



BUILDING A ROBUST AND VIBRANT TAX ECOSYSTEM IN SINGAPORE

31 March 2017

Final Report for the Study of the Tax Ecosystem and Practices in Singapore
(STEPS)

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1. Foreword by Chairperson

- 1.1 Singapore is internationally recognised as an attractive investment destination and a conducive place to do business. Our tax ecosystem is one of the key factors underpinning Singapore's economic competitiveness. In fact, the "Doing Business 2017" report¹ ranked Singapore second in the ease of doing business globally; this was strongly supported by the ease of paying taxes in Singapore, a category in which Singapore was ranked among the top ten.
- 1.2 However, the world is changing rapidly. Technological advancements have disrupted traditional business models and are changing many countries' economic make-up. Populist sentiments geared towards greater protectionism threaten to undermine the progress and benefits of globalisation. On the tax front, governments, companies and the general populace are paying more attention to tax matters. New international tax standards are being introduced in a bid to harmonise tax perspectives across jurisdictions and clamp down on tax avoidance. Nonetheless, amidst these challenges, opportunities also arise. The Committee on the Future Economy (CFE)² recently recommended strategies that Singapore must pursue to ensure that our economy continues to expand in the midst of such developments. Our tax ecosystem – a key pillar of Singapore's conducive business environment – must progress in tandem. The tax industry must be strengthened to enable it to tap on growth opportunities and thrive in the face of change. Tax practitioners need to be ready to operate in the increasingly complex tax landscape.
- 1.3 With this in mind, the Study of the Tax Ecosystem and Practices in Singapore (STEPS) was commissioned in February 2016. A committee was convened to conduct a holistic review of the tax ecosystem and recommend strategies to build a robust and vibrant tax ecosystem that would better serve the future needs of Singapore. The STEPS Committee envisions a tax ecosystem that is forward-looking, agile, and comprising a pool of tax practitioners who possess

¹ World Bank. 2017. Doing Business 2017: Equal Opportunity for All. Washington, DC: World Bank. DOI: 10.1596/978-1-4648-0948-4.

² "Report of the Committee on the Future Economy: Pioneers of the Next Generation" February 2017.

deep tax expertise. The tax ecosystem of the future supports Singapore's vision of a value-creating economy that is open and connected to the world, with opportunities for all. Singapore will be a leading provider of tax services and well-respected as a thought leader in taxation matters. Tax firms will provide tax services that add value to businesses and support enterprises in meeting their tax obligations across different jurisdictions. The tax ecosystem will also facilitate the growth of talent with high practice and ethical standards.

- 1.4 To build the envisaged tax ecosystem, the STEPS Committee has identified four key strategic thrusts. First, efforts should be focused on advancing Singapore's standing as a responsible global player and a leading centre for thought leadership. Second, the clarity of the tax regulatory environment can be further enhanced. Third, tax industry and business practices need to be transformed to be ready for the future. Finally, attention must be paid to enhancing the standing of tax as a distinctive and reputable profession. The STEPS Committee has formulated a set of eight recommendations in line with these strategic thrusts.
- 1.5 We strongly believe that these strategies and recommendations will help to propel our tax ecosystem to new heights. We look forward to working with various stakeholders to bring our envisioned tax ecosystem to fruition.
- 1.6 I would like to thank the members of the STEPS Committee and the secretariat for their invaluable contribution of time and advice. We would also like to thank the numerous stakeholders for sharing their experiences and insights. They have been instrumental in facilitating the STEPS Committee in crafting the recommendations to develop a robust and vibrant tax ecosystem that will benefit us all.



Mr Ong Yew Huat
Chairman of the Tax Academy of Singapore
Chairperson of the STEPS Committee

2. Executive Summary

- 2.1 The Study of the Tax Ecosystem and Practices in Singapore (STEPS) was commissioned by the Inland Revenue Authority of Singapore (IRAS) in February 2016. It brought key stakeholders in the tax ecosystem together to explore ways to build a robust and vibrant tax ecosystem that would better serve the future needs of Singapore.
- 2.2 Singapore serves as a base or as a regional headquarter for many companies serving the markets in Asia. The rising consumption and demand for infrastructure in Asia continue to offer significant opportunities for Singapore-based companies. As part of the Government's plan to help these companies to accelerate their pace of internationalisation³, companies are expected to conduct more cross-border business activities. In this regard, they will require assistance in meeting and managing their tax obligations in the various jurisdictions where their business activities are conducted. The tax landscape is expected to become more complex in the near future. As jurisdictions move on to the implementation of the BEPS recommendations, differences in interpretation might lead to more international tax controversies. An increase in global tax reporting requirements will add to taxpayers' compliance burden. Tax practitioners have to be conversant in advising businesses on their cross-border transactions, while navigating the complexities of the various overseas tax regimes. The accelerating pace of change in the tax world means that tax practitioners cannot afford to merely react to changes; they need to constantly look ahead and respond to emerging challenges in the international tax arena. They will also need to display higher standards of practice and ethics, especially in view of the increased level of regulatory scrutiny globally.
- 2.3 The operating environment for tax services is also changing quickly. Technology has been a disrupter in many industries; the tax industry is no exception. New entrants with core capabilities in information technology (IT), data analytics and non-tax related domains have begun, and will continue, to compete with existing Tax Service Providers (TSPs) for a similar pool of clients. IRAS has also stepped

³ Source: Report of the Committee on the Future Economy

up its use of data and technology to increase the efficiency and effectiveness of tax administration. All these will shift taxpayers' demand for tax services away from compliance-related services to tax advisory and consultancy work. Traditional TSPs will have to assess the impact of such trends on their businesses and adapt accordingly. TSPs will continue to face pressures on other fronts as well, such as rising business costs, manpower shortages and a more volatile business environment. Collectively, these factors create a compelling need for TSPs to revamp their service offerings and redesign their business processes to maintain their competitive edge. Tax practitioners will also need to acquire and develop new skills in areas such as IT and data analytics to ensure that they remain relevant and employable.

- 2.4 Tax has become an increasingly multi-disciplinary field. Once considered the domain of accountants and lawyers, tax practitioners now come from diverse backgrounds (e.g. economists, valuers, data analysts etc.) with different areas of specialisation. The structures underpinning the tax profession need to be updated to reflect the evolving profile of tax practitioners. Strengthening the tax profession – the core of the tax ecosystem – will form a solid foundation on which a robust and vibrant tax ecosystem can be built.
- 2.5 Having reviewed the current state of the tax ecosystem and considered the key trends shaping the tax environment, the STEPS Committee has formulated a set of recommendations to strengthen the tax ecosystem and future-proof it where possible:

Thrust 1: Advance Singapore's Standing as a Responsible Global Player and a Leading Centre for Thought Leadership in Taxation

Recommendation 1: Establish an Institute Devoted to Thought Leadership and Research in Taxation

We recommend the establishment of an institute, devoted to thought leadership and research in taxation, with the objective of advancing Singapore's reputation and influence in the taxation arena. The institute shall produce tax-related research that is of high quality, credible, respected and has strong relevance and practical application, especially in Singapore and the Asia-Pacific region. The institute shall initially have a strong emphasis on research relevant to the Asian economies, and gradually expand its focus beyond the region. The institute shall also promote robust debate and interactions among the different stakeholders in the tax ecosystem and with government entities, organisations and parties in foreign jurisdictions.

Recommendation 2: Explore Feasibility of Singapore as a Centre of Choice for Arbitration of Tax Disputes

With Singapore making significant headway in establishing itself as a centre for commercial arbitration over the years, we recommend conducting a feasibility study of establishing Singapore as a centre of choice for the arbitration of tax disputes. This is in view of the expected increase in the number of tax controversies arising from increased cross-border activities and differences in the interpretation of the BEPS recommendations. We believe that a highly regarded centre for the arbitration of tax disputes will develop and showcase the depth of tax expertise in Singapore, and also elevate Singapore's international standing.

Thrust 2: Enhance the Clarity of the Tax Regulatory Environment

Recommendation 3: Enhance Tax Certainty and Administrative Transparency

Given the importance of tax certainty in the fast-changing business environment, we recommend enhancing the tax certainty and administrative transparency that Singapore's tax regime offers. The recommended measures include considering the publishing of advance rulings, exploring the provision of information on the conditions for granting incentives, raising awareness of Singapore's efforts as a responsible global player to resolve cross-border tax disputes and enhancing collaboration across public agencies to provide more consistency in the formulation, interpretation and implementation of tax rules and policies.

Thrust 3: Transform Industry and Business Practices to be Future-Ready

Recommendation 4: Boost Productivity of TSPs at Firm-Level through Technology Adoption and Capability-Building

With the emergence of new technological solutions, more intense competition is expected in the tax industry. TSPs will need to innovate and enhance their productivity to remain competitive. TSPs must move across the value chain and provide tax services that add value to their clients' businesses, rather than merely protect business value or fulfil basic tax compliance requirements. We recommend the adoption of a more targeted and industry-focused approach to drive productivity improvements. The focus is to encourage TSPs to build capabilities, deploy technology and use data analytics to transform their business practices to provide more value-added tax services.

Recommendation 5: Develop Tax Practitioners' Capabilities to Tap on Growth Opportunities

To ensure that tax practitioners are equipped with the relevant competencies to tap on growth opportunities, we recommend making a more concerted effort to broaden and deepen their tax expertise and help them acquire new skills.

This includes formalising a process to identify, on a regular basis, skills that correspond to market needs, and to work with educational and professional development institutions to develop tax practitioners with the relevant skill sets. We also recommend fostering collaboration within the industry to help tax practitioners, especially those in smaller outfits to acquire knowledge in international and regional tax.

Thrust 4: Enhance the Standing of Tax as a Distinctive and Reputable Profession

Recommendation 6: Establish an Independent Professional Body to Represent and Enhance the Standing of the Tax Profession

With tax becoming an increasingly multi-disciplinary field, we recommend the establishment of an independent professional body to spearhead developments in the tax profession, champion causes for the tax practitioners and promote collaboration among the stakeholders within the tax ecosystem. The establishment of an independent body will aid in the strengthening of the identity and sense of belonging of the tax practitioners in the profession and enhance, in the eyes of the wider business community, the standing of the tax profession.

Recommendation 7: Regulate Tax Practitioners Who Provide Services for a Fee, Reward or Gain

Singapore currently does not require tax practitioners to be separately registered or accredited to provide tax services in Singapore. With increasing complexities of international and domestic tax matters, and the heightened scrutiny of the ethical standards of tax practitioners, it will be important to ensure that our tax practitioners are held to high professional competency and ethical standards to safeguard the reputation of Singapore and its tax industry. We recommend that all tax practitioners who provide tax services for a fee, reward or gain be registered with a central regulatory body. In this regard, we recommend conducting a comprehensive study to determine the scope of services and tax practitioners to be regulated. Careful consideration should

be given to tax practitioners who are already registered and regulated separately under specific legislation. Regulation will ensure that all tax practitioners attain a minimum level of competence necessary for their work and are bound to a professional code of conduct.

Recommendation 8: Establish a Globally-Recognised Accreditation Framework

To support tax practitioners in Singapore and enhance the standing of the profession locally and internationally, we recommend building upon the existing accreditation framework to establish a globally-recognised accreditation framework based on practical experience and backed by rigorous examinations in both tax fundamentals and application. Over time, the prestige of such an accreditation framework will elevate the recognition and global standing of our accredited tax practitioners.

