

Tax Education: Current Views And Preferences Of South African Employers

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ABSTRACT

Various reasons caused the demand for tax practitioners to increase, creating a need for specialised tax education and training. Since the tax profession is not currently regulated in South Africa, educators receive little input from employers on their expectations regarding formal tax qualifications. This causes uncertainty as to whether or not employers are satisfied with tax education in South Africa. This article reports on the current and preferred composition of tax departments, considering South African employees' qualifications. The article also highlights employers' current views and preferences regarding theoretical knowledge and practical skills included in these qualifications. Any agreements between the employees' current views and preferences are indicated. Data was gathered by using questionnaires and the population on which it was tested comprised partners of the tax departments of certain financial consulting firms. The results show that there is not a fundamental difference between the current and preferred composition of tax departments. There is also evidence that employers' preferences regarding theoretical knowledge and practical skills differ from their current views. It is therefore recommended that tax education in South Africa is regulated to ensure that employers can provide input on the curricula included in tax qualifications.

Keywords: Tax Education in South Africa; Professional Education in South Africa; Tax Practitioners in South Africa

1. INTRODUCTION

Tax is almost as old as humankind. Ancient civilisations imposed taxes from as early as 3 000 BC, when the ruler Pharaoh instructed chief ministers to collect taxes from citizens (Blankson, 2007). The practice of imposing taxes has not changed. What has changed is the increased complexity of tax systems (Slemrod, 1999). When a discipline becomes more complex, a need arises for specialisation in order to ensure competency in the discipline (Braham, 1982). Consequently, a demand has arisen over the years for specialised tax practitioners to facilitate the increase in complexity of tax systems (McKerchar, 2001).

In South Africa, the tax system became more complex (Bendel, 2005) as it changed from a source-based to a resident-based system (Van Schalkwyk, 2009). The South African Revenue Service (SARS) currently collects taxes more effectively than in previous years. This change has contributed in its own way to the complexity of the South African tax system. Most South African tax consulting firms, who are also employers in this field, have already grasped the work opportunities that have resulted from this complex discipline. Especially the larger financial consulting firms Deloitte (2010), Ernst & Young (2010), KPMG (2010a) and PwC (2010) provide specialised tax services to address the issue of complexity in the South African tax system.

It has become inevitable for tax practitioners who advise taxpayers to receive specialised education and training. In training future tax practitioners, universities play a vital role in assisting employers who offer these specialised tax services. Various degrees – both undergraduate and postgraduate – that incorporate taxation as a subject are offered by South African universities. However, the curricula for these degree programmes are not yet regulated by a regulatory body. A regulatory body is an external organisation empowered by legislation to administer and control a specific educational process (Harvey, 2011). At the time the research was being conducted,

the Regulations of Tax Practitioners Bill, issued in June 2008, was still in draft format. The aim of this Bill is to ensure that minimum standards are implemented in respect of qualifications and experience required by tax practitioners (SARS, 2010).

Given the fact that the purpose of a regulating body is to identify the syllabus content and to specify outcome competencies (Churchman & Woodhouse, 1999), one may ask: If tax education is not regulated in South Africa, are the tax curricula of the various degree programmes that universities offer sufficient to provide students with the necessary knowledge and skills to function as professional tax practitioners?

Barac (2009) determined employers' perceptions of the knowledge and skills of entry-level accountants in general, and Coetzee and Oberholzer (2009) focussed on tax-specific skills of entry-level accountants who were studying towards becoming Chartered Accountants (CAs). Although there are similarities between the research that informed this article and the research of Barac (2009) and Coetzee and Oberholzer (2009), there are also differences. One of these differences is that in this research, the researcher investigated employers' views and preferences regarding any tax qualification that all newly qualified tax practitioners can obtain and not only of those studying towards becoming CAs.

From a practical perspective, the research reported in this article is particularly valuable as it provides information on the current views and preferences of employers who employ newly qualified tax practitioners, irrespective of the type of qualification. This information therefore benefits both universities and employers, as a possible expectation gap exists between educators and employers. The article also contributes to the development of professional careers in taxation in South Africa.

