

ADMINISTRATIVE REQUIREMENTS OF SOUTH AFRICAN TAX PRACTITIONERS: A COMPARATIVE ANALYSIS

by

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Submitted in partial fulfilment of the requirements for the degree

Magister Commercii in Taxation

in the

FACULTY OF ECONOMIC AND MANAGEMENT SCIENCES

at the

UNIVERSITY OF PRETORIA

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Date of submission:
2013-09-16

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ABSTRACT

ADMINISTRATIVE REQUIREMENTS FOR SOUTH AFRICAN TAX PRACTITIONERS: A COMPARATIVE ANALYSIS

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Revenue authorities around the globe have imposed regulations on the tax profession as tax practitioners play an important role in the administration of the tax systems. Regulating the tax profession will protect taxpayers from unscrupulous and unethical tax practitioners. South Africa took the first step in regulating tax practitioners by requiring tax practitioners to register with the South African Revenue Service. The South African Revenue Service, however, had no authority over the conduct of tax practitioners and the legislation had to be amended. The Tax Administration Act commenced in 2012 which required tax practitioners to register with a controlling body. The registration with a controlling body was the first phase of regulating the tax profession in South Africa. The second phase is to establish an independent regulating board for tax practitioners after the successful implementation of the first phase. To date no indication of the successful implementation of phase one has been published. The USA and Australia have successfully implemented regulations on the tax profession. Comparing these two countries with South Africa will provide a benchmark to determine if South Africa is in line with global regulations.

KEY WORDS:

Tax practitioner

Regulations

Controlling board

Revenue authorities

Tax legislation

OPSOMMING

ADMINISTRATIVE REQUIREMENTS FOR SOUTH AFRICAN TAX PRACTITIONERS: A COMPARATIVE ANALYSIS

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Inkomste owerhede om die wêreld het regulasies op die belasting professie geïmplementeer omdat belasting praktisyne n belangrike rol in die administrasie van n belasting stelsel speel. Om die belasting professie te reguleer, beskerm belastingbetalers teen beginsellose en onetiese belasting praktisyne. Die eerste stap wat Suid-Afrika geneem het om belasting praktisyne te reguleer was om te vereis dat die praktisyne registreer by die Suid-Afrikaanse Inkomstedienste. Die Suid-Afrikaanse Inkomstediens het geen gesag oor die belasting praktisyne gehad nie en die wetgewing moes gewysig word. Die Belasting Administrasie Wet het in 2012 in werking getree en die wetgewing vereis dat belasting praktisyne registreer by n beheerliggaam. Die registrasie by n beheerliggaam was die eerste fase, die tweede fase is om n onafhanklike regulerende liggaam vir belasting praktisyne te stig na die suksesvolle implementering van die eerste fase. Tot dusver is daar geen aanduiding van die sukses van fase een gepubliseer nie. Die Verenigde State van Amerika en Australië het albei regulasies op belasting praktisyne suksesvol geïmplementeer. Deur Suid-Afrika se regulasies te vergelyk met die twee nasies sal n aanduiding wees of Suid-Afrika se regulasies op n wêreld vlak is.

SLEUTEL WOORDE:

Belasting praktisyne

Regulasie

Beheerende raad

Inkomste owehede

Belasting wetgewing

ADMINISTRATIVE REQUIREMENTS FOR SOUTH AFRICAN TAX PRACTITIONERS: A COMPARATIVE ANALYSIS

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND

Tax practitioners play a vital role in the tax administration systems of revenue authorities as tax practitioners assist with the compliance of taxpayers (Devos, 2012:6). Taxpayers are necessarily not experts in tax legislation and in many cases require assistance to ensure they meet the revenue authorities' requirements.

Countries such as the United States of America ("USA"), Australia, the Netherlands and Malaysia realised the importance of the tax profession and have implemented regulations on tax practitioners (Jooste, 2010:66). To meet international standards it is important for South Africa to implement regulation on tax practitioners as this will bring South Africa's tax practitioners in line with global practitioners (Michaletos, 2011:1).

Minister of Finance, Mr Trevor Manuel first referred to the regulation of the tax profession in his 2002 budget speech by proposing the implementation of regulations on tax practitioners (Klue, 2009:1). After his speech, South African Revenue Service ("SARS") implemented section 67A in the Income Tax Act no 58 of 1962 ("ITA"). This section required tax practitioners to register with SARS by 30 June 2005 (Michaletos, 2011:2). SARS did not require proof of qualification or experience from individuals before they could register and receive a practitioner's number (Klue, n.d:13).

The tax practitioners registered with SARS were not subject to a code of conduct or disciplinary sanctions. They were unregulated (Du Plessis, 2003:9). Ayres, Jackson & Hite (1989:2) determined that regulating a profession is of the benefit of both the regulating parties.

The tax profession in South Africa needed a change and SARS implemented the Tax Administration Act no 28 of 2011 (“TAA”). The TAA (28/2011) commenced on 1 October 2012. Section 240 of the TAA (28/2011) required tax practitioners to register with a controlling body by 1 July 2013.

Tax practitioners are now regulated by controlling bodies as the TAA (28/2011) authorises these bodies, to regulate the registration process and to impose disciplinary sanctions on tax practitioners where necessary. Controlling bodies should ensure that tax practitioners comply with a code of conduct, have the necessary qualified expertise and adhere to the highest ethical standards (Nienaber, 2010:33).

The proposed regulation of tax practitioners were to be implemented in two phases. Phase one was the registration of tax practitioners with a controlling body and phase two was supposed to be the establishment of an independent regulating board for tax practitioners (Klue, 2013). After the TAA (28/2011) commenced no further information regarding the objectives and duties of an independent regulating board was published.

1.2 PROBLEM STATEMENT

Numerous international studies have been conducted on the effect of regulating the tax profession; however, South Africa has only recently, in terms of in the TAA (28/2011), required tax practitioners to register with a controlling body. The extent to which the new requirements for tax practitioners are aligned with other countries and international best practices is not known.

1.3 PURPOSE STATEMENT

The main purpose of this study is to determine whether or not the new legislative requirements for South African tax practitioners are aligned with other major economies. This could provide some insight into the future for the regulation of this profession in South Africa. This study will also add to the existing literature on tax practitioner regulations.

1.4 RESEARCH OBJECTIVES

The following research objectives will guide this study:

- To evaluate the difference between the requirements for tax practitioners before the implementation of the TAA (28/2011) and after the implementation of the TAA (28/2011). By evaluating the differences South Africa can establish a benchmark for future regulatory improvements.
- To compare the regulation of tax practitioners in South Africa to the regulation of tax practitioners in the United States of America and Australia by completing a literature review. This will determine whether or not South Africa's legislative regulations meet international standards.
- To compare the role of a tax practitioner controlling board between South Africa, United State of America and Australia. This aims to assist South Africa in determining the requirements of an independent regulating board and the role of the controlling bodies in the future.
- To determine whether the regulations on South Africa tax practitioners are in line with global standards.

1.5 IMPORTANCE AND BENEFITS OF THE PROPOSED STUDY

Before the implementation of the TAA (28/2011) tax practitioners were not regulated by any board (Du Plessis, 2003:9). For South Africa to be aligned with its international counterparts it is vital to compare the elements of regulating the tax profession in South Africa to international regulatory standards. The boards enforcing the regulating legislation in international countries will be analysed to provide a benchmark for the controlling bodies and the independent regulating board in South Africa.

1.6 DELIMITATIONS

This study will compare the regulations of tax practitioners in the USA, Australia and South Africa. The study will only focus on individuals providing tax services and not on entities, companies or partnerships providing such services. The study will establish if South

African regulations are in line with international standards. This study will not determine whether the regulations in South Africa were successfully implemented, nor will it determine the procedures used to implement the regulations.

The study will compare the regulation of tax practitioners before and after the implementation of the TAA (28/2011), however, the effectiveness of the regulations before and after the TAA (28/2011) will not be determined.

The controlling boards of the USA, Australia and South Africa will be compared. The different governments' involvement with the implementation of these controlling boards will not be reviewed.

1.7 ASSUMPTIONS

The study will be conducted based on the following assumption:

- information will be based on the dictionary meaning of the words;
- the elements of each country's regulations will contribute to the study's structure;
- the perception of tax practitioners will not influence the study;
- regulations will have several stages of effectiveness;

1.8 DEFINITION OF KEY TERMS

This study includes certain key concepts. These concepts are controlling board, regulations, revenue authorities, tax compliance, tax practitioner, tax professional and tax services.

Controlling board: Is a fixed body with the responsibility of overseeing tax practitioners (Australian government, 2013d).

Regulations: Govern the tax practitioner practice (Ayres *et a.*, 1989:4).

Tax practitioners: A person who is professionally trained in accounting principles (Foster, 1973:79). Tax advisor, tax agent, tax preparer and tax intermediaries are also considered to be tax practitioners (Frecknall-Hughes, n.d:2).

Tax professional: In this study a tax professional is a tax practitioner, tax agent, tax lawyer, tax return preparer (Devos, 2012: 5).

This table provides the abbreviations used in this study.

Table 1: Abbreviations used in this document

Abbreviation	Meaning
ATO	Australian Taxation Office
BAS	Business Activity Statement
CPA	Certified public accountants
EA	Enrolled agents
IRS	Internal Revenue Service
ITA	Income Tax Act no 58 of 1962
OPR	Office of Professional Responsibility
PTIN	Preparer tax identification number
RPO	Return Preparer Office
SARS	South African Revenue Service
SAIT	South African Institute of Tax Practitioners
TAA	Tax Administration Act no 28 of 2011
TASA	Tax Agent Service Act 2009
TPB	Tax Practitioner Board
USA	United States of America

1.9 CHAPTER OVERVIEW

The research study consists of the following chapters:

- Chapter one is the introduction. This chapter provides background to the study, as well as the objectives of this study.
- Chapter two and three provides a review of the regulations imposes on tax practitioners. These chapters explore the comparison between the American, Australian and South African tax profession.

