



THE HON STEPHEN JONES MP
ASSISTANT TREASURER AND MINISTER FOR FINANCIAL SERVICES

Ref: MC24-011085

Dear Joint Bodies

31 JUL 2024

Thank you for your correspondence dated 15 July 2024. I appreciate your engagement in the public consultation in December 2023 and January 2024, and the discussions you have had with my office, Treasury and the Tax Practitioners Board (TPB) regarding the *Tax Agent Services (Code of Professional Conduct) Determination 2024* (the Determination).

The Australian Government recognises the vital role that tax practitioners play. I am committed to working with you to strengthen integrity and accountability in the tax system.

The 2019 independent review into the effectiveness of the TPB and the *Tax Agent Services Act 2009* (TASA) called for reforms to address the cultural issues within the tax profession. The PwC tax leaks scandal exposed the consequences of the weaknesses this review identified.

It also reinforced the need to close regulatory gaps in the profession, which could be exploited by firms of all sizes. Misconduct has serious impacts for consumers and causes them to lose trust in the tax profession and tax system. It also impacts compliant practitioners who are forced to compete with dishonest practitioners.

The Determination introduces eight additional obligations to supplement the existing Code of Professional Conduct and strengthen integrity and accountability in the tax profession and our tax system. All eight obligations were included in the exposure draft consultation. These modest obligations will:

- reinforce existing prohibitions on false and misleading statements
- require tax practitioners to disclose to clients significant matters such as prior convictions of tax offences
- manage conflicts of interests
- maintain confidentiality, and
- ensure that services are being provided competently.

Following advice from Treasury and the TPB, I am of the view that the concerns that you have raised can be effectively addressed through the finalisation of guidance without further changes to the Determination. However, given the importance of the TPB's guidance material, I will insert a transitional rule into the Determination that will provide firms with 100 employees or less until 1 July 2025 and larger firms with 101 employees or more until 1 January 2025 to bring themselves into compliance with these new obligations, so long as they continue to take genuine steps towards compliance during this period.

This aligns with the Government's existing approach and the public statements that the TPB has already made regarding implementation of these important obligations. It also provides certainty that the TPB can and will work collaboratively with you to understand and implement the obligations. Should it become clear to the government during the process to finalise guidance that it is critical that changes be made to the Determination I will engage constructively with you and other stakeholders.

Yours sincerely



The Hon Stephen Jones MP