3. About the Study of the Tax Ecosystem and Practices in Singapore

- 3.1 The STEPS was commissioned by IRAS in February 2016. The objective of the STEPS was to conduct a holistic review of the tax ecosystem and recommend strategies to achieve the following goals:

GOALS

- Grow Singapore as a leading provider of tax services
- Develop Singapore into a thought leader, and a valued location for education and research for taxation
- Position Singapore as an advocate of fair and ethical taxation

- 3.2 Strategies would focus on building a robust and vibrant tax ecosystem that would better serve the current and future needs of Singapore:

ROBUST AND VIBRANT TAX ECOSYSTEM

- A forward-looking and agile tax ecosystem that can respond to emerging challenges, especially those in the international arena
- Taxpayers, especially businesses, are supported by deep tax expertise to manage their tax obligations in Singapore and foreign jurisdictions
- An environment that can attract, nurture and retain tax talent

- 3.3 The terms of reference for the STEPS are:

- (a) To study and assess the scope for Singapore to attain a dynamic and competent tax ecosystem to support Singapore's economic vision; and
- (b) To make recommendations to achieve the vision of a dynamic and competent tax ecosystem that supports Singapore's current and future needs.

STEPS Committee

- 3.4 A committee comprising 13 members representing the key stakeholders⁴ of the tax ecosystem was formed to conduct the STEPS. The STEPS Committee was chaired by Mr Ong Yew Huat, Chairman of the Tax Academy of Singapore (TA). The composition of the STEPS Committee and the details of the STEPS Committee members are shown in Appendix 1.

Study Approach

- 3.5 The STEPS commenced with an assessment of the current state of the tax ecosystem and identification of trends and developments that would impact the tax ecosystem in the future. This was done through environmental scanning, extensive research and consultations with a broad range of stakeholders covering TSPs, academia, education providers, taxpayers, professional bodies, trade and business associations, and government agencies. 9 focus group discussions with a total of 75 individuals were held. The list of consulted stakeholders is shown in Appendix 2. The STEPS Committee also conducted a survey on the profile of tax employees to facilitate a deeper profile analysis of existing tax practitioners. A total of 14 responses were received. The respondents included the largest employers of tax practitioners in the industry i.e. the Big 4 accounting firms (“Big 4”) and IRAS, and medium-sized accounting and law firms with tax practices.
- 3.6 Relying on the insights and feedback gathered from the research, consultations and profile analyses, the STEPS Committee envisioned the future state of the tax ecosystem, identified the strategic thrusts and crafted recommendations to achieve the envisioned future state. The recommendations covered 5 areas:
- (a) International standing;
 - (b) Tax regulatory environment;
 - (c) Business environment and tax services;
 - (d) Talent management; and
 - (e) Roles and interactions of stakeholders.

⁴ Key stakeholders include tax service providers (TSPs), professional bodies, business community, academia, education providers and IRAS.

4. Background – The Need for a Robust and Vibrant Tax Ecosystem

- 4.1 The tax ecosystem plays a key role in supporting Singapore's economic activities. As a renowned global and regional business hub, Singapore serves as a base or as a regional headquarter for many companies serving the markets in Asia. Globally-competitive local firms are also encouraged and supported to make their mark overseas. These firms require significant tax expertise to help them manage and fulfil their tax obligations in Singapore and other jurisdictions where they operate. In 2015, the accounting sector (including tax services) grew by 2.0% and contributed \$1.68 billion in nominal value-add⁵.
- 4.2 The tax industry is expected to continue growing in the near future, in tandem with Singapore's economic activities. In the Asian Enterprise Survey 2016 conducted by United Overseas Bank (UOB)⁶, one-third of the respondents chose Singapore as a market for expansion in the next three to five years. This is indicative of the confidence investors have in the Singapore market. As investment in Singapore grows, demand for tax services will follow suit. Similar sentiments were echoed in a separate survey of accounting entities, where most of the respondents articulated their expectations of continued growth in revenue from non-audit services, such as tax⁷.

⁵ Data on tax services has been included in that of the accounting sector. Source: Economic Survey 2015.

⁶ The Asian Enterprise Survey 2016 was conducted with a list of Asian Enterprises based in 6 regional countries and territories – China, Hong Kong, Indonesia, Malaysia, Singapore and Thailand. The survey aimed to explore how they are capitalising on business opportunities amid global and regional economic trends and trade flows, challenges that these Asian Enterprises are facing, their strategies and plans to fuel their next stage of growth and their preferences and considerations when expanding regionally. A total of 2,500 business leaders participated in the research.

⁷ Based on the Accounting Entities Census 2015, 80% of the accounting entities that responded to the survey expect growth in revenue from non-audit services, including tax.

- 4.3 To support businesses and fulfil the demand for tax services, tax practitioners are expected to be conversant in advising businesses on their domestic and cross-border transactions. They also have to be able to competently navigate the different tax scenes and cultures abroad. Recent developments in the international tax arena⁸ point to a more complex global tax landscape in the future. Increasingly, tax practitioners cannot merely react or adapt to changes; they need to proactively monitor developments and address emerging challenges as early as possible.
- 4.4 Such broad and deep expertise in tax cannot be achieved overnight. It will only come about with a robust and vibrant tax ecosystem that can attract, nurture and manage tax talent from varied backgrounds and with different areas of specialisation. This will form a solid foundation for a strong tax ecosystem that can respond cohesively and effectively to challenges so as to support Singapore's economic growth.

⁸ For example, the imposition of worldwide compliance requirements and guidance such as the Foreign Account Tax Compliance Act, Common Reporting Standards and Base Erosion and Profit Shifting action plans.

5. Overview of the Tax Ecosystem in Singapore

- 5.1 The “tax ecosystem” is the system formed by the interactions of the different stakeholders in the supply and demand of tax services, including the development of existing and future tax practitioners.

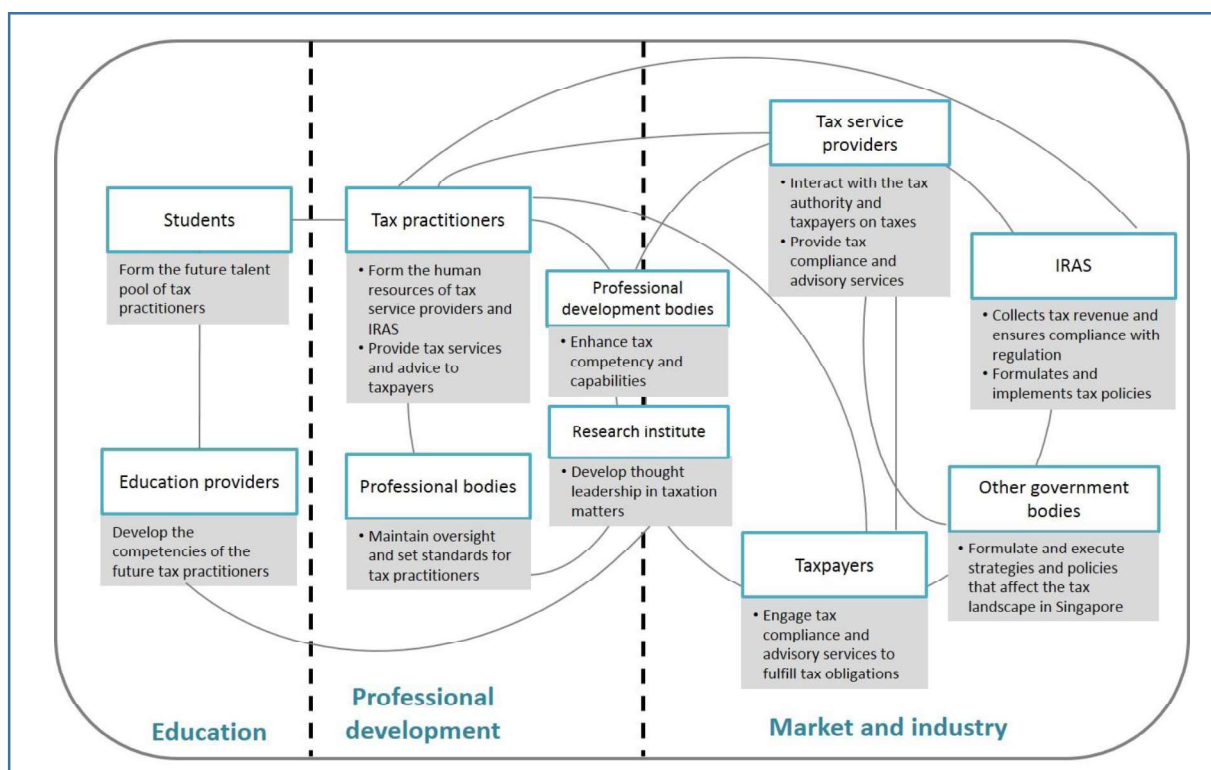


Figure 1: Tax Ecosystem - Key stakeholders, their roles and responsibilities, and their interactions

Market and Industry

- 5.2 The Market and Industry segment comprises key players shaping the supply and demand of tax services.
- IRAS** – IRAS administers the tax laws. Among its various duties, IRAS assists the Ministry of Finance in formulating tax policies, implements tax policies, ensures tax compliance and collects tax revenue. IRAS also advises the government on international matters relating to tax and represents Singapore at international forums on tax.
 - Other government bodies** – These are public agencies that formulate and execute strategies and policies that affect the tax landscape in Singapore. Examples include the Ministry of Finance (MOF), the Accounting and Corporate Regulatory Authority (ACRA), the Monetary Authority of Singapore (MAS), the Ministry of Trade and Industry (MTI), the Singapore

Economic Development Board (EDB), the Singapore Tourism Board (STB), International Enterprise Singapore (IE Singapore), SPRING Singapore (SPRING) and the Maritime and Port Authority of Singapore (MPA).

- (c) Taxpayers – Taxpayers comply with the tax regulations set by IRAS and various government bodies, and pay taxes. They can be individuals, unincorporated businesses, registered companies, non-profit organisations, etc. They may engage tax compliance and advisory services to assist them in meeting their tax obligations.
- (d) Tax Service Providers (TSPs) – TSPs are registered corporations, firms, partnerships or sole proprietors that provide tax services for a fee, reward or gain. They may also represent taxpayers in interacting with regulatory authorities.

Demand for Tax Services

- 5.3 Demand for tax services comes largely from businesses, as tax implications of business activities are typically more complex than those relating to individuals. Approximately 60% of companies are represented by tax agents, compared to only 0.71% of individuals⁹.

⁹ Source: IRAS' database

Supply of Tax Services

- 5.4 The types of tax services provided by TSPs can be broadly classified into tax compliance and tax advisory services¹⁰. Anecdotal evidence suggests that tax compliance services make up the lion's share of services provided by TSPs.

