

PwC Compliance Report re TPB Order dated 25 November 2022

Report for six-monthly period ending 30 June 2023

Dated: 14 July 2023



Executive summary

On 25 November 2022, after completing an investigation, the Tax Practitioners Board (the **Board** or **TPB**) imposed an Order on PricewaterhouseCoopers (TAN 1622600) (**PwC AU**) under section 30-20 of the *Tax Agent Services Act 2009 (Cth)* (the **TPB Order**).

Under item 4 of the TPB Order, PwC AU must provide a compliance statement to the Board every six months confirming the items set out in the TPB Order. This report relates to the six-monthly period from 1 January 2023 to 30 June 2023 (the **Reporting Period**).

On the basis of the material contained within this report, it is considered that PwC AU has complied with items 1, 2 and 3 of the TPB Order. This report forms PwC AU's Compliance Statement as required by item 4 of the TPB Order. For completeness, I note that the TPB confirmed that this Compliance Statement was due within 14 days of the end of the six-month period ending 30 June 2023.

If you would like to discuss these matters, please feel free to contact me.

Yours sincerely

A handwritten signature in black ink that reads "Jan McCahey". The signature is written in a cursive, flowing style.

Jan McCahey
Chief Risk & Ethics Leader

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1

TPB Order

1.1 The TPB Order

A full copy of the TPB Order appears in **Appendix A**. A summary of the terms of the TPB Order can also be accessed on the TPB's website: <https://www.tpb.gov.au/tax-practitioner/tax-agent/16226000>

Pursuant to section 30-20 of the TASA, the TPB ordered PwC AU to take the following actions during the 2023 and 2024 calendar years:

- 1 ensure that appropriate training is provided on a 6-monthly basis to relevant partners and staff on compliance with s 30-10(5) of the Code of Professional Conduct in the TASA and PwC's policies on conflicts of interest, particularly including PwC AU's policy for managing conflicts of interest arising from engagements of partners and staff by Treasury, the Board of Taxation and/or other Australian Government agencies.
- 2 ensure that the Head of Regulatory Affairs (or their delegate) takes all reasonable steps to maintain the central register of confidentiality agreements, including regular status-checks with relevant partners and staff on the register.
- 3 ensure that the Chief Strategy, Risk and Reputation Officer (or their delegate) reports every 6 months to the Executive on the management of the participation of relevant partners and staff in confidential tax consultations with Treasury, the Board of Taxation and/or other Australian Government agencies.
- 4 provide a compliance statement to the Board every 6 months from the date of this Order confirming:
 - a that PwC AU has complied with the requirements detailed in (1), (2) and (3) above
 - b the names of all relevant partners and staff who attended the training outlined in (1) above
 - c the content of the training provided under (1) above.

*"Relevant partners and staff" is a defined term and means:

All partners and staff engaged in PwC's tax practice who are registered tax agents;

All other partners engaged in PwC's tax practice; and

All other PwC staff for whom the training is considered, by PwC, to be relevant.

2

Training

“ensure that appropriate training is provided...”

2.1 Mandatory six-monthly training commitment

In early November 2022, PwC developed a targeted training course focused on the Tax Agent Code of Conduct and Regulatory Consultation processes. This course specifically covered the TASA code and TPB Code of Professional Conduct, PwC policies on conflicts of interest and PwC policy for managing conflicts of interest arising from confidential consultations. This course was completed by all Registered Tax Agent Partners and Managing Directors (via video conference) during the period November 2022 through February 2023. The training was tracked for attendance.

Specifically in response to the 25 November 2022 TPB Order this training course material was converted to an eLearn format and was subsequently provided to all Tax and Private Tax Partners and staff during May and June 2023. The eLearn course content appears in **Appendix B**. The eLearn was tracked for attendance and involved the successful completion of a test.

As at 29 June 2023, 100% of individuals who were not on extended leave during the relevant period, have completed the mandatory training. To provide further context, as at 29 June 2023, the training has been completed by 1,329 individuals. There are 83 people who were on leave during the training period (including parental leave, secondments, leave of absence, etc.) and hence have not completed the training (including three tax agent partners). These individuals will be required to complete the training upon their return from leave. A list of all personnel completing this training is provided in **Appendix C**.

This training module will be required to be completed again during the six-month period from 1 July 2023 to 31 December 2023, as part of the firm’s Quality Essentials Program.

2.2 Ongoing education

In addition to the training prescribed by the TPB Order, PwC continues to maintain an ongoing required course curriculum and elective training opportunities related to tax matters as well as professional behaviours, which are undertaken throughout the year by partners and staff. Examples in the past twelve months include:

- **"How we provide complex tax advice" and "Legal services in relation to tax advice" training** – This was mandatory training for all partners and staff providing tax services in Tax and Private practice which was presented (both by in-person and video-conference sessions) during the period March to June 2023. Tax practitioners who were unable to attend the scheduled sessions as currently on extended leave will complete the mandatory training upon their return.
- **Essential IQ e-learns (all business lines)** – This is an annual curriculum provided cross-line of service (assurance, tax and financial advisory, consulting) as refresher training and which is undertaken by all partners and staff across the firm. A brief summary of the training modules that were completed during fiscal 2023 follows.
 - Independence – Independence training highlights the key personal independence from audit clients, Non-Assurance Services and Business Relationship requirements that apply to staff and partners. The training reinforces the importance of auditor and Firm independence, the controls

and systems PwC uses for independence compliance, the key actions to maintain independence and where to get information and assistance.