- Chapter four is the conclusion to this study and provide some advice for the tax practitioners regulations in South Africa.

CHAPTER 2: REGULATING TAX PRACTITIONERS

Legislative regulations are implemented to ensure that the profession meets the required standards expected from that profession. Many professions are regulated to the benefit of their clients as unethical professionals have to answer to the respective regulating bodies.

2.1 TAXATION AS A PROFESSION

The Oxford dictionary defines a profession as “...an occupation requiring advance learning...”. The Oxford Mini School Dictionary extends on this definition by including that it is “...an occupation that needs special education and training...”. The definitions of a profession are clear that in order for a practice to be a profession the practice requires expert knowledge (Frecknall-Huges, n.d:13).

In the study conducted by Steubs & Wilkinson (2010:17) they established that each profession has the same two characteristics. These two characteristics are (Steubs & Wilkinson, 2010:17):

- a structure with the main parts being theoretical and technical knowledge; and
- a focus on providing a service.

A tax practitioner needs to be trained in accounting or law to be able to interpret tax legislations of revenue authorities (Foster, 1973:79). Tax practitioners can be defined as a practice as special training and experience in required to practice before revenue authorities.

Frecknall-Huges (n.d:10) is of the opinion that if the services provided by a profession are no longer needed then that profession will become obsolete. When we compare the percentage of tax returns being prepared by tax practitioners as opposed to those prepared by the taxpayer themselves, it becomes clear that the service of tax practitioners

are in high demand. Nienaber (2010:33) highlights the importance of a profession, “Professional expertise is a form of power and should be governed by the highest ethical standards so that it does not lead to exploitation and abuse”.

When regulated a practice automatically becomes a public profession (Cokelc & Oplotnik, 2013:470). Tax practitioners belong to a public profession, as they are regulated around the world.

Certain characteristics of the service of a tax practitioner substantiate the fact that it is a profession (Cokelc & Oplotnik, 2013:471):

- advance professional training;
- specialised and personal advisory services;
- independent and responsible;
- confidential; and
- public trustworthiness in the profession.

The tax practitioner practice a profession as this practice meets the requirements of a profession. Lacasa (2008:433) is of the opinion that “the tax profession is not lacking in relevance” as tax practitioners help their clients to minimise the occurrence of errors when completing tax returns and dealing with tax authorities.

Tax professional includes tax practitioners, tax lawyers, tax return preparers, tax agents and tax accountant (Devos, 2012:6).

2.2 THE REGULATIONS OF TAX PRACTITIONERS

Taxation is one of the oldest means for different levels of government to collect funds in order to provide basic services to the public. Each country has a unique tax system with different types of taxes imposed to collect the needed funds, and in addition each country provide unique basic services to their citizens, making it difficult to compare tax systems. One common denominator is that tax legislation is complex and the layman does not have the necessary knowledge to comply with the relevant requirements of each country’s tax legislation.

In the fairly new domain of tax practitioners practice, the Hong Kong government was ahead of its time, when as far back as 1999 they suggested a national tax system should be inexpensive and simple (Cheung & Mak, 1999:69). The tax agent proves to be the answer to this challenge as tax legislation is sophisticated and it is no mean feat to keep it simple and inexpensive. This forces more and more taxpayers to turn to tax practitioners or tax agents for tax advice and assistance.

The growth in demand for tax services and the increase in the sophistication of tax systems have forced countries to legally regulate the profession (Dabner & Burton, n.d:2). Certain key aspects of regulating the tax profession has been identified in the literature review.

2.2.1 Key aspects and importance of regulating tax practitioners

Stuebs & Wilkinson (2010:17) is of the opinion that “...to the extent that tax practitioners embrace and develop the self-regulatory professional control of competence and character, both at the individual level and collectively at the professional level there is less need for additional external systemic regulation...”.

However, revenue authorities around the globe have implemented the legislative regulation of tax practitioners as the profession is under the microscope due to recent unethical practices (Bolt-Lee & Moody, 2009:15). Stuebs & Wilkinson’s (2010:17) idea of a self-regulating system, is one of the past as it is clear that the profession requires formal regulations.

There is an increase in the percentage of taxpayers appointing tax practitioners to complete their income tax return forms. The figure below illustrates the percentage of each country in 2005.

Figure 1: Percentage of taxpayers appointing tax practitioners in 2005

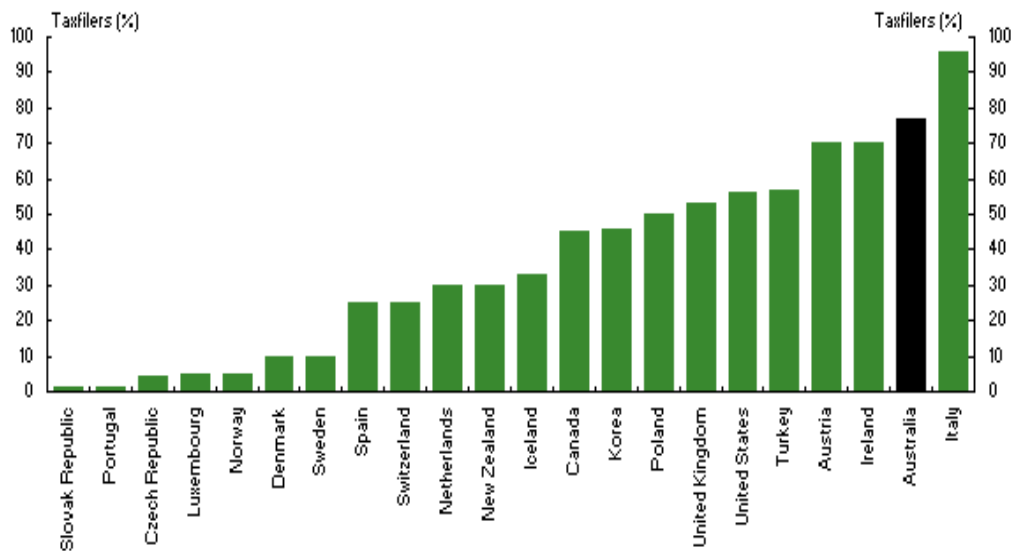


Figure 9: Percentage of Tax Filers Using an Agent

Source: Stokes & Wright (2013:540)

In 2005 Italy had the highest percentage of taxpayers appointing tax practitioners where the Slovak Republic had the lowest percentage. The United States has been regulating the tax practitioners for many years and in 2005 around sixty percent of taxpayers employed the services of tax practitioners. Australians in the same year had between seventy percent and eighty percent of their tax returns being prepared by tax practitioners. The reason for the differences may be that, as Stokes & Wright (2013:540) explained, Australia has one of the most complex tax systems.

Devos (2012:1) asked the question: “Why should taxpayers use tax agents?”. The answer to this question was clear as taxpayers (Devos, 2012:1):

- do not have the knowledge of the complexity of the ever changing tax law;
- want to minimise their tax liabilities;
- try to eliminate the possibility of being penalised by the revenue authorities for incorrectly completing a tax return; and
- do not have the time to complete their tax returns, due to the complexity of the tax law and the strict submission deadlines.

There are many substantial reasons for implementing regulations on tax practitioners. The tax environment is complex and knowledge is critical. Tax practitioners must have the

required skills and qualifications to provide taxpayers with comprehensive and serviceable advice (Stuebs & Wilkinson, 2010:18). Australia and the USA have implemented legislative regulations, which include a requirement of ongoing professional training for registered tax practitioners. Tax practitioners are obliged to have the necessary experience and training to service the needs of taxpayers and revenue authorities. According to Cokelc & Oplotnik (2013:469) the quality of professional services rendered will be higher if a profession is regulated by a higher level of authority (for example the revenue authorities).

Tax practitioners are intermediaries between the revenue authorities and the taxpayer (Du Plessis, 2003:9). The tax practitioner profession exists to assist taxpayers and revenue authorities to achieve an efficient tax compliance systems and administration (Luttati, 2009:7). In a study conducted by Ayres, Jackson & Peggy in 1989 (1989:301) they established that a regulated profession benefits the regulated parties. Michaletos (2011:1) was of the opinion that increased regulations are necessary due the high influence of tax practitioners' services on the tax system in a country.

The OECD conducted a study to establish what the principal benefit revenue authorities have when they regulating the tax profession. The revenue authorities could gain a perception of the following (Michaletos, 2011:8):

- how the tax practitioner conduct his everyday business;
- the goals that tax practitioners want to achieve; and
- how the client's decisions are effected by tax practitioners and the impact it has on tax compliance.

The services rendered by tax practitioners are vital for effective tax administration (Luttati, 2009:7) as they play a significant roll on tax compliance in a country (Michaletos, 2011:1). Regulating tax practitioners will increase the ethical and professional standards of the profession (Crocker, 2007:61). Tan & Lim (2005:40) states that regulating the tax profession provides assurance to revenue authorities and taxpayers that the tax practitioners have the necessary tax knowledge.

Tax practitioners will have to comply not only with the tax law, but with a code of professional conduct. This code will differ from country to country, however, the main

objective of this code is to ensure that tax professionals operate within a manner that upholds the public interest. Regulating the tax practitioner profession will not only protect the taxpayer's interest, but will protect the tax practitioners' interest as the amount of unscrupulous practitioners will be diminished (Ayres *et al*, 1989:4).

Regulating the tax profession will shape a new tax professional culture as clients can expect high quality work and standardised advice (Hewitt-Martin, n.d:4). It will prevent the exploitation of taxpayers by unqualified tax practitioners (Tan & Lim, 2005:42). The responsibilities of tax practitioners towards their clients and the revenue authorities will increase (Cokelc & Oplotnik, 2013:481).