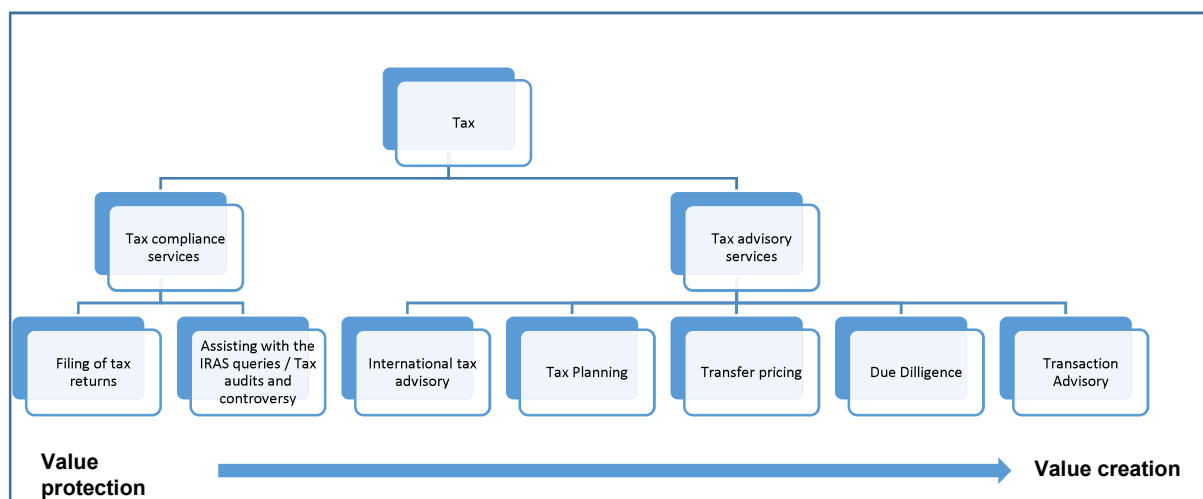


Figure 2: Types of tax services provided by the TSPs

- 5.5 Using the accounting sector as a proxy, the TSP market is dominated by the Big 4 which make up 67% of the market share¹¹. The remaining 33% market share is shared among entities such as law firms, small and medium accounting firms, book-keeping firms, corporate secretarial firms, sole proprietors and freelance consultants.
- 5.6 While there is currently no authoritative source on the population of TSPs in Singapore, estimates put the number at over 2,300¹². Among these TSPs, 63% are companies, 10% are partnerships and 27% are sole-proprietorships and freelancers.

¹⁰ Source: Institute of Singapore Chartered Accountants (ISCA) website

¹¹ Source: Accounting Entity Census 2015

¹² This figure refers to the number of tax agents authorised by taxpayers, via IRAS' myTax Portal, to interact with IRAS on their behalf. This information may be incomplete as it does not include TSPs engaged to perform tax services but who are not authorised to represent the taxpayer in dealing with IRAS.

Professional Development

5.7 Stakeholders in the Professional Development segment create the demand for and supply of continuous professional education in tax:

- (a) Tax practitioners – A tax practitioner is an individual who provides tax services for a fee, reward or gain. A tax practitioner may be employed by a TSP, an entity whose principal business is not the provision of tax services, or a public sector entity, or may work as an independent adviser. Tax practitioners consume the products and programmes provided by professional development bodies to enhance, update and maintain their tax knowledge.
- (b) Professional development bodies – The primary responsibility of these organisations is to develop tax practitioners' capabilities in tax. TA is an example of such a body.
- (c) Research institute – The primary responsibility of a research institute is to conduct research and provide thought leadership in taxation matters. The SMU-TA Centre for Excellence in Taxation (CET) is an example of such an institute.
- (d) Professional bodies – These organisations maintain oversight and set standards for tax practitioners. Members of professional bodies are typically obliged to complete a requisite amount of training annually to maintain their membership status and obtain their practising certificates (where applicable). Some professional bodies also provide training courses. Examples of professional bodies include the Singapore Institute of Accredited Tax Professionals (SIATP), the Law Society of Singapore (Law Society), the Institute of Singapore Chartered Accountants (ISCA), Association of Chartered Certified Accountants (ACCA) and CPA Australia.

Profile of Tax Practitioners

5.8 There are approximately 7,500¹³ tax practitioners (excluding in-house tax practitioners) in Singapore. The survey¹⁴ conducted by the STEPS Committee

¹³ The figure is estimated based on the statistics obtained from the survey conducted by the STEPS Committee and information of TSPs registered with IRAS.

¹⁴ The 14 survey respondents collectively employ 3,026 tax practitioners. This makes up a significant

in October 2016 showed that a sizeable proportion of these tax practitioners undertake compliance work and are not accountants by training. The number of tax practitioners who are accredited with SIATP remains low. Amongst all the tax practitioners, only a small proportion specialises in areas such as Goods and Services tax (GST) and transfer pricing. Based on the survey, the profile of the tax practitioners¹⁵ in Singapore (as at end-2015) is as follows:

- 75% are graduates, of which 57% are accounting graduates. Other than accountancy and law, the more common fields of study observed were business, economics, engineering and real estate.
- 77% are involved in the provision of tax compliance services, while 16% undertake tax advisory work.
- 57% specialise in Income Tax (Corporate Income Tax or Individual Income Tax) and 11% specialise in GST. 5% of tax practitioners specialise in transfer pricing.

Professional Qualification

5.9 SIATP was incorporated in January 2010 by ISCA, in collaboration with TA. SIATP is an accreditation body for local tax practitioners with a vision to raise the standards of tax practice in Singapore. As of September 2016, there were 1,678¹⁶ tax practitioners (excluding in-house tax practitioners) accredited with SIATP. This represents an estimated 22% of the base of tax practitioners (excluding in-house tax practitioners) in Singapore¹⁷.

5.10 Besides SIATP, tax practitioners may also be registered with other professional bodies in Singapore, such as ISCA, Law Society and CPA Australia. As of September 2016, there were a total of 1,031, 187 and 350 tax practitioners

proportion, about 40%, of the tax practitioners in the tax ecosystem. Although the majority (94%) of these tax practitioners are employees of the Big 4 and IRAS, the profile analysis provides a broad sensing of the tax ecosystem's manpower distribution.

¹⁵ See Appendix 8 for the details of the profile of tax practitioners.

¹⁶ Source: SIATP

¹⁷ No. of tax practitioners accredited with SIATP (in 2016) = 1,678
 Estimated total no. of tax practitioners = 7,500
 % of tax practitioners who are accredited = $1,678/7,500 = 22\%$
 The above computation excludes in-house tax practitioners.

registered with these bodies respectively. Some of these practitioners may be registered with one or more professional bodies, including SIATP.

Professional Development

- 5.11 The TA was set up in 2006 to raise the professional competency of the tax community. Since its inception, TA has trained over 6,000 tax practitioners through its wide suite of courses under the TA Tax Training Roadmap and more than 18,000 tax practitioners through its seminars and conferences. The TA Tax Training Roadmap provides a structured approach to uplift tax practitioners' competency in Income Tax, GST and / or International Tax through a suite of tax courses at the basic, intermediate and advanced level. The courses at each level are designed to provide tax practitioners with different levels of experience in tax, an understanding of the tax principles and tax laws that would allow them to apply these knowledge in their areas of work.
- 5.12 The SMU-TA CET is the first centre in Singapore that is dedicated to research in taxation. It was jointly set up in 2014 by the Singapore Management University (SMU) School of Accountancy and TA. Its mission is to produce highly robust research in international and regional tax issues for policy development and engagement with the international tax community. As of November 2016, SMU-TA CET has:
- Completed 7 research papers (with 8 papers in progress);
 - Published 6 completed research papers under the SMU School of Accountancy Research Paper Series in March 2016 and October 2016; and
 - Held 2 annual tax conferences, which saw the involvement of a number of eminent professors, government officials and leading tax practitioners¹⁸, and the attendance of over 150 participants at each conference.

¹⁸ They include Prof Dr Jeffrey Owens (Director, WU Global Tax Policy Center, Institute for Austrian and International Tax Law, WU (Vienna University of Economics and Business)), Prof Philip Baker QC (Visiting Professor, Tax Law, Oxford University, Barrister and Queen's Counsel, Field Court Tax Chambers), Prof David Rosenbloom (Director, International Tax Program, New York University School of Law), Prof Eric M Zolt (Michael H. Schill, Distinguished Professor of Law, UCLA, School of Law) Mr Jerome van Staden (International Director, International Tax Services, Ernst & Young Solutions LLP), Mr Leon Kwong Wing (Head, Tax & Private Client, Withers KhattarWong).

Education

5.13 Stakeholders in the Education segment develop the primary source of talent entering the tax ecosystem:

- Students – Students form the pool of tax talent from which future tax practitioners may emerge.
- Education providers – These are tertiary educational institutions that prepare students for a career as a tax practitioner.

5.14 While SMU offers a taxation track under its accounting degree, the other tertiary institutions in Singapore generally offer tax as a module or an elective in their programmes. At the post-graduate level, advanced tax topics (such as avoidance of double taxation agreements, transfer pricing, and tax planning and policy) may form core modules of master programmes in accountancy, finance, or law. Annually, the tertiary educational institutions produce about 1,100 students who are equipped with basic tax knowledge.

6. Envisioned Future State of the Tax Ecosystem

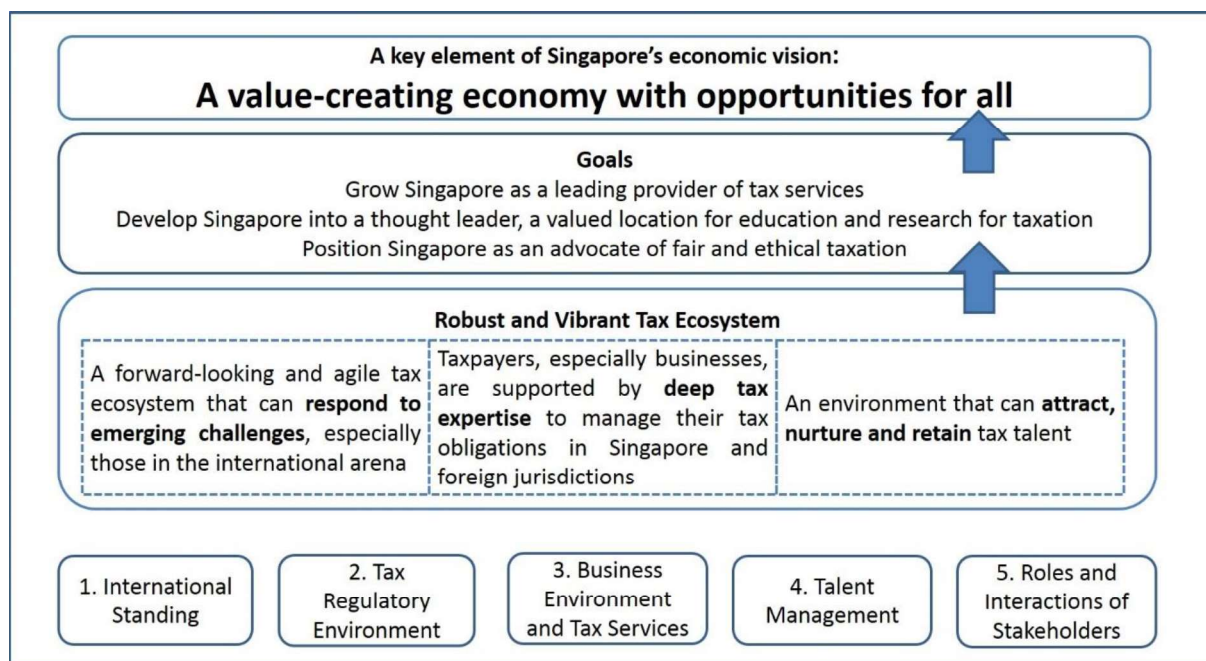


Figure 3: Envisioned Future State of the Tax Ecosystem in 2022

- 6.1 In the year 2022, it is envisioned that Singapore's tax ecosystem will provide much-needed support for global, regional and local enterprises. Singapore will be a leading provider of tax services. Singapore will be widely-respected as a thought leader in taxation matters and an advocate of fair and ethical taxation. With strong collaboration among all stakeholders, the tax ecosystem will keep pace with emerging challenges and will enable key players to tap on opportunities and tackle challenges, and deliver value to businesses. The tax ecosystem will boast a conducive and nurturing environment to attract and retain the best talent to join and remain in the tax profession.

