



23 October 2020

Tax Practitioners Board  
GPO Box 1620  
SYDNEY NSW 2001

Email: [tpbsubmissions@tpb.gov.au](mailto:tpbsubmissions@tpb.gov.au)

Dear Mr Klug,

**SMSF ASSOCIATION SUBMISSION ON THE TAX PRACTITIONERS BOARD'S CONTINUING PROFESSIONAL EDUCATION POLICY**

The SMSF Association welcomes the opportunity to make a submission on TPB(EP) 04/2012 Continuing professional education policy requirements for registered tax and BAS agents and TPB(EP) 06/2014 Continuing professional education policy requirements for registered tax (financial) advisers.

*Tax and BAS agents*

We support the increase in the continuing professional education (CPE) hours requirement to 120 hours over a three-year period for all tax practitioners, with a minimum annual requirement of 20 hours. This aligns registered tax agents with the required CPE hours tax (financial) advisers (TFAs) must undertake under the Financial Adviser Standards and Ethics Authority (FASEA) framework.

Streamlining the TPB CPE requirements in alignment with the move to increased professionalism, ethics, education, FASEA and professional bodies is positive for the industry.

We also support the decrease in the record keeping requirement from 6 years to 5 years.

*Tax (financial) advisers*

The SMSF Association understands the increased CPE position taken by the TPB with regards to tax (financial) advisers. Increasing the CPE requirements to the FASEA threshold recognises a general financial industry move towards increased professionalism, ethics and education and a more streamlined CPE regime.

However, with the TPB proposing an increase to 120 hours of tax (financial) advice CPE over 3 years, we continue to note that there is a risk that some tax (financial) advisers will need to undertake more than 40 hours of CPE in a financial year in order to satisfy both the TPB and FASEA requirements.

We think it is viable for a TFA to be able to complete a maximum of 40 hours of CPE in a year which satisfies both FASEA and TPB standards and the TPB policy should reflect this.



Therefore, we reiterate that the TPB should recognise completion of the Financial Adviser Standards and Ethics Authority (FASEA) CPE will satisfy completion of TPB CPE policy. This may include a TPB condition that a certain amount of FASEA CPE content is relevant to tax (financial) advice services.

We believe a policy that may force a TFA to incur more than 40 hours of CPE a financial year is inappropriate, particularly when TFAs have 19 hours of 'other' available to devote to tax (financial) advice agent services under the FASEA framework.

We refer to example 9 in the EP as a scenario for when a TFA will need to undertake additional CPE. The one-hour seminar the adviser attends is not relevant to the tax (financial) advice services provided by adviser and the seminar would not be considered to be relevant CPE by the TPB. Therefore, the adviser is required to undertake an additional hour of CPE which will mean the TFA will have to undertake a minimum of 41 hours of CPE..

It is scenarios similar to this, other potential FASEA CPE in the market, and those CPE activities that do not relate to a tax financial advice service which will may force advisers to undertake more than 40 hours of CPE in one financial year.

Therefore, the SMSF Association proposes two options for consideration:

1. The TPB recognise that all FASEA CPE undertaken by a TFA is relevant to tax (financial) advice services.
  - a. In this case the FASEA 40 hours would be greater or equal to the TPB requirement.
2. The TPB recognise that completion of FASEA CPE satisfies completion of TPB CPE on the condition that a certain portion of the CPE is relevant to tax (financial) advice services.
  - a. For example, 30 hours of the TFAs FASEA CPE relates to specific tax (financial) advice services. This would still be an increase on the current 20-hour requirement.

These options involve simplifying and clarifying the TPB policy to ensure that either all FASEA CPE is TPB compliant or TPB TFA CPE is easily identifiable to fit as a subcategory of their 40 FASEA hours.

Given tax financial advice services are of an incidental nature, it is our opinion that the overwhelming majority of CPE a TFA undertakes will be relevant to tax (financial) advice services. If a TFA is increasing and maintaining their financial advice service education through FASEA CPE this is strongly correlated and relevant to the tax (financial) advice services they provide by delivering awareness, understanding and up-to-date knowledge of relevant technical, legal and business developments as a whole. This is highlighted in the EP.

The high FASEA standards which involve licensees maintaining and publishing a CPE policy, approval of 70% of CPE activity and the encompassment of broad financial advice provision, which includes ensuring knowledge on the tax implications of financial advice, provides comfort that the CPE a TFA undertakes is appropriate for the TPB.

Therefore, we see little risk in adopting approach 1.

Attentively, the TPB could utilise the current definition of tax (financial) adviser CPE activity and mandate a required amount that is below 40 hours. This would then create a quasi 'tax (financial) advice category' for TFAs in addition to their additional FASEA CPE categories. TPB guidance can be specific on the inclusion and reporting of the CPE that fits into this category. It is our opinion that



under this method a TFA would not exceed 40 hours of CPE, meet both FASEA and TPB policies and still undertake an appropriate amount of tax (financial) adviser CPE.

If you have any questions about our submission please do not hesitate in contacting us.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Peter Burgess', written over a light blue horizontal line.

Peter Burgess  
Deputy CEO/Director of Policy and Education  
SMSF Association

#### **ABOUT THE SMSF ASSOCIATION**

The SMSF Association is the peak professional body representing SMSF sector which is comprised of over 1.1 million SMSF members who have \$700 billion of funds under management and a diverse range of financial professionals servicing SMSFs. The SMSF Association continues to build integrity through professional and education standards for advisors and education standards for trustees. The SMSF Association consists of professional members, principally accountants, auditors, lawyers, financial planners and other professionals such as tax professionals and actuaries. Additionally, the SMSF Association represents SMSF trustee members and provides them access to independent education materials to assist them in the running of their SMSF.