



FNSACC522

ASSESSOR GUIDE

Prepare tax documentation for individuals

Assessment 1 of 2

Short Answer Questions



Assessment Details

Task overview

This assessment task consists of 45 short answer questions. Read each question carefully before typing your response in the space provided.

Additional resources and supporting documents

To complete this assessment, you will need:

- Access to your learning materials
- Access to a computer and internet
- Access to Microsoft Word (or a similar program)



Assessment Information

Submission

You are entitled to three (3) attempts to complete this assessment satisfactorily. Incomplete assessments will not be marked and will count as one of your three attempts.

All questions must be responded to correctly to be assessed as satisfactory for this assessment.

Answers must be typed into the space provided and submitted electronically via the LMS. Hand-written assessments will not be accepted unless previously arranged with your assessor.

Reasonable adjustment

Students may request a reasonable adjustment for assessment tasks.

Reasonable adjustment usually involves varying:

1. the processes for conducting the assessment [e.g. allowing additional time]
2. the evidence gathering techniques [e.g. oral rather than written questioning, use of a scribe, modifications to equipment]

However, the evidence collected must allow the student to demonstrate all requirements of the unit.

Refer to the Student Handbook or contact your Trainer for further information.



Please consider the environment before printing this assessment.

Tax Practitioners Board (TPB) Tax agent registration

In Australia, if you want to become a tax agent and provide services for a fee or other reward, you must be registered with the Tax Practitioners Board (TPB).

To become a registered tax agent, you must satisfy specific qualifications and experience requirements, which are set out in the Tax Agent Services Regulations 2022 (TASR).

You may apply to register as a BAS agent through one of six pathways (item 201 or 206), depending on your qualifications and experience.

Item	Primary qualification	Board approved courses			Relevant experience
		Australian taxation law	Commercial law	Basic accountancy principles	
201 Tertiary qualifications in accounting	Degree or post-graduate award in accounting (from an Australian tertiary education institution) or award that is Board approved (from an equivalent institution)	Required ¹	Required	Not required	Equivalent of 1 year full-time experience in past 5 years
202 Tertiary qualifications - specialists	Degree or post-graduate award (from an Australian tertiary institution) or degree or award that is Board approved (from an equivalent institution) in a relevant discipline other than accounting	May be required ²	May be required ²	May be required ²	Equivalent of 1 year full-time experience in past 5 years
203 Diploma or higher award in accounting	Diploma or higher award in accounting (from a registered training organisation or equivalent institution)	Required ¹	Required ³	Not required	Equivalent of 2 years full-time experience in past 5 years
204 Tertiary qualifications in law	Academic qualifications to be an Australian legal practitioner	Required ¹	Not required	Required	Equivalent of 1 year full-time experience in past 5 years
205 Work experience	Not required	Required ¹	Required ³	Required	Equivalent of 8 years full-time experience in past 10 years
206 Membership of a professional association	Individual is a voting member of a recognised tax agent association	Not required	Not required	Not required	Equivalent of 8 years full-time experience in past 10 years

¹ Must include a component in the Tax Agent Services Act 2009, including the Code of Professional Conduct.
² May be required if the Board considers it is relevant to the tax agent services you are applying to provide.
³ If you were previously registered under the Income Tax Assessment Act 1936 you do not need to complete a Board approved course in commercial law to register or renew under items 203 or 205.

Pathway 203

A Diploma of Accounting meets the TPB Primary qualification requirement.

This unit FNSACC522 Prepare tax documentation for individuals, together with FNSACC601 Prepare and administer tax documents for legal entities, meet the TPB course in Australian taxation law requirement.

To apply to register as a tax agent, you must also complete three additional commercial law units and demonstrate the equivalent of 2 years of full-time experience in the past 5 years.

More information on [Tax agent registration](#) can be found on the TPB website.

Short Answer Questions

Question 1

Identify two [2] key sources of information required to calculate taxable income.

[Approximate word count 5–20 words]

Marking guide

The student will need to nominate two [2] sources of information; responses for both should demonstrate a similar understanding to the sample answers provided.

i.

ii.

- ATO website
- Tax Practitioners Board website
- Business.gov.au website
- Membership associations such as CPA and chartered accountants Australia
- Financial institution statements
- Loan records
- Order and supplier documentation
- Receipts
- Taxation and statutory returns
- Bills
- Cash received

Question 2

Describe two [2] key sources of client data required to calculate taxable income.

[Approximate word count 100–150 words]

Marking guide

The student will need to provide two [2] sources of data which both should demonstrate an understanding similar to the sample answers provided.

i.

ii.

- Payment summaries – A document that is given to employees by employers that shows the gross amount of income they have earned from the employer. It also shows the amount of PAYG that has been withheld and lists any allowances or deductions that have been given to the employee or paid by the business on behalf of the employee. Normally issued in July.
- Statement of interest earned. – Documentation from the bank that lists any of the interest that has been accumulated on the bank account held with the bank. Also shows if any amounts have been withheld by the bank and remitted to the ATO because TFN or ABNs haven't been notified to the bank.
- Receipts – Receipts for the payment of expenses that the individual could possibly claim as a deduction.

- Log Book – Details of the kilometres travelled or the number of hours a home office is used to earn an income.
- Diary – To record an amount under \$10 in value that could be used as a deduction on the income tax return, the number of loads of uniform washing done that the taxpayer is claiming a deduction for.

Question 3

Describe how each of the organisational policies and procedures below affects the preparation of non-complex income tax documentation for individual taxpayers.

Marking guide

Students' responses will vary. Responses for both should demonstrate a similar understanding to the sample answers provided.

Policies and Procedures	Explanation
Privacy Policy & Procedures [Approximate word count 50 – 100 words]	Designed to ensure that the organisation collects, stores, and secures personal information it holds on individuals meets the legal requirements of the Australia Privacy Act 1988 and its associated Australian Privacy Principles: when handling sensitive information such as working papers and worksheets, authorisation forms, and copies of the lodged returns. <ul style="list-style-type: none"> ▪ Can relate to: ▪ Access to and correction of records ▪ Amendment to records ▪ Collection of information ▪ Complaints about privacy ▪ Disclosure of information ▪ Email marketing ▪ Storage and use of information ▪ Privacy notices ▪ Request to access records
Document Management Policy & Procedures [Approximate word count 50 – 100 words]	Defines the organisation's approach to developing, reviewing, naming, and controlling all documents, including tools, forms, resources, policies, and procedures used to assist with the preparation of the tax returns. Can include: <ul style="list-style-type: none"> ▪ Document Storage and Development ▪ Document Development and Reviews ▪ Document Approval ▪ Document Development ▪ Document Approval ▪ Document Storage ▪ Saving Approved Versions ▪ Version Control

Question 4

Outline how the two (2) key accounting principles and practices below could be applied when preparing non-complex income tax documentation for individual taxpayers.