Michaletos (2011:8-9) lists the advantages of regulating the tax profession:

- “administrative efficiencies;
- improvement in the integrity of the tax system;
- the assurance of minimum standards to which tax practitioners must adhere;
- the opportunity for taxpayers to challenge the unprofessional conduct of tax practitioners in a cost effective way; and
- dedicated revenue resources for tax practitioners.”

Ayres *et al*. (1989:301) found in their study done in the late 1980's that registered tax practitioners are more pro-taxpayers than unregistered tax practitioners. As the tax practitioner profession plays an important role in the collection of taxes by tax authorities it is only reasonable to regulate this profession. It is also a fact that regulating the profession will protect the taxpayers from unqualified tax practitioners and tax practitioners from unfavourable competition (Cheung & Mak, 1999:85). Regulating the profession will establish an equal playing field (Drum, 2007:70) for tax practitioners as unregistered tax practitioners will not be able to provide services for less than market value (Croker, 2007:63).

It is the responsibility of the revenue authorities and the controlling bodies of each country to ensure that the regulations on tax practitioners are correctly implemented. The implementation of these regulations will in most cases not be done within a specific timeframe, like one month or one year, as it is an on-going, evolving process aiming to

ensure that all tax practitioners comply with the requirements. To maintain a well functioning regulated tax practitioner profession, revenue authorities must constantly update the regulation thereof. Updating and developing tax regulations will limit current and future unlawful tax practice (Gaffney, 2008:71).

In the study conducted by Cheung & Mak (1999:70) in 1999 they suggested that there should be a tax agent system to increase the quality of tax returns and maintain the standards of tax practitioners. Many countries with the likes of the USA, Australia, Malaysia and the Netherlands have already implemented regulations on tax practitioners to monitor the tax profession to not only maintain the standards but also to improve the standards of the tax practitioners' service (Jooste, 2010:66).

To understand the regulations of each country, the implemented legislative regulations on tax practitioners should be analysed, examined and evaluated. Steubs & Wilkinson (2010:13) state that "...ethical failures over past decades have weakened the tax profession and called into question the extent to which practitioners in fact operate in a manner consistent with the public interest...." This raises the question of whether or not the regulation of the tax profession will improve the reputation of the tax profession.

The regulations implemented by the USA, Australia and South Africa will be discussed and analysed in the next part of this study to establish a common denominator between the different tax regulation systems.

2.2.2 Tax practitioner's regulations in the United States of America

The Internal Revenue Service (IRS) has implemented regulative rules to determine who has the right to practice before the IRS. These rules are combined in an act namely Circular 230 (IRS, 2011). Circular 230 (IRS, 2011) was first issued in 1921 (Webb & Coffman, 2010:29). Circular 230 was last revised and came into effect on 2 August 2011 (Gardner, Kastantin & Maas, 2010:42).

Ayres *et al.* (1989:300) founded in the study that sixty percent of tax returns were prepared by a third party in 1989 and between 2007 and 2008 eighty percent of e-filing tax returns were prepared by paid tax return preparers (Lee Rice & Ozawa, 2012:27).

Before the recent amendments in 2011, Circular 230 (IRS, 2011) only applied to CPA's, attorneys, EA and other specified tax professionals. Therefore the USA was faced with a situation where many tax returns were prepared by unregistered preparers falling outside of the scope of Circular 230 (IRS, 2011). The unregistered individuals preparing tax returns were all included under registered tax return preparers in section 10.3 of Circular 230 (IRS, 2011).

A tax return preparer is any person who prepares a tax return for a fee. Circular 230 (IRS, 2011) had to be amended to include the tax return preparers as they were unregulated and free to proceed without any responsibilities for their actions. According to Lee Rice & Ozawa (2012:27) in 2011 between 900 000 and 1.2 million tax return preparers did not comply with any government competency requirements. This forced the government to amend Circular 230 (IRS, 2011) to include paid tax return preparers.

The amended Circular 230 (IRS, 2011) with the effective date of 2 August 2011 defines the nine sections under which an individual who may practice before the IRS.

Circular 230, "§ 10.3 Who may practice...

- Attorneys;
- Certified public accountants (CPA);
- Enrolled agents (EA);
- Enrolled actuaries;
- Enrolled retirement plan agents;
- Registered tax return preparers;
- Other;
- Government officers and employees, and others; and
- State officers and employees."

Whereas before attorneys, CPA's, and EA's were required to register, the amendment now included their occupations under the sections of Circular 230 (IRS, 2011). Tax preparers

are now specifically required to register under the new amendment of section 10.3 of Circular 230 (IRS, 2011) (Goller, 2012:31).

When an individual registers as a tax practitioner/preparer he or she must comply with the requirements as stated in Circular 230 (IRS,2011:2):

- good character;
- good reputation;
- necessary qualifications to enable the representative to provide to persons valuable service; and
- competency to advise and assist persons in presenting their cases.

Circular 230 (IRS, 2011) prescribes the practice, duties and restrictions on the tax practitioners profession in the USA. Registration under Circular 230 (IRS, 2011) allows CPA's, EA's, attorneys and other specified tax practitioners to practice before the IRS. Previously CPA's, EA's and attorneys had an advantage in the tax profession in the USA as they were the only professionals allowed to practice before the IRS, with the added benefit of a broader spectrum of client services to their disposal. Circular 230 (IRS, 2011) now provides for other tax practitioners to practice before the IRS (Lipton, 2013:9). The main objective for the IRS to include other tax practitioners under the scope of Circular 230 (IRS, 2011) is to ensure better services to taxpayers and tax practitioners alike (Lee Rice & Ozawa, 2012:28).

The Circular 230 (IRS, 2011) regulation of tax practitioners was implemented to benefit the profession. Ayers *et al.* (1989:306) already established in 1989 that registered tax practitioners, who have the advantage of practicing before the IRS, provide services to wealthier taxpayers with complex returns. Tax return preparers who register (as required by Circular 230 (IRS, 2011)) will have the ability to attract wealthier individuals as they can practice before the IRS and taxpayers will be assured that they have the necessary competence.

Circular 230 (IRS, 2011) is enforced by the Office of Professional Responsibility (OPR). It regulates the conduct of tax practitioners and tax return preparers, as well as any violations of Circular 230 (IRS, 2011) (Luttati, 2009:7). Circular 230 (IRS, 2011)

determines the disciplinary procedures in case of violation of the prescribed rules and the OPR will enforce these disciplinary sanctions (Ruchelman, 2008:461). Under this legislation a tax practitioner can be disbarred, sanctioned or fined. By regulating the tax profession the IRS can easily discover misconduct or unethical practices.

CPA's, EA's and attorneys have only one requirement and that requirement is to register in terms of Circular 230 (IRS, 2011). Tax return preparers are not only required to register under Circular 230 (IRS, 2011) they are required to apply for a prepare tax identification number (PTIN) (Nevius, 2010:156). The PTIN must be used when the tax return preparer submit any tax return or documents to the IRS (Nevius, 2010:156). If a tax practitioner submit any documents to the IRS without a PTIN the practitioner can be liable for sanctions under the OPR (Nevius, 2010:156).

To become a registered tax practitioner one must complete a competency examination (Nevius, 201:157). CPA's, EA's and attorneys are excluded from this competency test, however, the IRS may request any tax practitioner (even CPA's, EA's or attorneys) to complete a test (Nevius, 2010:157). Every year a tax return preparer must complete fifteen hours of tax training to ensure the tax practitioner remains competent to provide tax services (Lee Rice & Ozawa, 2012:29). Taxpayers will benefit from the compulsory training of tax practitioners as preparers will be up to date with all new legislative requirements. Stuebs & Wilkinson (2010:32) explains that “..through recommitment, communication and training the profession can make cultural changes to foster professional character and competence development...”.

Circular 230 (IRS, 2011) regulates a tax practitioner's operations by determining the manner in which the tax practitioner advertise and markets its practice (Sonnier, 2012:132). The fees a tax practitioner levies for services rendered are also regulated, as well as the manner in which the tax practitioner keeps its client's records (Sonnier, 2012:132).

Circular 230 (IRS, 2011) determines the way in which tax services should be provided to taxpayers by prescribing (Circular 230section 10.35):

- how covered opinions must be prepared; and

- the standards of preparing tax returns, standard papers and affidavits.

The way tax practitioners practice before the IRS is prescribed by subpart B in Circular 230 (IRS, 2011), therefore regulating the everyday business of registered tax practitioners.

Circular 230 (IRS, 2011) does not apply to USA citizen alone but to any individual practicing tax in the USA. For example, a Canadian chartered accountant completing tax returns for a USA client will also have to register as a tax practitioner and comply with the regulations of Circular 230 (IRS, 2011).

The IRS keeps records of all the tax practitioners applying for registration under Circular 230 (IRS, 2011) and the statistics below are published on the IRS' website.

Figure 2: Statistics of federal tax return preparers in the US on 1 May 2013

Number of Individuals with Current Preparer Tax Identification Numbers (PTINs) for 2013†	676,757
Professional Credentials‡	
Attorneys	31,008
Certified Public Accountants	211,607
Enrolled Actuaries	465
Enrolled Agents	46,287
Enrolled Retirement Plan Agents	624
Other Categories	
Supervised Preparers*	59,321
Non-1040 Preparers*	47,101

Sourced: IRS website 11 May 2013

The number of CPA's registered under Circular 230 (IRS, 2011) is higher than any other category of registered tax practitioners, as practicing tax law forms part of a CPA's everyday business operations. Supervised preparers came in second but, they are included under a separate category as Circular 230 (IRS, 2011) does not exclusively provide information on how these supervised preparers are regulated.

