Australian Government

TAX PRACTITIONERS BOARD

INFORMATION FOR TAX PRACTITIONERS

THE USE OF ARTIFICIAL INTELLIGENCE AND THE CODE OF PROFESSIONAL CONDUCT

Overview

The TPB recognises that artificial intelligence (AI) tools, when used appropriately, provide a significant opportunity to increase productivity and deliver efficiencies for tax practitioners.

You should understand the capabilities and limitations of AI because you are still ultimately responsible for the tax agent services you provide to your clients.

What is AI?

AI broadly refers to the development of computer systems capable of performing tasks that typically require human intelligence. Subsets of AI can include machine learning, deep learning or generative AI.

Key considerations when using AI

When using AI tools to provide tax agent services, you should consider various factors depending on your own circumstances and the nature of the AI being used. Some general factors you may wish to consider include:

- the nature of the activity to be performed by the AI
- how and where information is being stored and how it is being used by the AI
- the expected use of, or extent of reliance on, the output of the AI
- the abilities and limitations of the AI being used and the purposes for which it is being used
- the processes in place for you to review the output of AI before the output is used in professional practice
- the appropriateness of the AI for the particular task, the data inputs to the AI, and decisions made by you while using the AI.

Code obligations

The Code of Professional Conduct (Code) as contained in section 30-10 of the *Tax Agent Services Act 2009* (TASA) and the *Tax Agent Services (Code of Professional Conduct) Determination 2024* (Determination) do not specifically deal with the use of AI. However, there are several Code obligations that may be relevant when using AI tools to provide tax agent services.

Competency

When using AI tools to provide tax agent services you remain accountable for the accuracy of advice provided to clients and you must ensure services are provided to a competent standard.

AI models can be complex, difficult to interpret and may be biased because AI cannot understand all human or external factors relevant to a client's circumstance.

AI should inform, not substitute for tax knowledge, experience or expertise. To ensure you are providing tax agent services competently, you:

- must exercise your own professional judgement and should not rely on AI outputs as a substitute for your own analysis of a client's circumstances
- should verify and review AI-generated content throughout each step of the workflow
- establish processes to understand and contest AI outputs.

Confidentiality

You must continue to comply with your confidentiality obligations when using AI and must not disclose any information relating to a client's affairs to a third party (i.e any entity other than you or the client) without the client's permission, unless there is a legal duty to do so.

This includes obtaining client permission before entering client information into AI tools and informing clients about the proposed disclosure including where their information will be used and stored.

You should also consider whether the provisions of the *Privacy Act 1988* apply to you, including in relation to the use of AI, and seek your own advice, where appropriate.

Other Code obligations

In addition to the obligations relating to competence and confidentiality, there are other obligations under the Code and Determination, including in relation to honesty and integrity, independence and other responsibilities. Tax practitioners must exercise their professional judgement to ensure compliance with each of these professional and ethical standards when using AI in the provision of tax agent services.

TASA PROVISIONS THAT MAY BE RELEVANT WHEN USING AI

Code item 6	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.
Code item 7	You must ensure that a tax agent or BAS service that you provide, or that is provided on your behalf, is provided competently.
Code item 8	You must maintain knowledge and skills relevant to the tax agent or BAS services you provide.
Code item 9	You must take reasonable care in ascertaining a client's state of affairs, to the extent that ascertaining the state of those affairs is relevant to a statement you are making or a thing you are doing on behalf of the client.
Code item 10	You must take reasonable care to ensure the taxation laws are applied correctly.
Section 30 of the Determination	You must keep records that correctly record the tax agent services you have provided, or that are provided on your behalf, to each of your clients, including former clients.
Section 35 of the Determination	You must ensure each entity providing tax agent services on your behalf maintains knowledge and skills relevant to the tax agent services the entity is providing. You must ensure each entity providing tax agent services on your behalf is appropriately supervised, having regard to knowledge and skills of the entity, the tax agent services being provided by the entity, and your system of quality management.
Section 40 of the Determination	You must establish and maintain a system of quality management, in relation to the provision of tax agent services by you, or on your behalf, which is designed to provide you with reasonable confidence that you are complying with the Code. You must document and enforce the policies and procedures of your system of quality management.

Further information

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