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided. [Source: [Accounting methods](#)]

Accounting Principles and Practices	
Accrual principle [Approximate word count 40– 80 words]	<ul style="list-style-type: none">▪ The accruals basis accounting system includes all income earned during the income year even if you hadn't received payment for the work by the end of the income year. All amounts earned during the year as assessable income are included, even if payment for the work done is still outstanding at the end of the year.
Cash principle [Approximate word count 40– 80 words]	<ul style="list-style-type: none">▪ If assessable income is on a cash basis, you include payments received during the income year regardless of when the work was done. You only include the income you actually receive payment for during the year as assessable income.

Question 5

Briefly describe how the Tax Practitioners Board's Code of Professional Conduct affects how you manage conflicts of interest.

[Approximate word count 100-150 words]

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

<ul style="list-style-type: none">▪ The Code of Professional Conduct is part of tax legislation and outlines the professional and ethical standards that tax practitioners must comply with.▪ Code item 5 requires registered agents to have adequate arrangements in place for the management of conflicts of interest that may arise in relation to the activities that they undertake in their capacity as registered agents.▪ Registered agents must have adequate arrangements to identify and manage conflicts of interest that arise or may arise. A determination of whether conflict management arrangements employed by a registered agent are sufficiently adequate will be a question of fact, having regard to the particular circumstances of the matter in question.▪ [Source: Managing conflicts of interest]
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Question 6

Briefly define how a tax practitioner must prepare and lodge returns to the ATO, according to APES 220 Taxation Services.

[Approximate word count 200-300 words]

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided in this section of the APES 220 Taxation Services.

- Preparation and lodgment of returns to Revenue Authorities
- 4.1 A Member shall prepare and/or lodge returns and other relevant documents required to be lodged with a Revenue Authority in accordance with the information provided by a Client or Employer, their instructions and the relevant Taxation Law.
- 4.2 Where appropriate, a Member may accept a Client's or employer's information and is not responsible for its veracity. However, within the agreed scope of work, a Member should obtain information that is sufficient to allow the Member to form a view as to the application of the law to that information and to be able to recommend the options available to the Client or Employer on how the information provided by them may be reflected in the relevant return or another document to be lodged. Where a Member reasonably believes that the information provided by the Client or Employer may be incomplete, false or misleading, the Member should have regard to the provisions of paragraph 7.3 of this Standard and the law. Taxation Services 6
- 4.3 Where a Member in Public Practice provides a tax lodgment service to another party and a significant portion of the work associated with the revenue returns and other relevant documents is not performed under the supervision of the Member in Public Practice, the Member in Public Practice shall perform sufficient reviews of the revenue returns and other relevant documents in accordance with this Standard and the Code prior to lodgment of these revenue returns.
- [Source: [APES 220 Taxation Services](#)]

Question 7

The Tax Agent Services Act [TASA] and Tax Agent Services Regulations [TASR] require you to demonstrate competence and Independence in your actions as a tax agent.

Explain your understanding of your responsibilities in each of these areas.

Marking guide

Candidate's responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

Competence	<ul style="list-style-type: none">• I must ensure that the tax agent service I provide, or provided on my behalf, is provided competently.• I must maintain knowledge and skills relevant to my tax agent services.
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[Approximate word count 100 - 120 words]	<ul style="list-style-type: none"> • I must take reasonable care in ascertaining a client's affairs to the extent that ascertaining the state of those affairs is relevant to a statement I make or a thing I do on behalf of the client. • I must take reasonable care to ensure that taxation laws are applied correctly concerning the services I am providing advice to a client. <p>Source : Tax Agent Services Act 2009</p>
Independence [Approximate word count 40 - 50 words]	<ul style="list-style-type: none"> • I must act lawfully in the best interests of my client. • I must have adequate arrangements in place to manage conflicts of interest concerning the activities I undertake in the capacity of a registered tax agent or BAS agent. <p>Source : Tax Agent Services Act 2009</p>

Question 8

Describe two (2) requirements that tax agents must meet under the Tax Agent Services Regulations.

[Approximate word count 30-50 words]

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

Part 2—Tax agents

Division 1—Requirements

Tertiary qualifications in accountancy

A requirement is that:

- a. The individual has been awarded:
 - i. a degree or a postgraduate award from an Australian tertiary institution in the discipline of accountancy, or
 - ii. a degree or award that is approved by the board from an equivalent institution in the discipline of accountancy, and
- b. the individual has successfully completed a course in commercial law that is approved by the board, and
- c. the individual has successfully completed a course in Australian taxation law that is approved by the board, and
- d. The individual has been engaged in the equivalent of 12 months of full-time, relevant experience in the preceding five (5) years.

Work experience

A requirement is that:

- a. Each of the following applies:
 - i. the individual has successfully completed a course in basic accountancy principles that is approved by the board,

- ii. the individual has successfully completed a course in Australian taxation law that is approved by the board,
- iii. If the application is made on or after 1 March 2013, and the individual was not previously registered under Part VIIA of the Income Tax Assessment Act 1936, the individual has successfully completed a course in commercial law that is approved by the board, and

Note: 1 March 2013 is three years after the day Part 2 of the Tax Agent Services Act 2009 commenced.

- b. The individual has been engaged in the equivalent of eight (8) years of full-time, relevant experience in the past ten years.

Note: The board may approve a course by an approval process, an accreditation scheme, or by other means.

For other possible responses, refer to Schedule 2 of the Tax Agent Services Regulations, under Part 2 – Tax agents, [here](#).

Question 9

Briefly explain the definition of a 'resident' for tax purposes, as per tax legislation.

[Approximate word count 100-150 words]

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

The definition below has been adapted from ITAA36.

A 'resident' or 'resident of Australia' is defined as:

A person, other than a company, who resides in Australia and includes a person:

- Whose domicile is in Australia, unless the Commissioner is satisfied that the person's permanent place of abode is outside Australia,
- who has been in Australia, continuously or intermittently, during more than one-half of the year of income, unless the Commissioner is satisfied that the person's usual place of abode is outside Australia and that the person does not intend to take up residence in Australia, or
- who is:
 - A member of the superannuation scheme established by deed under the Superannuation Act 1990, or
 - an eligible employee for the purposes of the Superannuation Act 1976, or the spouse, or a child under 16, of a person covered by sub-subparagraph [A] or [B]

Question 10

Briefly explain the relevance of the source of income when determining accessibility, as per tax legislation.