6.2 The STEPS Committee identified 5 key areas underpinning a robust and vibrant tax ecosystem and the desired state for each area:

Key Areas	Desired State
International standing	<ul style="list-style-type: none"> • Strong international standing and well-respected in the international tax arena • Favourable location for interactions with and among local stakeholders, foreign tax authorities and reputable international bodies
Tax regulatory environment	<ul style="list-style-type: none"> • Environment that is governed by a strong rule of law and has an independent judiciary • A simple, open and transparent tax system that provides certainty to taxpayers and attracts businesses to operate in Singapore • Robust public policies and a proactive and integrated approach by the public sector to support enterprises and facilitate the managing of tax obligations
Business environment and tax services	<ul style="list-style-type: none"> • Targeted approaches to meet the varying needs of the industry and cater to specific demands of taxpayers • A good balance between the quality of tax services and the sustainability of TSPs • Sufficient support for the growth of TSPs
Talent management	<ul style="list-style-type: none"> • A strong and diverse pipeline of talent from the tertiary institutions aided by ongoing professional development via professional bodies to ensure there is sufficient resources to meet future demand • A comprehensive and rigorous professional development system that facilitates the development of talent and ensures a supply of competent and skilled tax practitioners: <ul style="list-style-type: none"> - To better manage their clients' domestic and international compliance

Key Areas	Desired State
	<ul style="list-style-type: none"> - To enhance the quality of advisory services provided - To better resolve tax controversies • Strong regulatory mechanisms to ensure high practice and ethical standards
Roles and interactions of stakeholders	<ul style="list-style-type: none"> • Clarity in the roles and contributions of each stakeholder • Strong collaboration among the stakeholders for the benefit of the tax ecosystem

7. Key Trends and Opportunities to Improve the Tax Ecosystem

- 7.1 The STEPS Committee studied the tax ecosystem to determine the gaps between its current state and the envisioned future state. Taking into account the key trends that would impact the development of the tax ecosystem, the STEPS Committee also identified opportunities, in line with the 5 key areas stated in paragraph 6, to bring the tax ecosystem to its envisioned state. The STEPS Committee conducted extensive research, including data analyses and consultation of stakeholders, as part of this process.

International standing

Current State

- 7.2 Singapore has earned its reputation as a trusted and responsible financial centre and tax jurisdiction, evident from the various accolades¹⁹ received. Singapore is generally well-regarded for its simple, efficient and effective tax system. As a responsible global player that is committed to international cooperation, Singapore has adopted international rules²⁰ and forged strong bilateral ties with foreign tax authorities²¹. Singapore also participates actively in many international tax forums, for example, Singapore became a BEPS Associate²² in June 2016.

¹⁹ Singapore was ranked first out of 50 major investment destination according to the BERI Report 2016-1 (April 2016) and the top 2 most competitive city in the world in the Global Competitiveness Report 2015-2016 by World Economic Forum. For more information, please refer to www.edb.gov.sg. In addition, Singapore was also ranked second globally in the ease of doing business in the “Doing Business 2017” report published by the World Bank.

²⁰ For example, Singapore has adopted the Exchange of Information (EOI) standards and minimum standards under the BEPS project, including country-by-country reporting for Singapore-headquartered MNCs.

²¹ As of 15 March 2017, Singapore has signed international tax agreements with 89 tax jurisdictions.

²² Singapore joined the inclusive framework for the global implementation of the BEPS project in June 2016. Under this framework, all jurisdictions that commit to the BEPS project will participate as BEPS Associates under the Inclusive Framework on BEPS. BEPS Associates have the same rights and obligations as OECD and G20 countries involved in BEPS work. Every jurisdiction that participates in the framework as a BEPS Associate will have an equal voice in reviewing and monitoring the implementation of the BEPS measures. Source: “Singapore Joins Inclusive Framework for Implementing Measures against Base Erosion and Profit Shifting (BEPS)”, 16 June 2016, Ministry of Finance.

- 7.3 Despite its international commitments, Singapore's competitive tax regime may sometimes be perceived unfavourably by some foreign tax authorities. In a climate where tax administrations are actively pursuing anti-avoidance measures, some authorities may choose to take unilateral actions against other jurisdictions. While the Singapore government has taken the lead in managing perceptions of Singapore's tax regime, there is room for other stakeholders in the tax ecosystem to contribute in advancing Singapore's standing as a responsible global player.

Opportunities

- 7.4 The SMU-TA CET was set up in 2014 to focus on research on taxation and to provide thought leadership in international tax, with a particular focus on Asian economies and tax systems. This was a step forward to spur debates on tax developments and position Singapore as a thought leader in the region. The SMU-TA CET has produced several research pieces in the 2.5 years since its inception. However, more can be done to **enhance the development of the independent tax research scene in Singapore and boost Singapore's influence in the global and regional tax arena**. It is worth noting that recent tax developments have been largely Europe-centric and that there is a lack of a cohesive voice among Asian economies on these changes. **Singapore can play an important role in shaping discussions and responses by Asian economies to global tax developments.**
- 7.5 There is an opportunity for **Singapore to explore its role in facilitating the resolution of cross-border tax disputes**, which would, in turn, elevate Singapore's standing in the international tax community. The number of tax disputes has been rising the past few years²³, in tandem with the rise in the volume of cross-border activities. This rate of increase is expected to continue in the post-BEPS world. The Organisation for Economic Cooperation and Development (OECD) had proposed arbitration as an alternative dispute

²³ The inventory of cases under the Mutual Agreement Procedure (MAP) at the end of each reporting period among the OECD member countries have increased from 2,352 in 2006 to 6,176 in 2015. The number of new MAP cases initiated over the reporting period have increased from 1,036 in 2006 to 2,509 in 2015 among the OECD member countries. (Source: www.oecd.org/tax/dispute/map-statistics-2015.htm)

resolution mechanism as part of the BEPS recommendation²⁴. With Singapore's reputation for neutrality, strong tradition of the rule of law, accessible location, and excellent facilities and services, Singapore possesses the fundamental attributes to play a vital role in the arbitration of tax disputes.

International Standing: Opportunities

- Enhance the development of the independent tax research scene in Singapore and boost Singapore's influence in the global and regional tax arena. Singapore can play a role in shaping discussions and responses by Asian economies to international tax developments
- Explore Singapore's role in facilitating the resolution of cross-border tax disputes

Tax regulatory environment

Current State

- 7.6 Singapore is well-regarded for its strong rule of law and independent judiciary. These are pillars of a healthy tax regulatory environment. In addition, Singapore's simple tax regime is widely-recognised; "Paying Taxes 2017" publication by the PWC and the World Bank Group ranked Singapore eighth globally in terms of the ease of paying taxes²⁵. The time taken to comply with tax regulations in Singapore (67 hours per year) is significantly lower than the Asia-Pacific and global averages (212 hours and 243 hours per year respectively). Singapore places great emphasis on providing tax certainty and transparency to keep the tax system simple. There are constant efforts to review and update tax policies to keep them relevant and to provide greater clarity in the application of tax rules (e.g. publication of e-Tax Guides, advance rulings)²⁶.

²⁴ The OECD has included arbitration provisions in its "Multilateral Instrument to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting". www.oecd.org/tax/treaties/countries-adopt-multilateral-convention-to-close-tax-treaty-loop-holes-and-improve-functioning-of-international-tax-system.htm

²⁵ PWC and the World Bank Group. Paying Taxes 2017. Available on www.pwc.com/payingtaxes

²⁶ This is in line with the report of the Committee on the Future Economy (CFE) which articulated the need to ensure that the tax system remained broad-based, progressive and fair, while also being competitive and pro-growth.

- 7.7 However, Singapore's tax system does not exist or function in isolation from other tax regimes. Recent years have seen the introduction of numerous regulatory and reporting requirements, such as the Foreign Account Tax Compliance Act (FATCA), Country-by-Country Reporting (CbCR) and Common Reporting Standard (CRS). With the international tax community persisting in the efforts to clamp down on tax avoidance, more changes are expected in the times ahead.

Opportunities

- 7.8 In this fast-changing environment fraught with uncertainty, businesses crave greater stability and administrative transparency. As Singapore's tax system evolves to keep pace with international tax developments, **sufficient attention should be focused on continuously enhancing the certainty of the tax system**. Areas for improvement include greater intra-government coordination in formulating and implementing policies and clearer articulation of the application of tax rules.

Tax Regulatory Environment: Opportunities

- Further enhance the certainty of the tax system

Business environment and tax services

Current State

- 7.9 The emergence of new technological solutions has led to new business models and entrants (e.g. software providers), intensifying the competition in the tax industry. Tax administrations continue to simplify their tax rules and leverage data and technology to make the tax filing process as seamless as possible for taxpayers. In Singapore, IRAS plans to integrate tax with the accounting systems that taxpayers use to significantly automate the tax filing process. The demand for tax services geared solely towards value-protection (e.g. compliance work such as the filing of tax returns) will wane in the near future.

- 7.10 On the other hand, businesses' need for international and regional tax advisory services is on the rise. This is mainly driven by the growing complexity of international tax rules, closer interaction of tax regimes, the introduction / revamp of indirect tax regimes across the region (e.g. Malaysia, China, India), among others.
- 7.11 Amidst these changes, TSPs continue to face challenges on many fronts. Rising business costs remains a concern²⁷. The tight labour market may make it difficult for TSPs to hire the right talent to sustain or grow their businesses.

Opportunities

- 7.12 The shift in the demand for tax services from value-protection to value-creation, both domestically and internationally, presents **opportunities to transform Singapore's tax industry**. Currently, the bulk of the smaller TSPs provide mainly tax compliance services, while the larger TSPs take on most of the tax advisory and consultancy work. The changing demand for tax services compels TSPs to re-examine their positioning in the market, develop new capabilities (e.g. data and technology) to remain competitive and / or explore overseas markets. **Smaller TSPs will need to move across the value chain and provide new types of services** to survive in the industry. Tapping on the vast amount of information provided by their clients, **larger TSPs can broaden their offerings** with services such as strategic planning and business development, to complement tax advisory services. **Tax practitioners also need to broaden their skillsets** to ride this wave of change.
- 7.13 Stiffening competition and cost pressures create a **strong impetus for TSPs to enhance their productivity and remain competitive** in the tax industry. There are currently a plethora of broad-based measures to encourage

²⁷ From 2011-16, unit labour cost of business services increased by 4.3% p.a., while office space prices increased by 1.6% p.a. (Source: Singapore Department of Statistics)

Local labour force growth is expected to continue slowing down, towards negligible levels or even stagnation in the next decade. Foreign manpower growth has moderated from 80,000 in 2011 to about 22,000 in 2015, and is expected to remain tight. (Sources: "Local labour force growth could stagnate in the next decade: Lim Swee Say", CNA, 10 October 2016. MOM Statement on Labour Market Developments, 15 September 2016)

businesses to invest in productivity and innovation, such as the Productivity and Innovation Credit (PIC)²⁸, the Transition Support Package²⁹ and the Capability Development Grant³⁰. However, there are few, if any, initiatives aimed specifically at upgrading players in the tax industry. **A targeted approach, supported by players across the tax ecosystem, is required to enhance TSPs' productivity**, help them innovate and transform in light of the changes faced by the tax industry. With technology and data analytics fast becoming key disrupters of the tax industry, **TSPs and tax practitioners alike will need to embrace these developments** to transform the way they provide tax services.

Business Environment and Tax Services: Opportunities

- Transform Singapore's tax industry
 - Smaller TSPs provide tax services geared towards value-creation; Larger TSPs broaden their offerings beyond tax services to include complementary services
 - Targeted industry-supported approach to improve TSPs' productivity

Talent management

7.14 Inclusiveness of the Tax Profession

7.14.1 *Current State* – Tax has traditionally been viewed as a path of specialisation within the accountancy profession. For example, SIATP was organised under the auspices of ISCA, the professional body representing accountants. Tax was also cited as a growth area in the Report of the Committee to Develop the Accountancy Sector (CDAS) that detailed strategies to expand the Accountancy sector. Education-wise, taxation subjects are typically offered only in accountancy and law undergraduate programmes. While the

²⁸ The Productivity and Innovation Credit (PIC) was introduced in Budget 2010 to support businesses that are re-engineering their work processes and re-designing jobs so as to help their employees create more value. The PIC scheme expires after Year of Assessment 2018.

