



Australian Government



TAX
PRACTITIONERS
BOARD

Tax Practitioners Board

Corporate Plan 2018-19

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Introduction

From the Chair

I present the Tax Practitioners Board (TPB) 2018-19 Corporate Plan (Plan), which has been prepared consistent with paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The Plan reflects the TPB's objectives and functions as contained in the *Tax Agent Services Act 2009* (TASA).

This Plan is integral to the TPB's governance and reporting framework and sets out the TPB's strategic direction for the period 2018-19 and future years. It reflects the TPB's purpose and goals, and provides guidance to our people on our priorities.

Who we are

The TPB is an independent statutory body created under the TASA and comprised of members appointed by the Minister.

The role of the TPB is to ensure that every entity that should be registered is registered, and to ensure the services provided by registered tax practitioners to the public are provided in accordance with appropriate standards of professional and ethical conduct.

The TPB seeks to protect consumers of taxation services by regulating tax practitioners in a fair, consistent and practical way, thereby strengthening the integrity of the tax practitioner profession.

The TPB reports to the Minister and is supported by staff made available by the Commissioner of Taxation (Commissioner). The TPB works closely with the Commissioner to ensure the integrity of the taxation system.

Collectively, the Board members and its support staff are referred to as the TPB.

Board members are appointed in recognition of their considerable expertise in diverse areas. Further information about the TPB's Chair and Board members is on the TPB's website at tpb.gov.au

Ian R. Taylor
Chair of the Tax Practitioners Board

Purpose

The TPB has the general administration of the *Tax Agent Services Act 2009* (TASA) and is responsible for the registration and regulation of tax practitioners. These include tax agents, business activity statement (BAS) agents and tax (financial) advisers.

The TPB's establishment, functions and powers are defined in the TASA. The TPB's role is to ensure that tax practitioner services are provided to the public in accordance with appropriate standards of professional and ethical conduct.

Strategic objectives

We have three strategic objectives to achieve our purpose:

1. Protect all consumers of tax practitioner services
2. Maintain, protect and enhance the integrity of the registered tax practitioner profession
3. Promote the TPB as an independent, efficient and effective regulator.

Our key priorities set the framework for our activities over the next four years to ensure we deliver on our strategic objectives.

The TPB's purpose, strategic objectives and priorities are outlined in Figure 1 below.

Figure 1 - The TPB's purpose, strategic objectives and priorities

Purpose		
The role of the TPB is to ensure that tax practitioner services are provided to the public in accordance with appropriate standards of professional and ethical conduct		
Strategic objectives		
1. Protect all consumers of tax practitioner services	2. Maintain, protect and enhance the integrity of the registered tax practitioner profession	3. Promote the TPB as an independent, efficient and effective regulator
Priorities		
1A. Ensure every entity that should be registered under the TASA is registered	2A. Assist registered tax practitioners to understand their obligations under the TASA	3A. Demonstrate the TPB is an effective, best-practice regulator of tax practitioners
1B. Encourage consumers seeking tax practitioner services to only engage registered tax practitioners	2B. Ensure registered tax practitioners comply with their obligations under the TASA	3B. Improve the TPB's technology platforms to ensure they meet the needs and expectations of the profession, consumers and staff
	2C. Deter conduct by unregistered entities prohibited under the TASA	3C. Consult with Treasury on any legislative matters that may impact upon the efficient and effective operation of the TASA including matters relating to the TPB's independence

Environment

Tax practitioner profession

The tax practitioner profession, and in particular how it provides services, is currently undergoing significant change. It is challenged and impacted by evolving practices and technology. Consequently, the TPB is part of a changing regulatory environment with a growing number of regulatory bodies and professional stakeholders. In particular, the broader financial services industry will continue to evolve with changes in client needs and technological developments.

Various market forces are providing tax practitioners an opportunity to combine previously separate advisory practices, or specialise in increasingly complex fields. For example, the financial services profession and software developers and providers have an increasing interaction with the tax profession.

