



Australian Government



TAX PRACTITIONERS BOARD

Tax Practitioners Board

Corporate Plan 2016-17

August 2016



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1. Introduction

From the Chair

I present the Tax Practitioners Board (Board) 2016-17 Corporate Plan (Plan), which has been prepared consistent with paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the objects, functions and powers of the Board as contained in the *Tax Agent Services Act 2009* (TASA).

This Plan sets out the Board’s strategic direction for the period 2016-2020 and incorporates our role, purpose, approach, functions, goals and strategies.

Our Plan forms part of our governance mechanisms to guide our people and the work we do.

Who we are

The Board is an independent statutory body created under the TASA and comprised of Board members appointed by the Minister. The objective of the Board is to ensure that the services provided by tax practitioners are provided to the public in accordance with appropriate standards of professional and ethical conduct.

The Board seeks to regulate tax practitioners in a fair, consistent and practical way under the TASA to protect consumers of taxation services, thereby strengthening the integrity of the tax practitioner profession.

The Board reports to the Minister and is supported by staff made available by the Commissioner of Taxation. Collectively, the Board and staff are referred to as the TPB.

Board members are generally appointed in recognition of their considerable expertise in diverse areas. The current Board has eight members, including the Chair:

<u>Chair</u>	
Ian R Taylor	
<u>Board Members</u>	
Julie Berry Jim Hawson Julianne Jaques Ian Klug	Greg Lewis Russell Smith Yvonne Sneddon

More information about the TPB’s Chair and Board members is on the TPB’s website at www.tpb.gov.au > About us > [Overview](#)

Greg Lewis
Acting Chair of the Tax Practitioners Board

August 2016

2. Purposes

The Board has the general administration of the *Tax Agent Services Act 2009* (TASA) and is responsible for the regulation of tax agents, Business Activity Statement (BAS) agents and tax (financial) advisers) collectively referred to as tax practitioners.

The Board's purposes, functions and powers are defined in the TASA. Our role, purposes and activities are outlined in Figure 1 below.

Figure 1 - The role, goals, purposes and activities of the TPB

Role	<p>To ensure that the services provided by tax practitioners to the public are provided in accordance with appropriate standards of professional and ethical conduct.</p>				
Strategic Goals (Purposes)	<p>1 Consumers of tax practitioner services ensure the practitioner is registered</p>	<p>2 Every entity that should be registered as a tax practitioner is registered</p>	<p>3 Tax practitioners understand their obligations under the <i>Tax Agent Services Act 2009</i></p>	<p>4 Tax practitioners comply with their obligations under the <i>Tax Agent Services Act 2009</i></p>	<p>5 The TPB is recognised as an independent, efficient and effective regulator</p>
Activities	<p>1A Ensure the tax practitioner register is maintained and accessible to the public</p>	<p>2A Help and support tax practitioners to register, including administering a system for registration</p>	<p>3A Educate tax practitioners to understand their rights and obligations, including those listed under the Code of Professional Conduct (Code)</p>	<p>4A Maintain an effective complaints/referrals process for consumers, the public and other agencies, to detect, deter and respond to misconduct</p>	<p>5A Ensure that the TPB is appropriately funded to undertake its statutory obligations</p>
	<p>1B Educate the public of the benefits of using tax practitioners and the risks of not doing so</p>	<p>2B Ensure eligibility requirements are met for initial and ongoing registration</p>		<p>4B Apply a targeted and strategic risk-based compliance approach to address errant behaviour to protect consumers</p>	<p>5B Ensure that the TPB is supported by a flexible, agile and capable workforce</p>
			<p>4C Take appropriate action to detect and deter unregistered entities from providing tax services</p>	<p>5C Ensure that the TPB is enabled by and engaged with digital service delivery</p>	

3. Environment

Technology

The TPB is influenced by the environment in which we operate, including tax technical and digital services technology. Technology continues to evolve at a rapid rate. The evolution in digital services, including cloud-computing, robo-advice and international service delivery, represents challenges to uniform regulatory design directed at a changing environment.

However, this evolution also provides opportunities for the provision of contemporary services to the tax practitioners and the consumers of tax practitioner services. With many consumers now interacting with their tax practitioners in a digital environment, internet enabled service delivery provides many advantages to Australian business and consumers. Consumer expectations of their practitioners may similarly evolve. The digital environment also gives rise to emerging areas of concern around the security and vulnerability of tax payer's personal details.

