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Exposure Draft TPB(I) D62/2026 The use of Artificial Intelligence and the Code of Professional Conduct

CPA Australia is Australia's leading professional accounting body and one of the largest in the world. We represent the diverse interests of more than 175,000 members working in over 100 jurisdictions and regions around the world. CPA Australia has over 30,000 members in public practice in Australia, serving our communities as trusted advisers who provide business advisory, tax, financial planning, reporting, auditing/assurance and insolvency-related services.

CPA Australia actively supports robust professional conduct requirements being imposed on the Australian tax profession - requirements that should be enforced by a well-funded regulator.

In principle we support the guidance proposed in TPB(I) D62/2026. We acknowledge the purpose of the guidance, as stated, 'is merely to provide guidance to tax practitioners in relation to their statutory obligations under the Tax Agent Services Act 2009 (TASA) when using AI in the provision of tax agent services. in particular'. We believe the draft guidance has stayed true to this purpose.

While AI, particularly generative AI, is seen by many as having a revolutionary impact on the professional services sector in terms of productivity, and simultaneously potentially an existential threat to those working in that sector, the guidance does not get drawn into such debates. Instead, it appropriately focuses on the obligations and responsibilities of those using AI when providing tax or BAS agent services. What tools tax practitioners use to provide their services, whether they are AI tools or otherwise, is not the issue. Rather, the draft guidance requires that in providing those services, tax practitioners ensure they stay compliant with the obligations imposed by the Code of Professional Conduct in the *Tax Agent Services Act 2009*. As we have seen already, the AI landscape is fast evolving with new and emerging technological advancements. However, by retaining a principles-based approach in the guidance rather than being prescriptive about the type of AI that may be used, the guidance should remain relevant and current in the face of technological changes.

We have included specific suggested amendments to the guidance in the attached Appendix.

If you have any queries please contact Neville Birthisel, Advisor - Regulation and Standards, at neville.birthisel@cpaaustralia.com.au.

Yours sincerely

Belinda Zohrab
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Appendix

Paragraph 6:

While the AI landscape is fast evolving with new and emerging technological advancements, in the context of providing tax agent services, AI capability or functionality ~~has been observed to include the following~~ includes but is not limited to:

Paragraph 9:

- the ~~competency and ability~~ abilities and limitations of the AI being used and the purposes for which it is being used

Paragraph 16:

Further, AI models may not always be accurate or factually correct

This should be stated more strongly.

Paragraphs 17/18:

It is unclear what is meant in the third dot point by 'independently verified'. Is it intended that someone other than the tax agent verifies the output of the AI tool? If so, by whom and under what circumstance? However, if 'independently verified' refers to the tax agent, then how does this bullet point differ from the one immediately above?

The lack of clarity around this paragraph and what is intended by 'reasonable care' may be problematic. While examples and case studies may assist here, that risks the benefit of the principles-based nature of the information product which is the most appropriate approach given how rapidly AI technology and its application is changing. This lack of clarity and whether further guidance is required warrants further consideration.

Paragraph 22/23:

The requirement to clearly inform the client where data will be stored may be challenging, impractical, and unrealistic especially where AI is embedded in other software such as accounting software platforms. Copilot reveals that data of Australian users is stored in the Melbourne or Sydney area. ChatGPT is less forthcoming.

Additionally, we question the need for paragraph 22 given the statement in paragraph 23 that 'a general authority consenting to disclosure to third parties may also be acceptable'.

Further to this information statement, will the TPB be updating TPB(PN) 03/2019 and or TPB (I) 21/2014 on including an AI consent clause in letters of engagement?

Paragraph 24:

There is a need for clarity regarding what constitutes an 'appropriate review of commercial AI tools.' Specifically:

a. Is a comprehensive answer from Copilot about its compliance with the Privacy Act sufficient?

b. Or is additional information required from the AI supplier or the digital service provider whose software embeds the AI?

For example, should organisations rely solely on documentation provided by an AI tool such as Copilot, or is it necessary to obtain independent assessments from third-party providers to ensure compliance? If the latter is required, is this realistically achievable?

Paragraph 25:

Tax practitioners should seek their own advice about whether the provisions of the Privacy (Tax File Number) Rule 2015 apply to them, including in relation to the use of AI.

As noted in paragraph 30, the Office of the Australian Information Commissioner (OAIC) can and does provide significant guidance on the TFN Rule. This draft information statement should leverage off those resources giving tax practitioners direction and guidance in determining whether the TFN Rule applies. We encourage collaboration between the OAIC and the TPB ion this matter.

Paragraph 26:

These information products more appropriately belong in the table at paragraph 31. They may also need to be updated in light of the issues identified in this draft information sheet.

Paragraph 27/28:

These paragraphs are not guidance. They need to either be amended to bring them back to the discuss around AI or be removed.

Paragraph 30:

Tax practitioners should ~~seek their own advice about~~ consider whether the provisions of the Privacy Act apply to them, including in relation to the use of AI.