

Tax whistleblowing and oversight

Last year, the Australia Institute published extensively on the problems with the overuse of consulting firms by government.¹ The misconduct of consulting firms came to a head in part because of an adverse finding against a PwC partner by the Tax Practitioners Board (TPB).

While the TPB's investigation was instrumental in exposing PwC's misuse of government information, there is a real danger that other abuses of power are not being caught. This bill would close loopholes in provisions against tax exploitation schemes and strengthen information sharing and investigative powers for those bodies responsible for detecting and addressing misconduct.

The Australia Institute welcomes:

- Lengthening the time available to commence civil penalty proceedings for tax exploitation schemes and aligning the maximum penalty with Australian Consumer Law and the *Corporations Act 2001*.
- Extending the definition of a “promoter” of a tax exploitation scheme to include those who received unquantifiable benefits. The PwC multinational tax avoidance scandal demonstrates how a tax exploitation scheme might be conducted primarily to curry favour or line up future work, given the consulting firm received relatively small direct payments.²
- Extending whistleblower protections to those who disclose to the Tax Practitioners Board (TPB), not just the Commissioner of Taxation. This allows disclosures to the body better suited to act on information about malicious practices by tax practitioners and scheme promoters.
- Providing the Tax Practitioners Board with stronger investigative powers, removing the time limit on when information on unregistered tax practitioners remains on the register, allowing for investigations finding to be published and strengthening the powers of the TPB.
- Allowing the Australian Tax Office (ATO) and TPB to share protected information about misconduct and breaches of professional standards with Treasury and prescribed disciplinary bodies. The inability of the ATO and TPB to do so is a lacuna, the consequence of which is that wrongdoing is not fully investigated by those responsible for preventing and punishing it.

¹ Shields, Adhikari and Browne (2023) *Neither frank nor fearless*, <https://australiainstitute.org.au/report/neither-frank-nor-fearless/>; Shields, Adhikari, Campbell and Browne (2023) *Consultants: corrosive and conflicted*, <https://australiainstitute.org.au/report/submission-consultants-corrosive-and-conflicted/>; Shields and Browne (2023) *Consultants: Structurally unsound*, <https://australiainstitute.org.au/report/consultants-structurally-unsound/>

² Chenoweth and Tadros (2023) *‘For your eyes only’: How PwC leaks helped global clients dodge tax*, <https://www.afr.com/companies/financial-services/for-your-eyes-only-how-pwc-leaks-helped-global-clients-dodge-tax-20230501-p5d4rf>