No legislative regulations are without difficulties upon first implementation. As discussed the USA tax return preparers were not included under the scope of Circular 230 (IRS, 2011).

The IRS needed to update Circular 230 to include tax return preparers (IRS, 2011:9-10). This resulted in the amendment of Circular 230 in August 2011. Tax laws are continuously updated and changed therefore the USA might have to amend Circular 230 (IRS,2011) again in future to ensure tax practitioners are efficiently regulated.

2.2.3 Tax practitioner's regulations in Australia

The Australian government changed to a self-assessment tax system during the period 1980 to 1990 (Australian government, 2013a:1). According to the May 2013 audit report by the Audit-General Ian McPhee the result of the self-assessment system is that taxpayers rely more on tax practitioners.

Twenty percent of individual tax returns were prepared by tax practitioners in 1980 and in 2012, seventy percent of the individual tax returns were prepared by tax practitioners (Australian government, 2013a:1). By comparing the statistics of the percentage of tax returns being prepared by third parties it is clear that tax practitioners are in a high demand.

With the increase in the demand for tax advice, the Australian revenue authority introduced the Tax Agent Service Act no 13 of 2009 (TASA) This act commenced on 1 March 2010. The Australian Taxation Office (ATO) received \$57,5 million in May 2006 to develop and implement TASA (Australian government, 2013a:1).

There are two types of tax practitioners in Australia: firstly the tax agents who provide a broad spectrum of all tax services to taxpayers, and secondly the Business Activity Statement (BAS) agents whose limited tax services regulates only to an entity's BAS. In the audit report it states that tax practitioners in Australia can have any of the following occupations (Australian government, 2013a:2):

- lawyers;
- accountants;
- tax specialists;
- quantity surveyors; and
- bookkeepers.

Financial advisers were not previously required to register as tax practitioners, however, this has now changed and from 1 July 2013 registration is required. Legislation changed because financial advisors provide their client with tax advice in the course of their business (Stewart, 2013:10). The Financial Planning Association has concerns as to how this required registration of financial advisers will affect the profession (Manro, 2010:1).

Devos (2012:6) lists the "...role of tax professionals in Australia:

- independent advisers of their client;
- intermediaries between the ATO and the taxpayer;
- unpaid employees of the ATO;
- tax advisors;
- protector of their practice; and
- influence on the tax system."

Before the implementation of new regulations in 2010, tax practitioners in Australia were already required to register by 1988 (Crocker, 2007:62). The registration and regulations of tax practitioners has changed over the years to provide flexible regulations to practitioners. As a result of the changing regulations taxpayers will be provided with better protection (Crocker, 2007:61).

The TASA (13/2009) sets out the objectives of registering tax agents and BAS agents as the following:

"Section 1-5: Object

The object of the Act 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 Board to register tax agents and BAS agents; and
 - (b) introducing a code of professional conduct for registered tax agents and BAS agents;
- and
- (c) providing for sanctions to discipline registered tax agents and BAS agents."

Australia had six regulating tax boards, one for each state. With the TASA (13/2009) these were replaced with one national board, the Independent Regulatory Board for Tax Practitioners (Michaletos, 2011:11). One national tax board ensures standard regulations on tax practitioners across all states.

The TASA (13/2009) and the Tax Agent Service Regulations 2009 have a code of conduct whereby tax practitioners' ethical and professional standards are prescribed. Ethics, the standard of work, the interaction with tax administrators, confidentiality and conflicts of interest are a few of the provisions under the code of conduct (Croker, 2007:63). When a tax practitioner does not comply with the code of conduct, sanctions are imposed on the practitioner and the practitioner's registration can be terminated. By law the details of the tax practitioner whose registration has been terminated will be published for twelve months from date of termination (Michaletos, 2011:16). Registered tax and BAS agents have access to the Australian Taxation Office Tax Agent Portal or Australian Taxation Office BAS Agent Portal. Access expires when an agent is no longer registered.

TASA (13/2009) was implemented with the goal to achieve certain key functions in the tax profession in Australia, i.e. the registration and regulation of tax practitioners, as well as the establishment of disciplinary sanctions on tax practitioners (Australian government, 2013a:2).

The Australian tax laws and legislations are complex, therefore tax practitioners must have the skills and knowledge to assist their clients. The regulatory system ensures that practitioners who are not registered with the Tax Practitioners' Board (TPB) and the TASA (13/2009) do not present themselves as being registered (Croker, 2007:61). Australia implemented the registration and regulation of the tax profession as unregistered practitioners undermines fair competition (Croker, 2007:63).

Division 20-1 of the TASA (13/2009) summarises registration:

"You must be registered to provide tax agent services for a fee or to engage in other services connected with providing such services. You will be eligible for registration if you are a fit and proper person and have appropriate qualification and experience. If you are eligible and apply to the Tax Board for registration as a registered tax agent or BAS agent

you will be registered for a period of at least three years. Your registration may be subject to conditions. Certain events mainly relating to criminal convictions and bankruptcy, may affect your continued registration. You may also apply to have your registration renewed.”

To register as a tax agent or BAS agent the individual must meet the requirements of TASA (13/2009). Division 20-5: “Eligibility for registration as a registered tax agent or BAS agent.

Individuals

- 1) An individual, age 18 years or more, is eligible for registration as a registered tax agent or BAS agent if the Board is satisfied that:
 - (a) The individual is a fit and proper person; and
 - (b) The individual meets the requirements prescribed by the regulations (including, but not limited to, requirements regulating to qualifications and experience) in respect of registration as a registered tax agent or BAS agent..

Special rule about pre-1988 tax agents

- 2) An individual is eligible for registration as a registered tax agent even if the Board is not satisfied that the individual satisfies the requirements mentioned in paragraph (1)(b) if:
 - (a) The individual was registered as a tax agent or as a nominee for purpose of Part VIIA of the Income Tax Assessment Act 1936 (as in force immediately before the commencement of item 7 of Schedule 1 of the Tax Agent Services) (Transitional Provisions and Consequential Amendments Act 2009) at both following times:
 - i. Immediately before the commencement of this Act;
 - ii. Immediately before the commencement of section 39 of the Taxation Law Amendment Act (No.2) 1988; and
 - (b) The individual is otherwise eligible for registration as a registered tax agent.”

If you are a fit and proper person as defined in the TASA (13/2009) and you meet the education and experience requirements you can register as a tax practitioner. The TPB will take the apokucabt’s practical experiences into consideration, as well as formal training or education (Australian government, 2012a:3).

Even with the necessary education requirements to register as a tax practitioner, Australia requires tax practitioners to complete continued hours of professional training during the

registration period (Australian government, 2013a:1). The risk of uninformed and uneducated practitioners could have a damaging impact on the tax profession, on revenue authorities' collection of funds, as well as on the taxpayers' compliance, which is why the Australian government implemented the mandatory training hours. Tax agents need to complete ninety hours of training over three year and BAS agents must complete forty-five hours of training over three year (Australian government, 2013a:1).

The Australian revenue authorities keep records of the number of applications they received from individuals who want to register as tax practitioners. When an individual apply to be a registered tax practitioner the TPB consider the individuals education, experience and personal competency. The figure below shows the number of applications received and finalised during the 2011-2012 tax season.

Figure 3: Applications to be a registered tax agent received by the Australian revenue authorities

TABLE 3.1: Registration applications received and processed, 2011–12

Category	Awaiting finalisation at 1 July 2011	Received	Finalised	Awaiting finalisation at 30 June 2012
Tax agent				
New applications	581	2,575	2,436	720
Renewals	1,820	6,813	7,814	819
Notifier renewals		866	421	445
Total tax agent	2,401	10,254	10,671	1,984
BAS agent				
New applications	164	1,577	1,385	358
New transitional applications	135	1,312	1,331	116
Notifier renewals	104	9,223	5,399	3,928
Total BAS agent	403	12,112	8,115	4,400
Total	2,804	22,366	18,786	6,384

Source: Australian government, 2013g

The number clearly reflects that Australia's legislative regulations on tax practitioners registration is heading in the right direction. The highest number of applicants falls into category of registration renewal. There were more new applications for tax agents then for BAS agents. The total applications for BAS agents were more than those of tax agents.

The implementation process was not without some set backs. There were delays in the registration process due to a high volume of applications (Australian government, 2013a:16). This has since improved. The time it took to implement the code of professional conduct and civil penalties was longer than expected and a number of registration procedures are yet to be finalised (Australian government, 2013a:16).

Australia does not provide any protection for taxpayers who engage the services of unregistered practitioners (Crocker, 2007:63). It comes as no surprise that the 2013 audit report found that 5090 complaints against unregistered and unprofessional registered practitioners were received between March 2010 and January 2013 (Australian government, 2013a:9).

2.2.4 Tax practitioner's regulations in South Africa

In South Africa chartered accountants and financial accountant are required to register with controlling bodies, for example the South African Institute of Chartered Accountants (SAICA) or the South African Institute of Professional Accountants (SAIPA). In the past tax practitioners did not have to register with a controlling body, but practitioners were able to register with the South African Institute of Tax Practitioners (SAIT). There was no exclusive controlling body or board to monitor the tax profession in South Africa. Tax practitioners were registered only if it was required by their occupation, for example being an accountant. It can be said that historically tax practitioners were unregulated in South Africa (Du Plessis, 2003:3).

In 2002 the Minister of Finance Mr Trevor Manuel proposed in his budget speech the implementation of regulations on tax practitioners (Klue, 2009:1). The first step SARS took in the direction of regulating the tax profession was to publish the Regulation of Tax Practitioners Bill in 2008 (Michaletos, 2011:1). No further steps were taken until the publication of the Tax Administration Act No 28 of 2011 (TAA). The TAA (28/2011) was drafted and the act (apart from a few sections) commenced on 1 October 2012.

