

— **Exclusive**

PwC tax leaks scandal ‘unacceptable, unethical’: CA ANZ leader

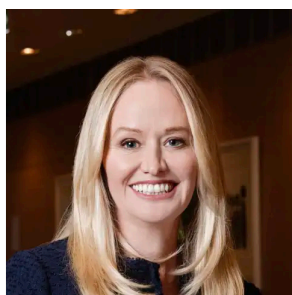
Edmund Tadros and Neil Chenoweth

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PwC partners and staff involved in the firm’s tax leaks scandal face disciplinary action that could include monetary fines and having their right to practise revoked by the country’s main accounting professional body.

In unusually hard-hitting comments, Chartered Accountants ANZ chief executive Ainslie van Onselen described the conduct as “unacceptable” and “unethical”, and said the body had secretly opened an investigation into the matter in January, when the leaks were first made public.

“The details of this matter, particularly the facts outlined by



Chartered Accountants

the facts outlined by
the Tax Practitioners
Board, are very

Australia and New
Zealand CEO Ainslie van
Onselen. **Christopher
Pearce**

serious, and they
indicate unacceptable, unethical
conduct,” she said.

“The CA ANZ’s Professional Conduct
Committee has already opened an
investigation into the matter and is
following events very closely. The
independent PCC investigation into this
matter is actively occurring in parallel
with the Senate inquiry.

“The key pillars that underpin trust in our
profession are our code of ethics, bylaws
and our professional standards, and any
violation of these pillars will be
vigorously pursued by CA ANZ.”

Ms van Onselen’s comments show how
serious she is about beefing up the
disciplinary role of the professional body,
which came under fire for allegedly
turning a “blind eye

[[https://www.afr.com/companies/professional-
services/accounting-body-turned-a-blind-eye-to-
kpmg-cheating-20210920-p58t2o](https://www.afr.com/companies/professional-services/accounting-body-turned-a-blind-eye-to-kpmg-cheating-20210920-p58t2o)]” to more
than 1100 KPMG staff allegedly cheating
on internal exams

[[https://www.afr.com/link/follow-20180101-
p58t7h](https://www.afr.com/link/follow-20180101-p58t7h)].

That criticism led to her launching a review last July into whether the body's disciplinary processes were up to scratch.

The report was originally expected to be released in April

[<https://www.afr.com/companies/professional-services/new-sanctions-for-bad-accountants-will-be-put-to-a-vote-20230130-p5cgiz>] but will now

be handed to the CA ANZ board by the end of May, as originally scheduled, before being released to members in June.

Members will have the chance to vote on proposed disciplinary changes at the body's October annual general meeting.

Delay in informing PwC

CA ANZ told PwC about its investigation only last week, the day after *The Australian Financial Review* published an article [<https://www.afr.com/link/follow-20180101-p5d4rf>] detailing how a cache of internal emails showed dozens of PwC

partners and staff were involved in a multi-year plan to exploit, for profit, secret government tax information.

The professional body did not reveal it was investigating the PwC conduct earlier because its rules specified it could

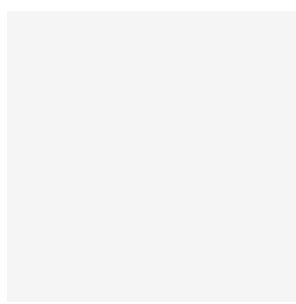
cannot because its rules specified it could confirm an investigation only “when the subject matter is already in the public domain”, a spokeswoman said.

The emails, provided by the Tax Practitioners Board (TPB) and which had names redacted, showed how PwC’s partners and staff used the leaked intelligence from former partner Peter Collins to advise 14 clients how to sidestep new multinational tax avoidance laws in 2016, and charged fees worth \$2.5 million in total.

The CA ANZ investigation was launched after the TPB’s investigation into the leaks was published in January. The TPB terminated the registration of Mr Collins

[\[https://www.afr.com/companies/financial-services/pwc-partner-leaked-government-tax-plans-to-clients-20230120-p5ceaz\]](https://www.afr.com/companies/financial-services/pwc-partner-leaked-government-tax-plans-to-clients-20230120-p5ceaz) as a tax agent for sharing the secret information about the government’s tax plans with other PwC staff, and ordered the firm to run additional training on managing conflicts of interest.

CA ANZ is a professional accounting body that represents, trains and disciplines members. Members of the big four accounting firms.



including PwC, are bound by its codes and standards.

Tom Seymour has stepped down as PwC CEO in response to the firm's tax leaks scandal. **Michael Quelch**

One of the five fundamental principles accountants pledge to follow is to keep the secrets of their clients “secure, private and confidential”. Members are also expected to display integrity, objectivity, professional competence and due care, and professional behaviour.