- Confidentiality – The importance of safeguarding client information, PwC confidential information and the confidential information and personal data of others, and the significant implications for all stakeholders of any failures.
 - Ethics “Being our best selves” – How ethics is articulated through PwC’s global strategy, the importance to PwC and our stakeholders and where to find support if in an ethical dilemma.
 - Anti-corruption, Money Laundering and Economic Sanctions “Keeping PwC safe” – How PwC uses the client acceptance and continuance process to identify risk with respect to financial crime.
 - Information Protection “Protecting trust” – Looks at the principles that act as the cornerstone of information protection, recognizing that everyone in the organization faces the risk of compromising the security of our information every day through our actions.
 - Anti-Trust and Fair Competition “Doing the right thing by the market and competitors” – Explores what we can and cannot discuss with competitors, and importance and consequences of individual actions.
- **New Starter Essential IQ e-learns** – All partners and staff receive compliance training upon commencement with the firm. The curriculum for new joiners includes modules explaining our Code of Conduct, Audit Independence, Confidentiality, Conflicts of Interest, Cyber, Ethics and Integrity and Data Protection policies.
- **Technical training** – PwC Tax practice coordinates the delivery of national tax technical training.
 - The Tax Boost Program involves monthly in-depth virtual sessions and other periodic topics (e.g., Federal Budget event). The sessions are run nationally which, although open to all, are targeted at our Partner/Director/Manager group. These sessions typically focus on recent developments to ensure that our tax teams are up to date with their tax knowledge. Sessions are also recorded and available on demand.
 - Tax technical programs specifically designed for our Managers and staff
 - Tax Fundamentals program – virtual monthly fundamentals training which is also recorded and available on demand
 - Tax Case Study Series (Program 1 & 2) – 2 days of in-person training per program run annually or biannually (depending on nominations). The training is case study focused on tax topics such as Tax Consolidation, targeted at Senior Consultants and Managers
 - Graduate Foundations – run annually for all new tax graduates with over a week of in-person and virtual training sessions
- **Team training** – Local team-based training is also run which supplements the content delivered centrally via national programs. These sessions specifically focus on industry/client specific tax technical issues – looking at either new developments or revisiting core concepts – and consider how the tax technical concepts are applied on the job.

3

Confidentiality Agreement Register

“take all reasonable steps to maintain the central register of confidentiality agreements...”

3.1 Australian Policy – Confidentiality agreements with clients, prospective clients or third parties

PwC AU's Policy *Confidentiality agreements with clients, prospective clients or third parties* (last updated on 10 February 2023), in broad terms provides that:

“PwC personnel shall not enter into a confidentiality agreement or undertaking with any government, government agency or Relevant body listed below in relation to involvement in regulatory reform or policy consultation (including but not limited to work done under commercial engagements, pro bono, low bono or secondment arrangements) without prior approval of the relevant Business Risk Partner and Chief Strategy, Risk and Reputation Officer. ...

PwC personnel are required to inform the Head of Regulatory Affairs of any confidentiality agreement or undertaking they enter into with any government, government agency or Relevant body in relation to involvement in regulatory reform or policy consultation.”*

3.2 Confidentiality Agreement Register

The Head of Regulatory Affairs has established and maintained a central register of relevant confidentiality arrangements, in accordance with PwC Australian Policy “*Confidentiality agreements with clients, prospective clients or third parties*” entered into with relevant PwC partners and staff*. The Head of Regulatory Affairs has taken all reasonable steps to ensure the register contains all current confidentiality agreements and undertakings entered into by PwC AU personnel in relation to consultation on regulatory reform or policy consultation with government agencies, regulators and professional bodies. Additionally, the process was refreshed at the beginning of July.

3.3 Steps taken to maintain the register

Steps that have been taken to maintain and to refresh the register have included:

- Under the revised confidentiality agreement policy, approval is required prior to PwC AU personnel entering into any confidentiality agreements in relation to involvement in regulator reform or policy consultation with government agencies, regulators and professional bodies. Since this policy has been established, there have been no such approvals requested or approved.
- The Business Risk Partners in each Line of Service have confirmed that they have communicated the revised confidentiality policy to their partners and staff, and that the confidentiality register has been updated to include all relevant confidentiality agreements of which they are aware.
- All partners and staff were required to provide a confirmation as part of the firm's Annual Compliance Confirmation in June 2023 that they have not entered into a relevant confidentiality agreement without prior approval.
- A current periodic refresh has been undertaken with regard to the ongoing maintenance of the confidentiality register, including:
 - Reconfirmed with, and obtained from, relevant partners and staff any confidentiality agreements that have been signed – specifically:
 - stand-alone agreements (not part of another engagement or statement of work,
 - that are entered into with government bodies or for work undertaken with a government body, and
 - are active and are currently applicable.
 - Reconciled confidentiality agreements and external appointments indicated in PwC Annual Compliance Confirmations received from relevant partners and staff with those reflected in the register.
 - Cross-referenced PwC external government appointments approved for relevant partners and staff and confirmed whether confidentiality agreements were applicable and reflected in the register.
 - Reviewed available public information regarding ATO advisory committees as to participation by relevant partners or staff, and confirmed whether confidentiality agreements were applicable and reflected in the register.

4

Reporting

“report every 6 months to the Executive...”