²⁹ The Transition Support Package was intended to cushion the adverse impact of the economic restructuring on businesses. The package included the Wage Credit Scheme (WCS), Corporate Income Tax (CIT) rebate and the Productivity and Innovation Credit Bonus (PIC Bonus).

³⁰ The Capability Development Grant is offered by SPRING and is intended to help businesses to build capabilities across 10 key business areas, such as technology adoption and staff training.

accountancy programmes offer basic taxation subjects as core modules and the advanced taxation subjects as electives, the law programmes generally offer all taxation subjects as electives. There is very little emphasis on tax in the curriculums of other faculties.

- 7.14.2 *Opportunities* – The tax profession is becoming increasingly multi-disciplinary. This is already evident in the mix of the current talent pool, where almost half³¹ the tax practitioners hail from non-accountancy disciplines (e.g. economics, law, engineering, real estate). There is a need to **examine the structures underpinning the tax industry to ensure that the tax profession is viewed as a multi-disciplinary one**, rather than the exclusive domain of accountants or lawyers.

7.15 Competence in Tax

- 7.15.1 *Current State* – Survey data shows that tertiary institutions are turning out an adequate supply³² of tax talent to meet the industry's demand for personnel who can work on tax compliance and domestic tax matters. However, entry-level graduates are rarely conversant in emerging areas such as cross-border tax advisory work, transfer pricing and tax risk management. Additionally, the pool of existing tax practitioners who have expertise in these areas is small. Anecdotal evidence suggests that much of the training in these topics is currently conducted on the job. While a variety of training programmes may exist, there is no authoritative roadmap to assist the tax practitioners in choosing the most appropriate option, or to guide the design or content of such programmes. This has resulted in disparate training options and overlaps in training programmes.

- 7.15.2 *Opportunities* – A more concerted effort is needed to **prepare tax practitioners who can provide tax services beyond the basics** of domestic

³¹ Source: Survey on profile of tax employees

³² Annually, the tertiary educational institutions produce 1,100 who are equipped with basic tax knowledge which forms the potential supply of tax talent (paragraph 5.14 refers). This is in excess of the number of graduates and polytechnic students hired yearly by TSPs based on survey data, and indicates that a quantitative supply crunch is unlikely in the next five years.

tax matters and tax compliance. Professional development bodies will benefit from **more coordination on the types of training** needed to build the relevant competencies among the current pool of tax practitioners, while additional **guidance on choosing the appropriate training programmes** will be useful to tax practitioners. This complements the opportunities identified in paragraph 7.12 for tax practitioners to embrace new skills to adapt to the changes in the tax landscape.

7.16 Standards of Practice and Ethics

- 7.16.1 *Current State* – As the tax industry transforms and tax practitioners take on more complex tax advisory and consultancy work, tax practitioners' competence and ethical standards become even more important. Accreditation is a critical tool in maintaining the standards of practice and ethics among tax practitioners. In Singapore, tax practitioners who are members of SIATP are obliged to abide by SIATP's professional code of conduct, as well as to complete a minimum number of hours of training annually to maintain their accreditation status.
- 7.16.2 As mentioned earlier in the report, it is estimated that the proportion of tax practitioners (excluding in-house tax practitioners) who are currently accredited by SIATP is slightly over one-fifth. As Singapore does not require tax practitioners to be registered in order to provide tax services (unlike countries such as Australia and South Africa), unaccredited and unregulated tax practitioners are able to practise tax alongside accredited and regulated tax practitioners without any significant difference in status or scope of activities. The absence of a requirement to be professionally registered provides little urgency or added incentive for unaccredited tax practitioners to obtain accreditation from SIATP. This has also resulted in the lack of industry recognition of the accredited status in its current form, as reflected by the Focus Group Discussions.
- 7.16.3 The lack of a structured framework regulating the entire tax profession has other consequences – taxpayers who have been poorly advised by errant tax

practitioners will have little recourse if the tax practitioners do not belong to SIATP or any other professional body. Such tax practitioners will remain beyond the reach and authority of SIATP or other relevant professional bodies to govern their standards, if the accreditation and regulatory regimes remain as they currently stand.

- 7.16.4 *Opportunities* – It is opportune to **review the existing accreditation scheme to enhance its attractiveness** to tax practitioners from various backgrounds and specialisations, as the tax profession evolves. **Introducing a framework to regulate tax practitioners, if tied to the tax practitioner’s accreditation status, will certainly encourage tax practitioners to pursue accreditation and remain accredited.** This will create a sound and enforceable mechanism to ensure tax practitioners continually update and develop their tax competence, and abide by the ethical standards set out by a central body. As Singapore’s tax industry transitions towards value-creation services, such mechanisms will become even more important in ensuring that tax advice dispensed by tax practitioners remains of high quality and on the right side of the law – this will help to safeguard Singapore’s reputation and taxpayers’ interests. A robust framework to regulate tax practitioners will also lend credence to Singapore’s tax industry, given the heightened scrutiny of activities relating to tax planning and avoidance globally.

Talent Management: Opportunities

- Improve the structures underpinning the tax industry to ensure that the tax profession is inclusive
- Enhance competence in tax
 - Prepare tax practitioners to provide tax services beyond the basic services like routine tax compliance services
 - Improve coordination on the types of training to build the relevant competencies amongst the current pool of tax practitioners
- Raise standards of practice and ethics
 - Review the existing accreditation scheme to enhance its attractiveness to tax practitioners
 - Introduce a framework to regulate tax practitioners

Roles and interactions of stakeholders

Current State

- 7.17 There are frequent and robust exchanges between IRAS and the stakeholders in the tax ecosystem, with regular dialogues held between government agencies and various industry bodies. Professional bodies like ISCA and SIATP provide platforms (e.g. seminars and conferences) for stakeholders to communicate their views and keep abreast of latest developments that affect the industry.

Opportunities

- 7.18 Such communication and collaboration efforts are fragmented and driven separately by interested stakeholders. **More extensive coordination among stakeholders** would be beneficial to the tax ecosystem, where a greater representation of views can be garnered and information can be disseminated more effectively throughout the tax ecosystem.

- 7.19 Discussions among stakeholders also currently tend to focus on existing pain points or immediate issues. As the pace of change in the tax environment accelerates, there is a need to **strengthen the existing institutions to consistently look further ahead and plan strategically to future-proof the tax industry.**

Roles and interactions of stakeholders: Opportunities

- Have more extensive coordination among stakeholders
- Strengthen the existing institutions to consistently look ahead and plan strategically to future-proof the tax industry

- 7.20 Given the above opportunities identified through the assessment of the current state vis-à-vis its envisioned state of the tax ecosystem, the STEPS Committee has identified 4 key strategic thrusts that would guide the formulation of recommendations to tap on these opportunities:

Focus Areas	Strategic Thrusts and Opportunities
International standing	<p>Thrust 1: Advance Singapore's Standing as a Responsible Global Player and a Leading Centre for Thought Leadership in Taxation</p> <ul style="list-style-type: none"> • Enhance the development of the independent tax research scene in Singapore and boost Singapore's influence in the global and regional tax arena. Singapore can also play a role in shaping discussions and responses by Asian economies to international tax developments • Explore Singapore's role in facilitating the resolution of tax disputes, in view of the anticipated increase in tax disputes globally
Tax regulatory environment	<p>Thrust 2: Enhance the Clarity of the Tax Regulatory Environment</p> <ul style="list-style-type: none"> • Improve the certainty and administrative transparency of Singapore's tax regime

Focus Areas	Strategic Thrusts and Opportunities
Business environment and tax services	Thrust 3: Transform Industry and Business Practices to be Future-Ready <ul style="list-style-type: none"> • Support TSPs moving across the value chain of tax services. Smaller TSPs can be encouraged to provide tax services geared towards value-creation; Larger TSPs broaden their offerings beyond tax services to include complementary services • Adopt a targeted industry-supported approach to improve TSPs' productivity • Facilitate tax practitioners in building new capabilities and acquire new skillsets
Talent management	Thrust 4: Enhance the Standing of Tax as a Distinctive and Reputable Profession <ul style="list-style-type: none"> • Improve the structures underpinning the tax industry to strengthen the identity of the tax profession • Enhance competence in tax to ride on wave of change <ul style="list-style-type: none"> – Prepare tax practitioners to provide tax services beyond the basic services like routine tax compliance services – Improve coordination on the types of training needed to build the relevant competencies • Raise standards of practice and ethics <ul style="list-style-type: none"> – Review the existing accreditation scheme to enhance its attractiveness to tax practitioners – Introduce a framework to regulate tax practitioners
Roles and interactions of stakeholders	

7.21 The recommendations in the following section are formulated to address the current gaps and tap on opportunities to progress the tax ecosystem. The STEPS Committee believes that, if implemented successfully, they will contribute to the development of a robust and vibrant tax ecosystem. The Committee also acknowledges that a critical success factor is the availability and adequacy of financial support to develop and execute these initiatives. Therefore, appropriate funding frameworks must be considered during the implementation.

8. Thrust 1: Advance Singapore's Standing as a Responsible Global Player and a Leading Centre for Thought Leadership in Taxation

8.1 Singapore is a small but open economy that relies heavily on investment and international trade to spur our economic and social development. A tax system that engenders trust and confidence among stakeholders plays a key role in businesses' operational and investment decisions. Opportunities identified by the STEPS Committee to enhance Singapore's standing in the international tax community include:

- Enhancing the development of the independent tax research scene in Singapore and boosting Singapore's influence in the global and regional taxation arena; and
- Exploring Singapore's role in facilitating the resolution of international tax disputes.

RECOMMENDATION 1: ESTABLISH AN INSTITUTE DEVOTED TO THOUGHT LEADERSHIP AND RESEARCH IN TAXATION

8.2 The STEPS Committee proposes establishing an institute devoted to thought leadership and research in taxation, to advance Singapore's reputation and influence in this sphere.

A Picture of the Institute

8.3 The institute is an independent think-tank known for its neutrality, foresight and rigour in taxation research. The mandate of the institute is to promote robust discourse, debate and exchanges across the different stakeholders in the tax ecosystem, and with government entities, organisations and parties in foreign jurisdictions. The institute undertakes and produces tax-related research that is published on recognised platforms. The research pieces will have strong relevance and practical application, especially in Singapore and in the Asia-Pacific region. The institute will initially have a strong emphasis on research

relevant to the Asian economies and gradually expand its focus beyond the Asia-Pacific region.

- 8.4 The institute is wide in its reach, attracting researchers from different disciplines and backgrounds (including academics from different universities / institutions, practitioners) from Singapore and across the globe to undertake research in taxation in Singapore. Aside from conducting research, the institute provides a strategic direction and coordinates research across various groups, such as local and international tax practitioners and TSPs, academics and professional bodies. Examples of research topics include emerging global tax movements or standards and the impact on Asia-Pacific and Singapore, translating global tax standards / best practices into local standards or guidelines that local entities can adapt / adopt.
- 8.5 The institute hosts and attracts international conferences and forums to be held in Singapore to showcase its research and promotes discourse about tax issues.
- 8.6 The institute has a sound governance model and a funding structure which can sustain its operations, and maintain a level of independence that will underscore the credibility of its research.