[Approximate word count 100-150 words]

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

Section 6-5 (2) of the ITAA97 states, in relation to the assessable income of residents that:

If you are an Australian resident, your assessable income includes the ordinary income you derived directly or indirectly from all sources, whether in or out of Australia, during the income year.

By contrast, section 6-5 (3) declares, in relation to the assessable income of non-residents, that:

If you are not an Australian resident, your assessable income includes:

- The ordinary income you derived directly or indirectly from all Australian sources during the income year, and
- Other ordinary income that a provision includes in your assessable income for the income year on some basis other than having an Australian.

For other possible responses, refer to ITAA36 [here](#).

Question 11

Briefly explain how you understand the concept of 'assessable income' as defined in tax legislation.

[Approximate word count 100-150 words]

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

- Income according to ordinary concepts (ordinary income)
- Your assessable income includes income according to ordinary concepts, which is called ordinary income.
- If you are an Australian resident, your assessable income includes the ordinary income you derived directly or indirectly from all sources, whether in or out of Australia, during the income year.
- If you are a foreign resident, your assessable income includes:
 - The ordinary income you derived directly or indirectly from all Australian sources during the income year, and
 - Other ordinary income that a provision includes in your assessable income for the income year on some basis other than having an Australian source.
- In working out whether you have derived an amount of ordinary income, and (if so) when you derived it, you are taken to have received the amount as soon as it is applied or dealt with in any way on your behalf or as you direct.

[Source: ITAA97]

Question 12

Briefly explain 'tax rebates and offsets' as per tax legislation.

[Approximate word count 20-30 words]

Marking guide

Candidate's responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

A personal tax offset was formerly described as a rebate or credit under ITAA36. A tax offset reduces the tax payable by a taxpayer.

Question 13

Briefly explain the following terms and give two (2) examples of items or assets that can be deducted for each.

- General deduction
- Specific deduction
- Decline in value

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

General deduction	Definition (Approximate word count 30-50 words) Section 8 – 1 of the Income Tax Assessment Act 1997 is a provision that allows deductions for 'expenses that individuals incur in gaining their personal non-business income (for example, salary and wages, rent, interest or net capital gains from investments), other than expenses that are capital, private or domestic in nature.' [Source: Personal income tax deductions]
	Example Two responses must be supplied; responses can include the following and should demonstrate a similar understanding to the sample answers provided: <ul style="list-style-type: none">▪ Conference and seminar fees▪ Reference books▪ Self-education▪ Telephone and Internet fees (for the work-related portion only)▪ Tax agent fees▪ Donations to registered charities▪ Income Protection Insurance (if it is not part of a superannuation fund or salary sacrifice arrangement)
Specific deduction	Definition (Approximate word count 10-20 words) Specific deductions are not directly related to earning personal income. [Source: Personal income tax deductions]

	<p>Example</p> <p>Two responses must be supplied; responses can include the following and should demonstrate a similar understanding to the sample answers provided:</p> <ul style="list-style-type: none"> ▪ Cost of managing tax affairs ▪ Deductible gifts and donations ▪ Union fees and subscriptions to trade, business or professional associations, and a car expenses valuation method ▪ [Source: Personal income tax deductions]
Decline in value	<p>Definition [Approximate word count 30-50 words]</p> <p>A decline in value is referred to as the depreciation of the value of an asset. An individual can deduct an amount equal to the decline in value for an income year of a depreciating asset that they held for any time during the year.</p> <p>[Source: ITAA Sect 40.25]</p>
	<p>Example</p> <p>Two responses must be supplied; responses can include the following and should demonstrate a similar understanding to the sample answers provided:</p> <ul style="list-style-type: none"> ▪ Equipment and machinery ▪ Tools ▪ Vehicles

Question 14

Complete each of the questions in the table below to demonstrate your understanding of the key aspects of international tax that affect the income tax law applied in Australia.

Answer each of the questions in the spaces provided below. Your responses must be based on Australian income tax law.

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

i. Tax treaties [Approximate word count 15–30 words]
<p>Tax treaties are formal agreements between Australia and partner countries. These treaties help prevent double taxation and evasion.</p> <p>[Source: What are tax treaties?]</p>
ii. Bilateral superannuation agreements [Approximate word count 20–30 words]

Bilateral superannuation agreements are formal agreements between Australia and partner countries. These help to prevent individuals from paying twice the superannuation, or equivalent, in countries where they apply.

[(Source: [Super for employees working overseas – certificate of coverage](#))]

- Other responses can include:
- Allocation of taxing power
- Elimination of double taxation
- Prevention of tax avoidance
- Prevention of abuse by states
- International tax procedures or arrangements

Question 15

Provide a brief overview of the five areas covered by the Code of Professional Conduct for tax agents.

[Approximate word count 250-350 words]

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

- The Code sets out principles under five separate categories.
- **Honesty and integrity**
 - You must act honestly and with integrity.
 - You must comply with the taxation laws in the conduct of your personal affairs.
 - If you:
 - receive money or other property from or on behalf of a client, and
 - hold the money or other property in trust
 - you must account to your client for the money or other property.
- **Independence**
 - You must act lawfully in the best interests of your client.
 - You must have in place adequate arrangements for the management of conflicts of interest that may arise in relation to the activities that you undertake in the capacity of a registered tax agent.
- **Confidentiality**
 - Unless you have a legal duty to do so, you must not disclose any information relating to a client's affairs to a third party without your client's permission.
- **Competence**
 - You must ensure that a tax agent service that you provide, or that is provided on your behalf, is provided competently.
 - You must maintain knowledge and skills relevant to the tax agent services that you provide.

- You must take reasonable care in ascertaining a client's state of affairs, to the extent that ascertaining the state of those affairs is relevant to a statement you are making or a thing you are doing on behalf of a client.
- You must take reasonable care to ensure that taxation laws are applied correctly to the circumstances in relation to which you are providing advice to a client.
- **Other responsibilities**
 - You must not knowingly obstruct the proper administration of the taxation laws.
 - You must advise your client of the client's rights and obligations under the taxation laws that are materially related to the tax agent services you provide.
 - You must maintain the professional indemnity insurance that the board requires you to maintain.
 - You must respond to requests and directions from the board in a timely, responsible and reasonable manner.
- [For a detailed explanation of each of these categories, refer to TPB\[EP\] 01/2010: Code of Professional Conduct.](#)

Question 16

Briefly explain your understanding of how Australian tax law rules define who should lodge a return.