Section 240 of the TAA (28/2011) required tax practitioners to register with a controlling body by 1 July 2013. Under the section 240 of the TAA (28/2011) any person who assists with the completion of a tax return or who provide tax advice under the any South African tax act needs to register as a tax practitioner with a controlling body and with SARS (Section 240 of the TAA).

In an interview with Finweek Stiaan Klue (Jooste, 2010:66) states: “The volume of tax rules and regulations has become vast and specialised, we had to look at a separate governing body”. The governing body, an independent board for tax practitioners, has not been established, but the requirement to be registered with an existing controlling body has been implemented.

2.2.4.1 *Regulating tax practitioners before the Tax Administration Act*

The Income Tax Act No 58 of 1962 (ITA) was amended in 2004 to include section 67A that required tax practitioners to register with SARS by 30 June 2005.

Section 67A of the ITA (58/1962) reads as follows:

“Registration of tax practitioners- (1) Every natural person who-

- (a) Provides advice to any other person with respect to the application of any Act administered by the Commissioner; or
- (b) Completes or assist in completing any document to be submitted to the Commissioner by any other person in terms of any such Act,

must register with the Commissioner as a tax practitioner in such form as the Commissioner may determine...”

Before the TAA (28/2011) tax practitioners registering with SARS did so only to provide services to their client (Kotze, n.d: 22). No qualifications or experience were required to register with SARS (Klue, 2009:1) and there were no requirements to register with a controlling body. SARS provided the tax practitioner with a practitioner number. The practitioner enjoyed certain privileges for being registered for example having an exclusive practitioner call centre, newsletters and direct communication with SARS employees (Kotze, n.d:22).

Before the implementation of the TAA (28/2011) SARS did not regulate practitioners and when registered tax practitioners engaged in illegal activities there were no sanctions or disciplinary actions taken against them under a code of conduct (Klue, n.d 13). This left tax practitioners in South Africa to go about their business as they pleased. SARS needed to implement new regulations on tax practitioners to uphold ethical practice and promote compliance with the law as section 67A of the ITA (58/1962) did not have the reach SARS required (Klue, n.d.: 13). With this in mind SARS published the TAA (28/2011) with one goal - regulating tax practitioners.

2.2.4.2 *Regulating tax practitioners after the Tax Administration Act*

SARS issued the TAA (28/2011) with section 240 requiring tax practitioners to register with a controlling body. According to Klue (2012:13) section 240 of the TAA (28/2011) was introduced because the Minister of Finance was concerned about the “poor tax compliance levels of the practitioner profession”. Section 33 of the Constitution of the Republic of South Africa, 1996 guarantees that every taxpayer has the right to “fair administration action” (Hewitt- Martin, n.d.:4).

In a study conducted by Michaletos (2011:3) she highlighted the importance of regulating tax practitioners in South Africa as it will ensure meeting international standards pertaining to tax practitioners.

Section 240 of the TAA (28/2011) reads as follows:

“Registration of tax practitioners

240. (1) Every natural person who-

- (a) Provides advice to another person with respect to the application of a tax Act; or
- (b) Complete or assist in completing a return by another person;

must-

- i. Register with or fall under the jurisdiction of a ‘recognised controlling body’ by the later of 1 July 2013 or 21 business days after the date on which that person for the first time provides the advice or complete or assist in completing the return; and

- ii. Register with SARS as a tax practitioner in the prescribed form and manner within 21 business days after the date on which that person for the first time provides the advice or complete or assists in completing the return. “

A natural person providing tax services must register with a controlling body and with SARS within 21 working days from the date the service was first provided. Individuals who have been providing tax services for many years have to be registered with a controlling body by 1 July 2013 and update their tax practitioner’s details with SARS. According to SARS by they have received 2671 new registrations by 14 August 2013 and 10515 registrations were updated (SARS, 2013a:1).

Section 240 of the TAA (28/2011) combined the already existing requirements for tax practitioners in the different tax acts in South Africa. Regulating the tax profession in South Africa will ensure that tax practitioners have a high level of compliance as the practitioner is now liable for their own actions (Anon, 2007:8). The regulations will also regulate the fees tax practitioners levy for services as the supply and demand will be regulated (Du Plessis, 2003:9). Regulating tax practitioners will force unethical tax practitioners to consider the risks they might face due to the code of conduct of the controlling bodies (Hewitt-Martin,n.d:5).

Implementing the regulations under section240 of the TAA (28/2011) was the first phase of regulating tax practitioners. The second phase will be to establish an independent regulating board for tax practitioners (Klue, 2013:1). The independent regulating board will be established after the success of the first phase has been determined. (Klue, 2013:1).

The purpose of the TAA (28/2011) was to regulate the tax profession and to ensure that the practitioner is qualified, has the necessary knowledge, comply with the ethical code of conduct and can be held accountable for their actions(Nienaber, 2010:36). Nienaber (2010:39) is of the opinion that the regulations of tax practitioners will promote the “integrity of the tax profession”.

Section 240 of the TAA (28/2011) also states that any person who provide tax advice in terms of his/her employment and under the supervision of a registered tax practitioner

does not have to register. This can result in persons providing tax advice or completing tax returns without being registered. The question then remains on whether or not these individuals will be held liable for the actions under the regulations of a controlling body when the individual is guilty of negligent or unethical behaviour.

By regulating the tax profession, tax practitioners will be able to represent taxpayers with integrity associated with the profession (Luttati, 2009:7). The tax practitioner will have a sense of loyalty to the interest of the taxpayer (Du Plessis, 2003:9). Regulating the tax practitioner profession will not only have an impact on the profession itself, but also on the rights of the taxpayer. According to Du Plessis (2003:9) the regulations on tax practitioners need to have the right balance between serving the taxpayer and serving the tax authority.

The deadline for registration was 1 July 2013 and the success of section 240 of the TAA (28/2011) has not been discussed in public journals or articles.

2.2.4.3 Before and after the Tax Administration Act

The requirements for individuals who must be registered before and after the TAA (28/2011) remained the same, i.e. any natural person who provides tax services (advice or assistance with a tax document) must be registered. The difference between before and after the TAA (28/2011) is that tax practitioners must register with a controlling body. Tax practitioners must therefore provide tax services within the controlling body's code of conduct or face disciplinary sanctions. Before the TAA (28/2011) this was not the case as there was no code of conduct or disciplinary sanctions.

Taxpayers and SARS may now report unethical tax practitioners to the controlling bodies for disciplinary sanctions to ensure taxpayers receive a high standard of tax service in South Africa (Kotze, n.d.:22).

2.3 COMPARISON BETWEEN THE REGULATIONS OF THE USA, AUSTRALIA AND SOUTH AFRICA

The USA, Australia and South Africa are in different phases of regulating tax practitioners. The USA has been regulating the profession since 1920 (Webb & Coffman, 2010:29). Australia implemented regulations in 2010 and South Africa in 2013. To compare the differences each aspect of the legislations needs to be analysed.

Circular 230 (IRS, 2011) is the American act in operation since 1920. This act is constantly updated to ensure all tax practitioners are included. The last update was done in 2011 to include tax return preparers (Gardner, Kastantin & Maas, 2010:42).

Australia has implemented the TASA (13/2009) in 2010 (Australian government, 2013a:6) to register and regulate the tax profession in Australia. Tax agents and BAS agents are both required to register. The TASA (13/2009) now requires financial advisers, who were previously excluded from the TASA (13/2009) to be registered (Storniolo, 2013:12).

After the announcement of the potential regulations on tax practitioners in the budget speech in 2002 (Klue, 2009:1), SARS implemented section 67A in the ITA (58/1962) in 2005. This section in the ITA (58/1962) fell short of what SARS intended as tax practitioners were only required to register with SARS. The TAA (28/2011) was implemented requiring tax practitioners to register with a controlling body.

The USA's experience regulating of tax practitioners has developed over many years. Circular 230 (IRS, 2011) contains more regulations on tax practitioners, for example that the IRS regulates the way tax opinions are provided to taxpayers. Australia and South Africa has not implemented more regulations on tax practitioners apart from requiring them to register, as these countries' regulations were only recently implemented. Australia is three years ahead of South Africa and has already made amendments to include more tax practitioners under TASA (13/2009). South Africa will only determine the short comings, if any, of the TAA (28/2009) once the success of the registration process has been determined.

In the USA CPA's, EA's, attorneys and any individual who prepares a tax return are required to register under Circular 230 (IRS, 2011) (Goller, 2012:31). When an individual

provide USA tax services that individual is required to register under Circular 230 (IRS, 2011) even if the individual is situated outside the USA.

Australia requires any fit and proper person who provide tax services or any such services for a fee to be registered as a tax practitioner (Section 20-1 of the TASA, 2009). On 30 June 2012 Australia had eighteen overseas registrations (Australian government, 2013b). This may seem like an insignificant number, however, it substantiates the fact that a tax practitioner must register under the TASA (28/2009) when completing an Australian tax return irrespective of where the tax practitioner is situated.

South Africa requires any person who completes or assists with the completion of any tax return under any South African tax act to be registered with SARS and a controlling body (Section 240 of the TAA, 2011).

As South Africa only recently implemented the TAA (28/2009) there are no statistics on the registration of foreign tax practitioners in South Africa. The TAA (28/2009), however, state that any person preparing or assisting with a tax return must be registered which can be interpreted to apply to foreign tax practitioners.

When a comparison is drawn between individuals who are required to register under the respective acts, it becomes clear that the requirements for registration are the same for everyone. Any person who provides tax services or assists with a tax return in any of the three countries must register as a tax practitioner.

Circular 230 (IRS, 2011) in the USA has a code of conduct and determines disciplinary sanctions, the required continued professional education and even the way tax practitioners provide tax advice. Tax practitioners' marketing, fees and advertisements are regulated (Sonnier, 2012:132).

