



FOR PROFESSIONALS

SINCE 1941



TAX REGULATION RAISES SA CHARTERED ACCOUNTANTS' CONFIDENCE IN PROFESSION - SURVEY

11 April 2013: The implementation of legislation in South Africa to ensure that all tax practitioners are registered with an industry body may have increased South Africa's Chartered Accountants' (CAs[SA]) confidence in their profession, according to a new survey conducted by PPS.

According to Gerhard Joubert, Head of Group Marketing and Stakeholder Relations at PPS, the financial services provider focused on graduate professionals, the promulgation of the Tax Administration Act at the end of 2012, which requires all tax practitioners to register with a professional body by 1 July 2013 or face criminal sanctions, appears to have had a positive influence on the survey results.

The survey of more than 500 CAs(SA) found that 83% of respondents are confident in the sustainability of the profession in the future, up six percentage points from the previous quarter. In addition, when asked about their confidence in the level of governance applicable in South Africa, confidence levels rose by 14 percentage points to 48%, while confidence that ethics still prevail in the profession rose by 3 percentage points to 74%.

Latest statistics estimate that approximately 55% of tax practitioners are currently not registered with a professional organisation. Under the new legislation, tax practitioners will be required to become a member of professional associations such as the South African Institute of Chartered Accountants (SAICA), the Independent Regulatory Board for Auditors (IRBA), the South African Legal Practice Council, the South African Institute for Tax Practitioners (Sait), or the South African Institute of Professional Accountants (Saipa).

"The main purpose of this legislation is to ensure tax practitioners are advising their clients appropriately. However, there are other benefits of belonging to a professional body, such as ensuring skills remain updated and being more marketable, which will also have a positive impact on the profession as a whole," says Joubert.

Commenting on the new legislation, Willi Coates, the Senior Executive: Marketing of The South African Institute of Chartered Accountants (SAICA), the CA(SA) member body stated: "SAICA will be taking the necessary steps to comply with the new Tax Administration Act from 01st July 2013. This will ensure that our members who are currently tax practitioners will be able to continue to practice as tax advisors."

Conversely, CAs(SA) concern about the lack of mathematics and science graduates in the country also reached a record high. With a 97% response rate in the fourth quarter of 2012, up three percentage points from the previous quarter, when questioned whether they are concerned about the lack of mathematics and science graduates in South Africa

Joubert says this result is unsurprising considering South Africa ranked 62nd in the World Economic Forum's annual report on financial development. "Mathematics and science play a crucial role in the education of CAs(SA), so it is worrying that South Africa, a country suffering a severe skills shortage, has ranked so low when it comes to the critical aspect of the education of much needed professionals."

"Many of the skills shortages that we currently face in South Africa are in professions that require a mathematics or science degree, so it is critical that we address the reasons for fewer people opting to study these subjects, as a reduction in the number of graduates in these fields now will lead us to an even greater skills shortage in the future," says Joubert.

Joubert notes, however, that while it is critical to deal with these issues, it is also important to keep in mind the specific demographics of South Africa and how this may impact on people's learning.

"South Africa has 11 official languages. For the majority of learners, English is not their mother tongue, which makes it more difficult to pursue technical subjects. Learners are often expected to know and understand English as the teaching language of choice, which is largely because of a lack of qualified mother tongue teachers, particularly for science and maths."

"If the same pupils were able to take technical subjects such as mathematics and science in their home language, it is likely that we would see a far different result. Unfortunately, the reality is that English is the main language for business, however, so if this is not possible, we need to address the teaching of English in our schools at an earlier age to ensure that no pupil is left at a disadvantage."

Other survey results revealed a drop in confidence among CAs(SA) of remaining in the country with a score of 75% recorded, a five percentage point drop from the previous quarter.

"The fourth quarter survey results revealed that industry related issues remain a big area of concern for CA(SA)'s. It is important to understand and address these concerns in order to ensure the country can attract and retain this vital skills force," concludes Joubert.

Other results from the survey conducted among CAs(SA):

- Confidence in the future of the profession over the next five years decreased by one percentage point to 87%
- Confidence in their ability to earn an income that keeps up with inflation was 78%, down one percentage point
- Confidence in the economic outlook was down two percentage points to 57%
- Confidence in whether the state of healthcare will improve over the next five years was down one percentage point to 42%
- 47% of CA(SA)'s agree with the principle behind National Health Insurance, up thirteen percentage points