(Approximate word count 200-250 words)

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

The requirement to lodge a return

[1] Every person must, if required by the Commissioner by notice published in the Gazette, give to the Commissioner a return for a year of income within the period specified in the notice.

Note: The Commissioner may defer the time for giving the return: see section 388-55 in Schedule 1 to the Taxation Administration Act 1953.

[1A] The Commissioner may, in the notice, exempt from liability to furnish returns such classes of persons not liable to pay income tax as the Commissioner thinks fit, and a person so exempted need not furnish a return unless the person is required by the Commissioner to do so.

[2] If the taxpayer is absent from Australia or is unable from physical or mental infirmity to make such return, the return may be signed and delivered by some person duly authorised.

- [3] Nothing in this section prevents an approval by the Commissioner of a form of return under section 35D of the Superannuation Industry (Supervision) Act 1993 from requiring or permitting a return under that section to be attached to or to form part of a return under this section. [Source: [Taxation Ruling](#)]

Question 17

Briefly explain how the two principles of Australian tax law below affect how a tax practitioner prepares income tax documentation for individuals.

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

Principles	Explanation
<p>Accountable management and oversight (Approximate word count 50-100 words)</p>	<ul style="list-style-type: none"> ▪ Roles and responsibilities are clearly defined and understood in terms of accountability for tax administration and decision-making. ▪ You understand your tax and super obligations, including registrations, lodgment, reporting, payment, and record-keeping obligations. ▪ Where responsibility for tax governance is shared with your tax advisers, ultimately, you as the business owner, are confident that you understand the tax risks and are meeting your tax and super obligations. ▪ [Source: Seven principles of effective tax governance]
<p>Right to seek advice (Approximate word count 50-100 words)</p>	<ul style="list-style-type: none"> ▪ Clearly defined arrangements are in place for escalating tax issues and seeking tax advice. Consulting published ATO guidance and advice helps you assess tax outcomes for your business in adopting a particular position. You get advice from tax professionals and advisers and engage with us early for tailored advice where more certainty is needed. [Source: Seven principles of effective tax governance]

Question 18

Briefly describe the meaning of the term "statutory power" and how it relates to the collection and administration of tax in Australia. (Approximate word count |50-60 words)

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

<ul style="list-style-type: none"> ▪ Statutory power is a power conferred by – the Constitution or legislation, or an agreement or other instrument emanating from the Constitution or legislation

- Statutory power means a power conferred by – the Constitution or legislation. The Income Tax Assessment Act was written to enact the collection of income tax. The ITAA 97 has replaced some but not all parts of the ITAA36.

Question 19

Briefly explain how Australia's taxation system is enabled by its legislative systems.

[Approximate word count 200-250 words]

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

- The 'legal system' describes the set of laws, the process of creating laws, and the process of enforcing laws within a country and/or state.
- The foundation of the Australian legal system is the Australian Constitution. Statutory law is law made by parliament. This may be the Federal Parliament or the parliament of a State or Territory. These laws start as bills and are passed by two houses of parliament (except in Queensland, where there is only one house). If the bills are approved in these houses, they become Acts.
- There are three [3] sources of taxation law. These are:
 - Statute Law: Legislation in the form of taxation legislation such as the ITAA36 and ITAA97.
 - Therefore, statutory power means a power conferred by – the Constitution or legislation. The Income Tax Assessment Act was written to enact the collection of income tax. The ITAA 97 has replaced some but not all parts of the ITAA36.
- Case Law: Case law is legislation created by the courts and the Administrative Appeal Tribunal to interpret statutes. Common Law mirrors and is the law developed in the courts based on precedents. Courts, where the decisions may be used as precedents, are referred to as courts of records. Statutory law can override Common Law. Where an Act of Parliament is passed that contradicts Common Law, the Common Law will no longer be valid, and the courts must follow the Act.
- Practices of the Australia Taxation Office (ATO): The ATO has the power to make legally binding rulings and determinations.

Question 20

Section 51(ii) of the Australian Constitution provides the Commonwealth Parliament with the power to make laws for peace, order, and good government for the Commonwealth of Australia concerning taxation. Briefly describe the direct taxes imposed under this system.

[Approximate word count 40-50 words]

Describe how the separation of powers in Australia divides the institutions of government into three branches. [Approximate word count 40-50 words]

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

The constitutional considerations of Australian tax law are following them and adhering to:

- Income tax
- Goods and services tax (GST)
- Company tax
- Payroll tax
- Indirect taxes include
- Customs duty
- Transfer duties
- Local government rates
- Land tax

The separation of powers in Australia divides the institutions of government into three (3) branches: legislative, executive, and judicial. The legislature makes the laws, the executive puts the laws into operation, and the judiciary interprets the laws.

(Source: [Separation of Powers: Parliament, Executive and Judiciary](#))

Question 21

Briefly explain the three (3) sources of Australian income tax law.

(Approximate word count |50-100 words)

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

- Statute Law: Legislation in the form of taxation legislation such as the ITAA36 and ITAA97.
- Therefore, statutory power means a power conferred by – the Constitution or legislation. The Income Tax Assessment Act was written to enact the collection of income tax. The ITAA 97 has replaced some but not all parts of the ITAA36.
- Case Law: Case law is legislation created by the courts and the Administrative Appeal Tribunal to interpret statutes.
- Practices of the Australia Taxation Office (ATO): The ATO has the power to make legally binding rulings and determinations.

Question 22

Explain the basic concepts of goods and services tax (GST), which need to be applied when preparing tax documentation for individuals.

(Approximate word count 100-120 words)

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

- GST is a consumption tax that affects certain supplies.
- GST is a multi-stage tax whereby each point of the supply in a product chain is potentially taxable, with suppliers entitled to refunds of GST incurred on the business inputs.
- GST is a self-assessed tax where registered suppliers, at regular intervals, determine the difference between the amount of GST payable and the GST collected. They then pay the net amount of GST to the ATO or claim a refund from the ATO.
- Liability for GST arises in respect of taxable supplies depending on their accounting methods, e.g. cash or accrual.

Question 23

Identify two (2) key areas affected by capital gains tax.

