation schemes
- clearly disclose key tax risks so clients understand potential implications
- promote transparency and integrity by meeting your own tax obligations
- review services regularly and stay informed through ongoing professional education
- ensure all advice is compliant and consistent with tax laws.

Hiding income or assets in secrecy havens

Hiding income or assets in secrecy havens

- Assisting clients to hide income or assets in secret offshore jurisdictions is a breach of the *Tax Agent Services Act 2009* and is unlawful.
- Tax practitioners involved in secrecy haven schemes will face investigate and sanctions.
- This includes conduct such as:
  - concealing income or assets offshore
  - structuring transactions to obscure ownership or income sources
  - advising clients on how to exploit secrecy jurisdictions.

Hiding income or assets in secrecy havens

To comply with your obligations, you must:

- ensure offshore income is properly declared and provide accurate advice
- review services and advice for exposure to secrecy haven risks
- update client guidance to ensure complete disclosure of offshore income
- engage transparently with us and the ATO if concerns are identified.

Misusing R&D concessions

Misusing R&D concessions

- When tax practitioners promote the abuse of R&D concessions, it undermines government policy and erodes confidence in these incentives.
- Our focus is to identify and address misconduct, including:
  - helping clients make R&D claims for non-existent activities or results
  - putting clients into schemes without a legitimate basis
  - helping clients make claims based on unrealistic valuations
  - failing to take reasonable care.

Misusing R&D concessions

Tax practitioners are in a unique position to detect and prevent R&D misconduct – you should:

- Exercise reasonable care when interpreting and applying tax laws.
- Avoid promoting or facilitating unlawful arrangements, including those exploiting legal loopholes.
- Encourage clients to contact the ATO early if they may be involved in risky arrangements.
- Report concerns to us if you know of anyone facilitating these schemes.

Facilitating shadow economy activities

Facilitating shadow economy activities

- The shadow economy includes both legal and illegal activities that go unreported and untaxed, often to avoid tax or exploit regulatory gaps.
- The impacts of shadow economy activities are serious:
  - Workers miss out on wages, leave entitlements, and protections.
  - Honest businesses are undercut by those avoiding tax and super obligations.
  - Community funding suffers, reducing resources for infrastructure and disaster response.

Facilitating shadow economy activities

Tax practitioners play a critical role in identifying and preventing shadow economy risks – you should:

- Take reasonable care when interpreting and applying tax laws.
- Avoid facilitating any shadow economy behaviours.
- Help clients understand their obligations and correct false or misleading statements.
- If you know a client is involved in shadow economy activities, do not turn a blind eye – notify us.

Overclaiming work-related expenses

Overclaiming work-related expenses

- Taxpayers rely on your expertise to help them comply with their personal tax obligations.
- That’s why we continue to work closely with the ATO to identify high rates of overclaimed work-related expense claims.
- While some overclaiming stems from genuine errors or misunderstandings, deliberate overclaiming is unlawful.
- We don’t expect tax practitioners to audit every client claim.

Overclaiming work-related expenses

Tax practitioner’s responsibilities for claiming work-related expenses include:

- Taking reasonable care when interpreting and applying tax laws.
- Asking additional questions if client claims appear unusual.
- Ensuring advice is tailored to client’s circumstances.
- Considering the lawfulness of acting on client instructions and declining to act if it would be unlawful.

Activities exploiting vulnerable Australians

Activities exploiting vulnerable Australians

- Some schemes take advantage of financial hardship, misinformation, or limited understanding of tax and super obligations. They often involve:
  - illegal early access to superannuation
  - tax-time loan products that mislead individuals.
- We are working with other government agencies to identify tax practitioners who:
  - offer or promote products and services that exploit vulnerability
  - facilitate or ignore the financial abuse of vulnerable clients.

Activities exploiting vulnerable Australians

To combat financial abuse, you should:

- Be alert to clients who appear unaware of their tax affairs or show signs of coercion or distress.
- Exercise reasonable care.
- Avoid facilitating abuse, only lodge returns with informed consent.
- Refer clients to the ATO, if necessary and appropriate.
- Help clients correct material errors in documents provided to the ATO.

Failure to meet personal tax obligations

Failure to meet personal tax obligations

- When tax practitioners fail to attend to their personal tax affairs, it undermines community confidence and raises questions about professional integrity.
- Using data matching and intelligence sharing, we will proportionate action where non-compliance occurs.
- To comply with tax laws and the Code of Professional Conduct, you must:
    - lodge personal income tax returns and instalment or business activity statements on time
    - paying tax debts or arrange a payment plan with the ATO.

Our enduring compliance priorities

Our enduring compliance priorities

To maintain trust and integrity we focus on enduring priorities that guide our compliance work and reflect our commitment to a fair, ethical and sustainable system. These include:

- fraud by tax practitioners
- upholding professional standards
- integrity, leadership culture and governance
- unregistered preparers.

Case studies

Case study 1

Action on former PwC managing partner

A tax agent was terminated with a 4-year ban following an investigation into their conduct as a senior leader at PwC Australia. Key findings included:

- Failure to act with integrity by allowing a business culture where sharing confidential information became widespread, despite repeated references that the information was ‘confidential’ and should not be disclosed.
- Failure to manage conflicts of interest. Information obtained through confidential Treasury consultations was shared among partners and employees to position PwC ahead of its competitors and expand its client base.

Case study 2

NDIS scammer removed from the tax profession

- We terminated Kahtan Al Hassan with a 5-year ban for unethical conduct.
- He breached the Code and was no longer fit and proper when he failed to:
  - correctly prepare and lodge business activity statements
  - notify the TPB he was permanently banned by the NDIS
  - lodge several income tax returns and pay debts on time
  - notify the TPB his company was in external administration
  - complete continuing professional education
  - maintain appropriate professional indemnity insurance.

Case study 2

Tax agent shut down after large-scale misappropriation of client funds

- The Tax Shop (Darwin) was terminated for false and misleading statements, unlawfully access to ATO records and failing to account for client refunds.
- Despite this, reports showed The Tax Shop and its director continued to provide tax agent services while unregistered.
- We issued a cease-and-desist notice and commenced investigations into tax agents suspected of enabling unregistered preparer activity.
- Registered tax practitioners who assist unregistered preparers risk serious sanctions.

Protecting integrity

Reporting a breach

- Breach reporting obligations apply from 1 July 2024.
- There are 2 types of breach reporting:
  - self-reporting
  - reporting another tax practitioner.

The registered tax practitioner must have reasonable grounds for the belief that they, or another tax practitioner, have breached the Code and that the breach is significant.

Questions

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