4.1 Reporting

We note that whilst the TPB Order refers to the reporting being undertaken by the Chief Strategy, Risk and Reputation Officer (or delegate), this role was restructured on 15 May 2023 and is now titled the **Chief Risk and Ethics Leader**.

The Chief Risk & Ethics Leader as at 29 June 2023 (Tony O'Malley), provided a report addressing these matters to the Executive Board on 29 June 2023.

On 4 July 2023, PwC AU announced that:

- Tony O'Malley had provided notice of his intention to retire from the PwC AU partnership
- Jan McCahey had been appointed to the role of Chief Risk & Ethics Leader.

This report is provided to the TPB by Jan McCahey in her capacity as Chief Risk & Ethics Leader.

5

Compliance Statement

“provide a compliance statement to the Board every 6 months...”

5.1 Compliance Statement for purposes of Item 4 of TPB Order

On the basis of the information contained in sections 1 to 4 of this Report, it is considered that PwC AU complies with items 1, 2 and 3 of the TPB Order, and this Report forms PwC AU's Compliance Statement as required by item 4 of the TPB Order.

For completeness, we note that the TPB confirmed that this Compliance Statement was due within 14 days of the end of the six-month period ending 30 June 2023.

Appendices

Appendix A	TPB Order dated 25 November 2022	14
Appendix B	Copy of eLearn Training Material	18

TPB Order dated
25 November 2022

A

TAX AGENT SERVICES ACT 2009

ORDER UNDER SECTION 30-20

To: The Partners
PricewaterhouseCoopers Australia
PO Box 2650
Sydney NSW 2001

Pursuant to section 30-20 of the *Tax Agent Services Act 2009* (TASA), the Tax Practitioners Board (the Board) orders PricewaterhouseCoopers Australia (registration number 16226000), to take the following actions during the 2023 and 2024 calendar years:

1. ensure that appropriate training is provided on a 6-monthly basis to relevant partners and staff* on compliance with s 30-10(5) of the Code of Professional Conduct in the TASA and PwC's policies on conflicts of interest, particularly including PwC's policy for managing conflicts of interest arising from engagements of partners and staff by Treasury, the Board of Taxation and/or other Australian Government agencies;
2. ensure that the Head of Regulatory Affairs (or their delegate) takes all reasonable steps to maintain the central register of confidentiality agreements, including regular status-checks with relevant partners and staff* on the register;
3. ensure that the Chief Strategy, Risk and Reputation Officer (or their delegate) report every 6 months to the Executive on the management of the participation of relevant partners and staff* in confidential tax consultations with Treasury, the Board of Taxation and/or other Australian Government agencies; and
4. provide a compliance statement to the Tax Practitioners Board every 6 months from the date of this Order confirming:
 - a. that PwC has complied with the requirements detailed in (1), (2) and (3) above;
 - b. the names of all relevant partners and staff who attended the training outlined in (1) above; and
 - c. the content of the training provided under (1) above.

*"Relevant partners and staff" is a defined term and means:

- All partners and staff engaged in PwC's tax practice who are registered tax agents;
- All other partners engaged in PwC's tax practice; and
- All other PwC staff for whom the training is considered, by PwC, to be relevant.

Dated this day 25 November 2022

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M O'Neill', written in a cursive style.

Michael O'Neill
Secretary and CEO
Tax Practitioners Board

Sanctions For Failure To Comply With This Order

A failure to comply with this order under section 30-20 of the TASA may be a breach of subsection 30-10(14) of the Code of Professional Conduct (Code) in the TASA.

If, after conducting an investigation under Subdivision 60-E of the TASA, the Board decides that a breach of the Code in the TASA has been established, the Board may do one or more of the following under section 30-15 of the TASA:

- give the agent a written caution;
- give the agent an order under section 30-20;
- suspend the agent's registration under section 30-25 of the TASA;
- terminate the agent's registration under section 30-30 of the TASA;
- terminate the agent's registration under Part 4/Division 40 of the TASA without commencing an investigation re fitness and propriety.

A failure to comply with this order under section 30-20 of the TASA may also reflect adversely on the fitness and propriety of the individual partners, company partner directors and supervising practitioners.

Copy of eLearn
Training Material

B

Tax Agent Code of Conduct and regulatory consultation processes

Navigation of the course

Follow on-screen directions and use the > and < arrows to advance or back out of pages within a module.

Scroll down on each screen to ensure all screen content has been viewed.

All interactions in the course must be selected in order to advance.

Links within the course displayed **like this** will launch a popup with further information, when selected.

There is a quiz at the end of the course for you to test your knowledge.

Select Home to return to the main screen.

Select Exit on the upper right of the screen to exit the course at any time.

Select the right arrow to continue.

Tax agent code of conduct and regulatory consultations

This training will work through your obligations under the Tax Practitioners Code of Conduct and PwC's internal policies on conflicts of interest and confidential information. We will also work through managing conflicts of interest when working with Government.

This training will take approximately 30 minutes.

There is a short quiz at the end of this course.

Select the right arrow to continue.

A message from our Tax Leader, Chris Morris

Play the video to find out more.

Hi Team, welcome to this eLearn.

The provision of tax agent services in Australia is a regulated industry.

The license to operate our tax business is subject to our satisfaction of certain professional standards and obligations. These obligations must be met by PwC and all of our tax agent partners.

While PwC has strong governance processes and controls in place, it is also important that each of us has direct awareness of the Tax Agent Services Act and Code of Conduct.