Australia also has a code of conduct under the TASA (13/2009) which is enforced by the TPB. The TASA (13/2009) also determines continued professional education requirements, as well as disciplinary sanctions.

The TAA (28/2011) in South Africa's only requirement is that a tax practitioner should be registered with a controlling body. These controlling bodies have their own codes of conduct and disciplinary sanctions. South African's TAA (28/2011) does not have the same authority over tax practitioners in comparison to the American or Australian acts, as the TAA (28/2011) on its own does not regulate the conduct of tax practitioners. The TAA (28/2011) is a new act and many legislative changes can be made in the future.

Circular 230 (IRS, 2011) was implemented many years ago but the act has been amended many times. With each amendment new requirements are placed on the tax profession in the USA and there regulations must be implemented.

Australia has implemented the TASA (13/2009) three years ago and the 2013 Audit report indicated that there were complications with the implementation (Australian government, 2013a:16). These complications stretched from the registration process to the finalising of legislative reports (Australian government, 2013a:16).

South Africa has not published the difficulties experienced with the implementation and the success thereof will only be determined within the next year (Klue, 2013).

2.4 CONCLUSION

The first step for South Africa was to implement the TAA (28/2011). South Africa considered the same elements as the USA and Australia when SARS implemented the regulations on tax practitioners. The code of conduct, disciplinary sanctions and continued professional education were considered. The controlling bodies will assist SARS to meet these requirements and the success of the regulations will determine the next step SARS and the National Treasury will take on regulating the tax profession.

CHAPTER 3: CONTROLLING BOARD

3.1. AN OVERVIEW OF THE ROLE OF A CONTROLLING BOARD

Many countries have implemented the legislative regulation of tax practitioners. To ensure these laws are upheld and tax practitioners adhere to them a controlling board must be established.

Nienaber (2010:33) stated that “...professional experts is a form of power and should be governed by the highest ethical standards so that it does not lead to exploitation and abuse”. The ethical standards has been determined by the regulating laws and the controlling boards maintaining these laws need to ensure tax practitioners do not undermine the laws.

3.1.1 The controlling board in the USA

The IRS has regulated tax practitioners under Circular 230 (IRS, 2011) for many years. To assist the IRS with the enforcement of Circular 230 (IRS, 2011), the IRS established the Office of Professional Responsibility (OPR). Circular 230 (IRS, 2011) also allows the Commissioner to establish any additional office within the IRS to assist in the compliance with the regulations of Circular 230 (IRS, 2011).

Circular 230 (IRS, 2011) -10.1Offices. “(a) Establishment of office(s). The Commissioner shall establish the Office of Professional Responsibility and any other office(s) within the Internal Revenue Service necessary to administer and enforce this part. The Commissioner shall appoint the Director of the Office of Professional Responsibility and any other Internal Revenue official(s) to manage and direct any office(s) established to administer or enforce this part. Offices established under this part include but are not limited to

- (1) The Office of Professional Responsibility, which shall generally have responsibility for matters related to practitioner conduct and discipline, including disciplinary proceedings and sanctions;
- (2) An office with responsibility for matters related to authority to practice before the Internal Revenue Service, including acting on applications for enrolment to practice

before the Internal Revenue Service and administer competency testing and continuing education...”

The OPR was implemented and on 26 October 2010 the Return Preparer Office (RPO) was established (Sledgianowski & Petra, 2011:266). Sledgianowski & Petra (2011:266) believe “...the Return Preparer Office complements the Office of Professional Responsibility...”

3.1.1.1 Office of Professional Responsibility

The OPR was established exclusively to enforce the disciplinary procedures and imposing sanctions on tax practitioners. The OPR ensures that tax practitioners comply with high standard of ethics expected by their clients (Sledgianowski & Petra, 2011:266). Any tax professional practicing before the IRS falls within the scope of the OPR’s disciplinary authority (Goldstein, 2012:258).

The Commissioner will appoint the Director of the OPR and according to the IRS website (IRS, 2013c) the OPR has a membership team of seven individuals. The organisation has three segments (IRS, 2013c):

- Office of Director;
- Legal Analysis Branch; and
- Management Branch.

The OPR has the authority to impose a range of sanctions including monetary fines, censure, suspension and disbarment before the IRS (Elliott, 2012:50-51). The monetary fines are not limited to the tax practitioner but can be imposed on the firm employing the tax practitioner (Elliott, 2012:48).

The OPR may start an investigation into the conduct of a tax practitioner upon a written report from an IRS employee, a client of a tax practitioner, another practitioner or a federal government agency (Elliott, 2015:48). Once the OPR opens an investigation, they will formally inform the tax practitioner of the investigation after which the tax practitioner has the opportunity to respond (Goldstein, 2012:259). The tax practitioner and the OPR will thereafter negotiate the suitable sanction for the violation of Circular 230 (IRS, 2011)

(Goldstein, 2012:259). After an agreement has been reached the OPR must publish all disciplinary actions in the Internal Revenue Bulletin and on the IRS' website (Elliott, 2012:56).

The OPR has external stakeholders (IRS,2013c):

- National Association of Enrolled Agents
- National Association of Computerized Tax Processors
- American Bar Association
- National Association of Tax Professionals
- National Society of Accountants
- National Society of Tax Professionals
- American Institute of Certified Public Accountants

3.1.1.2 *Return Preparer Office*

The RPO was established with the exclusive responsibility to administer the preparer tax identification number (PTIN), register tax return preparers and oversee continued education (Goldstein, 2012:258). The RPO will administer the competency testing of all the practitioners practicing before the IRS (Sledgianowski & Petra, 2011:266).

The management team of the RPO consists of fourteen directors (IRS, 2013d). Each director has their own department within the RPO (IRS, 2013d).

The RPO's three goals make it different from the OPR. The "... strategic goals:

- register and promote a qualified tax profession community;
- improve the compliance and accuracy of tax return prepared by tax preparers; and
- engage stakeholders to create an environment that fosters compliance and program improvement."

The RPO rather focuses on the development of tax return preparers then on the development of CPA's, EA's and attorney practicing tax as the IRS is of the opinion that these professions already require their own formal education and continued training (Nevius, 2010:157). Tax return preparers will be subject to continued professional

education and testing. A tax return preparer's experience will also play a role when the RPO determines the return preparer's competency (Nevius, 2010:157).

The RPO will oversee the continued education for tax return preparers. The tax return preparers are required to complete fifteen hours of training every year. The hours are divided into three categories (Nevius, 2010:157):

- three hours federal tax;
- two hours tax ethics; and
- ten hours federal tax law.

This training will be conducted by the continued education organisations approved by the IRS.

The registration process overseen by the RPO requires tax return preparers to apply for a PTIN. Practicing without a PTIN will be a criminal offence and the tax preparer could be subject to the disciplinary sanctions of the OPR (Nevius, 2010:156). The RPO requires the tax return preparer to reregister every three years after completing a competency test (Nevius, 2010:156).

The IRS has implemented more offices, but the RPO and the OPR, oversee the conduct of the tax professionals in the USA. The OPR and the RPO ensure that tax professionals in the USA remain within the scope of Circular 230 (IRS, 2011) and provide a high standard of services to their clients.

3.1.2 The controlling board in Australia

Australia implemented the TASA (13/2009) in 2010. Division 60 of the TASA (13/2009) establishes the Tax Practitioners Board (TPB) to administer the requirements of TASA (13/2009). The national TPB replaced the six state boards previously regulating tax practitioners in each independent state (Michaletos, 2011:11). The TPB reports directly to the Assistant Treasurer (Australian government, 2013b).

In January 2013 there were nine members of the TPB. Eight part-time members and one part-time chair (Australian government, 2013a:14). The members of the TPB have a three year term and may be re-elected for a second term. The members have backgrounds in taxation, accounting, law, business and bookkeeping (Australia government, 2013b). The board members are appointed by written notice of the Minister (Division 60-25 of the TASA (13/2009)).

The role of the TPB is to regulate tax practitioners by ensuring they meet the highest standards of professional and ethical conduct (Australian government, 2013b). The TPB achieves this by the following “deliverables (Australian government, 2013b):

- register tax practitioners;
- ensure that records are current and accurate;
- cancel registrations of tax practitioners that are no longer active or entitled to be registered;
- administer the Code of Professional Conduct that clearly provides high standards and expectations for professionals providing tax services;
- apply consistent sanctions for those who do not comply with the law (including unregistered preparers) through civil penalties, injunctions and other sanctions imposed by the courts;
- fairly investigate referrals from the community and the Australian Tax Office;
- providing the community with access to public data to assist in verifying registered tax practitioners; and
- manage and promote the role and functions of the TPB.”

The TPB aims to achieve compliance with the TASA’s code of conduct and civil penalties provision (Australian government, 2013b). The TPB has jurisdiction over registered and unregistered tax practitioners and can bring civil penalties against tax practitioners in the Federal Court (Australian government, 2013b).

Before the termination or suspension of registration the TPB may give the tax practitioner a written warning or order to complete more training. The TPB may require the tax practitioner to only provide services under the supervision of another tax practitioner (Australian Government, n.d.:12): When the TPB has decided that the only step is to

terminate registration, the TASA's (13/2009) division 60-140 requires the TPB to publish the names of tax practitioners whose registration has been terminated. The names must be published for twelve months from the date of termination (Michaletos, 2011:16).

The TPB may issue interpretation guidelines for the TASA (13/2009). The TPB provides information sheets to tax practitioners on the education and experience they require. In the first three years of operation the TPB implemented a system to register tax practitioners, established a good framework for control and is developing regulations to ensure that tax practitioners meet the requirements of the TASA (13/2009) (Australian government, 2013a:16).

