

Tax Practitioner Board (TPB) & your rights & obligations

The provision of tax agent services is governed by the *Tax Agent Services Act 2009 (TASA)* and the accompanying regulations. Registered tax practitioners must comply with the requirements of the TASA, which includes a set of ethical and professional standards known as the 'Code of Professional Conduct'. General information about the obligations and responsibilities of tax practitioners to their clients is set out in the attached document, **Rights and Obligations of the Parties under the Taxation Laws**.

The Tax Practitioners Board (TPB) is responsible for the registration and regulation of tax practitioners and ensuring their compliance with the TASA. As part of this role, the TPB maintains a register of registered, suspended and deregistered tax practitioners that enables the public to ensure they are engaging the services of a qualified professional. To check that we are registered with the TPB, search the **TPB Register** at www.tpb.gov.au/public-register using either of the following details:

- Harris & Ballantyne Pty Ltd T/AS Lindon Hargreaves & Associates
- Tax Practitioner's Registration Number : 64101007

In addition, under the taxation laws, taxpayers who engage registered tax agents are provided a "safe harbour" from certain penalties that may be imposed by the Australian Taxation Office (ATO). To qualify for safe harbour protection, taxpayers must provide their tax agent with "all relevant taxation information" to enable accurate statements to be provided to the ATO. This requirement may be important to both parties in identifying and understanding the purpose and scope of the engagement and may also affect other matters discussed below. You will find further discussion on the safe harbour protections in the accompanying document entitled ***Clients' rights and obligations under the taxation laws***.

We recommend you read this document carefully and contact Lindon Hargreaves of our office if you have any queries or wish to discuss any aspect of it.

Non-compliance with Laws and Regulations (NOCLAR)

During the performance of our work under this engagement, we may detect conduct or a transaction that is considered to constitute NOCLAR, which has a material effect on any documents or information that might be required to be provided to a regulatory authority (RA), such as the ATO.

If we detect any NOCLAR, we may have a professional requirement to make a disclosure to a RA. We will follow a formal process which will include advising you of our concerns and, if necessary, seeking legal advice. If we do seek legal advice, we reserve the right to ask you to pay or reimburse us for our reasonable costs.

If we are required to make a disclosure to a RA, you agree to forever release us from any claim for costs or losses you incur in responding to or dealing with anything that arises from our disclosure.

Complaints

If you have a complaint about our services, we ask that you contact Lindon Hargreaves on (08) 97865050 or admin@lhargreaves.com.au of our office. We will work with you to help resolve your complaint as quickly as possible.

If we cannot resolve the issue or you are not satisfied with how your complaint is being handled by us or with the outcome, you may be able to escalate the matter to the TPB. Complaints to the TPB must be made in writing using its online form, which is available at myprofile.tpb.gov.au/complaints/

Note, not all complaints can be acted on by the TPB. For example, if your complaint is about fees, you will be asked to contact Consumer Affairs or the Office of Fair Trading in your State or Territory. However, the TPB may be able to assist if the fee complaint is associated with inappropriate conduct by our firm.

Further details about making complaints to the TPB are available at www.tpb.gov.au/complaints

Other prescribed events and matters to be aware of

We are required to advise if certain prescribed events have occurred within the last five years (but not before 1 July 2022). This will enable each client in the Group to make a fully informed decision on whether to engage or re-engage Harris & Ballantyne Pty Ltd T/as Lindon Hargreaves & Associates to provide tax agent services.

(a) We advise there are currently no matters that we are required to report to you and the Group.

We are also required to advise whether the tax or BAS agent registration of Harris & Ballantyne Pty Ltd T/as Lindon Hargreaves & Associates is subject to any conditions.

(a) There are no conditions attached to our registration.

Rights and obligations of the parties under the taxation laws

Dear Client,

As a client or prospective client of this practice, we are required to advise you of your rights and obligations under the taxation laws in relation to the tax or BAS agent services we provide to you.

It is also important that you understand our obligations as a tax or BAS agent, including to you, under the taxation laws (including the *Tax Agent Services Act 2009* and the Code of Professional Conduct contained within that Act) and your obligations to us.

Your rights and obligations under the taxation laws

Set out below is a brief explanation of the main areas of the taxation system you need to understand. If you have any concerns or issues with any of the matters discussed below, please feel free to contact us.

Operation of the self-assessment system

Australia's tax system operates on a self-assessment basis. This means that when your income tax return, Fringe Benefits Tax ('FBT') return or Business Activity Statement ('BAS') is lodged, the Australian Taxation Office ('ATO') accepts the information provided in the return at face value and issues you with an assessment notice based on that information.