This training will provide you with that awareness.

We will work through your obligations regarding conflicts of interest and confidentiality.

We will then focus on how to manage potential conflicts of interest if you are involved in confidential consultations with government or regulators.

As Tax Leader, I am committed to ensuring that our firm, and all our tax professionals, comply with the Tax Agent Code of Conduct.

Thank you for your time undertaking this elearn. If you have any questions please contact R&Q.

Confirm

By selecting the 'I confirm' button below, I certify that I will complete this module on my own and that no one else will take any portion of this training on my behalf.


Topics covered in this eLearn

Click the first topic to get started.

Topics covered in this eLearn

Click the first topic to get started.

- Registered tax agents ✓
- Code of Professional Conduct ✓
- Managing conflicts of interest ✓
- Confidential information ✓
- Tax confidential consultations ✓
- Quiz ✓



Registered tax agents

Code of Professional Conduct

Managing conflicts of interest

Confidential information

Tax confidential consultations

Quiz

1. Registered tax agents

- Anyone who provides **tax agent services** for a fee or other reward must be registered with the Tax Practitioners Board. We will refer to the Tax Practitioners Board as the TPB in this eLearn.
- As PwC provides tax agent services to its clients, it is a registered tax agent (partnership).
- To become a registered tax agent, a partnership must satisfy a number of requirements. One of the key requirements is that the partnership has a sufficient

number of **registered individual tax agents** to provide tax agent services to a competent standard and to carry out supervisory arrangements.

Tax agent service

A tax agent service is defined as:

Ascertaining or advising about liabilities, obligations or entitlements of your client under a taxation law.

Representing your client in their dealings with the Commissioner of Taxation (Commissioner) in relation to a taxation law.

Where it is reasonable to expect the entity will rely on the service to satisfy liabilities or obligations, or to claim entitlements under a taxation law.

The TPB provides a large list of examples: <https://www.tpb.gov.au/tax-agent-services>

Select the right arrow to continue.

Tax Agent Services Act 2009 (TASA)

- The Tax Agent Services Act 2009 (TASA) is the legislation that governs the registration and regulation of tax agents.
- The object of the TASA is to ensure that tax agent services are provided to the public in accordance with appropriate standards of professional and ethical conduct. The Code of Professional Conduct sits within the TASA and was created to assist in achieving this objective. All registered tax agents (partnership or individuals) must comply with the requirements in the TASA and the tax agents' Code of Professional Conduct.
- The TASA requires that a tax agent must satisfy the following to maintain their registration.

Select each heading below to learn more, then select the right arrow to go back to the menu.

Continuing Professional Education

All Tax Agents are required to complete [Continuing Professional Education \(CPE\)](#). Complying with CPE requirements will assist you to maintain knowledge and skills relevant to the tax agent services. You must complete 120 hours over a 3 year registration period.

If you are a member of a recognised professional association (e.g. CAANZ or the Tax Institute) your compliance with that association's CPE requirements will be accepted as meeting the TPB's CPE requirements, subject to the CPE activities:

- being relevant to the tax agent services you provide;
- being provided by persons or organisations with suitable qualifications and/or practical experience in the subject area; and
- meeting your minimum amount of CPE hours as mentioned above.

Fit and proper person

One key requirement for PwC's partnership registration is that **each partner of the firm** is a **fit and proper** person. If a partner of the firm is not a fit and proper person, the firm is not eligible to hold a partnership registration.

In deciding whether an individual is a fit and proper person, the TPB considers:

1. whether the individual is of **good fame, integrity and character**
2. whether any of the following events have occurred during the previous 5 years:
 - (i) the individual has been convicted of a **serious taxation offence** or has been convicted of an offence involving **fraud or dishonesty**;
 - (ii) the individual has been penalised for being a **promoter of a tax exploitation scheme**;
 - (iii) the individual has been penalised for **implementing a scheme** that has been promoted on the basis of conformity with a product ruling in a way that is materially different from that described in the product ruling;
 - (iv) the individual has had the status of an **undischarged bankrupt**; and
 - (v) the individual has been sentenced to a term of imprisonment, or served a **term of imprisonment** in whole or in part.

Code of Professional Conduct

The Code of Professional Conduct regulates the personal and professional conduct of a registered tax agent. We will delve further into the Code of Professional Conduct in the next section.

It is important to know that tax agents can face an investigation and disciplinary consequences for failure to comply with any of the above. The outcome of this may be a written caution, an order, or a suspension or termination of registration.

2. Code of Professional Conduct

The [Code of Professional Conduct](#) sets out the professional and ethical standards that registered tax practitioners are required to comply with. It outlines the duties that registered tax practitioners owe to their clients, the TPB and other registered tax practitioners. The Code of Professional Conduct is legislated and sits in Division 30 of the TASA.

We will refer to the Code of Professional Conduct as “the Code” for the remainder of this eLearn.

The Code sets out principles under 5 separate categories.

Select each category to learn more and then the right arrow to continue.



