

**Submission to Senate Economic Legislation Committee - Tax Laws
Amendment (2013 Measures No. 2) Bill 2013**

The Institute of Public Accountants (IPA) welcomes the opportunity to provide a submission to the **Senate Economics Legislation Committee on the abovementioned Bill.**

The IPA is one of the three professional accounting bodies representing over 25,000 accountants, business advisors, academics and students throughout Australia and internationally. The IPA prides itself in not only representing the interests of accountants, but also small businesses and their advisors.

In this submission, we will be only commenting on schedule 3 of the Bill namely "Creating a regulatory framework for tax (financial) advice services"

It is not uncommon that financial planners give tax advice in the course of providing financial advice. A core part of a well-considered and comprehensive advice on financial products will often include information about the tax implications of investing in particular products. Financial advisers to date have been able to provide their clients with tax advice without being subject to the application of professional and ethical standards imposed by Tax Agent Services Act (TASA). The policy objectives of the TASA framework were to strengthen the integrity of the tax system, enhance the protection of consumers of tax agent services and thereby reduce the level of uncertainty for taxpayers, and the risks associated with the self-assessment system.

When this legislation was introduced, the Government carved out tax agent services provided by financial services licensees and their authorised representatives. This carve out expires on the 30th of June 2013. Whilst the carve out from TASA exists for this group, consumer protection has been compromised, which is an unsatisfactory situation. The carve out automatically ends on 30th June 2013. From that date onwards and in the absence of any amendments, holders of financial services licensees and their representatives will be liable to civil penalties if they provide tax advice for a fee or other reward and are not registered as a tax agent with Tax Practitioner Board.

In summary, other incidental tax advice providers, including groups such as valuers, and quantity surveyors, have not had the benefit of TASA carve out since it was introduced back in 2010. In the interest of consumer protection and preserving the integrity of the TASA regime, the Government should fast track its regulation of tax advice provided by financial advisers. There should be no further delays in introducing a new regulatory framework for financial planners providing tax advice. There needs to be a level playing field for all providers of tax advice. Financial Planners have had sufficient time to transition into new regulatory environment.

We look forward to financial planners being subject to the same regulatory framework which applies to all other providers of tax advice.

The IPA welcomes the opportunity to discuss further any of the matters raised in this submission.