

Taxpayers warned against 'free' advice

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Johannesburg - The recent arrest by the Hawks of 23 fake tax consultants has reiterated the need for both individual and corporate taxpayers to choose wisely when appointing a tax professional, according to Faith Ngwenya, technical and standards executive at the South African Institute of Professional Accountants (Saipa).

"Accreditation with a professional body, while not an absolute guarantee of honesty and integrity, provides some protection and recourse should a problem arise," said Ngwenya.

Practicing tax professionals have to be registered with a controlling body recognised by the South African Revenue Service in terms of new regulations that came into effect in July 2013.

Ngwenya advises taxpayers and tax clients to take responsibility for educating themselves in terms of the duties they wish their chosen tax professional to perform.

This will enable them to search for a tax practitioner skilled in the required area of expertise, and will also inform the nature of the relationship between the taxpayer and the tax professional.

Letter of appointment is a must

When appointing a professional accountant, a letter of appointment is essential, Ngwenya said.

It should set out clearly and unambiguously the scope of work, the roles and responsibilities of both parties and the intervals at which the work is to be carried out.

"This is particularly important in the light of the new Companies Act, which doesn't require an enterprise to indicate to the Companies and Intellectual Properties Commission who its accounting officer is," said Ngwenya.

"Thus the letter of engagement becomes the only binding document should recourse need to be sought. Correctly drafted, the letter will also protect each party should the other fail to meet his or her deadlines for submitting or completing information."

Accounting and tax professionals registered with Saipa (or any of the other recognised controlling bodies) are required to undertake continuous professional development to keep pace with industry changes and avoid stagnation.

Failure to do this amounts to non-compliance and is grounds to revoke professional body registration.

"Where finances and taxes are concerned, when in doubt, consult a professional," said Ngwenya.

"We urge business owners to steer clear of so-called free advice where their business's sustainability and profitability is concerned."