Proposed Implementation Approach

- 8.7 Phase 1: Identify existing gaps and areas for improvement
- Study the models of established research centres / institutes to understand best practices and applicability to the institute, leveraging earlier reports or feasibility studies where possible.
 - Determine the gaps to overcome in order to reach the desired future state, paying particular attention to the institute's:
 - (a) Ability to attract eminent academics / researchers to locate in Singapore to conduct research on a medium- to long-term basis;
 - (b) Ability to attract local and foreign tax practitioners to conduct research with or for the institute; and

- (c) Brand name and standing, as seen by the regional and international tax community.
- Explore possible funding models and sources that will enable the institute to be self-sustaining in the longer-term. Engage other established institutions to determine feasibility and extent of possible collaboration.

8.8 Phase 2: Chart out roadmap to establish the institute

The roadmap should encompass:

- Strategies and plans to overcome the gaps and to address the areas for improvement. This could include the reconstitution of SMU-TA CET and / or the establishment of a separate and independent research institute; and
- Timeline to implement the various strategies and plans.

8.9 Phase 3: Implement the roadmap

Implementation Considerations

Existing efforts by SMU-TA CET³³

- 8.10 The STEPS Committee recognises that significant time and resources have been dedicated to build SMU-TA CET since its setup. These efforts should not be laid to waste in the quest to more purposefully develop Singapore's tax research scene. Nonetheless, establishing an institute that is highly-reputed and independent, as envisaged, might entail the reconstitution of SMU-TA CET. The STEPS Committee recommends looking to other established research centres to understand their best practices, governance models and funding structures, so as to determine the appropriate measures to apply in Singapore.

³³ **Overview of SMU-TA CET**

- Set up in August 2014, under the School of Accountancy in SMU.
- Objectives:
 - Produce highly robust research in international and regional tax issues for policy-development and engagement with the international tax community.
 - Undertake policy-relevant, practice-oriented research and provide thought leadership in international tax with a particular focus on Asian economies and tax systems.
- Helmed by Centre Director, Assoc Prof of Accounting Goh Beng Wee, Singapore Management University.
- Governed by a Board comprising representatives from IRAS, TA and SMU.
- Supported by a Technical Advisory Panel comprising leading academics and key practitioners.

Growth and sustainability of the institute

- 8.11 Globally, there is a small number of researchers who focus on tax. This should be considered when designing the operating model that would enable the institute to be self-sustaining in the long-run. Also, there may be little room for growth if the focus of the institute remains solely on tax. For it to be sustainable in the long run, and to build up the brand name and standing of the institute, there may be a need to explore opportunities for collaboration with other local or regional established institutions. There should also be consideration for the work of the institute to be part of broader research on public policy.

Implementation timeline and driver

- 8.12 The STEPS Committee proposes the following implementation timeline and driver of the recommendation:

Phase	Timeline	Driver
Phase 1: Identify existing gaps and areas for improvement	Q3 2017 to Q4 2017	SMU-TA CET / IRAS
Phase 2: Chart out roadmap to establish the institute	Q1 2018 to Q1 2019	SMU-TA CET / IRAS
Phase 3: Implement the roadmap	Q2 2019 onwards	SMU-TA CET / Separate institute

RECOMMENDATION 2: EXPLORE FEASIBILITY OF SINGAPORE AS A CENTRE OF CHOICE FOR ARBITRATION OF TAX DISPUTES

- 8.13 Building on the qualities that have contributed to Singapore's success as a commercial arbitration centre, the STEPS Committee recommends that a panel be set up to explore the feasibility of establishing Singapore as a centre of choice for the arbitration of tax disputes ("tax arbitration centre")³⁴.
- 8.14 With the anticipated increase in tax controversies arising from the differences in the interpretation of the BEPS recommendations, there is very promising prospect for Singapore to play an active and prominent role in promoting the use of arbitration as an alternative mechanism to resolve tax disputes and even add value to the tax arbitration process. Being a highly regarded centre for tax dispute resolution will showcase the depth of tax expertise available in Singapore, and elevate Singapore's international standing in the tax community.

Proposed Implementation Approach

- 8.15 The STEPS Committee recommends that a panel be set up to assess the feasibility of establishing Singapore as a tax arbitration centre³⁵. The panel should comprise different stakeholders from the tax industry and should represent the interests of tax intermediaries, businesses and regulatory bodies.
- 8.16 The panel will assess whether there is value in setting up a tax arbitration centre in Singapore. The work of the panel can be carried out in three phases:

³⁴ The Singapore International Arbitration Centre (SIAC) was established in 1991 as a non-profit non-governmental organisation to provide neutral arbitration services to the global business community. As at 1 June 2016, the active caseload is about 600 cases. Amongst other things, the SIAC provides an experienced international panel of over 320 expert arbitrators from 31 jurisdictions, as well as established and tested arbitration rules. This provides greater clarity to parties in dispute and also helps to facilitate the arbitration process.

³⁵ Appendix 5 considers how a tax arbitration centre in Singapore can possibly look like.

8.16.1 Phase 1: Explore feasibility of establishing Singapore as a centre of choice for tax arbitration

- Understand the commercial arbitration process and rules, and applicability to tax arbitration, keeping in mind external developments in this area e.g. developments at the OECD
- Identify potential opportunities for Singapore to add value to the process, and the benefits to Singapore
- Propose whether a centre for tax arbitration should be set up in Singapore
- Consult key stakeholders throughout the process

8.16.2 Upon completion of Phase 1, if the panel assesses that it is feasible for Singapore to become a tax arbitration centre, the panel should move on to Phase 2 of the work.

8.16.3 Phase 2: Work out the fundamentals of the tax arbitration centre

- Establish the structure, governance and responsibilities of the centre
- Set out the rules to govern the tax arbitration process, including exploring the applicability of the Singapore International Arbitration Centre (SIAC) Rules
- Develop a standard set of criteria for tax arbitrators
- Work out the facilities that can be provided and other areas that the centre can add value to

8.16.4 Phase 3: Implementation

- Invite experts locally and globally, from the public and private sector, to be on the list of tax arbitrators
- Collaborate with other institutions / organisations to provide relevant training to upskill tax experts and expand the pool of tax arbitrators
- Official launch of the centre

Implementation Considerations

- 8.17 Tax arbitration between two jurisdictions is currently not a common dispute resolution mechanism. There are significant differences between commercial and tax arbitration, not least of which is the fact that tax arbitration is between two jurisdictions rather than between commercial entities. Unlike commercial arbitration, tax arbitration may be perceived to impinge on a jurisdiction's tax sovereignty. This may deter jurisdictions from adopting tax arbitration as a dispute resolution mechanism.
- 8.18 Tax arbitration is still a developing area globally. In November 2016, the OECD released the text of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting under BEPS Action 15 which provides a draft provision for tax arbitration. However, this draft provision did not cover the operational issues, such as the rules and processes of tax arbitration, and more work is expected to be done in this area. A close monitoring of external developments on this front is necessary.

Implementation timeline and driver

- 8.19 The STEPS Committee proposes the following implementation timeline and driver of the recommendation:

Phase	Timeline	Driver
Set up the panel	Q3 2017	IRAS
Phase 1: Explore feasibility of establishing Singapore as a centre of choice for tax arbitration	Q4 2017 to Q2 2018	Panel

If outcome of Phase 1 is that it is feasible to establish Singapore as a centre of choice for tax arbitration:

Phase 2: Work out the fundamentals of the tax arbitration centre	Q3 2018 to Q1 2019	Panel
Phase 3: Implementation	Q2 2019 onwards	Panel

9. Thrust 2: Enhance the Clarity of the Tax Regulatory Environment

- 9.1 Businesses value tax certainty. Singapore's ability to offer this has been one of its key strengths. Tax certainty is becoming increasingly important in the fast-changing environment which has seen many international tax developments in recent years. The STEPS Committee notes that, as Singapore's tax system evolves to keep pace with international tax developments, the regulatory authorities must not lose sight of the need to continually enhance the clarity and transparency of the tax regime.

RECOMMENDATION 3: ENHANCE TAX CERTAINTY AND ADMINISTRATIVE TRANSPARENCY

- 9.2 The STEPS Committee proposes several initiatives to augment existing efforts in enhancing tax certainty and administrative transparency.

A. Consider establishing a framework to address the application for and publication of advance rulings

- 9.3 The STEPS Committee proposes that IRAS considers establishing a framework to address concerns in respect of the application for and publication of advance rulings³⁶. Consulted stakeholders have made requests for advance rulings to be published in an anonymised form³⁷. Understanding the applicability of tax rules in specific scenarios would enhance taxpayers' understanding of the interpretation of tax laws³⁸.

³⁶ An advance ruling is a written interpretation of the Income Tax Act (ITA) on how certain issues that arise from a proposed arrangement are to be treated for tax purposes.

³⁷ Under the current advance ruling system, taxpayers can apply to the Comptroller of Income Tax for a binding ruling specifying the tax treatment of their proposed business arrangements. Such rulings are not released to the public to protect taxpayers' privacy and confidentiality. However, IRAS distils key principles, where applicable, from the rulings that are issued, and provides general guidance to the public in the form of e-tax guides.

³⁸ In 2014, IRAS conducted an industry consultation to solicit feedback on publishing advance rulings. Respondents acknowledged that the information contained in published advance rulings would be helpful, they were also concerned that confidential information could be revealed in such rulings. As there was a lack of industry interest in this initiative in 2014, IRAS did not pursue it further.

Proposed Implementation Approach

9.4 Phase 1: Industry consultation

- Understand concerns on publishing advance rulings in an anonymised form
- Solicit ideas to address concerns

9.5 Phase 2: Determine feasibility of publishing advance rulings

9.6 Phase 3: (if outcome of Phase 2 is positive) Establish framework on applying for and publishing advance rulings

Implementation Considerations

- 9.7 While the STEPS Committee recognises the benefits of such an initiative, it cautions that a good balance must be struck between the need for confidentiality of businesses and the transparency of information. The published ruling must provide sufficient context to the contents of the ruling to avoid any misinterpretation or misunderstanding.

B. Consider providing more information on the conditions for granting tax incentives

- 9.8 The STEPS Committee recommends that the relevant authorities consider providing more information on the conditions for granting tax incentives, recognising and taking into account commercial considerations and other relevant factors like economic competitiveness.

Proposed Implementation Approach

9.9 Phase 1: Consultation with industry and relevant public sector agencies

- Determine the extent of interest in information surrounding tax incentives and identify the specific areas of interest
- Understand concerns on making further details of tax incentive conditions publicly available
- Solicit ideas to address concerns

9.10 Phase 2: Determine feasibility of publishing details of incentive conditions

9.11 Phase 3: (If outcome of Phase 2 is positive) Agree on the manner to disclose the additional information to the public

Implementation Considerations

9.12 The STEPS Committee recognises the delicate balance of preserving the competitiveness of Singapore's tax incentive regime and being transparent about the conditions underlying the granting of tax incentives. While eligibility of a business for a tax incentive should still be assessed based on individual merits, providing more information on the conditions can aid businesses in their decision-making process.

C. Raise awareness of Singapore's efforts to resolve cross-border tax disputes

9.13 Singapore is committed to defend its own tax base, in a consistent and principled manner, and in accordance with accepted international tax rules and principles. This has bolstered investors' confidence in building and developing key and strategic substance in Singapore. While the number of Mutual Agreement Procedure (MAP) and Advanced Pricing Arrangement (APA)³⁹ requests received and resolved by IRAS is currently published in IRAS' Annual Reports, details are scant and the data is not widely-publicised. The STEPS

³⁹ The APA process enables businesses to obtain a unilateral, bilateral or multilateral agreement to give certainty of the acceptable transfer prices of specific related parties' transactions.

Committee recommends raising awareness of Singapore's efforts in this regard, such as working with other government agencies to publish such information to extend the reach to the business community.