The TPB has recently engaged with the tax practitioner community over policy delivery around cloud computing and outsourced service providers. The TPB continues to work with stakeholders in future policy design.

Tax (financial) advisers

Since 2014, the TPB also regulates financial advisers who provide tax advice in the context of financial advice. Over the next four years the TPB will continue to consult and deliver policy guidance for tax (financial) advisers and continue to work with Government, the Australian Securities and Investments Commission (ASIC) and professional associations to ensure appropriate standards are understood and met.

Compliance

Whilst the vast majority of tax practitioners participate in the tax and superannuation system appropriately, the TPB must also deal with inappropriate tax practitioner conduct. In addition to investigating complaints made against tax practitioners, the TPB continues to work with the Australian Taxation Office (ATO) in reviewing the conduct of tax practitioners who exhibit behaviours of concern. Such concerns include recklessness, aggressive advice, exploitation of their position or access, involvement in criminal groups and personal non-compliance. The TPB works with key stakeholders across the TPB and ATO ensuring a holistic approach to dealing with egregious practitioners.

The TPB continues to work with the ATO, 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 Board 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.

The Board will also seek where appropriate, civil penalty orders against registered tax practitioners, as well as entities who should but do not register with the TPB.

Relationships

Tax Practitioner Engagement

Tax professionals play an important role in helping individuals and businesses meet their taxation obligations. Registered tax practitioners lodge 78 per cent of individual's income tax returns and 96 per cent 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 the TPB's decision-making and operations.

The TPB communicates with the tax profession through recognised professional associations, and directly with practitioners through events, conferences, webinars and meetings and consultative arrangements including:

- messages to professional associations, including emails
- content for incorporation into the ATO BAS and Tax publications and agent portal
- other documents concerning corporate aspects of the Board.

Of key focus are the targeted and effective:

- 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 that support the tax practitioner profession. This approach and related feedback, ensures the expectations of tax professionals align with the role of the TPB as the regulator of the tax profession in Australia.

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 we facilitate 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:

- campaigns to raise awareness, branding or other actions for specific audiences
- speaking engagements, webinars and webcasts, which involve taxpayers and their representative organisations
- content for incorporation on the ATO websites www.ato.gov.au and the myTax platform
- 'Summary of penalties, sanctions and terminations' information 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.

¹ Australian Taxation Office, 2016, *Taxation Statistics 2013-14*, www.data.gov.au

The TPB maintains a public register which provides information about registered 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 Board

Decisions made by the Board which result in a suspension or termination of a tax practitioner, are published:

- in the Australian Government Gazette
- 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.

Complainants and tax practitioners are given the opportunity to seek an independent internal and external review of any decisions made by the TPB.

Service delivery environment

People and technology are our most significant resources and expense. All Government agencies are under pressure to pursue and adopt innovative efficiencies. The TPB must balance strategies required to enhance our workforce and IT capability, against the available budget, to meet Government, tax practitioner and consumer expectations.

A considerable risk for the TPB in the next four years is the significant impact of external resource constraints on our financial and non-financial resourcing. Budget and staffing reductions continue to provide a challenging environment within which the Board seeks to meet statutory obligations. Efforts are being made to rationalise and upgrade enabling infrastructure, as well as work with our Government partners to find efficiencies.

As a consequence, resources to undertake significant, complex or targeted investigations and projects continue to be impacted. Compliance measures continue to be targeted at a range of high-risk matters as well as less complex and lower risk matters, with a view to ensuring TPB and tax practitioner statutory obligations are met.

Recent international disclosures of multi-national profit shifting, the operation by Australian resident-entities of foreign shell companies, undeclared assets and alienated income, may involve the facilitation by tax practitioners. Subsequently, enquiries by the ATO and other compliance and law enforcement bodies may result in significant tax practitioner behaviours being referred to the TPB for consideration.

Over the next two years, approximately 19,000 tax (financial) advisers who registered under the notification stage, will be due to submit their first renewal where they will need to demonstrate they meet the standard registration requirements. This workload will add additional strain to the TPB's ability to meet its service delivery obligations.

4. Operational Delivery & Performance

Our key government priorities and objectives are articulated in Portfolio Budget Statements which, along with our Plan, form part of the basis of our 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. 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 our strategic goals and business plans' outcomes.

The TPB undertakes a range of activities and our people have a broad range of capabilities, skills and experiences, from accounting, auditing, law and compliance, to customer service and information technology. 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.

