

PwC Compliance Report re TPB Order dated 25 November 2022

Report for six-months ending 31 December 2024

Dated: 16 December 2024



Executive summary

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

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 July 2024 to 31 December 2024 (the **Reporting Period**). The report is due on 14 January 2025 but is being submitted early as PwC will be closing its offices for the Christmas period between 20 December 2024 and 6 January 2025 and many personnel will take extended leave in January.

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.

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 July 2024 to 31 December 2024, a further round of training on the Tax Agent Code of Conduct and Regulatory Consultation Processes was launched on 14 October 2024. The training was delivered as an eLearn to be completed over a 4 week period and was mandatory for all Tax and Private Tax Partners and staff. Contractors providing tax services were also required to complete the training. The eLearn course content appears in **Appendix B**.

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 October 2024 training was updated to include the items below:

- The section on the Code of Professional Conduct was expanded to include the eight new code items introduced by *Tax Agent Services (Code of Professional Conduct) Determination 2024*.
- The section on the mandatory reporting rules for significant breaches of the Code of Professional Conduct was revised. The revised section included:
 - A detailed description of the new rules, including examples of what constitutes a “significant breach” derived from TPB(I) D53/2024 Code of Professional Conduct.
 - An overview of PwC’s process for identifying, investigating and reporting a significant breach.
- The quiz at the conclusion of the training module was updated to reflect the revised content.

The eLearn was tracked for completion. As at 1 December 2024, 100% of individuals who were not on extended leave during the relevant period, had completed the mandatory training. To provide further context, as at 1 December 2024, the training had been completed by 1084 individuals. There are 62 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 2 tax agent partners). A list of all personnel who have completed this training is provided in **Appendix B**.

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:

- **Firmwide Essential IQ e-learns** – This is a biannual mandatory 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 October 2024, the curriculum included the following topics:

- Workplace Behaviour - training on the appropriate behaviour to drive PwC's culture and values. This course included training re Diversity & Inclusion, Code of Conduct, Culture & Leadership and working effectively in different environments.
- Be Smart. Be Secure - training on cybersecurity risks and best practices for protecting Firm, client, and employee data.
- Responsible Data Management - best practices to minimise how you collect, use, share, retain and delete data through client engagements, firm projects and 'business as usual' work.
- **New Starter Essential IQ e-learns** – All partners and staff receive compliance training upon commencement with the firm and upon return if they take an extended absence of 12 months or more for any reason. The curriculum includes modules explaining our Code of Conduct, Audit Independence, Confidentiality, Conflicts of Interest, Cyber, Ethics and Integrity and Data Protection policies. If they are in Tax or Private Tax they 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 focussing 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
- **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:** During the period 1 July 2024 to the date of this report we have run training on the new Code of Professional Conduct principles contained in *Tax Agent Services (Code of Professional Conduct) Determination 2024* (the Determination). Specifically:
 - In July 2024, we ran a number of virtual sessions for Tax and Private Tax partners outlining the new principles contained in the Determination. In this session we walked through the eight new principles introduced in the Determination. We supplemented this training with communications to all of Tax and Private Tax from the Tax & Legal Business Risk Partner with guidance on the new principles and how PwC will be complying with them.
 - In November and December 2024, we ran virtual training for Tax and Private Tax partners and staff on section 45 of the Determination. In these virtual sessions, we walked through the elements of

Training

section 45 and the changes PwC is implementing to ensure compliance. This training was also recorded and offered to any staff who could not attend.

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 reviewed and updated in the period to 16 December 2024 as part of our annual review of our policies.

Changes included:

Inclusion of additional context “Obligations of confidentiality are covered in PwC’s standard terms of business and if those terms of business apply, a separate confidentiality agreement should not be necessary. However, on occasion, with prospective clients, current clients or third parties a separate confidentiality agreement may be needed to provide additional comfort.”

Inclusion of clear statements of responsibility for making all members of an engagement team aware of the existence of and requirements of an engagement specific confidentiality agreement.

Removal of duplication.

Further changes to redirect personnel to the permanent repository in our new Contract Lifecycle Management system (**CLM**) have been approved and will be published in December 2024.

3.2 Confidentiality Agreement Register

The CLM became the system of record for our NDAs in June 2024. Migration of all existing NDAs from the interim storage to the CLM was completed on 2 July 2024. Our partners and staff have continued to upload NDAs to the interim storage and the central team periodically uploads them to the CLM. From December 2024 all users will be directed to the CLM. The interim solution will be retired in early 2025.

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 include:

- 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 no requests of this nature.
- An Internal Audit Review of the work completed and the processes in place. This noted that we are now transitioning our processes to a business-as-usual approach to ensure the work completed is maintained effectively in a sustained fashion. 4 actions to support this were agreed.
- Maintained our processes that:
 - Designate Advisory roles with organisations listed in our confidentiality agreement policy as government agencies, regulators and professional bodies which may be involved in regulatory reform as firm rather than personal appointments. We require any confidentiality agreement that is to be signed in this context to be reviewed even where the nexus of the engagement is not reform or policy consultation. In the period covered by this report there has been a single request in relation to a Faculty Advisory Board with a University. This was approved.
 - Ensure our enquiries with personnel seeking to join discussions groups etc with these organisations include obtaining the charter of the relevant forum, where one exists, and that this is reviewed as some of these seek to impose additional confidentiality obligations by virtue of participation in the discussion.
 - Require our Mergers and Acquisitions team, who have the largest number of NDAs in our business, to provide a quarterly confirmation 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. A version of this confirmation will be extended to other client engagements covered by firm or personal NDAs in 2025.
- The reinforcement of the confidentiality agreement policy through the inclusion of a question in the Annual Compliance Confirmation which is completed by all partners and staff each May will continue in 2025.

There are now well over 800 confidentiality agreements included on the register.

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 Management Leadership Team on 16 December 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 this is the final report required under the TPB Order.

Appendices

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Appendix C	Names of relevant partners / staff who attended the training	20

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.