The aim of this article was therefore to report on the current composition of tax departments by considering the qualifications employees obtained and also to indicate which qualifications employers prefer when appointing employees. The article highlights employers' current views and preferences regarding the theoretical knowledge and practical skills included in these qualifications. Any agreement between the employers' current views and their preferences is also indicated in this article.

The article is structured as follows: first it focuses on the relevant literature to set a background for the research design. This is followed by a description of the research design and methods used. The results of the study are then discussed. Finally, the implications and limitations of the study are mentioned and directions for further research are discussed.

2. LITERATURE REVIEW

This section explores whether there is a demand for tax practitioners, as a high demand has a direct influence on tax education and training. The objectives of professional education and employer involvement in planning curricula are also discussed.

2.1.1 The demand for tax practitioners

A broad range of professionals offering tax advice to taxpayers is currently evident in modern-day society. Tax practitioners range from persons specialising in tax to accountants, lawyers and auditors. The issue of tax, which some still perceive to be a secondary segment of accounting, has, however, increased in complexity and significance. It is therefore a highly specialised discipline in itself (Doyle, Frecknall-Hughes & Summers, 2009).

Owing to the specialised nature of the discipline, there is currently a greater demand for tax practitioners than ever before. According to Sakurai and Braithwaite (2001), taxpayers obtain professional tax advice to lessen the perceptions of complexity and legal uncertainty surrounding taxation. They also found that another reason for obtaining professional tax advice is to explore 'grey areas' in legislation that may result in lower tax liabilities being payable. Doyle et al. (2009) claim that dependence on tax practitioners has increased as a result of a combination of self-assessment systems, complex tax legislation, increased punishments implemented for non-compliance of regulations and complicated international transactions.

In South Africa, Venter and De Clercq (2007) studied the impact of taxation on small and medium sized enterprises. Their results indicated that the main reason for the outsourcing of tax functions in these sectors was a lack of skilled tax employees and limited time available to them to manage their tax functions.

From these studies it is evident that the demand for tax practitioners has increased, which has created a need for extensive specialised education and training in the discipline of taxation.

2.1.2 Importance of valuable professional education and training

Curriculum objectives of professional education and training are now discussed to indicate the importance of assessing the demands of a specialised profession, such as taxation, in planning a professional curriculum.

2.1.3 Analysis of curriculum objectives of professional education

For most employers, appointing new employees involves a structured recruitment process. Employers need to ensure that the candidates meet their expectations and that the candidates fit into the employers' corporate culture. Employers search for certain general qualities in new employees. These qualities may include the following (Heathfield, 2010):

- Qualifications, such as degrees, diplomas or certificates, awarded by registered authorities after the successful completion of a programme (Harvey, 2011);
- Experience, which can be described as the way employees logically treat difficult situations encountered in the work place (Paloniemi, 2006);
- Knowledge, defined as the understanding or being familiar with information (Cassam, 2009);
- Skills, defined as the capability of a person to complete certain intellectual activities that add to the successful performance of the position (Society for Human Resource Management, 2011); and
- Characteristics, defined as typical features or qualities of a specific person (Soanes & Stevenson, 2009).

Certain skills and knowledge of professionals are mostly only gained after employment starts (Cranmer, 2006). Professionals are required to be able to deliberate, gain some understanding of concepts and find solutions to problems (Glaser, 1983). In addition to technical knowledge, professionals should also have the ability to comprehend and apply difficult concepts within the specific profession (Billet, 2009). Employers may still expect educators to assist students in gaining some of these abilities.

Carter (1985) created a taxonomy as a tool to analyse curriculum objectives for professional education to identify qualities that employers prefer to feature in curricula of professional qualifications. Carter (1985) found that some qualities definitely do not feature in curricula for professional education. Cranmer (2006) determined that employer involvement in the design of curriculum contents constructively contribute towards acquiring certain skills that enhance employability.