In the last three years, resource constraints have resulted in the TPB reducing its ongoing workforce by around 15.6%. The TPB is expected to further reduce its workforce over the next four years in line with improving efficiency.

There is likely to be a continued requirement that all large APS agencies deliver ongoing workforce efficiencies in the coming years. This will have had a disproportionate affect upon smaller authorities such as the TPB. Within external budget constraints, the TPB will endeavour to ensure we have appropriately skilled and flexible staff who can respond to changing priorities and circumstances.

Our ongoing staff are located across five sites:

- NSW – Sydney (59.7 %)
- VIC – Box Hill (14.5 %)
- VIC – Docklands (2.7 %)
- QLD (12 %)
- ACT (11 %).

As at 30 June 2016, the TPB has 114 staff with 63 Female and 51 Male. 97 of which are full time and 17 part-time.

In addition to this, the TPB employs a number of non-ongoing and labour hire staff to meet the work requirements on hand.

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

A review of our IT strategy and infrastructure is currently underway. Options are being sought to identify the opportunity to adopt revised and contemporary IT platforms and service delivery models. The development of cloud services offers flexibility and agility in providing services based on demand, and adding complementary services as required.

The development of Whole of Government policies and procurement options over the past four years has also presented the TPB with options to acquire services through shared services with other agencies. The review and outcomes of our future IT requirements and service delivery options will be conducted within our budgetary and environmental constraints.