[Approximate word count 10-20 words]

Marking guide

Students' responses will vary. However, responses must include two of the points in the sample answer.

- Pre – CGT Assets Section 160ZZS
- CGT and Trusts
- CGT and Shares, rights and options
- CGT and leases (short-term only)
- CGT and the loss or destruction of assets
- Discount Capital Gains – Subdivision 115-A
- Important CGT Exemptions

Question 24

Give one (1) example of how capital gains tax (CGT) is applied.

[Approximate word count 50-100 words]

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

- For assets held for less than 12 months, the basic method of subtracting the cost base from the capital proceeds is used.
- For assets acquired before:
 - 11:45 am (by legal time in the ACT) on 21 September 1999, and
 - held for 12 months or more before the relevant CGT event,

- the cost base is increased by applying an indexation factor based on the consumer price index [CPI] up to September 1999.

Question 25

Describe your understanding of the principles of fringe benefits tax (FBT).

(Approximate word count 100-120 words)

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

- FBT is paid by employers on certain benefits they provide to their employees or their employees' families, or other associates. FBT applies even if the benefit is provided by a third party under an arrangement with the employer.
- FBT is separate from income tax and is calculated on the taxable value of the fringe benefit. The employer must self-assess their FBT liability for the FBT year (that is, 1 April to 31 March) and lodge an FBT return.
- Employers can generally claim an income tax deduction for the cost of providing fringe benefits and for the FBT they pay. Employers can also generally claim GST credits for items provided as fringe benefits.

Question 26

Give one (1) example of how fringe benefits tax (FBT) is applied. (Approximate word count 30-50 words)

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

- Car fringe benefit: when an employer makes a car, they hold available for the private use of an employee.
- Debt waiver fringe benefit: when an employer waives the obligation of an employee to pay or repay an amount owed to you.
- (Source: [Fringe benefits tax – a guide for employers](#))

Question 27

Describe your understanding of employment termination payment (ETP).

(Approximate word count 50-100 words)

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

- An employment termination payment (ETP) is a lump sum payment made as a result of the termination of a person's employment.
or
- An ETP is a lump sum payment that must be made within 12 months of an employee's termination to receive concessional tax rates. If the payment is made outside the 12-month period, it is included in the employee's assessable income and taxed at marginal rates.
- An ETP is subject to two (2) caps to qualify for the concessional rates of tax: the ETP cap and the whole-of-income cap.

Question 28

Give one (1) example of when employment termination payment (ETP) is applied and one example of when it is not.

[Approximate word count 20–50 words total]

Marking guide

Students' responses will vary. The response should include one example similar to the examples provided.

An ETP can include:

- payments for unused sick leave or unused rostered days off
- payments in lieu of notice
- a gratuity or 'golden handshake.'
- an employee's invalidity payment (for permanent disability, other than compensation for personal injury)
- compensation for loss of a job or wrongful dismissal
- genuine redundancy payments
- early retirement scheme payments that exceed the tax-free limit
- certain payments made after the death of an employee
- the market value of the transfer of property (less any consideration given for the transfer of this property).

ETPs don't include:

The response should include one example similar to the examples provided:

- lump sum payments for unused annual or long service leave
- the tax-free part of a genuine redundancy payment or an early retirement scheme payment
- superannuation benefits (for example, a lump sum or income stream from a super fund)
- foreign termination payments.

[Source: [Employment termination payments](#)]

Question 29

In the space provided for you below, briefly describe how income tests are used to assess tax offsets for individuals.

(Approximate word count 50-100 words)

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

- Income tests are used to work out your eligibility for a number of tax offsets and benefits, which can reduce the amount of tax you have to pay.
- A number of offsets, benefits and obligations are assessed using a family income threshold. If you have a spouse, you should include your spouse's income in the relevant section of your tax return.
- [Source: [Income tests](#)]

Question 30

Define the four (4) types of income tests in the table below.

(Approximate word count 30-50 words)

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

[Source: [Income tests](#)]

Income Tests	Definition
Super income test (Approximate word count 30 – 50 words)	<ul style="list-style-type: none"> ▪ Reportable employer super contributions are included in the income tests for the following: <ul style="list-style-type: none"> ○ Spouse super contributions tax offset ○ Government super co-contribution ○ Deduction for personal super contributions
Adjusted taxable income Guidance: Include the treatment of FBT under this income test.	<ul style="list-style-type: none"> ▪ 1 This affects the individual's entitlements to dependent tax offsets. The ATI includes: <ul style="list-style-type: none"> ○ Taxable income ○ Adjusted fringe benefits amount ○ Tax-free government pensions or benefits

<p>(Approximate word count 50–100 words)</p>	<ul style="list-style-type: none"> ○ Target foreign income ○ Reportable super contributions ○ Total net investment loss ○ Child support an individual paid ▪ From 1 July 2017, the adjusted fringe benefits total is the sum of: <ul style="list-style-type: none"> ○ Reportable fringe benefits amounts received from employers exempt from FBT under section 57A multiplied by 0.53 ○ Reportable fringe benefits amounts from employers not exempt from fringe benefits amounts under Section 57A
<p>Rebate income</p> <p>Guidance: Include the treatment of FBT under this income test.</p> <p>(Approximate word count 50–100 words)</p>	<ul style="list-style-type: none"> ▪ This test is used to determine whether an individual is eligible for the senior's and pensioners' tax offset. This includes: <ul style="list-style-type: none"> ○ Taxable income ○ Adjusted fringe benefits amount ○ Total net investment loss ○ Reportable super contributions ▪ From 1 July 2017, the adjusted fringe benefits total is the sum of: <ul style="list-style-type: none"> ○ Reportable fringe benefits amounts received from employers from FBT under Section 57A multiplied by 0.53 ○ Reportable fringe benefits amounts from employers not exempt from fringe benefits amounts under Section 57A
<p>Income for Medicare levy surcharge purposes</p> <p>(Approximate word count 30–70 words)</p>	<ul style="list-style-type: none"> ▪ The ATO uses this test to determine if an individual's income for surcharge purposes has exceeded the Medicare levy surcharge. They do this to determine: <ul style="list-style-type: none"> ○ If an individual is entitled to the private health insurance rebate, and ○ If an individual does not hold an appropriate level of private health insurance, the individual's liability to pay the Medicare levy surcharge.

Question 31

In the table below are questions relevant to the administrative aspects of the taxes relevant to individual taxpayers. Answer each one.

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answers provided.