1. Honesty and Integrity

The principle: Honesty and Integrity requires tax agents to:

1. Act honestly and with integrity

2. Comply with taxation laws in the conduct of your personal affairs

3. Account to your client for money or other property you hold in trust

2. Independence

The principle: Independence requires tax agents to:

4. Act lawfully in the best interests of your client

5. Have adequate arrangements in place to manage conflicts of interest

3. Confidentiality

The principle: Confidentiality requires tax agents to:

6. Not disclose information without client permission

4. Competence

The principle: Competence requires tax agents to:

7. Ensure tax agent services are provided competently

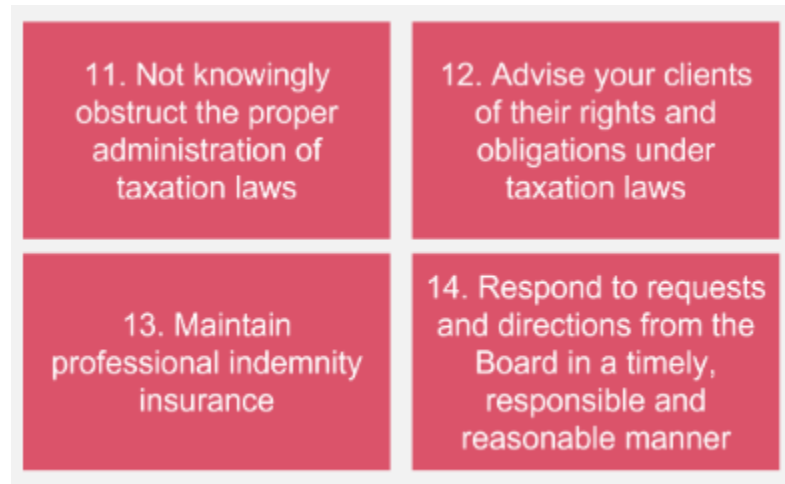
8. Maintain the knowledge/skills relevant to the services you provide

9. Take reasonable care to ascertain your client's state of affairs

10. Take reasonable care to ensure taxation laws are applied correctly

5. Other

The principle: Other requires tax agents to:

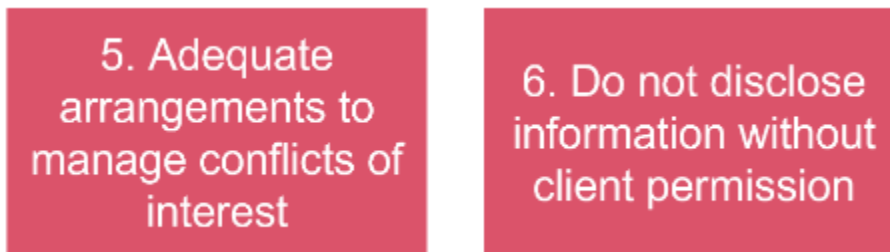


Code of Professional Conduct (Contd.)

You can also learn more about the Code in [TPB\(EP\) 01/2010 Code of Professional Conduct](#).

In the next few sections we will focus on the following principles.

Select the right arrow to go back to the menu.



3. Managing conflicts of interest

Item 5 of the Code states that you must have in place **adequate arrangements** for the management of **conflicts of interest** that **may arise** in relation to the activities that you undertake in the capacity of a registered tax agent (section 30-10(5) TASA).

Let's explore this a little further.

Select each hotspot to learn about each principle and then select the right arrow to continue.

What is a conflict of interest?



What are the adequate arrangements for managing a conflict?



What is a conflict of interest?

A conflict of interest is where a registered agent has a personal interest or has a duty to another person which is in conflict with the duty owed to the client.

A conflict of interest may be an actual or potential conflict. Also, it can arise before the registered agent accepts an engagement or at any time during the engagement. A registered agent has a duty to manage actual and potential conflicts of interest.

[TPB Information Sheet TPB\(I\) 19/2014](#) paragraph 7 and 8.

The Code does not prohibit you from having conflicts of interest. However, you must have adequate arrangements in place to manage any conflicts of interest that may arise relating to the activities that you undertake as a registered tax practitioner.

What are the adequate arrangements for managing a conflict?

Registered agents must have adequate arrangements to identify and manage conflicts of interest that arise or may arise. Whether conflict management arrangements are sufficiently adequate will be a question of fact having regard to the particular circumstances of the matter in question.

A number of mechanisms could be used to manage a conflict and it will be up to a registered agent to exercise their professional judgement to determine the most appropriate method for managing a particular conflict of interest.

Three mechanisms that registered agents may use to manage conflicts of interest are:

- Disclosing conflicts of interest
- Controlling conflicts of interest

- Avoiding conflicts of interest

[TPB Information Sheet TPB\(I\) 19/2014](#)

Mechanisms for managing conflicts of interest

Let's explore the mechanisms that registered Tax Agents can use to manage conflicts of interest.

Select each heading below to learn more and then select the right arrow to continue.

Disclosing conflicts of interest

You should sufficiently disclose conflicts of interest to your clients in a manner which will enable them to make an informed decision and give them reasonable time to assess how the conflict may affect the services being provided and about its management.

Controlling conflicts of interest

This involves identifying, assessing, evaluating, deciding and implementing an appropriate response to manage conflicts of interest. For example, depending on the particular circumstances, you may be able to control a conflict of interest by isolating the persons in your practice who will provide the relevant advice from those who are privy to the material information which gives rise to the conflict.

Avoiding conflicts of interest

You may decide to decline to act for the client in situations where you will be unable to manage the conflicts of interest regardless of arrangements put in place.

How does this work at PwC?