Software providers and digital service companies continue to have a significant impact on the profession. They can facilitate and support the tax practitioner, but are also increasingly offering automated or smart-solutions to the tax practitioner's traditional clients. As the industry evolves, the tax practitioner profession is also being expected to evolve by providing added value to their clients and engaging with the technological developments.

A number of independent and external reviews are being undertaken over the course of the year ahead, which may affect the operating environment for the TPB. For example, the Inspector-General of Taxation's review into the future of the tax profession, and the Government's Black Economy Taskforce may have implications on the profession and the TPB's compliance program of work.

The TPB will continue to consult with Treasury on any legislative matters that may impact upon the efficient and effective operation of the TASA including matters relating to the TPB's independence. Any issues arising from this collaboration will likely have implications on the TPB's operational environment and have consequential impact on the profession.

Emerging risks

Resourcing

All government agencies are under increasing pressure to deliver their objectives, and generally on a reduced budget. The TPB operates in a dynamic environment with ongoing challenges regarding its operational service delivery. The primary challenge for the TPB in delivering its objectives is its budget, which is derived via an allocation from the Commissioner.

People and technology are our most significant resources and our greatest financial investment. The TPB must balance strategies required to enhance its workforce and IT capability whilst still meeting its statutory obligations within a limited budget.

The inclusion of tax (financial) advisers into the TPB's regulatory framework will continue to have implications for the TPB's resourcing given this has increased the registered practitioner population by approximately 38%. As the processes for the registration and renewal of registration of tax (financial) advisers become more streamlined, our priority will shift to ensure that those registered are compliant with their obligations under the TASA.

Whilst recognising many government agencies are undergoing similar budgetary challenges, the negative impact arising from budget reductions are much more significant for a small

regulatory body like the TPB, particularly given many of our activities are driven by our obligations under the TASA and are non-discretionary. The uncertainty around budget allocation and restrictions placed on our average staffing levels has prevented the TPB from appointing full-time ongoing staff. This has added to the pressures of increased staff turnover with consequential gaps in staff capability. An IT strategy and infrastructure review has recommended significant changes to the TPB's operating environment, but budgetary constraints limit the options available for delivery.

To address the uncertainty around budget allocation, the TPB is working closely with the ATO and Treasury on alternative funding arrangements to better secure appropriate funding for the TPB.

Budget reductions have also had a significant impact on the TPB's ability to undertake complex or targeted investigations into the conduct of registered and unregistered tax practitioners. The TPB will continue to work closely with the ATO and the Australian Securities and Investments Commission (ASIC) to address high risk and inappropriate conduct by tax practitioners.

The TPB structure delivers a range of service and support functions. We anticipate a continued expectation on government agencies to deliver ongoing workforce efficiencies in the coming years which may result in further structural changes.

The TPB's ability to drive workforce efficiency is largely dependent on its capital funding. We intend to invest in continuous process and systems improvement to improve client service, but our efforts are hampered by budgetary issues.

Compliance

Whilst the vast majority of tax practitioners participate in the tax and superannuation system appropriately, a small percentage of practitioners do not comply with the TASA. The TPB investigates complaints made against tax practitioners and continues to work with the ATO and other government entities to review the conduct of tax practitioners who exhibit behaviours of concern. The TPB works with key stakeholders to ensure a holistic, but risk-based approach to dealing with egregious practitioners.

The TPB continues to work with the ATO and other regulatory bodies, the tax profession and professional bodies, to raise the profile of tax practitioners and the value they bring to taxation compliance. In doing this, the TPB seeks to ensure that tax practitioners who exhibit behaviours of concern to the community, are risk assessed and that targeted activities are actioned. The TPB does this by (among other things):

- administering a system for the registration of tax practitioners
- administering the Code of Professional Conduct (Code)
- where appropriate, applying sanctions to registered tax practitioners.

Where appropriate, the TPB will also seek civil penalty orders against registered tax practitioners for the provision of false or misleading information to the Commissioner, or employing or using the services of a deregistered practitioner.

The TPB continues to address unregistered practitioners who provide taxation services for a fee or reward, advertising such services, or representing that they are registered and this will remain a priority for the TPB. Significant civil penalties have been awarded against unregistered practitioners in the past as a result of direct action by the TPB.