	Response
<p>Identify two (2) types of documents that can be used as supporting documentation of an individual's income.</p> <p>[Approximate word count 25–60 words]</p>	<ul style="list-style-type: none">▪ Employer's name and address▪ The name and contact number of your manager [at the above employer]▪ Copies of your original payment summary issued by your employer
<p>Identify two (2) types of documents that can be used as supporting documentation of an individual's eligibility for deduction/s.</p> <p>[Approximate word count 30–70 words]</p>	<ul style="list-style-type: none">▪ A record of how you worked out of your car▪ Public transport fares, including air travel and taxi fares▪ Occupation-specific clothing that allows people to easily recognise that occupation and which is not for everyday use
<p>Explain the general five-year retention period for tax records and give an example of an exception.</p> <p>[Approximate word count 15–30 words]</p>	<ul style="list-style-type: none">▪ Generally, you must keep written evidence for five (5) years from the date the tax return is lodged.▪ There are some situations where you will have to keep records for longer than the general five-year retention period,<ul style="list-style-type: none">○ Records connected to a tax return or document that's corrected or amended○ Records of information used again in a future return○ Records of depreciating assets○ Records of capital gains tax assets○ Petroleum resource rent tax records <p>Source: Records you need to keep</p>
<p>By what date do individual tax returns need to be lodged?</p>	<ul style="list-style-type: none">▪ 31 October.

<p>Describe how tax practitioners can lodge returns for their clients.</p> <p>Guidance: Include in your response the type of confirmation your client will receive after their returns have been lodged.</p> <p>[Approximate word count 15–30 words]</p>	<p>Online through the Tax Agent Portal.</p> <p>After lodging their tax return, a client will receive a notice of assessment confirming:</p> <ul style="list-style-type: none"> ▪ How much they owe ▪ The due date for payment ▪ The payment reference number (PRN)
<p>Briefly explain the withholding mechanisms which must be applied to payments made to workers, other businesses and other payees.</p> <p>[Approximate word count 100–150 words]</p>	<ul style="list-style-type: none"> ▪ An employer's withholding obligations depend on whether their worker is an employee or contractor. If their worker is: <ul style="list-style-type: none"> ○ An employee, the employer will generally have to withhold amounts from payments made to them. ○ A contractor, the employer will generally not have to withhold amounts from payments made to them [unless they request withholding by entering into a voluntary agreement with the employer]. ▪ Payments other than income from employment may also need tax withheld, including: <ul style="list-style-type: none"> ○ Investment income to someone who does not provide their TFN ○ Dividends, interest, and royalties paid to non-residents of Australia ○ Payments to certain foreign residents for activities related to gaming, entertainment and sports, and construction ○ Payments to Australian residents working overseas ○ Super income streams and annuities ○ Payments made to beneficiaries of closely held trusts ▪ [(Source: Payments you need to withhold from)]
<p>Briefly explain what the notice of assessment should include.</p> <p>Guidance: Include in your response the waiting period for the notice of assessment.</p> <p>[Approximate word count 50–100 words]</p>	<ul style="list-style-type: none"> ▪ The notice of assessment is an itemised account of the amount of tax an individual owes on their taxable income. It also includes other details that are not part of the assessment, like the amount of credit the individual has for tax already paid during the income year. ▪ In some cases, a statement of account will be sent with the notice of assessment. If so, the refund cheque or payment advice will be attached to the statement of account. ▪ Returns lodged online are usually processed in two (2) weeks or less. ▪ [(Source: Your notice of assessment)]

<p>Identify two (2) obligations that individuals have when it comes to taxation.</p> <p>[Approximate word count 15-30 words]</p>	<ul style="list-style-type: none"> ▪ Be truthful ▪ Keep the required records ▪ Take reasonable care ▪ Lodge by the due date ▪ Pay by the due date ▪ Be cooperative. <p>[Source: Taxpayers charter - if you're subject to review or audit]</p>
<p>Identify two (2) types of rulings for tax purposes.</p> <p>[Approximate word count 5-15 words]</p>	<ul style="list-style-type: none"> ▪ Oral rulings ▪ Public rulings ▪ Private rules ▪ Product rulings ▪ Class rulings ▪ Tax Determination
<p>Identify two (2) circumstances where penalties can be imposed.</p> <p>[Approximate word count 30-50 words]</p>	<ul style="list-style-type: none"> ▪ Making a false or misleading statement or taking an unarguable position. ▪ Failing to lodge a return or statement on time. ▪ Failing to withhold amounts as required under the PAYG withholding system. ▪ Failing to meet other tax obligations. <p>[Source: Penalties]</p>
<p>Briefly outline what is involved when an individual is audited.</p> <p>[Approximate word count 50-100 words]</p>	<ul style="list-style-type: none"> ▪ A review or audit usually involves looking at an individual's affairs to ensure the information they have given the ATO is accurate, and they have complied with their obligations. ▪ If the ATO think that an individual may not be complying with their obligations, they may conduct an audit. The ATO may correct any discrepancies they find, which may mean that an individual will owe the agency money. <p>[Source: Taxpayers charter - if you're subject to review or audit]</p>

<p>Identify two (2) steps the ATO will take during a review or audit.</p> <p>(Approximate word count 30-90 words)</p>	<ul style="list-style-type: none"> ▪ Try to arrange any interviews or meetings at times and places that are mutually convenient, usually during normal business hours. ▪ Explain the purpose of any interview or visit. ▪ Ask clear and unambiguous questions and provide you with all reasonable assistance and explanations to clarify their meaning. ▪ Allow you to choose someone to act on your behalf or to attend interviews with you. <ul style="list-style-type: none"> ○ In very limited circumstances, you will not be allowed to have your choice of representative or adviser present. For example, if your representative or adviser was involved in the transaction under review. In this situation, we will give you a reasonable time to find another representative. <p>(Source: The process)</p>
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Question 32

Briefly explain the General Anti-Avoidance Rule (GAAR) and its relevance to submitting income tax documentation for individual taxpayers.

(Approximate word count 50-100 words)

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answer provided.

<ul style="list-style-type: none"> ▪ The GAAR is a set of rules that apply in the following cases: ▪ If an individual obtained a tax benefit from a scheme – a benefit that would not have been available if the scheme had not been entered into. ▪ If it is objectively concluded that you or any other person entered into or carried out the scheme, or any part of it, for the sole or dominant purpose of obtaining the tax benefit. ▪ (Source: Part IV A: the general anti-avoidance rule for income tax)
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Question 33

Briefly explain both of the Specific Anti-Avoidance Rules below and their relevance to submitting income tax documentation for individual taxpayers.