- Identification and management of potential client conflicts is embedded in our client / engagement acceptance processes and coordinated and overseen by our central Conflicts team. You can learn more by visiting the [Conflicts of Interest](#) page.
- PwC requires you to complete regular training, which includes content on managing conflicts of interest and maintaining confidentiality.
- One type of conflict of interest we want to focus on in this elearn is where we have been asked to participate in a tax confidential consultation with government or a regulator. These types of consultations mean that we are privy to **confidential information**. Before we look at confidential consultations, let's explore the rules on confidential information.

4. Confidential information

Item 6 of the Code states that unless you have a legal duty to do so, you must not disclose any information relating to a client's affairs to a third party without your client's permission (section 30-10(5) TASA).

PwC's Network Risk Management Policy 4 **Confidentiality and Data Protection** governs your obligations on how to handle personal and confidential information properly. This is to protect PwC and our clients and also to comply with applicable data protection rules and regulations. In summary, the policy states that confidential information as well as personal data should be kept confidential and handled properly.

Select the heading below to learn more and then select the right arrow to continue.

What is confidential information?

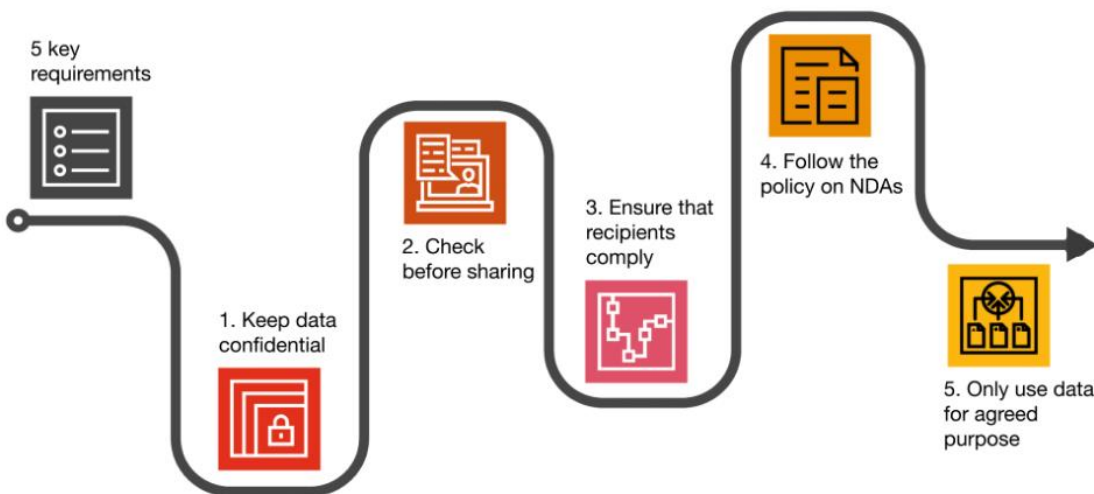
'Information' refers to knowledge you have acquired or derived about a client, whether directly or indirectly. It is only necessary that the information relates to the affairs of a client. Further, the information does not have to necessarily belong to the client or have been directly provided by the client to you.

[TPB Information Sheet TPB\(I\) 21/2014](#)

Confidentiality and data protection

The Confidentiality and Data Protection Policy also sets out 5 key requirements on how to keep information confidential. All partners and staff should be familiar with these requirements. More detail on each of these requirements is within the Confidentiality and Data Protection Policy.

However, we wanted to expand on "Follow the policy on NDA's".



Obligations of confidentiality are covered in PwC's standard **Terms of Business**.

Clients may ask us to sign confidentiality agreements (non-disclosure agreements). PwC can enter into a confidentiality agreement if the terms are not unnecessarily onerous and fall within the parameters of PwC's policies. The **Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy** outlines what you should consider when you are negotiating a confidentiality agreement.

Select the heading below to learn more and then select the right arrow to continue.

What to do if you have been asked to sign a confidentiality agreement

You should ensure that any confidentiality agreement you agree with the client are within PwC's risk profile.

The firm's [Confidentiality Agreement Guidance](#) allows you to respond to a request by a client or other party to sign a confidentiality agreement.

If the client has changes or wishes to use their own confidentiality agreement (i.e. not the PwC template), consult this guidance and, if the agreed terms are consistent with it, the engagement leader can sign the confidentiality agreement without consultation with R&Q.

If there are any departures from this guidance you must consult with R&Q in the first instance, who may refer the issue to OGC if required.

If we have signed a confidentiality agreement we must be aware of our confidentiality obligations under PwC's policies, the TPB's Code of Professional Conduct and the terms of the confidentiality agreement.

Finally, confidential information is not limited to client information. It may also extend to any information you receive when you are working on a tax confidential consultation with government or a regulator where you have entered into a confidentiality agreement.

5. Tax confidential consultations

- A **tax confidential consultation** is where PwC has been asked to contribute ideas or make recommendations to government, government agencies or regulators (e.g. ATO / Board of Taxation / Treasury) as they develop policy positions or undertake regulatory reform.
- PwC's contributions may, on a case-by-case basis, analyse the technical and / or broader merits of proposals and in doing so we may identify inherent weaknesses and biases for consideration by a government, government agency

or regulator.

- These consultations may be performed under normal commercial engagements, pro bono / low bono or on secondment.
- You may also be asked to sign a confidentiality agreement when working on a tax confidential consultation.