Technology

Digital service technologies and their advantages continue to evolve in the tax practitioner profession, and with this evolution, cyber security continues to be a growing area of concern.

The tax practitioner community and consumers of taxation services are not immune to digital disruption, and the development of the Government's Standard Business Reporting, and real-time payroll reporting evidence this. The MyGov system, amongst other systems, has led to self-preparing taxpayers shifting lodgement methods, but with minimal impact on the percentage of tax practitioner lodgements. Tax agents continue to be responsible for the lodgement of the majority of individual income tax returns and business income tax returns with the ATO.

Expanding digital-service options also provide opportunities for the provision of contemporary services to the tax practitioners and the consumers of taxation services. With many consumers now interacting with their tax practitioners in a digital environment, the TPB will continue to monitor the evolution of taxation service delivery, including the growth of applications, cloud-computing, robo-advice and international service delivery. The digital environment, in particular the increasing use of outsourcing and offshoring arrangements, also gives rise to emerging areas of concern around the security and vulnerability of taxpayer's personal details.

The TPB has issued guidance to the practitioner community on cloud-computing and their obligations under the Code, touching on outsourced service delivery. Given the increasing potential of cyber-threats, the TPB continues to educate the profession on tax practitioner's obligations on issues such as the confidentiality of client information.

Relationships

Tax practitioner engagement

Tax practitioners play an important role in helping individuals and businesses meet their taxation obligations. Registered tax agents lodge 73.8% of individual income tax returns and 96.7% of business income tax returns.¹

The TPB is committed to consulting and working with key stakeholders, particularly tax practitioners, to ensure their experiences inform and influence the TPB's decision-making and operations.

The TPB communicates with the tax profession through all relevant professional associations, and directly with practitioners through its website, email, events, conferences, webinars and meetings and consultative arrangements including:

- messages to professional associations
- content for incorporation into the ATO tax professional communications and agent portal
- other documents concerning corporate aspects of the TPB.

Key focus areas that will be targeted include:

¹ Australian Taxation Office, 2016, *Taxation Statistics 2014-15*, www.data.gov.au (most recent statistics available).

- communication and consultation with registered tax practitioners and their intermediaries, including recognised professional associations and through consultative forums and an outreach program
- publication of information sheets and other guidance on registered tax practitioner and customer rights and obligations.

Professional association and government engagement

The TPB engages frequently with the associations, including those that are accredited by the TPB as a recognised tax agent, BAS agent or tax (financial) adviser association, that support the tax practitioner profession. This approach and related feedback, ensures the expectations of tax practitioners as represented by their professional bodies, aligns with the role of the TPB as the regulator of the tax profession in Australia.

The TPB has issued draft guidance regarding the governance requirements for professional associations recognised under the TASA regime. An annual declaration process has also been introduced to ensure that recognised professional associations continue to meet the relevant requirements for recognition under the *Tax Agent Services Regulations 2009*.

The TPB also works with other government agencies, particularly the ATO and the ASIC, to ensure a coordinated approach to issues of mutual interest.

Consumer engagement

Consumer protection is an overriding goal of the TPB and it facilitates a framework which helps support this goal. The TPB engages with the broader community to ensure matters of tax practitioner conduct are appropriately managed.

The TPB undertakes a range of consumer engagement through:

- advertising campaigns and social media to raise awareness
- speaking engagements, webinars and webcasts, which involve tax practitioners and their representative organisations
- publishing content on ATO and other government and stakeholder channels for consumers
- publishing case studies under '*Summary of penalties, sanctions and terminations*' on the website which summarises outcomes from the Federal Court, Administrative Appeals Tribunal (AAT) and the Board Conduct Committee, and provides further information to ensure public confidence in our decision making.