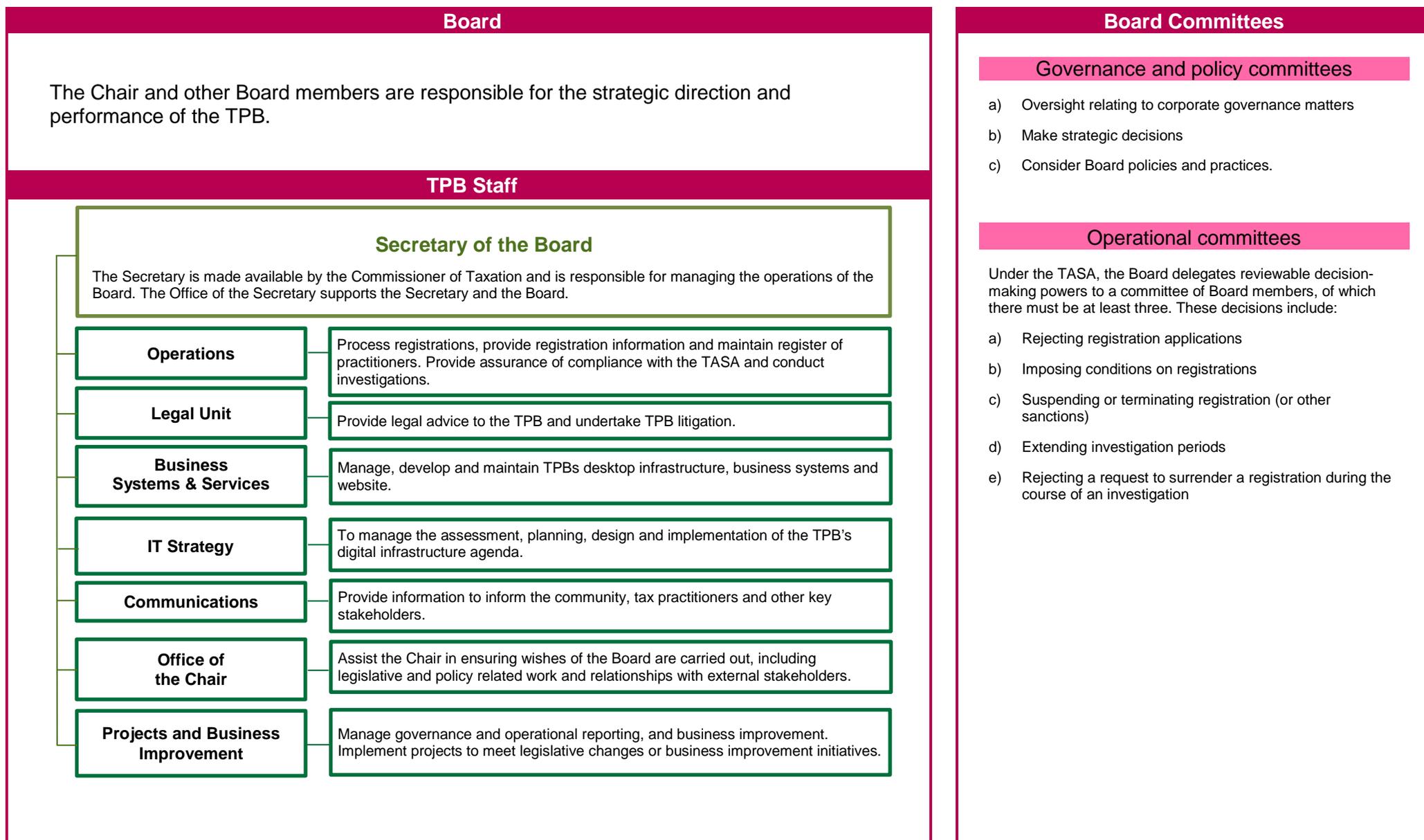
Service delivery priorities

In addition to our performance measures, the Board has identified further activities to assist the TPB in delivering on its goals and purposes in the coming four years. To assist in strategic and operational decision making, these activities include measuring trends in the:

- number and type of complaints received and their outcomes
- percentage of registered practitioners not the subject of a complaint
- percentage of registered practitioners the subject of a previous complaint case
- decisions of the Inspector General of Taxation / AAT / Federal Court
- on-line engagement with the TPB
- take-up of the registered tax practitioner symbol.

The TPB structure delivers a range of service and support functions. (see Figure 2)

Figure 2 - Structure of the TPB



Performance framework

The TPB regularly reviews its key functions as part of its internal governance. As part of its strategic planning, it has determined its key goals and purposes, expressed as outcomes, are as follows:

- 1 - Consumers choose to use a registered tax practitioner
- 2 - Every entity that should be registered as a tax practitioner is registered
- 3 - Tax practitioners understand their obligations under the *Tax Agent Services Act 2009*
- 4 - Tax practitioners comply with their obligations under the *Tax Agent Services Act 2009*
- 5 - The TPB is recognised as an independent, efficient and effective regulator

Measures of performance

Our current performance measures are aligned with the performance criteria published in the Treasury Portfolio Budget Statements for the ATO. Our current performance measures have enabled us to measure the delivery of our goals and purposes.

Our strategic view leads to the key thinking in our Corporate Plan and allows us to review our performance reporting and consider more holistic indicators. This assists us in measuring the impact of our regulatory role on our regulated populations and the environment. Our strategic view assists us to form streamlined and targeted policy guidelines.

Alignment of our goals and purposes, with activity measures

The alignment of our goals and purposes, with our activity measures and targets, is demonstrated in Figure 3. The measures outlined in the Portfolio Budget Statements' performance criteria are currently forecast to apply to each of the current and forward years, as indicated with reference to each reporting period.

Our ongoing development of these measures will help us to improve our service offering to tax practitioners and all those who interact with tax practitioners.

Figure 3 - Mapping of TPB goals to performance measures

TPB Goals (purposes)		1 Consumers choose to use a registered tax practitioner	2 Every entity that should be registered as a tax practitioner is registered	3 Tax practitioners understand their obligations under the <i>Tax Agent Services Act 2009</i>	4 Tax practitioners comply with their obligations under the <i>Tax Agent Services Act 2009</i>	5 The TPB is recognised as an independent, efficient and effective regulator	Targets				
							2016-17	2017-18	2018-19	2019-20	
Performance Measures (as articulated in the Portfolio Budget Statements)	1. Administer a system for the registration of tax agents, BAS agents and tax (financial) advisers (collectively known as tax practitioners).	✓	✓		✓	✓	Completed registration applications (new and renewal) decided within: <ul style="list-style-type: none"> 30 days: 80% 60 days: 95% 	✓	✓	✓	✓
	2. Maintain a public register of registered and deregistered tax practitioners	✓	✓			✓	Public register is available 99.7% of the time	✓	✓	✓	✓
	3. Maintain an effective complaints handling and review process		✓		✓	✓	<ul style="list-style-type: none"> 98% of complaints acknowledged within three days 98% of complaints progressed to review within five days 	✓	✓	✓	✓
	4. Action to deter non-compliant or illegal behaviour				✓	✓	<ul style="list-style-type: none"> All actions taken in accordance with the law Decisions of the Inspector General of Taxation, AAT, and Federal Court affirm TPB's decisions 	✓	✓	✓	✓
	5. Number and types of sanctions applied			✓	✓	✓	<ul style="list-style-type: none"> All sanctions applied in accordance with the law Decisions of the Inspector General of Taxation, AAT, and Federal Court affirm TPB's decisions 	✓	✓	✓	✓
	6. Improvement in the number of registration and renewal applications processed without requiring further applicant interaction		✓	✓		✓	<ul style="list-style-type: none"> Improvement to current service standards of over 72% 	✓	✓	✓	✓
	7. Proportion of complaints resolved within service standard				✓	✓	Resolve complaints and referrals received within: <ul style="list-style-type: none"> 150 days: 80% 210 days: 90% 	✓	✓	✓	✓
	8. Significant majority of registered tax practitioners meet the TPB's professional indemnity insurance requirements				✓	✓	Improvement of over 60%	✓	✓	✓	✓

