



THE TAX INSTITUTE

THE MARK OF EXPERTISE

26 February 2015

Mr Ian Taylor
Chair
Tax Practitioners Board
GPO Box 1620
SYDNEY NSW 2001

By email: tpbsubmissions@tpb.gov.au

Dear Ian,

TPB Information Sheet TPB(I) D26/2015 – Relevant experience for tax (financial) advisers

The Tax Institute welcomes the opportunity to make a submission to the Tax Practitioners Board in relation to the Exposure Draft *TPB Information Sheet TPB(I) D26/2015 – Relevant experience for tax (financial) advisers (Exposure Draft)*.

Relevant experience

‘Relevant experience’ is a key eligibility requirement that a financial adviser must meet before they are able to register with the Tax Practitioners Board (**Board**) as a tax (financial) adviser via one of the four pathways to registration.

The Board has defined ‘relevant experience’ in paragraph 5 of the Exposure Draft. The requirements accord with the relevant experience requirements which apply to tax agents. However, we have some concerns with the draft guidance the Board has prepared.

A financial adviser would only spend part of their time giving tax advice in the context of providing financial advice. Therefore, it would be useful if the Board could provide in its guidance some kind of measure or standard by which a financial adviser could determine whether they had obtained sufficient exposure to tax issues for the purpose of determining whether they have gained enough relevant experience to register as a tax (financial) adviser, other than based on a measure of time.

Our concern is derived from our greater concern about ensuring persons who register as tax (financial) advisers with the Board have sufficient tax-related experience to be able to provide tax advice (in the context of providing financial advice) to an

appropriately high standard. In the absence of this, there is risk to consumers of receiving sub-standard tax advice from inadequately qualified advisers.

We appreciate that it is a very difficult task for the Board to define what should be regarded as 'relevant experience'. The range of experience in giving tax advice for financial advisers would vary significantly from in depth to very little. As such, the Board should draw upon the range of experience obtained by the numerous financial advisers who give tax advice in the ordinary course of their practice to give more complete guidance on 'relevant experience'.

Work 'of another kind approved by the Board'

Paragraph 5(e) of the Exposure Draft permits the Board to count work experience gained by an individual that does not meet any of the requirements under 5(a) to (d). We query what other experience a person could have gained that would be relevant to their application to become a registered tax (financial) adviser given we expect there will already be a tenuous connection between the experience gained by some financial advisers to what the Board is defining as 'relevant experience'.

For tax agents, it is made clear that experience gained in carrying out general accounting work, for example, is unlikely to be sufficient experience to count as relevant experience for a tax agent. We strongly suggest that similar requirements should apply to a tax (financial) adviser as they relate to work done in providing financial services. In the event that the requirements are less restrictive than those applying to tax agents, we consider that a significant risk exists that protection of the ultimate consumer of tax services provided by a tax (financial) adviser may be compromised. These requirements should be specified in the finalised version of the Exposure Draft.

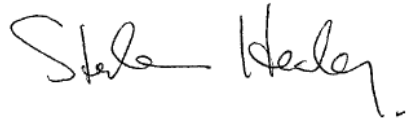
Substantial involvement

We agree with the Board's requirement that 'substantial involvement' means ample or considerable involvement in the provision of tax (financial) advice services per paragraph 20 of the Exposure Draft. However, this concept needs to be defined further to provide more precise guidance as to what will be an acceptable level of involvement in the provision of tax (financial) advice services for the purpose of satisfying the 'relevant experience' requirement.

It would be useful if the Board could provide examples in its guidance about what it regards as 'substantial involvement'. In our view, 'substantial involvement' may involve the provision of a sufficient level of written tax advice in the course of providing financial advice.

If you would like to discuss any of the above, please contact either me or Tax Counsel, Stephanie Caredes, on 02 8223 0059.

Yours sincerely

A handwritten signature in black ink, appearing to read "Steve Healey". The signature is written in a cursive, flowing style with a horizontal line extending from the first name.

Stephen Healey
President