Conflicts of interest and confidential information

- Participation in a tax confidential consultation with government or a regulator means that the participant will receive and have access to confidential information.
- The participant must at all times observe their duty of confidentiality to the relevant government department or regulator. Different consultations may involve different obligations.
- The confidential information may be relevant to the commercial or strategic interests of one or more of our clients but still may not be disclosed to the client and, in many cases, cannot be disclosed even to fellow colleagues.

In some circumstances, disclosure of confidential information can constitute a criminal offence. If you are not sure about the scope or content of a confidentiality obligation, please seek advice from the Office of General Counsel and FA Risk & Quality.

Confidentiality when working with government

- PwC's **Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy** covers confidentiality when working with government.
- In summary, this policy helps manage the conflicts of interest that may arise from participation in confidential consultations. All tax partners and staff at PwC are expected to be familiar with this policy.

Select the hotspot to learn more and then select the right arrow to continue.

Click here to learn more about
this policy

- **Approval required:** Approval is required from FA's Business Risk Partner and PwC's Chief Strategy, Risk and Reputation Officer before entering into a confidentiality agreement in relation to consultation on regulatory reform or public policy with a government department, regulatory body, professional standards body, etc where the arrangement is a pro bono / low bono or a secondment.
- **Register of undertakings:** A central register is maintained by the Head of Regulatory Affairs to record confidentiality obligations which have been agreed by partners and staff in relation to a tax confidential consultation.

What does this mean for you?

- **Approval will NOT be given** to partners or staff to enter into a confidentiality obligation in relation to a tax confidential consultation where that individual has:
 - a client-facing role **and**
 - the subject of the consultation could be relevant to their client (e.g, the subject of the consultation could impact the client's tax position).
- **Seek clarification UPFRONT** if you are in any doubt whether a conversation or correspondence with government or a regulator is confidential, if it is confirmed that the correspondence:
 - **is NOT confidential** - make a written record of this confirmation.
 - **IS confidential** - you should seek details, in writing, as to the terms of confidentiality.
- If you are involved as a member of a **technical working or advisory group** to an industry or professional body (e.g. CAANZ or TIA), discussions in relation to regulatory reform or public policy in these forums will generally not be confidential and not covered by the [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#). However, if as part of your consultation with such a body has confidentiality obligations, the policy will have application.
- The **Tax Markets and Knowledge team is the central point of contact** to reach out to regarding participation in consultations with Treasury, the ATO or the Board of Taxation. If you are contacted about a consultation, please refer it to the Tax Markets and Knowledge team.

Information protection and quarantine for relevant confidential consultations

- If you are involved in a relevant confidential tax consultation (having received the required approvals under the policy), you may not contribute to external or internal discussions or calls on the subject matter of the consultation (unless that contribution relates only to information in the public domain).
- Confidential information received in the course of consultations must be kept confidential.
- To further protect confidential information, you should:
 1. Implement **ethical walls** to quarantine the confidential information.
 2. Ensure there is **secure storage of electronic and hard copy material** containing confidential information.

For more information, please see PwC's policies on [data protection](#) and [conflicts of interest](#).

Speak up

- Breaches of requirements to maintain confidentiality or to manage conflicts of interest can be difficult to detect.
- It is important that we all do our part to speak up and raise issues where we see them.
- As you are all aware, a key component of the PwC Code of Conduct is the “speak up” policy.
- Additionally, PwC has a [Whistleblower Policy](#).

Available resources

- There are a wealth of resources available to you at the firm.
 - PwC policies are accessible via the [FA R&Q Hub](#).
 - PwC training modules are accessible via [Vantage](#).

- More information on the Code and other tax agent requirements are available on the [TPB's website](#).
- If you have any questions, please reach out to:
 - the R&Q team
 - the Head of Regulatory Affairs
 - the Office of General Counsel (OGC)
 - your Business leader

6. Quiz

Knowledge Check

Which of the following is not a requirement a tax agent must satisfy in order to maintain their registration?

Select the correct answer, then click confirm.

- a. Continuing professional education
- b. Code of Professional Conduct
- c. Fit and Proper Person
- d. Second Partner on High Risk Engagements

Incorrect.

All registered tax agents must adhere to the Code of Professional Conduct which regulates the personal and professional conduct of a registered tax agent.

Select the reset button to try again.

Incorrect.

All registered tax agents must be a fit and proper person. This includes being of good fame, integrity and character, not being convicted or penalised for a tax offence or fraud or dishonesty, not being an undischarged bankrupt and not having been sentenced or served a term of imprisonment.

Select the reset button to try again.

Incorrect.

All registered tax agents must complete 120 hours over a 3 year registration period.

Select the reset button to try again.

Correct.

This is not a requirement under the TASA for a tax agent maintaining their tax agent registration. However, PwC's Higher Risk Engagement Policy does have rules in place for Second Partner involvement on high risk tax engagements.

Knowledge Check

In the event that PwC was found to breach the Tax Practitioners Board Code of Professional Conduct, what is the potential effect on PwC?

Select the correct answer, then click confirm.

- a. Reputational risk with clients, Government and regulators
- b. Termination of PwC's Tax Agent registration
- c. Potential monetary fines and / or disciplinary sanctions / orders
- d. All of the above

Incorrect.

Whilst there is a real risk that PwC could lose its Tax Agent registration, there are also other potential impacts to PwC from a breach of the Tax Practitioners Board Code of Professional Conduct.

Select the reset button to try again.

Incorrect.