Marking guide

Students' responses will vary. Responses should demonstrate a similar understanding to the sample answers provided.

Specific Anti-Avoidance Rules

Specific Anti-Avoidance Rules	Explanation
Personal services income rules [Approximate word count 50-100 words]	<ul style="list-style-type: none"> ▪ Personal services income (PSI) is income produced mainly from an individual's personal skills or efforts. PSI does not affect individuals who are employees receiving only salaries and wages. ▪ When the PSI rules apply, it affects how an individual reports and claims deductions. For example, a sole trader cannot claim the following deductions: <ul style="list-style-type: none"> ▪ Rent, mortgage interest, rates or land tax for their home ▪ Payments to a spouse, or another associate, for support work such as secretarial duties ▪ Expenses that will generally not be deducted as an employee ▪ [Source: Personal services income and Sole trader]
False or misleading statements [Approximate word count 30-50 words]	<ul style="list-style-type: none"> ▪ Under the Tax Administration Act 1953, a person commits an offence if: <ul style="list-style-type: none"> ▪ The person makes a statement to a taxation officer, and ▪ the statement is false or misleading a material particular. ▪ [Source: Taxation Administration Act]

Question 34

How many days does a foreign resident need to be in Australia to be considered a resident for tax purposes?

Marking guide

- The candidate's response must be 183 days.

Question 35

The principle of the separation of powers distributes the power to govern in Australia between who?

[Approximate word count 3-10 words]

Marking guide

Students' responses must include the three groups in the sample answer below.

The Parliament, the Executive and the Judiciary.

Question 36

Describe the eligibility for requirements for each of the following tax rebates/offsets.

Marking guide

Students' responses are likely to include different wording than the sample answer provided. However, the acceptable responses must reflect the sample answers below.

Rebates and offset	Eligibility requirements
<p>Private health insurance (PHI) rebate and offset (Approximate word count 100-120 words)</p>	<p>You must have private health insurance to claim a rebate or tax offset for PHI. Your rebate or tax offset amount is income tested and depends on your eligibility. The rebate is an amount the government contributes towards your private health insurance.</p> <p>Your entitlement to a private health insurance rebate or tax offset depends on both:</p> <ul style="list-style-type: none"> • the age of the oldest person your policy covers • your single or family <u>income for Medicare levy surcharge purposes</u>, depending on your family status. <p>If you have a high income, the amount of private health insurance rebate you can receive is either:</p> <ul style="list-style-type: none"> • reduced • not available, if your income is more than a certain amount.
<p>Low and middle income earner tax offsets (Approximate word count 160-175 words)</p>	<p>Eligible low- and middle-income earners may receive one or both of the:</p> <ul style="list-style-type: none"> • low-income tax offset (LITO) • low- and middle-income tax offset (LMITO). <p>These offsets can only reduce your tax payable to zero, it is not a bonus payment. The amount of available offset depends on your individual circumstances.</p> <p>To be eligible for one or both of these tax offsets you need to:</p> <ul style="list-style-type: none"> • be an Australian resident for income tax purposes • pay tax on your taxable income • have a taxable income that is below certain income thresholds. <p>You don't need to complete a section in your tax return to get these tax offsets, we work out the offsets when you lodge your tax return.</p>

	If you are eligible, the amount of offset you're entitled to reduces the tax you need to pay when you lodge your tax return. You can see the amount of offset you receive on your notice of assessment (you won't receive the offset as a separate payment).
Tax offset for super contributions on behalf of your spouse [(140-150 words)]	<p>You may be able to claim a tax offset if you make an eligible contribution on behalf of your spouse (married or de facto) who is earning a low income or not working. The contribution needs to be made to:</p> <ul style="list-style-type: none"> • a complying super fund • retirement savings account (RSA). <p>You can claim a tax offset of up to \$540 per year for the income year you are claiming the tax offset if you meet all of the following conditions:</p> <ul style="list-style-type: none"> • the contributions were made to a super fund that was a complying super fund for the income year in which you made the contribution • both you and your spouse were Australian residents when the contributions were made • the contributions were not deductible by you • when making the contributions you and your spouse were not living separately and apart on a permanent basis.

Question 37

Describe how tax is calculated for the following business structures.

Marking guide

Students' responses are likely to include different wording than the sample answer provided. However, the acceptable responses must reflect the sample answer below.

Business Structure	How tax is calculated
Partnerships (Approximate word count 50-60 words)	Because partnerships are not distinct legal entities, the partnership itself does not pay tax (although it must lodge an annual partnership tax return). Instead, the business income is distributed between the partners. The partners then pay tax on their share of the business income (in addition to any other personal income) at their personal (marginal) tax rates.

Trusts (Approximate word count 80-90 words)	<p>Income passing through a trust will normally be taxed in the hands of the beneficiary at their individual tax rate.</p> <p>Income distributed to a resident beneficiary who is under a 'legal disability' will in most cases be taxed at their 'normal' tax rate by assessment sent to the trustee. The beneficiary receives a credit for tax paid by the trustee.</p> <p>Trustee Tax Rates for income not distributed is typically taxed at a higher rate [45% + Medicare] by an assessment sent to the Trustee.</p>
Companies (Approximate word count 50-60 words)	<p>The full company tax rate of 30% applies to all companies that are not eligible for the lower company tax rate.</p> <p>Eligibility for the lower company tax rate depends on whether the entity is a base rate entity. From the 2021-22 income year, companies that are base rate entities must apply the 25% company tax rate.</p>

Question 38

Identify the time limits for submitting an objection to each of the ATO decisions listed below.

Marking Guide

Students' responses are likely to include different wording than the sample answer provided. However, the acceptable responses must reflect the sample answer below.

