

Financial Review -

EXCLUSIVE

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CPA Australia tells tax agent regulator it is 'accountable to members'



by [Edmund Tadros](#)

The government's tax agent regulator approved CPA Australia's 2010 application to become a registered tax agent association despite the nation's largest accounting body providing scant evidence it met the legal condition of being accountable to members.

CPA continues to maintain that management of the association are accountable to members in June 28 correspondence sent to the Tax Practitioners Board.

This is despite CPA members watching in horror over the past six weeks as seven directors of the accounting body resigned, CEO [Alex Malley was sacked with a \\$4.9 million payout](#) and the revelation that [CPA public practice members will lose their legal shield from multimillion-dollar lawsuits from October](#) due to a legal conflict of interest with the body's loss-making advice arm.

A petition to spill the remaining board via an [emergency meeting has almost 2500, or about 40 per cent, of the required 6000 member signatures](#).

Legally, professional bodies must notify the TPB "no later than 30 days after the day the association becomes aware, or ought to have become aware, that it no longer meets a requirement," the board told *The Australian Financial Review*.

In 2015, the TPB terminated the tax agent association status of the Association of Taxation and Management Accountants for failing to provide notice it no longer met the criteria to be recognised and because the TPB believed the body no longer met the legal requirements.

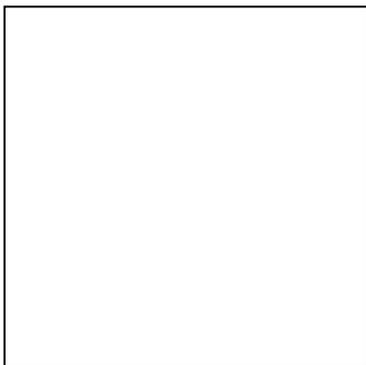
Losing tax agent association registration would be a more serious blow to CPA members than the impending loss of the legal shield.

That's because members who are registered tax agents through CPA would have to find an alternative way to meet the TPB's registration requirements to continue to legally offer tax-related services. One way to do this would be to join a rival tax agent registered body such as Chartered Accountants ANZ or The Tax Institute.

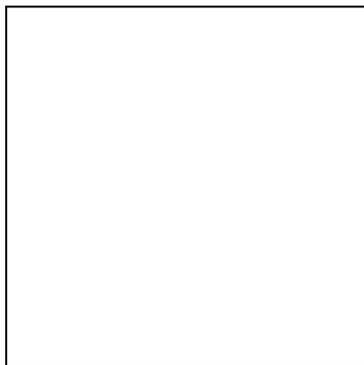
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As of last April, all 20 bodies accredited by the TPB must make an annual declaration that they meet the criteria to be registered.

CPA said it had "responded fully" to the TPB's annual request for information, while the TPB said that it is currently evaluating CPA's response.

A freedom of information request by CPA Glen Hasselman for CPA's original tax agent association application shows just how brief the body's 2010 answer was to the question about being accountable to members. CPA simply replied: "Yes. See CPA Australia Annual Report 2010 and www.cpaaustralia.com.au."

The TPB approved the application, only asking CPA to update an internal rule to ensure members were of "good fame, integrity and character" and requesting that the body provide data around how many of its voting members were registered as BAS agents.

Mr Hasselman said the process raises serious questions about the rigour with which the TPB carries out its function as a regulator of tax agents.

'Should not have been approved'

"The TPB should have never approved CPA Australia's application to be a recognised tax agent association in 2010 as CPA Australia did not meet the criteria in the [Tax Agent Services Regulations] 2009 that the management of the organisation is required to be accountable to the members," Mr Hasselman said.

"CPA Australia does not meet this criteria as member votes only have a small role in the recruitment of a director and members have no involvement in the removal of a director or the setting of directors' KPIs [key performance indicators] and bonuses. [Directors can only be removed by other directors and they set their own KPIs and bonuses.](#)"

He said that his request shows the TPB does not "have an objective criteria, policy or any documentation about how they assess that a tax agent association meets this criteria".

"There was no documentation at all about how the TPB came to the conclusion that CPA Australia management is accountable to the members. I have made a complaint about this TPB process, or lack of process, to the Inspector General of Taxation and they are working with the TPB to resolve this," he said.

The TPB said privacy rules meant it could not comment about any complaints it had received about the CPA's fitness to be a registered.

"The request letter that was sent to CPA Australia is consistent with letters sent to other recognised professional associations in that we ask them to demonstrate that they continue to meet ongoing eligibility requirements," said Greg Lewis, acting chair of the TPB.

CPA spokesman Stuart Dignam said: "As part of the Annual Declaration process, the TPB sends correspondence to all TPB recognised associations seeking information on how management of the organisation is accountable to its members and required to abide by the corporate governance and operational procedures of the organisation. CPA Australia recognises the importance of the Annual Declaration process and has responded fully to the TPB's request for information."

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