

PwC Compliance Report re TPB Order dated 25 November 2022

Report for six-months ending 30 June 2024

Dated: 1 July 2024



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-month period from 1 January 2024 to 30 June 2024 (the **Reporting Period**). The report is due on 14 July 2024.

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 2024.

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

Yours sincerely



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.

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.

PwC wishes to remind the TPB that changes within PwC mean:

- The relevant responsibilities of the Head of Regulatory Affairs have been assumed by the Head of Compliance.
- The relevant responsibilities of the Chief Strategy, Risk and Reputation Officer have been assumed by the Chief Risk & Ethics Leader.

2

Training

“ensure that appropriate training is provided...”

2.1 Mandatory six-monthly training commitment

In response to the 25 November 2022 TPB Order, for the six-month period 1 January 2024 to 30 June 2024, the third round of training on the Tax Agent Code of Conduct and Regulatory Consultation Processes was launched on 29 February 2024. The training was delivered as an eLearn and was mandatory for all Tax and Private Clients Tax Partners and staff. Contractors providing tax services were also required to complete the training. The eLearn course content appears in **Appendix B**.

Similar to the course delivered in 2023, this training covered TASA and the TPB Code of Professional Conduct, PwC’s policies on conflicts of interest and PwC’s policy for managing conflicts of interest arising from confidential consultations. Reinforcing our commitment to the TPB, the February 2024 training was updated to include the items below.

- The section on the Code of Professional Conduct was expanded to include:
 - A detailed description of each principle; and
 - Examples of the principles (where relevant).

The explanations and examples were derived from TPB(EP) 01/2010 Code of Professional Conduct.

- A section was added on the new mandatory reporting rules for significant breaches of the Code of Professional Conduct, which take effect from 1 July 2024. At the time of drafting the February 2024 training, PwC was working through the implementation of these rules. As at the date of this report, a new policy and process has been put in place and an additional mandatory training was commenced in May/June 2024 (discussed below).
- A section was added on PwC’s Global Tax Code of Conduct. The PwC’s Global Tax Code of Conduct was revised in September 2023 and sets out PwC’s role as trusted business advisors in a well-functioning tax system and our speak up culture and accountability framework. This section set out a reminder of these key messages which apply to all PwC’s tax partners and staff.
- The quiz at the conclusion of the training module was updated to reflect the content.

The eLearn was tracked for attendance. As at 14 May 2024, 100% of individuals who had been enrolled had completed the mandatory training. To provide further context, as at 14 May 2024, the training has been completed by 1,242 individuals. There are 82 people who were on extended leave during the training period (including parental leave, secondments, leave of absence, etc.) and hence were not enrolled and have not completed the training (including 5 tax agent partners). These individuals will be required to complete the training upon their return from leave. A list of all personnel who have completed 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 2024 to 31 December 2024, as part of PwC’s Essential IQ Program. It is anticipated that the next version will include the following updates:

- The section on the mandatory reporting rules for significant breaches of the Code of Professional Conduct will be expanded. The updated section will set out PwC’s new process and policies to address these rules. The section will also include the TPB’s guidance as set out in TPB(I) D53/2024.

- A new section will be added on the changes to the Tax Promoter Penalty rules. This section will focus on PwC's changes to our High Risk Engagement Policy.
- The quiz questions will be updated to reflect the content of the training module.

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 six months include:

- **Conflicts Training** - This was mandatory training delivered to Partners and staff in Tax and Private Tax (the training was also delivered across all PwC's client facing lines of service). This training was an important part of the firm's commitment to change in response to the Dr Switkowski report. The training was a 1.5 hour virtual session with an online course for anyone unable to attend. This training covered the importance of managing conflicts, as well as the practical elements of getting the right information into PwC's systems. The training included conflicts basics (i.e. what is a conflict and a sensitive situation), examples of conflicts of interests, PwC's approach to managing conflicts (i.e. our policies and guidance), ethical walls and how to practically complete a conflict check.
- **Firmwide Essential IQ e-learns** – This is a biannual 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. In February 2024, the curriculum included the following topics Independence, Ethics & Compliance (Anti-Money Laundering, Fair Competition, Anti-Corruption, Information Protection, Sanctions and Insider Trading), Managing Conflicts of Interest and Sensitive Situations (discussed below) and, for Tax and Private Tax staff, the Tax Agent Code of Conduct and Regulatory Consultation Process, How We Provide Complex Tax Advice and Tax as Legal Services. To demonstrate our ongoing commitment to upskill our Partners and staff, the following modules are explained in more detail:
 - **Managing Conflicts of Interest and Sensitive Situations** - This module outlined the importance of being able to identify both conflicts of interest and sensitive situations. This training explained that conflicts with clients, stakeholders and others can arise both locally and cross-border and that managing these conflicts appropriately help us protect our business, our reputation and the PwC brand. The module set out how an engagement with one client could impact other clients or PwC teams in your own or another network firm, anywhere in the world. It also explained how to mitigate the risks that conflicts and sensitive situations pose to client and potential client relationships.
 - **Complex Tax and Legal Training** - This module covered the firm's key policies and processes for delivering complex tax advice and tax as legal services engagements to clients.
- **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. All new starters in Tax and Private Tax are also required to complete the Tax Agent Code of Conduct and Regulatory Consultation processes training.
- **Technical training** – PwC's Tax practice coordinates the delivery of national tax technical training.
 - Monthly in-depth virtual sessions and other periodic updates (e.g., Federal Budget event). These sessions, 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 recorded and available on demand.
 - Virtual monthly fundamentals training on core topics and recent developments. The sessions, although open to all, are targeted at our managers and staff. The sessions are recorded and available on demand.
 - In-person training programs run annually or biannually (depending on nominations). These sessions are case study focused with a series of programs offered focusing on different tax topics. Programs are targeted at Senior Consultants and Managers.
 - Training for all new tax graduates with over a week of in-person and virtual training sessions

Training

- **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.

