



12 January 2009

Mr John Hawkins
Committee Secretary
Senate Economics Committee
Department of the Senate
PO Box 1600
Parliament House
CANBERRA ACT 2600

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Dear Mr Hawkins

Inquiry into the Tax Agent Services Bill 2008

We welcome the opportunity to provide this submission to the Inquiry into the Tax Agent Services Bill 2008 (the Bill).

CPA Australia represents the diverse interests of more than 122,000 members in finance, accounting and business in 100 countries throughout the world. Our mission is to make CPA Australia the global professional accountancy designation for strategic business leaders. We make this submission not only on behalf of our members in public practice but also the accounting profession generally and in the broader public interest.

The Bill is the result of a significant co-operative process involving Treasury, the Australian Taxation Office and the professions that commenced in 1992 with the agreement to establish the *National Review of Standards for the Tax Profession*. By and large the Bill and the accompanying Explanatory Memorandum (EM) address the bulk of material issues that have arisen during the many years of consultation on the proposed regime.

However, for certainty purposes, we note that it would have been preferable for the following matters to have been expressly codified in the Bill rather than be only clarified in the EM:

- the ability of a registered tax agent or BAS agent to outsource tax agent services to an unregistered contractor provided there is appropriate supervision and control of the contractor's activities by the agent; and
- the requirement that a registered tax agent or BAS agent exercises reasonable care in ascertaining a client's state of affairs is subject to the agreed scope of engagement between the agent and the client.

We also believe that the practical application of various elements of the Bill should be extensively detailed in future guidelines issued by the proposed National Tax Practitioner's Board on key topics which would, amongst others, include:

- clarification on the number of individual registered tax agents that companies and partnerships of various sizes will be required to have in discharging their obligation of having a sufficient number of tax agents to supervise staff and ensure the provision of competent tax agent services; and

- guidance as to what activities will constitute supervision and control for the purposes of the Bill, and those steps a registered agent should implement to ensure the accuracy of a declaration or statement prepared by an unregistered entity who did not act under the agent's supervision and control.

We would be pleased to provide any assistance in the development or review of such guidelines as part of any on-going consultative process initiated by the new Board.

Notwithstanding the above comments, we support the passage of the Bill in its current form.

Further, in endorsing the proposed legislation we take comfort from the Assistant Treasurer's announcement on 13 November 2008 that there would be a formal review of the new regime three years post-implementation to ensure that the regulatory framework operates efficiently. We will be closely monitoring the implementation of the proposed regime so that we can raise any appropriate issues in contributing to this post-implementation review.

Should you have any questions on the above, please do not hesitate to contact our Director of Policy and Research - Paul Drum on (03) 9606 9701 or paul.drum@cpaaustralia.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Geoff Rankin', with a stylized flourish at the end.

Geoff Rankin FCPA
Chief Executive Officer

Copy: P Drum