The TPB may accept the application of members of a professional association as registered tax practitioners, provided the professional association is recognised by the TPB. This is to say the TPB recognises the qualifications and experience required by the professional association to assist in the registration process (Australian government, 2013c:1). The TPB recognises a professional association when the TPB is confident that the professional association has high educational standards as well as good governance (Australian government, 2013b). Fourteen professional associations have been recognised by the TPB:

- Association of Accounting Technicians (Australia) Limited;
- Association of Chartered Certified Accountants Australian and New Zealand;
- Association of Taxation and Management Accountants;
- Australian Institute of Quantity Surveyors;
- CPA Australia;
- Financial Planning Association of Australia;
- Institute of Certified Bookkeepers;
- Institute of Chartered Accountants in Australia;
- Institute of Public Accountants;
- Law Society of New South Wales;
- National Tax Agent Association Ltd;
- Royal Institute of Chartered Surveyors Australasia;
- Self-Managed Super Fund Professionals Association; and
- The Tax Institute.

As the TPB is responsible for the registration of tax practitioners has determined the minimum educational qualification required to register as a tax practitioner. The TPB has recognised that BAS agents will have more experience than practitioners with formal qualifications only and so it has determined a minimum standard for BAS agents to register under TASA (13/2009) (Australian government, 2013a:81).

BAS agent are required to have completed a course in basic taxation principles (Australian government, 2013d:10). Tax agents are required to have completed at least one of the following courses (Australian government, 2013d:5):

- Australian taxation law;
- commercial law; or
- basic accountancy principals.

All the courses must be approved by the TPB. After the registration of tax practitioners they are required to complete mandatory professional education during the duration of their registration.

Figure 4: Schedule of required minimum continued professional education

Registered agent type	Minimum hours over 3 years	Minimum hours each year
Tax agents	90	10
Tax agents (with a condition of registration other than quantity surveying services)	45	5
Tax agents (with the condition of quantity surveyor)	6	2
BAS agents	45	5

Source: Australian government website, 2013e.

Tax agents must complete nineteen hours of professional education during their registration as tax practitioners as they provide a boarder spectrum of tax services to their clients. BAS agents are required to complete only forty-five hour as they only provide complete services to basic accounting statements.

Australia only implemented the regulations in March 2010, however, it took time to implement the code of conduct and Australia has already received over 5000 complaints against practitioners (Australian Government, 2013:9).

3.1.3 The controlling board in South Africa

With the implementation of the TAA (28/2011) section 240 was the first phase of new regulations on tax practitioners in South Africa. This phase required tax practitioners to register with a controlling body by 1 July 2013. The second phase is to establish an Independent Regulatory Board for Tax Practitioners after the successful implementation of phase one (Klue, 2013:1)

The success of the first phase, registering tax practitioners with a controlling body, has not been determined as yet according to Klue (2013:1), and will only be reviewed eighteen months after the implementation of the first phase.

The details concerning the specific functions of independent regulatory board and how it will be constituted have not been published. Michaletos (2011:1-54) discusses the Regulation of Tax Practitioners Bill published for comments in 2008. This Bill provides details of the role, objectives and powers of the board. No further details of the board have been published after 2008. Until the independent regulatory board has been established, SARS is relying on the recognised controlling bodies to regulate tax practitioners in South Africa.

The reason why SARS is recognising controlling bodies to oversee tax practitioners until the independent regulatory board has been established is (SARS, 2013b:1):

- to ensure that tax practitioners have the minimum education and experience;
- to ensure tax practitioners are up to date with current tax legislations; and
- to provide clients with access to a controlling body should a tax practitioner be guilty of misconduct.

A recognised controlling body has to meet the criteria required by SARS. The requirements were issued by SARS and state that the controlling body must (SARS, 2013b:1):

- require a minimum qualification and experience to accept a tax practitioner;
- provide ongoing professional education;
- have a standard code of ethics and conduct
- have disciplinary procedure in place should a member not comply with the controlling body's code of conduct or with any legislation published by SARS; and
- have more than a 1000 members to qualify as a controlling body.

SARS requires a minimum of fifteen hours continued professional education. The controlling bodies must verify sixty percent of the training. The respective controlling bodies should keep records of their tax practitioners continued training hours. These records should be kept and readily available for five years (SARS, 2013b:3).

The disciplinary procedure must be in place and a number of sanctions must be implemented to address the offence. The controlling body can provide written notices, require tax practitioners to undergo training, issue the tax practitioner with a fine or terminate the membership (SARS, 2013b:4). SARS requires that the controlling body informs them of the names of all the members whose registration was terminated. The controlling body has the responsibility to publish the names of those tax practitioners whose memberships were terminated on their independent websites (SARS, 2013b:4).

In the TAA (28/2011) section 240A SARS has published the first recognised controlling bodies.

Section 240A. "Recognition of controlling bodies.- (1) The commissioner must recognise as a 'recognised controlling body' -

- (a) The Independent Regulatory Board of Auditors...
- (b) A Law Society...
- (c) The General Council of the Bar of South Africa, a Bar Council and a Society of Advocates...
- (d) A statutory body that the Minister is satisfied is similar to the statutory bodies in this subsection and the details of which are published in the *Gazette*."

These controlling bodies published in the TAA (28/2011) are not specifically established for tax practitioners as they are for auditors, lawyers and advocates. As many tax practitioners do not practice one of these professions SARS needed to recognise more controlling bodies under section 240A (1)(b) of the TAA (28/2011).

On 14 May 2013 only two months before the registration deadline of 1 July 2013 SARS published the remaining recognised controlling bodies (SARS, 2013c):

- Institute of Accounting and Commerce (IAC)
- South African Institute of Chartered Secretaries and Administrators (ICSA)
- South African Institute of Chartered Accountants (SAICA)
- South African Institute of Professional Accountants (SAIPA)
- South African Institute of Tax Practitioners (SAIT)

Each controlling body has its own educational requirements as SAIT is dedicated to tax practitioners. The educational and experience requirements will be discussed. Depending on the tax practitioner's qualifications and experience SAIT has five membership categories: tax technician; general tax practitioner; master tax practitioner; tax executive and Student membership (SAIT, 2013). IAC has three categories of membership: tax practitioner; tax consultant and technical tax practitioner.

SARS will not be recognising new controlling bodies in the near future therefore tax practitioners must ensure they meet the requirements for registration under one of these controlling bodies (SARS, 2013c).

3.2. COMPARISON BETWEEN THE USA, AUSTRALIA AND SOUTH AFRICA

3.2.1 Comparison between the controlling boards

The USA, Australia and South Africa have realised that independent boards must be established to ensure tax practitioners adhere to the registration requirements in each country.

The USA established many offices, but the OPR and the RPO focus on tax practitioners' compliance with Circular 230 (IRS, 2011). With Australia only having implemented the registration requirements on tax practitioners in the recent years, the ATO has established one board only to oversee tax practitioners. This national board determines the disciplinary sanctions, continued education and code of conduct for tax practitioners.

South Africa has not of yet established an independent board for tax practitioners. This board will be established eighteen months after the successful implementation of the registering process of tax practitioners with a controlling board (Klue, 2013). The details of such board have not been announced after the last draft of the Regulatory Board for Tax Practitioners. How the independent board will work in conjunction with controlling bodies is yet to be seen.

The USA has implemented controlling boards only to assist the IRS. Australia has implemented one board to oversee tax practitioners and a future board will be implemented in South Africa.

3.2.2 Comparison between the professional associations

The USA does not have professional associations to assist with the regulations on tax practitioners. Some of the boards established by the IRS have stakeholders. However, these stakeholders do not contribute to the enforcement of Circular 230 (IRS, 2011).

Australia considers a tax practitioners' membership with professional associations when they apply for registration with the tax board (Australian government, 2013c:1). The TPB recognises that professional associations require a level of competency and education in order for a tax practitioner to become a member. These associations do not determine over right the TPB's code of conduct or disciplinary sanctions. The associations complement the TPB, but do not regulate the tax practitioners' profession in Australia.

With the absence of an independent regulating board in South Africa SARS depends on the controlling bodies in South Africa to oversee the tax profession (SARS, 2013b:1): These controlling bodies are currently regulating the tax profession in South Africa. Each

controlling body has its own requirements for members registration. SARS only requires that a practitioner is registered with a controlling body and with SARS (Section 240 of the TAA no 28 of 2011).

There is no consistency between the registration processes as one controlling body may require formal education as a requirement and another may consider practical experience to be more important. The fees for registration will depend solely on the controlling body and may differ from one level of membership to the rest.

SAIT has five membership levels and each has its own yearly membership fee (SAIT, 2013). SARS requires the controlling body to have a code of conduct and disciplinary sanctions, however, SARS do not provide any code of conduct or disciplinary sanctions. SARS only provides guidelines of what is required to become a registered controlling body.

The IRS in America does not rely on professional associations to assist with the regulations on tax practitioners, whereas the Australian government only takes membership into consideration when determining whether a tax practitioner qualifies for registration. In South Africa the controlling bodies determine the requirements for registration and are therefore in effect regulating tax practitioners.

3.2.3 Comparison between the disciplinary sanctions

The OPR in the USA was established to oversee the disciplinary sanctions and tax practitioners conduct (Sledgianowski & Petra, 2011:266). The requirements prescribed by the IRS are that the OPR must publish the names of the tax practitioners who are disbarred from practicing before the IRS, as well as those tax practitioners who are under sanctions of the OPR (Elliotte, 2012:56). The names must be published on the IRS' website as well as in the Internal Revenue Bulletin.

Australia also requires that the names of those tax practitioners who are disbarred or under investigations be published on the ATO's website (Michaletos, 2011:16), with the

additional requirement that the names be published for a year from the day the practitioners registration was evoked (Michaletos, 2011:16).

SARS requires that the names of tax practitioners under investigation be published on the controlling body's website (SARS, 2013b:4).

