

# TAX AGENT STATUS

**Q** Now that the FPA has become a recognised Tax Agent Association, will you consider becoming a registered Tax Agent and expand your service offering to your clients? If so, why?

Want to have your say? Join the debate at [www.fpa.asn.au/linkedin](http://www.fpa.asn.au/linkedin)



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The recognition that financial planners provide tax advice is another step along the way to professionalism. Consideration of how a particular strategy might, or will affect taxation outcomes is intrinsic to financial planning. Much of the time, this tax advice is forward looking and based on assumptions. In a professional practice, you might expect that advice given based on assumptions is reviewed regularly in light of the actual results as they come to pass. Lodging a tax return on a person's behalf and advising on employment-related and other deductions requires an additional body of knowledge. Tax lodgement is essentially rearward looking and based on fact.

As a 'nominated person', financial planners are able to co-exist with accountants in dealings with the ATO (the accountant is usually the

registered Tax Agent). A classic example of how the two disciplines interact is with decisions and payments around Instalment Activity Statements. By working together, financial planners and accountants can produce superior results for the client than each could provide alone.

The ATO 'auto completes' individual returns now with moderate levels of accuracy and I am personally reluctant to enter the market as a registered tax agent. There is quite simply enough to do as a financial planner.

The natural quid pro quo here is the 'accountant's exemption'. There is a very unsurprising backlash from accountants to the idea that financial planners receive a 'carve out' from what is considered their turf without getting to keep theirs.

It should be noted that this outrage has been seen working the other way as well. Advising on the creation of trusts (including superannuation funds), companies, partnerships and other vehicles is essentially tax advice to my mind. Accountants do not need to be licensed unless they give personal financial advice. Recommending an SMSF is tax advice, constructing a portfolio is personal financial advice.



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Being able to offer an additional service as a tax agent is an attractive option to extend the client value proposition for many financial planning businesses.

However, in my view, it is unlikely that a financial planner will work as both a financial planner and tax agent. A more likely model would be where a

financial planning practice offers tax agent services to their clients alongside financial planning.

Having the services of a tax agent within a financial planning practice would enhance and deepen the client value proposition than what currently exists. As the industry develops, we need to continually lift the quality of advice and service that we

provide to clients to maintain relevance in this ever changing world. Consumers are demanding more from their advisers and as an industry, we need to be at the forefront of that change.

As with any policy change, there are vested interests that argue both for and against any change to the status quo. However, in this instance, by being able to offer tax agent services seems a natural extension of the role that we already undertake on behalf of clients. By granting financial advisers an extension from the taxation agent services regime until 30 June 2013, this will also allow businesses time to adequately prepare for this legislative change.