2.1.4 Importance of employer involvement in planning curricula

Educators can identify the knowledge and skills that employers prefer if they (the employers) are involved in the process of planning curricula. This involvement will contribute constructively to the final qualification. One way of facilitating employer involvement is by regulating the profession. To monitor standards, regulating bodies can either identify the curriculum content or specify outcome competencies (Churchman & Woodhouse, 1999).

In South Africa a professional body for the tax profession, The South African Institute of Tax Practitioners, exists. This body is a professional body only and consequently does not have any legal mandate to regulate and monitor standards. A professional body is a group of people in a profession of which the members have agreed to follow specified rules of conduct when practising the profession (Harvey, 2011). Since the tax profession is not currently regulated, very little input is received from employers on what their expectations are regarding formal tax qualifications. This creates uncertainty whether or not employers are satisfied with tax education in South Africa.

2.2 Employers' perceptions of knowledge and skills required by newly qualified tax practitioners

Studies such as those by Oppenheimer (1997), Miller and Woods (2000) and Tan and Veal (2005) have been conducted abroad to investigate the perceptions of employers in respect of knowledge and skills required from young professionals in the discipline of taxation. Miller and Woods (2000) emphasise that employers and educators should realise that students should obtain certain abilities such as writing skills, communication skills and the ability to work in a team from their entire degree courses and not just from their courses in taxation.

Not many studies relating to tax knowledge and skills have been conducted in South Africa. Coetzee and Oberholzer (2009) carried out research about tax knowledge and skills of entry-level trainee accountants studying towards becoming CAs. Their study did not include other tax qualifications that students may acquire when studying towards becoming a tax practitioner.

It is important to determine the perceptions of South African tax practitioners in respect of all tax qualifications. It is believed that the results of such research will make all tax educators aware of the expectations employers have when employing newly qualified tax practitioners. Such results will also guide educators in developing tax curricula that meet all stakeholders' expectations.

3. METHOD

The empirical research reported in this article entailed an exploratory study to determine the current views and preferences of employers on tax education by using a structured questionnaire.

3.1 Target population, sampling method and size

The target population consisted of the partners employed in the tax departments of the four largest financial consulting firms in South Africa, namely Deloitte, Ernst & Young, KPMG and PwC. These firms were selected because they employ numerous employees as tax practitioners. The entire population over all four firms consisted of 92 partners. As this is a relatively small population, the entire population was surveyed. Only 52% of the population responded to the questionnaire.

3.2 Data collection

To collect the relevant data, a survey was conducted by using a structured questionnaire. The research was telephonically explained to the managing partner of the tax department of each of the four abovementioned financial consulting firms. This was only done after ethical clearance had been obtained from the applicable committees at the University of Pretoria, South Africa.

After the necessary permission had been obtained from the managing partners, each partner was contacted to explain the research to them. This was done to ensure a high response rate, as low response rates are a key disadvantage of using questionnaires (Saunders, Lewis & Thornhill, 2007). The questionnaire was then emailed to the partners who were requested to complete it electronically. Each partner received a unique link to the questionnaire and if there was no response by a certain date, a reminder was emailed to the partner with a final request to complete the questionnaire.

To increase the reliability of the data, the questionnaire was sent directly to the appropriate individual partner's email address to prevent the responses from being contaminated because the wrong person completed the questionnaire (Saunders et al., 2007).

3.3 Pre-testing of the questionnaire

In order to increase the validity of the questionnaire, a pilot study was conducted. The pilot study assisted in establishing whether participants would experience any problems in completing the questionnaire.

The questionnaire was first critically evaluated by two full-time academics with experience in research and practice. After their evaluation, an associate director of a financial consulting firm tested the questionnaire.

3.4 Measurement

This section clarifies the methods used to evaluate the results of the theoretical knowledge and practical skills. First, the percentage of the participants indicating their current views and preferences for a specific level of theoretical knowledge and practical skills was pointed out and discussed. Next, a statistical analysis by means of the Cohen's Kappa test was used to determine the agreement (Landis & Kock, 1977) between the employers' current views versus their preferences regarding students' theoretical knowledge and practical skills. The purpose of the Kappa test was to determine a value that indicates to which extent the respondents' current views agree with what they prefer. Landis and Kock (1977) suggest that Kappa values should be interpreted by using the following labels:

- <0.00 = poor strength of agreement;
- -0.20 = slight strength of agreement;
- $0.21 - 0.40$ = fair strength of agreement;
- $0.41 - 0.60$ = moderate strength of agreement;
- $0.61 - 0.80$ = substantial strength of agreement; and
- $0.81 - 1.00$ = almost perfect strength of agreement.