However, this does not mean the assessment is final as the ATO can conduct a review or audit of the information provided in the return at a later time, subject to the time limits discussed below.

Importantly, as a taxpayer, you have an obligation to comply with the taxation laws. If you do not meet your obligations under the taxation laws, the ATO may impose administrative penalties (fines), apply interest charges, seek criminal prosecutions (in some cases) or initiate debt recovery.

Commissioner's ability to amend an assessment

While the ATO accepts the information lodged in your return at face value, it can amend the assessment if the ATO finds it to be incorrect. The following time limits generally apply for amending an assessment:

Individuals

- For most individuals, the ATO can amend an assessment within **two years** after the individual receives their notice of assessment. However, if an individual carries on a business and is

neither a Small Business Entity ('SBE') (broadly, a business with an aggregated turnover of less than \$10 million) nor a Medium Business Entity ('MBE') (broadly, a business with an aggregated turnover between \$10 million and less than \$50 million), then that period extends to **four years**.

- If an individual is a partner in a partnership or a beneficiary of a trust, the amendment period is generally two years. However, if a partnership or trust carries on a business and is **neither** an SBE nor an MBE, then the amendment period extends to four years.

Companies

- The ATO can amend a company assessment within two years after a notice of assessment is deemed to have been made where the company **is** either an SBE or an MBE.
- If the company is a partner in a partnership or a beneficiary of a trust, the amendment period is two years. However, if the partnership carries on a business and is **neither** an SBE nor an MBE, that period extends to four years. If the trust is **neither** an SBE nor an MBE, the amendment period also extends to four years.
- In most other cases, the amendment period is four years.

Trustees

- The ATO can amend an assessment within two years after the trustee receives the notice of assessment if the trust **is** either an SBE or an MBE.
- If the trustee is a partner in a partnership or a beneficiary of a trust, the amendment period is two years. However, if the partnership carries on a business and is **neither** an SBE nor an MBE, that period extends to four years. If the trust is **neither** an SBE nor an MBE, the amendment period also extends to four years.
- In most other cases, the amendment period is four years.

If the ATO amends an assessment, this will potentially involve increased taxes, penalties and an interest charge. If you discover an error in the information declared in the return, lower penalties generally apply for making a voluntary disclosure.

Note that there are no time limits on the ATO amending an assessment where it believes there has been fraud or evasion.

Obligation to keep records

The tax laws specifically require taxpayers to keep records that properly explain the transactions they have entered into.

Individuals

Individuals claiming deductions for work-related expenses are subject to the substantiation rules in the tax laws. These require taxpayers to keep receipts, invoices etc., of the expenses they incur. Where the expenses relate to a taxpayer travelling interstate or overseas, a travel diary may also need to be kept. Where the expense relates to a motor vehicle, a record of the journeys taken such as a logbook may need to be kept.

A failure to keep the appropriate records can lead to the ATO denying a particular deduction which may involve the imposition of penalties and interest. Substantiation records must be retained for five years.

Businesses

The tax laws specifically require a taxpayer that carries on a business to keep documents that record and explain all the transactions they have entered into. These include all the documents that explain how the income and expenditure of the taxpayer was determined.

Where the tax laws allow or require a taxpayer to make a choice, election, estimate or calculation, documents containing particulars of these matters must be kept.

All these records must be retained for a period of five years. There are penalties for taxpayers who fail to do so.

Obligation to provide complete and accurate records

For our practice to be able to lodge returns on your behalf, it is your responsibility to provide us with truthful, complete and accurate records. Furthermore, in order to lodge your return on time, we will require you to provide us with the relevant information as and when requested.

Where you are unable to provide us with complete and accurate records, we may be unable to prepare and lodge your return. Tax agents are subject to a Code of Professional Conduct contained in the *Tax Agent Services Act 2009*, which prevents us from acting for a client where insufficient records or information exist that allow us to determine the amount of a client's income or deductions.

We also reserve the right to question any claims for deductions or credits that in our reasonable judgment might be considered as being excessive, and we may ask for more substantiation or records to prove that such a claim is allowable under the law.

If we believe that a claim is excessive and it cannot be substantiated, we reserve the right not to include such a claim in your income tax returns or BAS, but you will have the right to lodge an objection after receiving your notice of assessment. There may be further costs in doing so, and we will advise you accordingly.

Records for clients operating in the cash economy

Due to the ATO's on-going concerns with dealings in the cash economy, the ATO has a program of 'benchmarking' standardised revenue returns for a wide range of small businesses.