The body's existing rules dictate that its conduct committee will attempt to identify members who appear to have violated its code and refer them to the body's disciplinary processes. A CA ANZ spokeswoman said the body could not provide more details of the continuing investigation.

Senate inquiry

PwC is facing an unprecedented crisis over the tax leaks scandal. On Monday, the firm's chief executive, Tom Seymour, stepped down

[<https://www.afr.com/companies/professional-services/pwc-chief-steps-down-over-tax-leaks-scandal-20230508-p5d6rfj>] after revealing three days earlier

[<https://www.afr.com/link/follow-20180101-p5d5vx>] that he had received emails related to the leaks. He had earlier

promised to hold an independent inquiry into the matter, and the firm has separately promised to co-operate with a Senate inquiry into consultants when it resumes next month

[<https://www.afr.com/link/follow-20180101-p5d4zl>].

Senior partner Kristin Stubbins was appointed as the firm's acting CEO. It is understood she is moving decisively behind the scenes to bed down the details of the inquiry.

On Wednesday, two more senior partners, Pete Calleja and Sean Gregory [<https://www.afr.com/companies/professional-services/two-more-pwc-leaders-step-down-amid-tax-leaks-scandal-20230510-p5d7gj>], stood down from leadership positions at firm. A PwC source said Mr Calleja thought it was appropriate to step down from his role before the inquiry, while Mr Gregory, who the source said was not involved in the matter, stepped down because he was the leader responsible for risk management at the firm.

In its submission to the Senate inquiry, PwC states that the firm's partners and staff adhere to the ethical standards that govern professional accounting, which includes the requirement to "respect the confidentiality of information acquired as a result of professional and business

relationships”.

The submission also notes the firm’s “partnership agreement requires all partners to comply with partner policies including confidentiality”.

“For staff, our current standard employment contract requires staff to abide by any policies and procedures and that any breaches of any of these policies and procedures may be considered misconduct,” it states. “This includes our policies on confidentiality.”

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Read more about the PwC leak

- ◆ [‘For your eyes only’: How PwC leaks helped global clients dodge tax](https://www.afr.com/companies/financial-services/for-your-eyes-only-how-pwc-leaks-helped-global-clients-dodge-tax-20230501-p5d4rf)
[<https://www.afr.com/companies/financial-services/for-your-eyes-only-how-pwc-leaks-helped-global-clients-dodge-tax-20230501-p5d4rf>] Previously secret emails show PwC charged \$2.5 million in fees to advise 14 clients how to sidestep new tax

avoidance laws in 2016, relying on confidential information.

- ◆ Those 'directly involved' in tax leak have left firm: PwC CEO
[<https://www.afr.com/companies/professional-services/those-directly-involved-in-tax-leak-have-left-firm-pwc-ceo-20230503-p5d5e4>]
- ◆ AFR View: PwC's scandalous monetising of tax secrets raises big questions
[<https://www.afr.com/policy/economy/pwc-s-scandalous-monetising-of-tax-secrets-20230502-p5d52a>]
- ◆ PwC boss under fire over tax leaks scandal
[<https://www.afr.com/companies/professional-services/pwc-boss-under-fire-over-tax-leaks-scandal-20230504-p5d50c>]
- ◆ Rear Window: Tom Seymour's PwC tax scandal backsplash [<https://www.afr.com/rear-window/tom-seymour-s-pwc-tax-scandal-backsplash-20230504-p5d5ra>] The chief executive seems to have no grasp of what's at stake here, no real sense of how bad this is.
- ◆ Opinion: PwC and the consulting industrial complex [<https://www.afr.com/politics/federal/pwc-and-the-consulting-industrial-complex-20230502-p5d52e>]
- ◆ PwC chief: 'I am one of the partners' in tax leak emails [<https://www.afr.com/companies/professional-services/pwc-partners-to-attend-emergency-meeting-over-tax-leak-20230505-p5d5vx>] PwC Australia chief executive Tom Seymour told partners on Friday he would not step down despite damaging revelations about the use of confidential government information to win clients.
- ◆ The inside story of PwC's tax scandal
[<https://www.afr.com/companies/professional-services/the-inside-story-of-pwc-s-tax-scandal-20230504-p5d5k5>] The consultancy is facing one of the biggest crises in its history following

revelations that dozens of PwC operatives used confidential updates on government tax plans to drum up new clients. This is how it happened.

- ◆ [PwC chief steps down over tax leaks scandal](https://www.afr.com/companies/professional-services/pwc-chief-steps-down-over-tax-leaks-scandal-20230508-p5d6rf)
[<https://www.afr.com/companies/professional-services/pwc-chief-steps-down-over-tax-leaks-scandal-20230508-p5d6rf>]

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