Other Training: In May/June 2024 there was mandatory face to face training for Tax and Private Tax partners and directors on **Tax Regulatory Update and Ethics**. This training covered the changes to the tax promoter rules and new reporting obligations for all tax agents to the TPB for significant breaches of the Tax Agent Code of Professional Conduct. The training sessions explored these provisions in detail as well as the changes that PwC is introducing in relation to these provisions. In addition, the training covered ethical and business conduct matters impacting our business, and the role of PwC leaders in the continued enhancement of ethical culture.

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

The policy was extensively update in the period to 31 December 2023. As part of our annual review of our policies this has recently been reviewed and updated to provide even greater clarity for our partners and staff.

3.2 Confidentiality Agreement Register

As the TPB has been previously advised the confidentiality agreement register was transferred to a new platform in the period ended December 2023.

PwC believes that all reasonable steps have been taken to ensure the register contains all:

- Current confidentiality agreements and undertakings entered into by PwC AU personnel since 1 July 2023.
- Current agreements signed by relevant partners and staff which pertain to consultation on regulatory reform or policy consultation with government agencies, regulators and professional bodies are included in the register.

3.3 Steps taken to maintain the register

Steps that have been taken to maintain and to refresh the register since our last report have included:

- The requirements under the confidentiality agreement policy for approval to be given 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 have not been changed. In the period covered by this report there have been 3 such requests all of which were refused.
- Introduced a change in practice to the approach to PwC AU personnel seeking to take Advisory roles with organisations designated in our confidentiality agreement policy as government agencies, regulators and professional bodies which may be involved in regulatory reform. These are now all designated firm rather than personal appointments and require any confidentiality agreement that is to be signed to be reviewed even where the nexus of the engagement is not reform or policy consultation.
- Extended our enquiries with personnel seeking to join discussions groups etc with these organisations to ensure the charter of the relevant forum is obtained, where one exists, and reviewed as some of these seek to impose additional confidentiality obligations by virtue of participation in the discussion.
- Our Mergers and Acquisitions team, who have the largest number of NDAs in our business as a reflection of the work they do, introduced a confirmation requirement on 1 December that is linked to the charging of time to a code in our system. This is required quarterly and covers elements on confidential information and NDAs.
- There has been further reinforcement of the confidentiality agreement policy including a question in the Annual Compliance Confirmation which is completed by all partners and staff in May.

Confidentiality and non-disclosure agreements
▲

For the purpose of completing this question, relevant bodies include Accounting professional bodies (CAANZ, CPA); Australian Accounting Standards Board (AASB), Auditing and Assurance Standards Board (AUASB); Australian Securities and Investments Commission (ASIC); Australian Tax Office (ATO); Australian Prudential Regulatory Authority (APRA); AUSTRAC; Accounting Professional and Ethics Standards Board (APESB); Board of Taxation; Foreign Investment Review Board (FIRB); Financial Regulator Assessment Authority (FRAA); Law Council of Australia; Tax Institute of Australia; Tax Practitioners Board (TPB); Relevant Industry regulators (e.g. Australian Energy Regulator, Australian Communications and Media Authority etc) and Government Departments (e.g. Treasury, Department Industry, Science and Resources etc).

This list is not exhaustive, if you are involved with a body that isn't listed but is involved in regulatory reform or policy consultation, please consult with your Business Risk Partner or Head of Regulatory Affairs.

? I confirm that:
 During the confirmation period I have not entered into a confidentiality agreement or undertaking with any government, government agency or relevant body in relation to public policy consultation or regulatory reform (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 Risk and Ethics Leader.
 and
 Any confidentiality agreements or non-disclosure agreements or undertakings I have entered into with third parties or clients on or after 1 July 2023 in relation to a PwC engagement or a Firm appointment have been entered in the central repository.

Yes
 No, I need to provide additional information

Previous
Next

i Important information
Guidance
 Policy Hub: NRMP 04.10.002
 Policy 9 and 10 of the Confidentiality agreements with clients, prospective clients or third parties

i Need help?
 Please log a ServiceNow enquiry and select "Annual Compliance Confirmation (ACC)".
 If you cannot use the Datakit link you have not been provisioned access to. Please complete the linked form to receive access.

i Confirmation period
 As a reminder, the confirmation period begins on **1 May 2023** (or your hire date, if later) and ends on **30 April 2024**.

There are now over 630 confidentiality agreements included on the register.

A comprehensive review of all uploaded NDAs has been finalised in advance of their migration to a permanent repository in our new Contract Lifecycle Management system. This migration commenced in June 2024.

4

Reporting

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

4.1 Reporting

This report was provided to the TPB by Jan McCahey in her capacity as Chief Risk & Ethics Leader to the Risk Committee of the Management Leadership Team (MLT) on 11 June 2024 and the MLT on 1 July 2024.

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 2024.

Appendices

Appendix A

TPB Order dated 25 November 2022

15

A

TPB Order dated
25 November 2022

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.