Whilst there is a real risk that PwC could face monetary fines and/or disciplinary sanctions/orders, there are also other potential impacts to PwC from a breach of the Tax Practitioners Board Code of Professional Conduct.

Select the reset button to try again.

Incorrect.

Whilst PwC's reputation would likely be affected, there are also other potential impacts to PwC from a breach of the Tax Practitioners Board Code of Professional Conduct.

Select the reset button to try again.

Correct.

All of these can apply if PwC was found to breach the Code of Professional Conduct.

Knowledge Check

A conflict of interest has been identified when completing your engagement acceptance questionnaire. Which of the following is an example of managing this conflict of interest per the Tax Agent Services Act 2009 (TASA)?

Select the correct answer, then click confirm.

- a. Disclosing the conflict of interest to your client before you provide them the final deliverable
- b. Do nothing as different teams are working on the separate engagements
- c. Ensure the teams are working on different floors for the duration of the engagement in accordance with instructions from the PwC conflicts team

Incorrect.

TASA requires you to control conflicts of interest.

Select the reset button to try again.

Incorrect.

TASA requires you to disclose to your client and give them reasonable time to assess how the conflict may affect the services being provided and about its management. In this example, the conflict should have been disclosed when you were engaging with the client.

Select the reset button to try again.

Correct.

TASA requires you to control conflicts of interest. Setting up ethical walls is one way to control conflicts of interest.

Knowledge Check

You have been asked to sign a confidentiality agreement by a client. The template agreement has been provided by the **client** (i.e. it is not a PwC template). What do you do?

Select the correct answer, then click confirm.

- a. Sign the agreement
- b. Decline the engagement as PwC's standard Terms of Business cover our obligations of confidentiality
- c. Follow PwC's policy and procedures before entering into the confidentiality agreement

Incorrect.

PwC can enter into a confidentiality agreement if the terms are not unnecessarily onerous and fall within the parameters of PwC's policies and procedures.

Select the reset button to try again.

Incorrect.

PwC's policies and procedures require you to review the confidentiality agreement to ensure it fits within PwC's risk profile.

Select the reset button to try again.

Correct.

You should always consult our policies and procedures before signing a confidentiality agreement. If it is a client supplied confidentiality agreement you should escalate to R&Q/OGC once you have applied the Confidentiality Agreement Guidance. This approach ensures the terms are not unnecessarily onerous and fall within the parameters of PwC's policies.

Knowledge Check

Which of the following is an example of a tax confidential consultation?

Select the correct answer, then click confirm.

- a. A PwC Director has been asked to participate in a technical working group of CAANZ. The minutes of the working group are published on the CAANZ website after each meeting
- b. A PwC Partner has been asked by Treasury to make recommendations for them to consider in regards to a proposed tax reform. This will be undertaken on a pro bono basis and the PwC partner has been asked to sign a confidentiality agreement
- c. A PwC Partner has had an informal phone conversation with the ATO regarding a particular tax technical issue affecting a number of clients. The Partner does not mention any client names on the call

Correct.

A tax confidential consultation is where PwC has been asked to contribute ideas or make recommendations to government, government agencies or regulators to consider as they develop policy positions or undertake regulatory reform. These consultations may be performed under normal commercial engagements, pro bono / low bono or on secondment. You may also be asked to sign a confidentiality agreement when working on a tax confidential consultation.

Incorrect.

This is not a tax confidential consultation as there are no conditions of confidentiality.

Select the reset button to try again.

Incorrect.

This is not a tax confidential consultation as there are no conditions of confidentiality and the outcomes of discussions are in the public domain.

Select the reset button to try again.

Knowledge Check

Who is approval required from before entering into a confidentiality agreement with government, a government agency or regulator on a consultation on regulatory reform or public policy?

Select the correct answer, then click confirm.

- a. FA's Business Leader
- b. FA's Risk and Quality Leader
- c. FA's Business Risk Partner and PwC's Chief Strategy, Risk and Reputation Officer

Incorrect.

The [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#) sets out the approval process.

Select the reset button to try again.

Incorrect.

The [Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy](#) sets out the approval process.

Select the reset button to try again.

Correct.

Ultimate approval is from FA's Business Risk Partner and PwC's Chief Strategy, Risk and Reputation Officer as per the **Confidentiality Agreements with Clients, Prospective Clients or Third Parties Policy**. However, you should reach out to the Tax Markets and Knowledge team or R&Q in the first instance and they will work you through the approval process.

Knowledge Check

You have been asked by the ATO to consult on a confidential basis on the regulatory reform of an existing tax law. If these reforms were to come into effect, they would impact a number of clients you work on. Will approval be granted to work with the ATO?

Select the correct answer, then click confirm.

- a. Yes
- b. No

Correct.

Approval will NOT be given for a partner or staff member to enter into a confidentiality obligation in relation to a tax confidential consultation where that partner has a client-facing role and where the subject of the consultation could be relevant to their clients

(for example, where the subject of the consultation could have an impact on the client's tax position).

Incorrect.

Approval will NOT be given for a partner or staff member to enter into a confidentiality obligation in relation to a tax confidential consultation where that partner has a client-facing role and where the subject of the consultation could be relevant to their clients (for example, where the subject of the consultation could have an impact on the client's tax position).

Select the reset button to try again.

Thank you!

You have now completed the training on conflicts of interest, confidentiality and tax confidential consultations. If you have any questions following completion, please contact R&Q.

Select Exit to close this course.

