



CPA AUSTRALIA PROFESSIONAL STANDARDS (ACCOUNTANTS) SCHEME & PROFESSIONAL INDEMNITY INSURANCE GUIDANCE TOOL FOR PUBLIC PRACTITIONERS

The Professional Standards (Accountants) Scheme (Scheme) operates in all Australian States and Territories and caps the professional liability of eligible Scheme participants. The Scheme was approved by the Professional Standards Councils (PSC), will commence on 23 December 2019, and end on 22 December 2024. This guidance tool will help determine your eligibility to participate in the Scheme, and what conditions, exclusions and obligations apply.

Public practitioners should complete this guidance tool to assess their own eligibility and partners should complete this guidance tool for each employee to adequately manage their firm's risk profile.

1. Scheme participation eligibility

 Provide an answer to each of the following statements:	Yes	No	
1.1 I conduct Public Accounting Services in Australia		You are ineligible	Public Accounting Services means any accounting, bookkeeping, taxation, auditing and assurance services, insolvency and corporate reconstruction, management accounting, management consulting, financial planning advice, forensic accounting, consumer and commercial credit services (credit activity services), transactional accounting, valuation services and financial reporting activities, provided to the public and not to other members or his/her own purposes, or as a corporate employee maintaining financial quality control (By-Law 1.1).
1.2 I am a current CPA Australia Member holding a CPA or FCPA designation		You are ineligible	A Certified Practising Accountant (CPA) that is entitled to use the CPA post nominal or a Fellow Certified Practising Accountant (FCPA) entitled to use the FCPA post nominal (By-Law 3.12).
1.3 I have a current Limited or Full Public Practice Certificate		You are ineligible	A current Public Practice Certificate (PPC) issued under By-Law 9.4.

2. Exclusions

2.1	There may be a legislative impediment to deriving the limited liability benefit for some public accounting services because of a conflict between Commonwealth legislation and the professional standards legislation. This would be determined during court proceedings.		
2.2	The Scheme excludes damages arising from: <ul style="list-style-type: none"> • Death or personal injury to a person • Breach of trust actions under trustee legislation in each State relating to the failure of a trustee to meet their obligations • Fraud or dishonesty. 		
2.3	The Scheme applies to each employee or partner of the firm but excludes those partners and employees who are entitled to participate in another professional association's Scheme. If two or more Schemes are applicable in a particular legal matter, then a court will determine which Scheme applies.		
2.4	Limitation of liability will only attach to a cause of action arising from client engagements commencing during the Scheme's operation from 23 December 2019 to 24 December 2024.		

3. Conditions

3.1	You must continue to hold Professional Indemnity Insurance (PII) suitable for the services you provide in accordance with Table 1 and if you provide a combination of services then the higher PII is applicable.		
3.2	You must display the applicable disclosure statement based on your firms professional accounting services offering on channels and collateral that promote your services to clients including: <ul style="list-style-type: none"> • Your business website • Letters of engagement • Written and emailed advice • Other written documents to clients not accompanied by a separate document with the disclosure statement • Tax Invoices & Receipts • Newsletters and publications • Fax cover sheets 	Disclosure statement means one of the following, which should be displayed in 8 point Times New Roman font in accordance with Professional Standards Regulations 2014 (NSW) (r.9): "Liability limited by a scheme approved under Professional Standards Legislation."	


4. Ongoing Requirements

4.1	You must: <ul style="list-style-type: none"> • Comply with CPA Australia's Constitution, By-Laws and all applicable APESB standards (non-compliance may result in referral to professional conduct) • Comply with relevant laws and statutory instruments relating to your practice • Comply with the CPA Australia Best Practice Assessment and participate when selected • Immediately advise CPA Australia in the event of a claim against your PII by emailing publicpractice@cpaaustralia.com.au 		
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5. Invoking your Scheme Limited Liability


5.1	You should notify your PII insurer if you receive a claim or cause of action against you and: <ul style="list-style-type: none"> • You are eligible for the Scheme, and • None of the section 2 exclusions apply to the claim, and • You have complied with the section 3 conditions. 		
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More Information

 For more information about the Scheme and eligibility send an email to the Public Practice Team publicpractice@cpaaustralia.com.au

*This guidance is not legal advice - The information contained in this tool is intended as a general overview only and is designed to assist users of the tool determine their potential eligibility to participate in the professional standards scheme. The tool and the information contained in it does not take your personal objectives, circumstances or needs into account. The tool is not intended to be, and should not be used as, a substitute for obtaining independent legal and financial advice in any specific situation. If you are concerned about your eligibility you should seek independent legal and financial advice.