D. Enhance collaboration across public agencies

9.14 The STEPS Committee recommends enhancing the collaboration across public agencies within the tax ecosystem to optimise tax policy design and resolve administrative issues, and to provide more consistency in the interpretation and treatment of different business activities. To this end, IRAS can review its internal processes and working arrangements to:

- Ensure robust policy design and consistent implementation from the outset; and
- Facilitate one-stop service in resolving issues that cut across the relevant public agencies.

E. Continue with existing efforts to provide tax certainty

9.15 The STEPS Committee recognises existing efforts to provide certainty to businesses and encourages IRAS and other regulatory bodies to continue doing so. This includes publishing its position and / or guidelines on the tax treatment for new business models (e.g. digital economy) in a timely manner. IRAS can also continue to explore different ways to achieve greater clarity of tax treaty provisions, such as through additional guidance or through clarifications in tax treaty Protocols, while respecting the constraints and considerations of the other Competent Authority.

Implementation timeline and driver

9.16 The STEPS Committee proposes the following implementation timeline and drivers of the recommendation:

Phase	Timeline	Driver
A. Consider establishing a framework to address the application for and publication of advance rulings		
Phase 1: Industry consultation	Q3 2017 to Q4 2017	IRAS
Phase 2: Determine feasibility of publishing advance rulings	Q1 2018	IRAS
Phase 3: <i>(if outcome of Phase 2 is positive)</i> Establish framework on applying for and publishing advance rulings	Q2 2018 to Q4 2018	IRAS
B. Consider providing more information on the conditions for granting tax incentives		
Phase 1: Consultation with industry and relevant public sector agencies	Q3 2017 to Q4 2017	IRAS
Phase 2: Determine feasibility of publishing details of incentive conditions	Q1 2018	IRAS, Economic agencies
Phase 3: <i>(If outcome of Phase 2 is positive)</i> Agree on the manner to disclose the additional information to the public	Q2 2018 to Q4 2018	IRAS, Economic agencies

Phase	Timeline	Driver
C. Raise awareness of Singapore's efforts to resolve cross-border tax disputes		
Work with economic agencies and industry stakeholders to publish and raise awareness of information relating to Singapore's efforts in resolving cross-border tax disputes, as well as commitment towards being a responsible global tax player.	Q3 2017	IRAS
D. Enhance collaboration across public agencies in policy design and issue resolution		
Review internal processes and working arrangements with other agencies	Q4 2017	IRAS

10. Thrust 3: Transform Industry and Business Practices to be Future-Ready

10.1 With the emergence of new technological solutions and more intense competition expected in the tax industry, TSPs will need to innovate and increase their productivity to remain competitive. As routine tax services are increasingly eliminated, simplified or automated, TSPs must shift their activities across the value chain and provide tax services that create value for businesses. Tax practitioners must broaden their resume of skills to take on new types of work and leverage the impending wave of change.

RECOMMENDATION 4: BOOST PRODUCTIVITY OF TAX SERVICE PROVIDERS (TSPs) AT FIRM-LEVEL THROUGH TECHNOLOGY ADOPTION AND CAPABILITY-BUILDING

10.2 The STEPS Committee recommends the adoption of a targeted and tax industry-focused approach to drive productivity improvements. This will complement existing broad-based measures to encourage productivity investments, and can better meet the specific needs of the tax industry and the TSPs in the tax ecosystem. A comprehensive roadmap should be drawn up to achieve the following objectives:

- *Near-term:* Promote the adoption of technology and data analytics to consolidate, streamline, re-engineer and / or automate business processes.
- *Medium-term:* Support TSPs in moving across the value chain, from value-protection to value-creation (e.g. tax consultancy and advisory services).

A Picture of the Roadmap

10.3 The roadmap sets out clear strategies and initiatives to support TSPs in building capabilities and leveraging technology and data to transform their business processes. The roadmap contains a good mix of solutions adopted by individual firms, as well as those sustained through industry-wide collaboration. The roadmap also charts the way forward in establishing platforms that enable TSPs

to collaborate and form deep partnerships with stakeholders in the tax ecosystem. These collaborations enable the industry to rapidly identify emerging challenges and collectively develop solutions to enhance firm-level and industry-wide productivity.

Proposed Implementation Approach

10.4 Phase 1: Study existing industry practices and develop implementation plan

- Reach out to smaller TSPs and raise general awareness of the disruption brought about by technology and analytics, including how the engagement with IRAS is expected to change in the future. This may create a greater sense of urgency among the TSPs to transform their businesses.
- Work with the industry (especially smaller TSPs) to:
 - (a) Understand their key business processes;
 - (b) Understand their key concerns / constraints in adopting technology in and / or changing their business processes;
 - (c) Identify areas that can be consolidated, streamlined, re-engineered and / or automated for improved productivity; and
 - (d) Solicit suggestions on how firm-level productivity can be enhanced with strong collaboration across the tax ecosystem. The STEPS Committee notes that potential initiatives could include informal platforms for the sharing of best practices and latest trends, and a central technological platform that lowers the cost for smaller TSPs looking to expand the use of technology in their operations.
- Identify best practices / strategies (from tax and other industries, both local and abroad) that may be beneficial for the tax industry.
- Explore possible mechanisms, including relevant government initiatives, that can encourage and incentivise TSPs to build the necessary capabilities, adopt technology more pervasively, and leverage data analytics to change their business processes and improve productivity. Support can come in the form of grants or subsidies, depending on TSPs' needs.
- Identify target groups and draw up a phased implementation plan.

- Sort out implementation details, including administration of grants or subsidies if required.

10.5 Phase 2: Implement plans to promote adoption of technological solutions among TSPs

10.6 Phase 3: Develop and implement a roadmap to support firms in moving across the value chain

Implementation timeline and driver

10.7 The STEPS Committee proposes the following implementation timeline and driver of the recommendation:

Phase	Timeline	Driver
Phase 1: Study existing industry practices and develop implementation plan	Q3 2017 to Q2 2018	IRAS
Phase 2: Implement plans to promote adoption of technological solutions among TSPs	Q3 2018 onwards	IRAS
Phase 3: Develop and implement a roadmap to support firms in moving across the value chain	Q1 2019 to Q4 2022	IRAS

RECOMMENDATION 5: DEVELOP TAX PRACTITIONERS' CAPABILITIES TO TAP ON GROWTH OPPORTUNITIES

10.8 Tax practitioners form the foundation of the TSPs and the tax ecosystem. For the industry to transform, tax practitioners must be equipped with the capabilities to tap on growth opportunities and to navigate the increasingly complex tax environment. In line with the anticipated changes in the tax landscape, the STEPS Committee has identified the following as skills relevant to tax practitioners in the next few years:

- Technical knowledge – e.g. specialised international and regional tax knowledge, transfer pricing, indirect taxes and tax risk management (to tap on existing identified growth opportunities).
- Non-technical skills – e.g. IT knowledge, data analytics, negotiation and communication.

10.9 The STEPS Committee recommends a more concerted approach to help tax practitioners acquire new skills to meet the changing needs of the market. This can be done through enhancing the affordability and accessibility of training opportunities to all tax practitioners, including those working in smaller outfits. In addition, the academic curriculums at tertiary institutions or training curriculums at professional development programmes, courses and seminars can be better tailored to meet market needs. An industry-wide training roadmap that synergises professional development programmes across training providers will also benefit the industry. Tax practitioners will be able to identify the right training programme among the wide variety of options available. Training providers may be able to coordinate the content of their programmes better and avoid unnecessary overlaps, while also ensuring that areas that were previously not addressed would be covered.

A Picture of Robust Capability-Development Systems

10.10 There is a formal process and body to be accountable for identifying, on a regular basis, the skills that correspond to market needs in the near-to medium-term, and to work with educational and professional development institutions for timely updating of curriculum.

10.11 There is availability of industry-wide opportunities to acquire knowledge in international and regional tax (especially in key markets) e.g.:

- Support for international / regional postings;
- Recruitment of foreign talent to build competence locally, in the areas of international / regional tax locally;
- Internships for students to gain market-relevant knowledge;
- Invitations to foreign tax administrators or foreign tax experts to speak on topics of interest at platforms open to all tax practitioners; and
- Secondment of staff across private sector entities, or between public and private sector entities.

Proposed Implementation Approach

10.12 Phase 1: Review existing professional development roadmap for tax practitioners

- Review existing professional development roadmap to assess its relevance and adequacy in enabling tax practitioners to acquire the skills required in the identified growth areas (refer to the skills set out in paragraph 10.8).
- Update the existing professional development roadmap, where necessary.
- Institute a formal body that will:
 - (a) Review the professional development roadmap (in consultation with stakeholders) on a regular basis; and
 - (b) Communicate the professional development roadmap and relevant training needs to schools, education-providers and professional development institutes to assist them in updating their curriculum.

10.13 Phase 2: Explore options for industry collaboration

- Work with industry players (TSPs, education-providers, professional development institutions and schools) to identify areas for potential collaboration in providing training
- Pilot an industry collaboration:
 - (a) Select an area of interest (some examples in paragraph 10.11);
 - (b) Work out implementation details; and
 - (c) Evaluate effectiveness of pilot.
- (if pilot is successful) Scale-up industry collaboration:
 - (a) If pilot is unsuccessful, to consider underlying issues and review feasibility of further industry collaboration.

Implementation considerations

10.14 The cost of training and professional development should be kept affordable for all tax practitioners. Benchmark costs for tax courses can be published (e.g. by TA) to allow broad comparison of costs of various programmes. Tax practitioners should be encouraged to tap on existing schemes for subsidies (e.g. SkillsFuture, Workforce Singapore's (WSG's) Enterprise Training Support) to offset the cost of training.

10.15 A conscious effort must be made to tap on existing forums and programmes to minimise duplication or inefficient use of resources. The facilitation of access of smaller TSPs to training and development resources that would otherwise be beyond their reach (e.g. experts in Big 4) should be done in a manner that does not erode the competitiveness of the larger TSPs.

Implementation timeline and driver

10.16 The STEPS Committee proposes the following implementation timeline and drivers of the recommendation:

Phase	Timeline	Driver
Phase 1: Review existing professional development roadmap for tax practitioners	Q3 2018 to Q2 2019	TA and SIATP
Phase 2: Explore areas for industry collaboration	Q3 2019 to Q2 2020	SIATP

11. Thrust 4: Enhance the Standing of Tax as a Distinctive and Reputable Profession

- 11.1 Tax has become a distinctive profession that includes tax practitioners from diverse backgrounds and areas of specialisation. A common identity will foster greater cohesion and collaboration across the industry to enhance the standing of the profession, especially in the eyes of the wider business community.

RECOMMENDATION 6: ESTABLISH AN INDEPENDENT PROFESSIONAL BODY TO REPRESENT AND ENHANCE THE STANDING OF THE TAX PROFESSION

- 11.2 The STEPS Committee proposes that an independent professional body be established to spearhead developments in the tax profession, champion causes for the tax practitioners and promote collaboration among the stakeholders within the tax ecosystem.
- 11.3 While SIATP⁴⁰ is the main organisation which represents the tax profession, its organisation under the ISCA umbrella may lead to the perception that it is primarily a body for accountants and lacks the diversity inherent in the tax profession. A review of SIATP's existing set-up is recommended to ensure that tax practitioners from various specialisations and backgrounds are adequately represented.

A Picture of the Independent Professional Body ("the Body")

- 11.4 The Body represents the interests of all tax practitioners, regardless of their background or area of tax specialisation. It represents and communicates the views / concerns gathered from its members to the relevant authorities to ensure

⁴⁰ **About SIATP**

The SIATP's vision is to raise the standards of tax practice in Singapore through:

- Robust admission requirements which include pre-qualifying professional and practical tax experience and the need to complete and pass a standard exam; and
- A requirement to complete a minimum number of Continuing Professional Education (CPE) hours annually.

