

24 November 2011

Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

We are pleased to be able to lodge a submission for the Corporations Amendment (Future of Financial Advice) Bill 2011.

We are a CPA Public Practice and Registered Tax Agent, operating in NSW, with over 25 years experience in accounting, taxation, financial services and advisory matters. Our submission is made from a perspective of our clients; and with regard to our activities in the accounting and taxation areas.

I support the Corporations Amendment (Future of Financial Advice) Bill 2011, as it will enable better transparency of commissions and advisory fees that are being charged by advisers. In undertaking, taxation services, we are required to advise our clients of the substantiation requirements for expenses. This is also noted throughout the ATO website.

The requirement to provide annual fee disclosure that is retrospective, listing all commissions that have been deducted from a client's products is important, as providing a statement that is ongoing will enable a transparent and substantiation for tax purposes. All information relating to the fees that are charged by advisors that are deductible or non deductible in a statement will provide a more efficient and transparent process for accountant and client. The ATO is extremely clear when requesting information for audits. I will not provide details within the submission however it can be found at the ATO website.

The question to be answered – Will the government accept an amount claimed as a tax deduction that cannot be substantiated and where there is no listing of what is offset with commissions and amounts of GST?

Many arguments have been put forward that the cost to consolidate all commissions for a client in a disclosure statement is cost prohibitive and also not possible. I argue strongly this is not the case. A number of commission refund services that are available in Australia, can provide transparency and also a listing of commissions on all products to their clients. They provide on-line access and, full transparency of all commission transactions on all products. Providers such as MyMoney, Your Share, iRefund all provide a refund service and can provide a simple annual disclosure statement.

The software is readily available enabling the transparency and reporting of commissions and fees to clients and advisors. The cost per consumer of the software is about \$3 to \$5 per month and available to all advisors and dealer groups.

The annual disclosure requirement of Corporations Amendment (Future of Financial Advice) Bill 2011 is possible and beneficial to consumers based on the following observations:

The commission information from product providers is available. The file format is consistent for all advisers that a past disclosure statement can be generated;

Services are currently available that refund commissions, report commission and provide transparency;

Software is available for advisory forms to easily integrate with existing systems and procedures. The software is accessible to all. It is not restricted to one dealer group or one provider;

Substantiation of fees is a requirement for claiming as a tax deduction. You cannot claim what you don't know and what is already offset.

All client's, not just new clients, can have access to how much commissions are being paid and have the option of turning off or refunding commissions on products. It is a simple process. Is there something to hide in not showing the client the amount paid as commissions on all products pre-FoFA?

We welcome the opportunity to present before the committee if further clarification is required.