TPB Goals (purposes)		1 Consumers choose to use a registered tax practitioner	2 Every entity that should be registered as a tax practitioner is registered	3 Tax practitioners understand their obligations under the <i>Tax Agent Services Act 2009</i>	4 Tax practitioners comply with their obligations under the <i>Tax Agent Services Act 2009</i>	5 The TPB is recognised as an independent, efficient and effective regulator	Targets	2016-17	2017-18	2018-19	2019-20
Performance Measures (Cont)	9. Tax practitioners' and other stakeholders' satisfaction with communication and consultation by the TPB	✓	✓	✓		✓	<ul style="list-style-type: none"> Continuing satisfaction with communication and consultation by the TPB Phone calls answered within: <ul style="list-style-type: none"> o five minutes: 95% o 10 minutes: 98% Correspondence (letters and emails) responded to within 14 days: 95% Social media enquiries/comments responded to (where appropriate) within two business days: 90% 	✓	✓	✓	✓
	10. Regular publication on the TPB website of guidance to registered tax practitioners on their rights and obligations.	✓		✓		✓	Publish information sheets and other guidance material, and eNews for tax practitioner subscribers.	✓	✓	✓	✓

Regulator Performance Framework

The Government's regulation reform agenda introduced a new Regulator Performance Framework (RPF) to test and measure six outcome-based Key Performance Indicators (KPIs) of best practice performance and administration. Such measures and public reporting is intended to give business, the community and individuals confidence that regulators effectively and flexibly manage risk.

The RPF seeks to facilitate performance assessment; ensure accountability; be transparent, flexible and cost-effective; and complement, rather than duplicate, other processes. The RPF seeks to ensure:

- KPI 1 - Regulators do not unnecessarily impede the efficient operation of regulated entities
- KPI 2 - Communication with regulated entities is clear, targeted and effective
- KPI 3 - Actions undertaken by regulators are proportionate to the regulatory risk being managed
- KPI 4 - Compliance and monitoring approaches are streamlined and co-ordinated
- KPI 5 - Regulators are open and transparent in their dealings with regulated entities
- KPI 6 - Regulators actively contribute to the continuous improvement of regulatory frameworks.

Alignment of purpose with the RPF KPIs

The alignment of our goals and purposes with the RPF KPIs are demonstrated in Figure 4.

Figure 4 - Mapping of TPB goals to RPF KPIs

	Goals (purposes)	KPI 1	KPI 2	KPI 3	KPI 4	KPI 5	KPI 6
1.	Consumers choose to use a registered tax practitioner						✓
2.	Every entity that should be registered as a tax practitioner is registered		✓	✓		✓	
3.	Tax practitioners understand their obligations under the Tax Agent Services Act 2009		✓	✓	✓	✓	
4.	Tax practitioners comply with their obligations under the Tax Agent Services Act 2009		✓	✓	✓	✓	✓
5.	The TPB is recognised as an independent, efficient and effective regulator	✓	✓	✓	✓	✓	✓

5. Risk Oversight & Management

Risk management framework

Our Risk Management Framework forms part of the Board'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.

Our internal Audit and Risk Committee 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 Audit and Risk Committee provides updates to the Board including on identified and emerging risks and mitigation strategies.

Our risk register and treatment plans are updated as required based on:

- key and emerging risks identified by the Audit and Risk Committee or by the Board
- as a result of any review of our Corporate Plan
- any environmental scan by our Risk and Intelligence officer
- other information or intelligence referred to or collected, by the TPB or the Board.

Compliance risk

While the vast majority of tax practitioners comply with their obligations, it is important that the TPB regulate professional and ethical conduct and discourage non-compliant behaviour. 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 with the ATO in targeting conduct that may be in contravention of taxation laws.