The TPB maintains a public register which provides information about registered and deregistered tax agents, BAS agents and tax (financial) advisers, including:

- business contact details
- professional associations as disclosed by the tax practitioner
- duration of registration
- any conditions imposed by the TPB

Decisions made by the TPB which result in a suspension or termination of a tax practitioner, are published in the Australian Government Gazette and on the public register for the longer of:

- 12 months starting on the day on which the sanction is imposed; and
- the period during which the sanction has effect.

Regular reviews of consumer interactions, particularly complaints, are undertaken with ongoing quality assurance and quality control of TPB processes and procedures. Further development of processes may also arise from independent internal and external reviews of

any decisions made by the TPB, which may be initiated by complainants and tax practitioners utilising their review / appeal rights.

Operational delivery

The TPB's key government priorities and objectives are articulated in the Treasury's Portfolio Budget Statements which, along with this Plan, form part of the basis of performance assessments. Progress against achieving our goals and service standards are reviewed regularly through monthly and bi-annual analysis and reporting.

Workforce capability

To enable service delivery and administration of the TASA, the Board is assisted by Australian Public Service (APS) staff provided by the ATO. The Board acknowledges and values the ethical and impartial nature of the APS, and defines additional behaviours which assist our decision making. These behaviours include professionalism, independence and integrity in decision making, as well as being client service and stakeholder-engagement focussed.

The TPB actively develops, promotes and maintains a culture of professionalism which embodies trust, respect and teamwork. This includes cooperative work practices between all TPB functions to assist the Board and TPB to meet its strategic goals and business planning outcomes.

TPB staff have a broad range of capabilities, skills and experience, from accounting, auditing, law and compliance, to customer service, communications and information technology, to ensure the TPB is competent to undertake its various functions. The TPB recognises that our workforce will increasingly need to encompass digital skills in all areas.

Our workforce plan outlines the capability requirements for our people to ensure our workforce is capable of meeting future challenges, embracing change and continuing to innovate and achieve efficiencies for the registration and compliance of tax practitioners.

IT capability

The TPB operates an IT infrastructure for the registration of tax practitioners and for compliance activities related to complaints about registered and unregistered tax practitioners. The majority of TPB interactions with registered tax practitioners occur via our online interface and the TPB continues to strive for further efficiencies in this regard.

The TPB also provides a public register for consumers to find tax practitioners registered with the TPB on our website.

A review of our IT strategy and infrastructure has been completed. Options were sought to identify the opportunity to adopt revised and contemporary IT platforms and service delivery models. Significant changes to the TPB's operating environment were recommended, with budgetary constraints limiting the options available for delivery. The ongoing development of cloud services has offered flexibility and agility in providing services based on demand, and adding complementary services as required. Ongoing service provision via cloud and shared services remains a priority for the TPB's operating environment.

The development of Whole of Government policies and procurement options, particularly through cloud services, has also presented the TPB with options to acquire services through shared arrangements with other agencies. Over the coming year, the preferred outcomes of our review into our future IT requirements and service delivery options will be implemented

within our budgetary and environmental constraints. We expect further refinement to IT delivery over the forward years subject to budgetary constraints.

Risk oversight and management

The overall management of the TPB's risks rests with the Board who is responsible for the general administration of the TASA.

Risk management framework

Our Risk Management Framework forms part of the TPB's approach to integrated governance. This Framework ensures the effects of uncertainty are assessed and addressed in accordance with the PGPA regime and the Commonwealth Government Risk Management Policy, and applies to strategic and operational risks. The TPB Risk Management Framework incorporates our fraud control plan.

The TPB Audit and Risk Committee (ARC) monitors our Risk Management Framework, including strategic risks and treatment plans and considers key environmental concerns and those which may impact on the goals, strategies and key activities of the TPB.

The TPB ARC provides appropriate updates to the Board, including identified and emerging risks and mitigation strategies.

The TPB ARC also provides assurance to the ATO's Audit and Risk Committee that the TPB is complying with the PGPA regime's accountability mechanisms. The ATO's Audit and Risk Committee is external and independent to the TPB.

Our strategic risk register and treatment plans are regularly updated based on:

- key and emerging risks identified by the Board, the TPB and/or ATO Audit and Risk Committees
- any significant changes in the operating environment of the Board
- other information or intelligence referred to or collected by the TPB.

