

# **SUBMISSION BY THE AUSTRALIAN INSTITUTE OF QUANTITY SURVEYORS TO THE SENATE STANDING COMMITTEE ON ECONOMICS ON THE TAX AGENT SERVICES BILL**

## **Introduction**

1. The Australian Institute of Quantity Surveyors (AIQS) is the professional body representing quantity surveyors in Australia. It has over 4,000 members and included in the services many of these members provide, is the preparation of tax depreciation reports on buildings and property for building owners.
2. The AIQS supports all measures which are aimed at improving the standard and service of those people engaged in the work of providing tax advice to clients and in particular preparation of property tax depreciation reports. However, we are concerned that changes to legislation are such that those currently providing such services in a cost effective and high standard way are not disadvantaged in the future.
3. The AIQS has since 2003 prepared and published a Property Depreciation Handbook of some 400 pages, conducted education and development programs for our members in property depreciation and established policies and practice notes to regulate members working in this area – see Annex A to this submission for a list of these documents.

## **Current Situation for Quantity Surveyors Preparing Property Depreciation Reports for Clients**

4. Amongst the wide range of services offered by Quantity Surveyors (QS), is the preparation of property tax depreciation schedules/reports. However, it should be noted that the QS provides very limited services compared to that which a full service Tax Agent would provide.
5. It is indeed arguable whether QS do actually provide tax advice in terms of the definitions in the legislation or whether they are simply supplying mathematical input to the documentation to be supplied to the ATO, in accordance with the taxation law ie they are not interpreting or advising clients on the taxation rules or law but simply identifying depreciable items and providing cost details in both the forms accepted by the law ie prime cost and diminishing value methods.
6. AIQS membership qualifications require completion of a Bachelors Degree from an accredited university program, two years supervised professional work experience and passing of an Assessment of Professional Competence panel evaluation/interview. Their education and professional development equips them with the basic knowledge and skills to undertake tasks such as:
  - a. calculating the costs of construction of buildings,
  - b. applying historical cost indices to such data, and
  - c. identifying construction methods and components/elements used in buildings.
7. They also receive education in construction law and tax law as it applies to buildings.
8. Additionally, the AIQS provides members with continuing professional development (CPD) such as specialist training in preparing property depreciation schedules/reports and as stated earlier publishes a formal depreciation reference book, guidelines and policies on this area of work – see Annex B for an outline of the AIQS CPD program for Property Depreciation.
9. The AIQS also administers a professional code of conduct and complaints system which provides QS clients with an effective avenue of dispute resolution and disciplinary process for any proven breaches of the code by members.

10. We also require members to hold a suitable level of professional indemnity insurance cover.

### Concerns

11. The AIQS is concerned that members working in the area of property depreciation will be disadvantaged by the introduction of the Tax Agent Services Bill, the related Act and transitional measures now before the Parliament and the Senate Committee.
12. Specifically we are concerned members may have to:
  - a. Return to education to study for a tax qualification which is mostly irrelevant to the knowledge they require to do their current depreciation tasks and which they already possess via their education and professional development as an AIQS member.
  - b. Provide their service to a registered tax agent rather than directly to the client, with probable loss of income.

### Recognised Professional Association (RPA)

13. The AIQS understands that we may be eligible for approval by the Tax Agents Board as an RPA.
14. We also understand that such approval could qualify our members, who are certified by us as being competent in property tax depreciation.
15. We further understand that our current members who are certified by us and engaged in property tax depreciation work, would be covered by the transitional arrangements and therefore would be able to continue to provide their services to their clients.

### Recommendation

The AIQS strongly recommends that:

16. AIQS members who prepare property depreciation schedule/reports be considered as **NOT** providing tax advice and therefore **need not be registered** as a tax agent under the Tax Agent Services legislation, to continue to undertake this work.
17. Should the above recommendation not be accepted, Quantity Surveyors should not be required to undertake unnecessary additional higher education to qualify for registration as a tax agent, **provided** they are members of the AIQS and are **certified** by the Institute as qualified to undertake such work.
18. AIQS members so certified should not need to be supervised by a registered tax agent.



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