TABLE 1: Services, PII & Limited Liability

	1	2	3	4
	Services	Your practice's annual gross income	Level of PII required by the By-Laws or according to law	Scope of Scheme limited liability in the case of a claim
A	Accounting, Bookkeeping, Management Accounting, Management Consulting, Forensic Accounting, Transactional Accounting, Valuation, and Financial Reporting services	Less than \$10 million	\$2 million	May be capped at \$2 million
		Between \$10 million and \$20 million	\$10 million	May be capped at \$10 million
		Over \$20 million	\$20 million	May be capped at \$20 million
B	Taxation services provided as a registered Tax Agent under the Tax Agents Services Act 2009	Less than \$10 million	\$2 million unless otherwise specified by the Tax Practitioners Board under s.30-10 (13) Taxation Agent Services Act 2009.	May be capped at \$2 million
		Between \$10 million and \$20 million	\$10 million unless otherwise specified by the Tax Practitioners Board under s.30-10 (13) Taxation Agent Services Act 2009.	May be capped at \$10 million
		Over \$20 million	\$20 million unless otherwise specified by the Tax Practitioners Board under s.30-10 (13) Taxation Agent Services Act 2009.	May be capped at \$20 million
C	Audit & Assurance services provided as a registered auditor under s.1280 of the Corporations Act 2001 or under the Superannuation Industry (Supervision) Act 1993 (Cth)	Less than \$10 million	\$2 million unless otherwise specified under s.128F of the Superannuation Industry (Supervision) Act 1993 or under Corporations Act 2001 & Regulations (s.1280 & r.9.2.08(c) and ASIC's PF215).	May be capped at \$2 million
		Between \$10 million and \$20 million	\$10 million unless otherwise specified under s.128F of the Superannuation Industry (Supervision) Act 1993 or under Corporations Act 2001 & Regulations (s.1280 & r.9.2.08(c) and ASIC's PF215).	May be capped at \$10 million
		Over \$20 million	\$75 million unless otherwise specified under s.128F of the Superannuation Industry (Supervision) Act 1993 or under Corporations Act 2001 & Regulations (s.1280 & r.9.2.08(c) and ASIC's PF215).	May be capped at \$75 million
D	Insolvency and corporate reconstruction services including liquidation services registered under s.1282 of the Corporations Act 2001	Less than \$10 million	\$2 million unless otherwise prescribed under the Corporations Act 2001 Insolvency Practice Schedule 2, s.25-1 and adequate fidelity insurance.	May be capped at \$2 million
		Between \$10 million and \$20 million	\$10 million or Corporations Act 2001 Insolvency Practice Schedule 2, s.25-1) and adequate fidelity insurance.	May be capped at \$10 million
		Over \$20 million	\$20 million or Corporations Act 2001 Insolvency Practice Schedule 2, s.25-1 and adequate fidelity insurance.	May be capped at \$20 million
E	Financial Planning Advice services (Limited or Full AFSL or Authorised Representative) licensed under Chapter 7, Part 7.6 of the Corporations Act 2001 (Cth)	Less than \$10 million	\$2 million unless otherwise stated in s.912B of the Corporations Act 2001 as determined by ASIC.	May be capped at \$2 million
		Between \$10 million and \$20 million	\$10 million unless otherwise stated in s.912B of the Corporations Act 2001 as determined by ASIC.	May be capped at \$10 million
		Over \$20 million	\$20 million unless otherwise stated in s.912B of the Corporations Act 2001 as determined by ASIC.	May be capped at \$20 million
F	Consumer & Commercial Credit services s.6 National Consumer Credit Protection Act 2009 (Cth)	Less than \$10 million	\$2 million unless otherwise stated in the National Consumer Credit Protection Act 2009, as determined by ASIC.	May be capped at \$2 million
		Between \$10 million and \$20 million	\$10 million unless otherwise stated in the National Consumer Credit Protection Act 2009, as determined by ASIC.	May be capped at \$10 million
		Over \$20 million	\$20 million unless otherwise stated in the National Consumer Credit Protection Act 2009, as determined by ASIC.	May be capped at \$20 million