Decisions	Time limits for lodging objections
Income tax assessments (Approximate word count 30-40 words)	<p>Two or four years from the date the assessment was given to you:</p> <ul style="list-style-type: none"> two years for most individuals and small businesses two years for most medium businesses four years for all other taxpayers.
Fringe benefits tax (FBT) amended assessment (Approximate word count 25-35 words)	<p>Until the later of:</p> <ul style="list-style-type: none"> 60 days from the date the amended assessment was given to you four years from the date the original assessment was given to you.
Goods and services tax (GST) Private rulings (Approximate word count 100-120 words)	<p>For private rulings relating to tax periods that started on or after 1 July 2012 you have until the time you lodge a business activity statement that takes into account the matter to which the ruling relates.</p> <p>For private rulings relating to tax periods that started before 1 July 2012 you have until the later of:</p> <ul style="list-style-type: none"> 60 days from the date the ruling was given to you

	<ul style="list-style-type: none"> • four years from either the <ul style="list-style-type: none"> ○ end of the relevant tax period ○ date of importation (for imported goods). <p>You cannot object to a private ruling if you have an assessment for the period concerned – object to the assessment instead.</p>
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Question 39

a. List three behaviors that are prohibited without tax agent registration and the civil penalty that is imposed if breached under the Tax Agent Service Act 2009.

Marking guide

Students' responses must match the sample answer below.

Conduct prohibited without tax agent registration	Penalties
Providing tax agent services for a fee or reward	<ul style="list-style-type: none"> • Up to \$55,500 for an individual • Up to \$277,500 for a body corporate.
Advertising tax agent services	<ul style="list-style-type: none"> • Up to \$11,100 for an individual • Up to \$55,500 for a body corporate.
Representing as a registered tax agent	<ul style="list-style-type: none"> • Up to \$11,100 for an individual • Up to \$55,500 for a body corporate.

b. List three behaviors by registered tax agents that breach a civil penalty provision.

(Approximate word count 50-60 words)

Marking guide

Students' responses are likely to include different wording than the sample answer provided. However, the acceptable responses must reflect the sample answer below.

<p>You will breach a civil penalty provision if you knowingly or recklessly (by inclusion or omission):</p> <ul style="list-style-type: none"> • make a false or misleading statement to the Commissioner of Taxation (Commissioner) • prepare a false or misleading statement which you know, or should reasonably know is likely to be made to the Commissioner • permit or direct an entity to make or prepare a false or misleading statement to the Commissioner.

Question 40

List the four (4) administrative sanctions that can be imposed by the TPB under the *Tax Agent Services Act 2009* (TASA) for a breach of the Code of Professional Conduct (Code).

Marking guide

Students' responses must match the sample answer below.

1. A written caution
2. An order requiring the tax practitioner to:
 - a. respond to requests and directions from the Board
 - b. complete a course of education or training we specify
 - c. only provide certain services
 - d. provide services only under supervision
3. Suspension of registration for a certain period
4. Termination of registration.

Question 41

Explain the objective of the Tax Agent Service Act.

[Approximate word count 70-80 words]

Marking guide

Students' responses are likely to include different wording than the sample answer provided. However, the acceptable responses must reflect the sample answer below.

The objective of the TASA is to ensure that tax agent services are provided to the public in accordance with appropriate standards of professional and ethical conduct. This is to be achieved by, among other things:

- a. establishing a national Tax Practitioners Board to register tax agents and BAS agents
- b. introducing a Code of Professional Conduct for registered tax practitioners
- c. providing the TPB with access to a graduated range of administrative sanctions for breaches of the Code.

Question 42

List three [3] considerations the TPB takes into account when deciding whether an individual meets the fit and proper person requirements for a tax agent.

Marking guide

Student's responses must match three [3] of the points listed in the sample answer below.

- whether the individual is of good fame, integrity and character
- whether the individual has been convicted of a serious taxation offence during the previous five years
- whether the individual has been convicted of an offence involving fraud or dishonesty during the previous five years

- whether the individual has been penalised for being a promoter of a tax exploitation scheme during the previous five years
- whether the individual has been penalised for implementing a scheme that has been promoted on the basis of conformity with a product ruling in a way that is materially different from that described in the product ruling during the previous five years
- whether the individual has had the status of an undischarged bankrupt during the previous five years
- whether the individual has been sentenced to a term of imprisonment or served a term of imprisonment in whole or in part during the previous five years.

Question 43

Money Makers Pty Ltd is a financial service licensee who has applied to be to be registered as a tax agent on 1 May 2022. They have not previously been registered as a tax adviser before.

- a. How many registered tax agents must Money Makers Pty Ltd employ to meet the TPB's sufficient number requirement?
- b. What factors may the TPB consider when making a judgment on whether Money Makers Pty Ltd meets the sufficient number requirement?

[Approximate word count 30-40 words]

- c. How does the TPB define 'adequate supervisory arrangements'?

[Approximate word count 80-90 words]

Marking guide

- a. Students' responses must match the sample answer below.

Money Makers Pty Ltd must have at least one registered tax agent as its sufficient number.

- b. Students' responses are likely to include different wording than the sample answer provided. However, the acceptable responses must reflect the sample answer below.

In determining the number of registered tax agents required to satisfy the sufficient number requirement, the TPB may take into account the number of qualified tax relevant providers within the company who provide tax (financial) advice services.

- c. Students' responses are likely to include different wording than the sample answer provided. However, the acceptable responses must reflect the sample answer below.

There is no precise definition of what constitutes adequate supervisory arrangements. What is adequate should be determined on the basis of the specific facts of a particular case. Determining whether there are adequate arrangements in place to ensure appropriate supervision and control is being exercised will require an assessment of the measures taken by a registered tax practitioner to supervise and control relevant activities in the context of their circumstances. Guidance can be taken from case law considering these concepts and balancing these considerations.

Question 44

Under what circumstances can the TPB apply to the Federal Court for an injunction.

(Approximate word count 10-20 words)

Marking guide

Students' responses are likely to include different wording than the sample answer provided. However, the acceptable responses must reflect the sample answer below.

When taking action against unregistered providers the TPB may apply to the Federal court for an injunction.

[Taking action against unregistered service providers | TPB](#)

Question 45

Explain the obligation a registered tax agent has to the TPB when their details or circumstances change.

(Approximate word count 70-80 words)

Marking guide

Students' responses are likely to include different wording than the sample answer provided. However, the acceptable responses must reflect the sample answer below.

You must notify us within 30 days on which you become, or ought to have become, aware of any changes to your:

- contact details, including your address for service of notices
- practice structure
- legal or trading name
- circumstances relevant to your registration
- changes to professional association membership.

If you are an Australian financial services (AFS) licensee or authorised representative, you must also notify the Australian Securities and Investments Commission about relevant changes to your business details.

[Change of tax agent details or circumstances | TPB](#)

Assessment submission checklist:

Students must have completed all questions within this assessment before submitting. This includes:

1	Forty-five [45] short answer questions are to be completed in the spaces provided.	<input type="checkbox"/>
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Congratulations, you have reached the end of Assessment 1!

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