Finally, the data was analysed by calculating the following three percentages:

1. Percentage of the participants who considered that their current views equal their preferred expectations;
2. The percentage of the participants who considered that their current views are below their preferred expectations; and
3. The percentage of the participants who considered that their current views exceed their preferred expectations.

The results of the theoretical knowledge and practical skills that were measured by using the methods described in this section follow under heading 'Results'.

3.5 Limitations

In this article newly qualified tax practitioners are considered to be persons with a formal qualification in taxation, who do not have any previous tax-specialised working experience. Research where tax practitioners with any other experience are tested may present different results. The research reported in this article also only included partners employed in the tax departments of the four largest financial consulting firms in South Africa in the population. A different population may have different results.

4. RESULTS

This section starts by reporting on the current composition of tax departments by considering the qualifications employees obtained. It also indicates which qualifications employers prefer when appointing employees. The results concerning the theoretical knowledge and practical skills of newly qualified tax practitioners are subsequently discussed.

4.1 Current and preferred composition of tax departments

From the results it is evident that the participants mostly employed tax practitioners with an honours or postgraduate diploma specialising in taxation, as well as CAs and persons with a Magister Commercii (MCom) in taxation or Master of Law (LLM). Most participants only employed some employees with Bachelor of Law (LLB) degrees and employees who are qualified attorneys. Half of the participants indicated that they did not employ persons with an undergraduate degree specialising in taxation. A possible reason for this is that at the time the research was carried out, only two universities offered such a degree.

Participants preferred to employ employees who specialised in taxation, thus those who held Bachelor Commercii (BCom) degrees specialising in taxation, honours or postgraduate diplomas specialising in taxation and MCom in Taxation or LLM. CAs or persons studying towards becoming CAs were also very popular among the participants.

It appears therefore as if there is not a major difference between the current tax qualifications of employees in tax departments and those preferred by their employers.

4.2 The theoretical knowledge of a newly qualified employee

A standard list of theoretical knowledge was supplied to participants to ensure comparability of data gathered. This list was compiled by considering tax legislation at the time of the research. Table 1 indicates the preferences of the participants in selecting a specific level of theoretical knowledge expected from newly qualified tax practitioners.

Table 1: Statistical analysis of the participants' current views and preferences regarding the theoretical knowledge of newly qualified employees

Type of theoretical knowledge	High level of theoretical knowledge		Average level of theoretical knowledge		Lower than average / No level of theoretical knowledge	
	Current expectation	Preference	Current expectation	Preference	Current expectation	Preference
Taxation environment of South Africa	38%	53%	34%	45%	28%	2%
Fiscal framework of RSA	15%	30%	48%	63%	37%	7%
History of taxation	2%	11%	35%	41%	63%	48%
Individual tax (excluding capital gains tax)	7%	16%	49%	69%	44%	15%
Secondary tax on companies (STC) / Dividend tax	28%	59%	30%	28%	42%	13%
Company tax (excluding capital gains tax and corporate rules)	46%	65%	28%	24%	26%	11%
Capital gains tax	37%	61%	35%	35%	28%	4%
Employees tax	13%	20%	35%	59%	52%	21%
Taxation of expatriates	2%	7%	26%	50%	72%	43%
Fringe benefits	9%	22%	46%	54%	45%	24%
Provisional tax	24%	48%	46%	44%	30%	8%
Donations tax	11%	24%	35%	44%	54%	32%
Lump sum benefits from pensions, provident and retirement annuity funds	2%	2%	17%	41%	81%	57%
Estate duty	4%	4%	11%	22%	85%	74%
Taxation of trusts (excluding capital gains tax)	13%	28%	24%	37%	63%	35%
Taxation of employment companies	4%	11%	24%	54%	72%	35%
Taxation of non-resident branches	13%	33%	28%	48%	59%	19%
International tax	13%	30%	28%	52%	59%	18%
Transfer pricing	11%	24%	27%	49%	62%	27%
Taxation of public benefit organisations (excluding capital gains tax)	2%	7%	22%	46%	76%	47%
Taxation of farming activities	4%	7%	11%	20%	85%	73%