All three countries; tax control requires that the name of a tax practitioner who is convicted of an offence be made public. Michaletos (2011:16) warns that if a tax practitioner's name is published when said practitioner only under investigation, it may have a negative impact on the practitioner's business and the tax profession as a whole.

3.2.4 Comparison between continued professional education

Each country realised the importance of tax practitioners' competency levels and have therefore all included compulsory continued education as a prerequisite to registration. The number of hours each tax practitioner is required to complete per year, differs from country to country.

The USA has determined that CPA's, EA's and attorneys have the necessary competency to be able to provide services to their client therefore these practitioners are excluded from the continued education requirements per year (Nevius, 2010:157). Tax return preparers are individuals who prepare tax returns for a fee without the necessary education required by the other professions. Tax preparers must complete fifteen hours of training each year (Nevius, 2010:157). The IRS has also determined the training field.

The continued education requirements for tax practitioners in Australia are determined by the title of registration a tax practitioner holds. The expected continued education must be completed over three years of which a certain amount of hours has to be done within one year. Tax agents in Australia must complete ninety hours over three year where BAS agents only have to complete forty-five hours over the same period (Australian government, 2013d:5): As with the case in the USA, the TPB approves the courses tax practitioners have to complete.

With the absence of an independent board in South Africa SARS has published the necessary continued professional education required from each tax practitioner. The controlling bodies are responsible to oversee that their members complete the training. The controlling bodies must approve the training and the records of the training must be kept by the members (SARS, 2013b:3). South Africa only requires fifteen hours of training per year (SARS, 2013b:3).

Comparing the three countries, Australia requires the most continued education from their tax practitioners. Every tax practitioner registered in Australia is subjected to training. The USA is more lenient with the training as they have excluded certain professionals from this compulsory continued education. South Africa will need to determine whether or not the fifteen hours of continued education per year will be sufficient for the tax profession in South Africa.

3.3. CONCLUSION

Comparing South Africa to the USA and Australia, South Africa seems to be heading in the right direction. The difference is that South Africa relies on the competency of the nominated controlling bodies to regulate the profession. An independent regulating board for tax practitioners in South Africa may change the role of the controlling bodies.

CHAPTER 4: CONCLUSION

4.1. ADVICE FOR THE TREATMENT OF TAX PRACTITIONERS IN SOUTH AFRICA

Michaletos (2011:50) states the regulations of tax practitioners in South Africa play an important role in SARS' goal of increasing tax compliance. The international counterparts have successfully implemented regulations on tax practitioners and South Africa can learn from their legislations, processes and flaws.

The collection of tax is a form of revenue for each country's government therefore the tax practitioner profession plays a vital role in the tax collection process. The tax practitioner

profession has come under the microscope in recent years as the profession is in high demand. Countries around the globe have implemented regulations of the tax practitioner's profession in an attempt to reduce the number of unethical and unscrupulous tax practitioners. The USA first implemented regulations in 1921 (Webb & Coffman, 2010:29) and the Australian regulations have been in operation since 2010.

The SARS has realised the important role of tax practitioners therefore the regulations of tax practitioners were proposed in 2002 (Klue, 2009:1). The Regulations of Tax Practitioners Bill was published in 2008 (Michaletos, 2011:1), however, no legislative act commenced. After four years an act was signed by government and the regulations of tax practitioners in South Africa were established. These regulations were long overdue and welcomed by many tax practitioners and controlling bodies.

The regulations were implemented when the TAA (28/2011) commenced in October 2012. The regulations of tax practitioner in South Africa has two phases; phase one the registration of tax practitioners with a controlling body and the second phase to establish an independent regulatory board for tax practitioners.

4.1.1 REGULATING PRACTITIONERS

4.1.1.1 *Regulating acts*

The USA has established their regulations on the tax practitioner profession in America under Circular 230 (IRS, 2011). This act and regulations have been in operation for many years and the IRS has amended Circular 230 (IRS, 2011) many times. However, Circular 230 is one act including all the regulations of tax practitioners. The act regulates who may practice before the IRS, the disciplinary sanctions, the continued professional education hours and the way tax opinions must be prepared by tax practitioners. Circular 230 is amended when the IRS determines that new regulations are required to fit the changing tax practitioner profession.

Australia has implemented the TASA (13/2009) in 2010. The ATO has established this one act to include every regulation required of tax practitioners in Australia. The TASA

(13/2009) determines which practitioners are required to register, the disciplinary sanctions imposed and the continued professional training hours to be completed by each tax practitioner. The TASA (13/2009) has also been amended after only three years to include financial advisers who were previously excluded.

The TAA (28/2011) commenced in 2012 after a long awaited period. Section 240 of the TAA (28/2011) requires tax practitioners to register with a controlling body and with SARS by 1 July 2013. This is the only requirement the TAA (28/2011) has on tax practitioners in South Africa. The act does not include any additional regulations of the tax practitioners' profession.

It is therefore recommended that South Africa considers to publish an act to enforce the additional regulations which is at this moment being regulated by the controlling bodies. This act can provide the specifics to:

- who must register;
- the disciplinary sanctions procedures;
- compile a tax professional code of conduct; and
- continued professional educations.

4.1.1.2 *Individuals required to register*

The American and Australian revenue authorities have under their respective regulating acts determined that any natural person who provides tax services for a fee must be registered under the required acts. Both countries have named the professions that do provide tax services in the ordinary course of their business, for example bookkeepers, attorneys, accountants, CPA's to name a few. These countries require any practitioner practicing tax under their tax laws to be registered irrespective of where they are situated. The TAA (28/2011) states that any natural person providing tax services under any tax act in South Africa to be registered as a tax practitioner with a controlling body and with SARS.

SARS must clarify what services constitute tax services under the act as many natural persons may not consider the advice they gave to be tax services. By including the

professions providing tax services, as America and Australia did, may reduce but not limit this problem. To meet international standards SARS must include tax practitioners practicing outside of the country to register under the TAA (28/2011).

Australia has a three year period after which a tax practitioner must renew his or her registration. The TAA (28/2011) does not provide a time frame during which a tax practitioner must renew its registration. SARS should provide a period after which a tax practitioner must reapply for registration.

4.1.2 CONTROLLING BOARDS

4.1.2.1 *Controlling board members*

The USA Circular 230 (IRS, 2011) allows the IRS to establish offices to enforce the requirements under Circular 230 (IRS, 2011). The OPR and RPO are two of the offices and the members of the board are appointed by the IRS. Australia has established one board, the TPB, to oversee all the requirements of the TASA (13/2009).

South Africa has not establish a controlling board and will only implement an independent board for tax practitioners after determining the success of the registration of tax practitioners with a controlling body (Klue, 2013). No indication of the objectives and duties of the board have been provided.

It is suggested that SARS publish a draft bill for comment, detailing the specifics of the independent board before the success of the registration of tax practitioners are determined. If SARS waits until the success has been determined it may take longer to implement a board. It is recommended that the following must be included in the bill for comments:

- the number of board members and who may appoint them;
- the objective of the board;
- the duties of the board; and
- whom the board should report to.

4.1.2.2 Professional associations

The USA and Australia do not rely on professional associations, controlling bodies or stakeholders to regulate the tax practitioner profession. The countries have controlling boards to enforce the acts implemented to regulate tax practitioners.

SARS has granted the authority of regulating the tax practitioner profession in South Africa to the recognised controlling bodies. These bodies determine the disciplinary sanctions, continued professional training courses and code of conduct. SARS must consider that each controlling body has its own requirements and procedures. The one controlling body may impose sanctions and the next may not for the same practice.

To limit the possible double standards it is recommended that SARS establish the independent regulating board to enforce the same rules and regulations on every tax practitioner. SARS may need to determine the roles the independent board and the controlling bodies will play in regulating the tax practitioner profession in South Africa.

4.1.2.3 Disciplinary procedures

Circular 230 (IRS, 2011) determines the disciplinary sanctions and the OPR enforces these sanctions. The TPB in Australia enforces the disciplinary sanctions according to the TASA (13/2009). Both of these countries depend on the controlling boards to ensure that the tax practitioners provide services within the code of conduct. The disciplinary sanctions vary from monetary fines to disbarment or termination of registration.

SARS provide the controlling bodies with the disciplinary sanctions the bodies required before being recognised by SARS. This was only the criteria to meet the requirements for a controlling body. The criteria range from monetary fines, suspension and termination of registration (SARS, 2013b:4). These sanctions are in line with international standards, however, in South Africa different controlling bodies imposes these disciplinary sanctions. SARS should clarify which action requires which sanction to ensure equal treatment across the controlling bodies.

SARS has met the global standards of publishing the names of tax practitioners under sanctions, however, a time limit must be imposed as sanctions may have been lifted and the name remains published.

4.1.2.4 *Continued professional education*

The USA requires fifteen hours of continued professional education by tax return preparers. The CPA's, EA's and attorneys are excluded from these mandatory hours. Australia requires ninety hours over three years for tax agents and forty-five hours for BAS agents over the same period. These hours are overseen by the controlling boards and the courses are approved by the controlling boards.

South Africa requires fifteen hours per year which is in line with their international counterpart. SARS does not approve the courses required as this is left up to the controlling bodies. The problem may arise when different controlling bodies approve different courses and no standard is achieved across the tax practitioner profession. It is recommended that SARS consider the courses available and provide guidelines on which courses must be completed in a year. SARS can also approve the institutions presenting these courses.

4.2. FINAL COMMENT

Michaletos (2011:54) suggested in the study she conducted that SARS should consider implementing the regulations on tax practitioners to ensure South Africa is in line with international tax practitioners. When compared to the USA and Australia, South Africa has made a lot of progress since Michaletos' study. SARS must consider the success of their implementing the regulation, of tax practitioners and continue with phase two to establish an independent regulating board for tax practitioners.

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