Compliance risk

While the TPB regulates professional and ethical conduct and discourages non-compliant behaviour, it is important to note that the vast majority of tax practitioners comply with their obligations. The TPB applies a targeted and strategic, risk-based approach to compliance, providing:

- help and support to encourage changes in practitioner behaviour
- applying sanctions for non-compliance with the TASA, including terminating or suspending registrations of tax practitioners where appropriate
- applying for injunctions and civil penalties for prohibited conduct.

The TPB also works closely with the ATO and the ASIC to target conduct that may contravene taxation (or other Commonwealth) laws.

Performance framework

The TPB regularly reviews its key functions as part of its internal governance. Our priorities for the period 2018-2022, which determine our core activities, will enable us to work towards achieving our strategic objectives and ultimately our purpose as set out in the TASA. Figure 2 sets out our priorities for the period 2018-2022.

The TPB has an ongoing work program that is largely dictated by the TASA and this is reflected by the activities as set out in Figure 2.

Measures of performance

Our performance measures are intended to enable us to measure the delivery of our strategic objectives.

The alignment of our strategic objectives with our performance measures is also set out in Figure 2.

Figure 2 – TPB performance measures

STRATEGIC OBJECTIVE 1: Protect all consumers of tax practitioner services						
PRIORITIES						
1A. Ensure that every entity that should be registered under the TASA is registered						
1B. Encourage consumers seeking tax practitioner services to only engage registered tax practitioners						
Core Activities	Process	Performance measure	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
1.1 Register tax practitioners in accordance with eligibility requirements under TASA	Provide information, guidance and advice to entities to help them to register	<ul style="list-style-type: none"> - Majority of feedback on the registration process is positive - Majority of feedback on usefulness of TPB website content, communications and education initiatives is positive 	Y	Y	Y	Y
	Register new practitioners and include them onto the tax practitioner register	<ul style="list-style-type: none"> - Meet published service standards for processing registration applications 				
	Ensure eligibility requirements for registration under TASA are met	<ul style="list-style-type: none"> - Quality assurance processes demonstrate that mandatory eligibility requirements are appropriately checked and confirmed before majority of applications are approved 				
1.2 Take action to ensure tax practitioners continue to meet eligibility requirements	Utilise the Annual Declaration process to ensure the timely termination of registered tax practitioners that no longer meet eligibility requirements	<ul style="list-style-type: none"> - Outcomes of Annual Declaration process, including surrenders, reflect appropriate termination of registered tax practitioners where they cease to meet eligibility requirements 	Y	Y	Y	Y

	Ensure that only practitioners who meet eligibility requirements remain registered	- Outcomes from renewal process reflect that practitioners who cease to meet eligibility requirements are no longer registered				
1.3 Maintain a public register of registered and deregistered practitioners	Educate the public regarding the benefits of using registered tax practitioners and the risks of not doing so	- Regular consumer awareness messaging - Number of media releases regarding unregistered conduct	Y	Y	Y	Y
	Ensure the tax practitioner register is maintained and accessible to the public	- Public register is available 99% of the time				

STRATEGIC OBJECTIVE 2: Maintain, protect and enhance the integrity of the registered tax profession

PRIORITIES

- 2A. Assist registered tax practitioners to understand their obligations under the TASA**
- 2B. Ensure registered tax practitioners comply with their obligations under the TASA**
- 2C. Deter conduct by unregistered entities prohibited under the TASA**