Type of theoretical knowledge	High level of theoretical knowledge		Average level of theoretical knowledge		Lower than average / No level of theoretical knowledge	
	Current expectation	Preference	Current expectation	Preference	Current expectation	Preference
Corporate rules (unbundling, amalgamations, etc.)	22%	41%	28%	50%	50%	9%
Taxation of long-term insurers	20%	2%	36%	44%	44%	54%
Taxation of retirement funds	2%	2%	9%	38%	89%	60%
Value Added Tax (VAT)	11%	30%	38%	57%	51%	13%
Transfer duty	6%	17%	17%	43%	77%	40%
Customs and excise duty	7%	7%	11%	28%	82%	65%
Security transfer tax	7%	13%	20%	36%	73%	51%
Taxation of mines	7%	14%	18%	48%	75%	38%

Table 1 shows that for most topics more than 50% of the participants' preferred newly qualified tax practitioners to have an average or higher level of knowledge. For the topics that do not fall within this category, more than 50% of the participants indicated that they prefer a lower than average or no theoretical knowledge. These topics include the following: (1) *Lump sum benefits from pensions, provident and retirement annuity funds*; (2) *Estate duty*; (3) *Taxation of farming activities*; (4) *Taxation of long-term insurers*; (5) *Taxation of retirement funds*; (6) *Customs and excise duty*; and (7) *Security transfer tax*. There is also a distinct difference between the participants' current views and their preferences.

Table 2 indicates the Kappa values as well as the percentage of participants whose current views equalled their preference, exceeded their preference or were below their preference.

Table 2: Statistical analysis of the agreement between employers' current views and preferences of the theoretical knowledge of newly qualified employees

Type of theoretical knowledge	Kappa	Current = Preference	Current < Preference	Current > Preference
Taxation environment of South Africa	0.3000**	55%	38%	7%
Fiscal framework of RSA	None	48%	48%	4%
History of taxation	0.3090**	54%	35%	11%
Individual tax (excluding capital gains tax)	0.3317**	60%	40%	0%
Secondary tax on companies (STC) / Dividend tax	0.2085**	44%	52%	4%
Company tax (excluding capital gains tax and corporate rules)	None	65%	28%	7%
Capital gains tax	0.2954**	54%	44%	2%
Employees tax	None	54%	44%	2%
Taxation of expatriates	0.2982**	52%	41%	7%
Fringe benefits	0.3232**	57%	39%	4%
Provisional tax	0.2581**	50%	46%	4%
Donations tax	0.2308**	46%	46%	8%
Lump sum benefits from pensions, provident and retirement annuity funds	0.4142***	63%	33%	4%
Estate duty	0.3434**	61%	22%	17%
Taxation of trusts (excluding capital gains tax)	0.3632**	54%	44%	2%
Taxation of employment companies	0.2188**	46%	50%	4%
Taxation of non-resident branches	0.2506**	44%	54%	2%
International tax	None	41%	59%	0%
Transfer pricing	0.3137**	49%	51%	0%
Taxation of public benefit organisations (excluding capital gain tax)	0.2120**	48%	48%	4%
Taxation of farming activities	0.4203***	64%	27%	9%
Corporate rules (unbundling, amalgamations, etc.)	0.2666**	46%	50%	4%

Type of theoretical knowledge	Kappa	Current = Preference	Current < Preference	Current > Preference
Taxation of long-term insurers	None	53%	47%	0%
Taxation of retirement funds	0.3326**	53%	47%	0%
Value Added Tax (VAT)	0.3039**	51%	49%	0%
Transfer duty	0.1931*	40%	58%	2%
Customs and excise duty	0.4305***	61%	39%	0%
Security transfer tax	0.3082**	51%	49%	0%
Taxation of mines	0.3006**	48%	52%	0%