In circumstances where the ATO is dissatisfied with a taxpayer's records or recording systems, it may assess income tax and/or GST on what it considers to be an appropriate 'benchmark' amount (plus penalties and interest). Once this occurs, it is the responsibility of a taxpayer to demonstrate that the assessment is excessive and identify the correct tax position. One of the major problems with this outcome is that the onus of proving that the ATO's assessment is excessive (i.e., the taxpayer did not earn that much income) is the responsibility of the taxpayer.

Taxpayers who operate in the cash economy are therefore urged to have a robust and reliable system for recording and reporting all cash transactions and ensuring that the recorded figures are accurate. If you need assistance in setting up or reviewing your recording and reporting systems, we will be happy to do so and will advise you of our rates for doing so on request.

Right to seek a Private Binding Ruling

When preparing your return, we may identify one or more issues that are not clear under the tax laws. Where we have pointed out such issues to you, you have a right to request a Private Binding Ruling from the ATO. The ATO will provide you with a ruling setting out its view on the proper tax treatment of the issue requested in the Private Binding Ruling.

Objecting against an assessment

If the ATO issues you with an assessment that you do not agree with, you have the right to lodge an objection against that assessment. The objection must be lodged with the ATO within either two or four years. The period which applies is determined as discussed above.

Where the ATO issues an amended assessment, the period for objecting is the greater of:

- 60 days from the time the amended assessment is received; or
- two or four years (whichever is applicable) from the time the original assessment was received.

If you remain dissatisfied with the outcome of the objection, you have the right to have the matter reviewed by the Administrative Review Tribunal or appeal the matter to the Federal Court.

Onus of proof falls on the taxpayer

It is important to be aware that in any disputed assessment before the court or the Administrative Review Tribunal (whether initiated by the taxpayer or by the ATO), the onus of proof is placed on the taxpayer. In other words, if the Commissioner asserts that your income should include a certain amount or that a deduction claimed in a return is not allowed, it will be up to you to establish that the Commissioner's view is incorrect and the correct treatment.

Safe harbour protection

As the client of a registered tax agent, under the taxation laws, you have a statutory 'safe harbour' exemption from penalties imposed by the ATO in certain circumstances.

To ensure you are eligible to benefit from the safe harbour, it is a requirement that you provide us with all relevant tax information. This includes any records, or documents we request from you plus any other information relevant to the preparation of your tax return. The information provided must be truthful, complete and accurate.

It is equally important that you provide us with this information by the time it is requested to allow the return to be lodged by its due date. The safe harbour from late lodgment penalties can also apply where a Business Activity Statement, Instalment Activity Statement, or FBT return is lodged late.

A taxpayer who is eligible for the safe harbour protection will not be subject to any penalties for errors identified in their tax return, although the underlying tax and interest charges will still apply.

Your tax practitioner's obligations

The *Tax Agent Services Act 2009* ('TASA'), including the Code of Professional Conduct contained within the TASA, provide statutory protections for taxpayers who engage registered tax practitioners.

The Code of Professional Conduct is a set of statutory ethical and professional standards that registered tax practitioners must comply with.

The TASA, including the Code of Professional Conduct, and associated regulations and determinations are administered by the Tax Practitioners Board ('TPB').

We are required under the Code of Professional Conduct to provide you with general information about the obligations that tax practitioners have to their clients under the taxation laws, including the TASA and the Code of Professional Conduct.

The following information has been adapted from the TPB's factsheet, [*Information for Clients*](#) for these purposes.

Your tax practitioner's obligations require them to:

- act lawfully in your best interests and with honesty and integrity in the performance of our duties;
- uphold and promote the ethical standards of the profession;
- manage any conflicts of interest;
- take reasonable care to ascertain your state of affairs and apply tax laws correctly;
- keep your information confidential unless there is a legal duty to disclose;
- provide services competently;
- not knowingly obstruct the administration of the tax laws;
- advise you of your rights and obligations under the taxation laws (refer above);

- account to you for money or other property on trust;
- not make false or misleading statements to the TPB or the ATO, and in some cases, withdraw our engagement with you and notify the TPB or ATO of certain matters;
- address any false or misleading statements we are responsible for;
- engage with clients to address other false or misleading statements, exploring options to correct;
- keep proper records (including records of tax agent services provided);
- keep you informed of certain matters so you can make informed decisions.

If your registered tax practitioner fails to meet their obligations:

- their registration can be suspended or terminated, meaning they cannot practice;
- they could receive a caution or orders from the TPB – for example, undertaking education or working under the supervision of another registered tax practitioner;
- have fines imposed on them by the Federal Court;
- your tax and superannuation matters may not be accurate;
- you may be subject to enquiries or audits;
- any tax shortfalls may attract penalties and interest;
- you may have litigation options to review decisions and recover debts;
- in the case of fraud or criminality, penalties may lead to prosecutions.