Core Activity	Process	Performance measure	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
2.1 Educate tax practitioners to understand their obligations under the TASA	Publish information, and provide guidance and advice to registered tax practitioners to assist them to understand their duties and obligations under the TASA, including the Code of Professional Conduct	<ul style="list-style-type: none"> - Regular publication of information sheets and other guidance material, and eNews for tax practitioner subscribers - Attendance rates and feedback reflects satisfaction with Outreach events, speaking engagements and webinars 	Y	Y	Y	Y
	Engage with recognised professional associations	<ul style="list-style-type: none"> - Feedback reflects satisfaction with communication and consultation by the TPB 				
2.2 Investigate registered tax practitioner conduct that breaches the TASA and impose sanctions where appropriate	Maintain effective processes for registered tax practitioners, consumers, the public and other agencies to detect, deter and respond to conduct that breaches the TASA	<ul style="list-style-type: none"> - Majority of cases finalised within published service standard timeframes - Quality assurance and quality control processes demonstrate that complaint handling aligns with TPB's policies and procedures - Majority of case outcomes unvaried when reviewed by the Inspector General of Taxation 	Y	Y	Y	Y
	Apply a targeted and strategic risk-based compliance approach	<ul style="list-style-type: none"> - Statistics demonstrate that matters are progressed in accordance with TPB's risk matrix 				

2.3 Investigate conduct by unregistered entities that is prohibited under the TASA and initiate Federal Court proceedings where appropriate	Maintain effective processes to respond to conduct that is prohibited by the TASA	<ul style="list-style-type: none"> - Majority of cases finalised within published service standard timeframes - Quality assurance and quality control processes demonstrate that complaint handling aligns with TPB's policies and procedures - Majority of case outcomes unvaried when reviewed by the Inspector General of Taxation 	Y	Y	Y	Y
	Take appropriate action to deter unregistered entities from providing services prohibited by the TASA	<ul style="list-style-type: none"> - Cases are finalised within published service standards - Majority of Federal Court decisions affirm breaches of the TASA. Following any Federal Court decision, a media release will be issued where appropriate. 				
2.4 Recognise professional associations and ensure they meet the eligibility requirements for recognition	Assess new applications for recognition against eligibility criteria	<ul style="list-style-type: none"> - All new applications are processed and assessed against the eligibility criteria as required under the Tax Agent Services Regulations 	Y	Y	Y	Y
	Utilise the Annual Declaration process to ensure recognised professional associations continue to meet eligibility requirements (including appropriate governance requirements)	<ul style="list-style-type: none"> - Outcomes of Annual Declaration process reflect appropriate scrutiny and assurance that professional associations should remain recognised 				

STRATEGIC OBJECTIVE 3: Promote the TPB as an independent, efficient and effective regulator

PRIORITIES

3A. Demonstrate the TPB is an effective, best-practice regulator of tax practitioners

3B. Improve the TPB's technology platforms to ensure they meet the needs and expectations of the profession, consumers and staff

3C. Consult with Treasury on any legislative matters that may impact upon the efficient and effective operation of the TASA including matters relating to the TPB's independence

Core Activities	Process	Performance measure	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
3.1 All actions and decisions are made in accordance with the law	Make evidence based, consistent, transparent, legally sound decisions that can withstand external scrutiny	<ul style="list-style-type: none"> - Majority of decisions of the Inspector General of Taxation, AAT and Federal Court affirm TPB's procedures and decisions 	Y	Y	Y	Y
3.2 Ensure TPB is appropriately supported by a flexible, agile and capable workforce and information technology systems	Develop and implement strategies to enable a flexible workforce and enhance staff capability	<ul style="list-style-type: none"> - All staff have current individual performance and development agreements in place (compass discussions) - Internal TPB digital systems and services are available a majority of the time 	Y	Y	Y	Y
	Implement priority initiatives arising from the Board and relevant Committees	<ul style="list-style-type: none"> - Priority initiatives are scoped and implemented - Compliance with whole of government standards regarding security of information. - The KPIs set in the Regulator Performance Framework are met 	Y	Y	Y	Y

3.3 Engage with other government agencies particularly the Australian Taxation Office (ATO) and the Australian Securities and Investments Commission (ASIC)	Have appropriate Memorandums of Understanding (MOU) in place to improve data exchange arrangements with relevant government agencies to allow TPB to take appropriate action under the TASA	- MOUs in place with relevant government agencies	Y	Y	Y	Y
3.4 Identify and raise legislative matters impacting upon the efficient and effective operation of the TASA with Treasury	Make submissions to Treasury as required	- Treasury considers TPB's submissions	Y	Y	Y	Y