*Slight, **Fair, ***Moderate

From the statistical analysis of the data in Table 2, the following important matters have been identified:

There is only a slight agreement (0.1931) between the participants' expectations versus their preferences in terms of the topic *Transfer duty*. This could be due to the fact that *Transfer duty* is not necessarily included in the curriculum of all the various degrees. The South African Institute of Chartered Accountants (SAICA) syllabus, which is used for BCom degree programmes specialising in accounting, and honours degrees specialising in accounting, specifically does not include transfer duty (South African Institute of Chartered Accountants, 2011), except for tax planning purposes. However, 58% of the participants indicated that they prefer newly qualified tax practitioners to have a greater knowledge about transfer duty than what they currently have.

Only the results of three topics, namely *Lump sum benefits from pensions, provident and retirement annuity funds, Taxation on farming activities* and *Customs and excise duty*, produced Kappa values above 0.41, which is a moderate agreement between the participants' current views and preferences in respect of these topics. More than 60% of the participants also indicated, for these three topics, that their current views of the theoretical knowledge in respect of these topics equal their preferences. The specialised nature of these three topics may be the main reason for employers not to prefer newly qualified tax practitioners to have theoretical knowledge about these topics. A population with different characteristics may, however, provide different results.

For all the other topics included in this question for which Kappa values could have been calculated (Table 2), the values ranged from 0.21 to 0.4. This indicates that there was only a fair strength of agreement between what the participants currently expected newly qualified tax practitioners to know versus what they preferred them to know. For all these topics between 44% and 61% of the participants indicated that their current expectations of theoretical knowledge for newly qualified tax practitioners equalled their preferences.

4.3 The practical skills of a newly qualified employee

A standard list of types of practical skills was supplied to participants to ensure comparability of data gathered. In compiling this list, the researcher considered the study done by Miller and Woods (2000:229), as well as the Competency Model followed by KPMG SA (KPMG:2010b), which was received in hard copy from an associate director of KPMG at the time of the pilot test.

Table 3 indicates the percentage of the participants who selected a specific level of practical skills that they currently expected newly qualified tax practitioners to have, as well as what they preferred them to have.

Generally, most of the participants preferred newly qualified tax practitioners to have an average to high ability to practise the listed practical skills. Most participants' current views were, however, that newly qualified tax practitioners had an average or lower than average ability to practise the skills.

Kappa values could only have been calculated for the *ability to write tax opinions* and the *ability to reason and solve problems with limited guidance*. For both these types of practical skills, the Kappa values are slight, which indicates that employers' current views mostly did not agree with their preferences. Seventy four per cent of the participants indicated that they prefer more than the current ability of newly qualified tax practitioners (Table 4) with regard to the *ability to write tax opinions*. In respect of the *ability to reason and solve problems with limited*

guidance, 54% of the participants indicated that their preferences in respect of the level of ability to apply this practical skill exceed their current views.

Table 3: Statistical analysis of the current views and preferences of the practical skills of newly qualified employees

Type of practical skill	High level of practical skill		Average level of practical skill		Lower than average / No level of practical skill	
	Current expectation	Preference	Current expectation	Preference	Current expectation	Preference
Ability to prepare / review tax computation by applying current tax legislation and case law	16%	58%	42%	40%	42%	2%
Ability to identify basic personal and business tax planning opportunities	13%	38%	24%	60%	63%	2%
Ability to evaluate the impact of taxation on decision making by individuals and businesses	11%	41%	28%	54%	61%	5%
Ability to use a variety of software packages, e.g. Word, Excel	36%	58%	47%	38%	17%	4%
Ability to use computer applications, e.g. e-filing	17%	39%	39%	43%	44%	18%
Ability to perform tax research	29%	73%	29%	24%	42%	3%
Ability to assist in general tax administration, e.g. returns, objections, etc.	18%	40%	31%	49%	51%	11%
Ability to write tax opinions	20%	63%	17%	33%	63%	4%
Ability to reason and solve problems with limited guidance	20%	57%	22%	39%	58%	4%
Ability to communicate and negotiate	20%	52%	22%	41%	58%	7%

Table 4: Statistical analysis of the agreement between the current views and preferences of the practical skills of newly qualified employees

Type of practical skills	Kappa	Current = Preference	Current < Preference	Current > Preference
Ability to prepare / review tax computation by applying current tax legislation and case law	None	29%	71%	0%
Ability to identify basic personal and business tax planning opportunities	None	27%	73%	0%
Ability to evaluate the impact of taxation on decision making by individuals and businesses	None	30%	70%	0%
Ability to use a variety of software packages, e.g. Word, Excel	None	58%	35%	7%
Ability to use computer applications, e.g. e-filing	None	48%	50%	2%
Ability to perform tax research	None	44%	56%	0%
Ability to assist in general tax administration, e.g. returns, objections, etc.	None	47%	53%	0%
Ability to write tax opinions	0.0832*	26%	74%	0%
Ability to reason and solve problems with limited guidance	0.1212*	31%	54%	15%
Ability to communicate and negotiate	None	30%	70%	0%

*Slight, **Fair, ***Moderate

For the following practical skills for which Kappa values could not have been calculated at least 70% or more of the participants (Table 4) indicated that they prefer newly qualified tax practitioners to have a greater ability than what they currently have:

- *Ability to prepare/review tax computation by applying current tax legislation and case law*
- *Ability to identify basic personal and business tax planning opportunities*
- *Ability to evaluate the impact of taxation on decision making by individuals and businesses*
- *Ability to communicate and negotiate*

The *ability to use a variety of software packages, e.g. Word, Excel*, is the only practical skill where more than half (58%) of the participants indicated that their current views about the level of this skill which a newly-qualified employee should have are similar to their preferences. This may be because children start learning computer skills from a very young age.

The results of this question indicate that the employers included in the population were not satisfied with the practical skills of newly qualified tax practitioners. Cranmer's (2006) finding that certain skills and knowledge of professionals are mostly gained after employment starts should however not be overlooked by employers.

5. CONCLUSION

The aim of this article was to report on the current and preferred composition of the tax departments of the four largest financial consulting firms in South Africa. The article also highlighted employers' current views and preferences on the theoretical knowledge and practical skills included in tax qualifications, and it determines any agreement between the employers' current views and their preferences.

The research was motivated by the fact that little or no input is received from South African employers to ensure that quality tax education is provided to students who are studying towards becoming tax practitioners.

The results of the analysis concluded that there is not a major difference between the current tax qualifications of employees in tax departments and those preferred by their employers. It was evident that the employers prefer to employ employees who specialise in taxation. Chartered Accountants are, however, also a popular choice. Currently, however, persons with these qualifications are not always available to be employed.

For most topics tested, the participants believed that the level of theoretical knowledge of newly qualified tax practitioners is currently too low.

In terms of practical skills, the results indicated that, currently, for all types of skills listed in the questionnaire, except one, at least 50% or more of the participants did not consider newly qualified tax practitioners to have the level of skills they preferred them to have.

Where a Kappa value could have been calculated for either the theoretical knowledge or practical skills, there is only a slight or fair agreement between the employers' current views and preferences.

Given the results of the research reported in this article, there is evidence that employers' preferences in terms of theoretical knowledge and practical skills differed from their current views. It is therefore recommended that tax education in South Africa be regulated to ensure that employers can provide input on the curricula included in tax qualifications.

In conclusion: the increased demand for specialised tax practitioners has created a need for extensive specialised tax education and training in order to ensure that taxpayers receive tax services from competent tax practitioners. The lack of regulated tax education may have a direct influence on the quality of tax education offered by South African universities. One thing appears to be certain: tax, which is almost as old as humankind, will certainly only come to an end when humankind becomes extinct. This is sufficient reason for educators to improve tax education.

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