An estimated one-fifth of tax practitioners (excluding in-house tax practitioners) are currently members of SIATP.

that the tax profession remains vibrant and is able to adapt to changes in the tax environment.

- 11.5 The Body drives the holistic development and learning of all tax practitioners in Singapore through continuous professional development and training. The functions of the Body include administering exams leading to accreditation, and setting standards for continuing professional development of registered members. The Body, as far as possible, coordinates training courses across training providers (excluding in-house ones) to avoid duplication, while allowing competition among providers to flourish. It ensures the existence of an up-to-date structured training roadmap for accreditation and continuing professional development. The roadmap(s) should:
- Cater for varying needs of tax practitioners from diverse backgrounds;
 - Include suggested training courses that fulfil the training criteria; and
 - Include elements that facilitate the tax practitioner in self-assessing his level of tax competence and evaluating the suitability of the courses.
- 11.6 The Body's mandate includes maintaining and improving the standards of conduct and practice of the tax profession in Singapore. This can be done through establishing and enforcing a common code of conduct for all tax practitioners.
- 11.7 The Body promotes and increases industry-wide collaboration among all stakeholders in the tax ecosystem, with a global outlook. The work involves establishing a steering committee to consistently look ahead, and discuss and develop strategies to position the tax industry for the future. The steering committee should comprise various stakeholders in the tax ecosystem and will:
- Oversee and facilitate regular discussions / interactions among the various stakeholder groups;
 - Identify trends and developments in the medium- to long-term which may impact the tax ecosystem and steer discussions to develop strategies to position the industry for the future;

- Engage government organisations to advocate for reforms to the tax system that will better position the tax ecosystem to support Singapore's economic and social needs; and
- Engage the general public to enhance the awareness of fiscal policies and related matters.

11.8 The Body oversees the registration and regulation of tax practitioners providing services for a fee, reward or gain. Please see Recommendation 7 for more details.

Proposed Implementation Approach

11.9 Phase 1: Setting the foundation of the independent professional body

- Draft the mandate, the organisational structure and the legal form of the Body
- Explore the possible options for a sustainable operating model for the Body
- Review the possibility and implications of separating SIATP from ISCA for greater independence and inclusivity of the different disciplines of tax - to consider alternatives if the separation is not forthcoming
- Conduct consultation with the tax community

11.10 Phase 2: Finalise implementation details

- Finalise the arrangements to institute the Body, including but not limited to:
 - (a) Organisation structure;
 - (b) Financing model;
 - (c) Place of operations;
 - (d) Recruitment of staff;
 - (e) Transitional arrangements (if any) with ISCA and SIATP; and
 - (f) Legal and other necessary paper work.

11.11 Phase 3: Official launch of the Body

Implementation Considerations

11.12 As SIATP has committed significant efforts to raise the standards of tax practice and the technical competence and capabilities of tax practitioners, it is ideally suited to assume the role of the Body described above. The implementers of this recommendation should therefore consider to build on the good work that SIATP had done since its setup in 2010. Given the small size of the tax industry in Singapore, there should not be multiple tax professional bodies vying for membership of a small number of tax practitioners to avoid duplication of resources.

Implementation timeline and driver

11.13 The STEPS Committee proposes the following implementation timeline and drivers of the recommendation:

Phase	Timeline	Driver
Phase 1: Setting the foundation of the independent professional body	Q3 2017 to Q2 2018	SIATP and IRAS
Phase 2: Finalise implementation details	Q3 2018	SIATP (if separation is possible) or an interim committee formed to set up the Body.
Phase 3: Official launch of the Body	To be discussed under Phase 1	SIATP / Interim Committee

RECOMMENDATION 7: REGULATE TAX PRACTITIONERS WHO PROVIDE SERVICES FOR A FEE, REWARD OR GAIN

11.14 The regulation and / or accreditation of tax practitioners are commonly employed by tax administrations to ensure a minimum standard of practice and ethics in the tax profession. Among the more advanced tax administrations, Australia, the United States of America and South Africa regulate tax practitioners, although to different degrees. In addition, some countries like the United Kingdom also rely on long-established and mature accreditation mechanisms, which, in practice, are almost akin to self-regulation by the industry. Regulation and / or accreditation are favoured by authorities⁴¹ for two main reasons:

- They enable the relevant parties to take disciplinary actions against tax practitioners who behave unprofessionally in their course of work; and
- They oblige tax practitioners to attend relevant training to maintain their professional competence.

11.15 Singapore currently does not require tax practitioners to be separately registered or accredited before they can provide tax services⁴² in Singapore. The STEPS Committee recommends a fundamental review of this policy to safeguard the reputation and standing of Singapore's tax industry.

The case for regulating Singapore's tax practitioners

11.16 The tax landscape is changing rapidly. The global effort to stamp out flagrant tax avoidance is resulting in deeper regulatory scrutiny of tax advisors. As tax practitioners take on more tax advisory and consultancy work, they must be held to the highest standards of practice and ethics to be able to withstand such scrutiny.

⁴¹ Please refer to Appendices 6 and 7 for the regulatory and / or accreditation frameworks in Australia, the United States of America, South Africa, the United Kingdom and Hong Kong.

⁴² With the exception of ACAP reviewers.

- 11.17 Currently, only an estimated 22% of tax practitioners (excluding in-house tax practitioners) are registered with SIATP⁴³. While there are a number of tax practitioners registered with other professional bodies such as Law Society and ISCA, there is still a sizeable proportion of the tax practitioners in Singapore who are not regulated – there are minimal levers that can be used against unregulated tax practitioners who provide their clients with unacceptable tax advice or services, whether due to negligence or incompetence or from deliberate action. Additionally, there is little to compel unregulated practitioners to continually upgrade themselves and ensure that they maintain a minimum standard of tax competence.
- 11.18 Many practitioners have little urgency or added incentive to obtain accreditation as there is no discernible difference between accredited and unaccredited tax practitioners in their ability to advertise or promote their practices and to practise tax.
- 11.19 Introducing a regulatory framework, where only registered accredited tax practitioners can provide tax services, will encourage tax practitioners to seek and maintain accreditation as well as provide greater protection to consumers of tax services. This will address existing challenges in uplifting the profession's standards of practice and ethics. Such a framework will also provide more transparency and accountability to safeguard taxpayers and accord protection and recourse for taxpayers who may have fallen victim to errant tax practitioners. The regulation of tax practitioners would also signal to the global tax community that Singapore takes a strong stance against TSPs or tax practitioners who actively facilitate aggressive tax avoidance – this will further advance our standing as a responsible player in the international tax arena.

⁴³ Refer to footnote 17 on page 19.

Regulate tax practitioners who provide services for a fee, reward or gain

11.20 The STEPS Committee recommends that all tax practitioners who provide tax services for a fee, reward or gain be able to do so only if they are registered with a central regulatory body. All registered tax practitioners will be obliged to attain a minimum level of competence, and abide by a professional code of conduct that would allow the regulatory body to hold them accountable for any professional conduct that contravenes the prescribed standards. Exemptions from registration with this regulatory body may be given to certain groups of tax practitioners who are subject to other robust forms of regulation in their course of work, or under certain situations wherein the tax services need not be provided by a registered tax practitioner.

11.21 The purpose of regulation is to:

- Ensure that the services provided by tax practitioners are in accordance with appropriate standards of professional and ethical conduct. Regulation empowers the regulatory body to take action against errant tax practitioners, as well as provide consumers of tax services some recourse against such tax practitioners; and
- Strengthen the image and identity of the tax profession by ensuring that all tax practitioners display a minimum level of professional conduct and competence. Regulation, when tied to accreditation, would encourage tax practitioners to continually upgrade their skills and keep up with tax developments to maintain the necessary tax proficiency.

A Picture of the Regulatory Framework

11.22 The Body (described under Recommendation 6) oversees the registration and regulation of tax practitioners providing tax services for a fee, reward or gain. Tax practitioners will need to abide by the code of conduct set out by the Body.

11.23 Only individuals who meet certain criteria will be able to register as tax practitioners and provide tax services for a fee, reward or gain. Possible examples of such criteria (non-exhaustive) include:

- Membership of a professional body;
- Attainment of a certain level of tax experience;
- Attainment of a certain level of academic and / or professional qualifications; and / or
- Participation in continuous professional development programmes.

Proposed Implementation Approach

11.24 Phase 1: In-depth study of and consultation on regulating tax practitioners

- Study relevant regulatory regimes in other countries and other industries in Singapore
- Engage the Ministry of Finance on the proposed recommendations to regulate tax practitioners
- Work with the industry to:
 - (a) Understand concerns with regard to regulation; and
 - (b) Design the regulatory model, including scope, exemptions, harmonisation and elimination of duplicated regulatory measures across associated professional bodies, duration of regulatory approval, implementation approach and regulatory body.
- Work with industry to chart out a feasible roadmap for phased implementation i.e. to start with certain groups or types of tax services

11.25 Phase 2: Finalise implementation details (including legislative changes)

- Put in place the legislative changes required for the regulation of tax practitioners (including drafting, submitting and obtaining parliamentary approval)
- Set up the system and other processes required for the regulatory body to administer the regulation of tax practitioners, including service standards, targets, linkages across IRAS and the regulatory body, etc.

11.26 Phase 3: Implement regulation of tax practitioners in phases

Implementation Considerations

- 11.27 Given the impact that this recommendation would have on all tax practitioners in Singapore, the STEPS Committee had deliberated on this proposal extensively, including the scope of tax services that ought to be regulated (compliance and / or advisory services), and the concerns in regulating tax practitioners who might already be regulated by a different professional body (e.g. lawyers, chartered accountants, etc). The Committee members had wide-ranging views on these matters and have determined that it could be premature to exclude specific groups of tax practitioners (e.g. lawyers, chartered accountants) from the outset without further study or consultation with the different stakeholders in the industry, although the Committee does not rule this out as an eventual possibility. The Committee recommends conducting a more in-depth and targeted consultation with a wider group of stakeholders to determine the best approach to regulation, including the scope of regulation, exemptions from regulation, harmonisation of regulatory measures or requirements, elimination of duplication where tax practitioners may be regulated by another professional body (e.g. Law Society, ISCA) and transitional measures for current tax practitioners. The implementation of this recommendation should be done in phases to minimise the impact and disruption to the industry. Sufficient lead time must also be given to tax practitioners to prepare themselves for the change.
- 11.28 The aim of regulation is to uplift the standards of practice and strengthen the identity of the industry. Therefore, the regulatory model should be inclusive and provide adequate representation of all tax practitioners who have different specialisations, and avoid stifling competition in the industry. Appropriate transitional and relevant measures should also be implemented to help incumbents and new entrants adapt to the regulatory requirements.

Implementation timeline and driver

11.29 The STEPS Committee proposes the following implementation timeline and drivers of the recommendation:

Phase	Timeline	Driver
Phase 1: In-depth study of and consultation on regulating tax practitioners	Q3 2017 to Q4 2018	SIATP and IRAS
Phase 2: Finalise implementation details (including legislative changes)	Q1 2019 to Q2 2020	SIATP and IRAS
Phase 3: Implement regulation of tax practitioners in phases	Q3 2020 onwards	Independent professional body

RECOMMENDATION 8: ESTABLISH A GLOBALLY-RECOGNISED ACCREDITATION FRAMEWORK

11.30 Accreditation is a crucial element in encouraging tax practitioners to continually upgrade themselves through training. There seems to be a lack of urgency among tax practitioners to seek accreditation from SIATP, based on survey data showing that the majority of tax practitioners are currently not accredited.

11.31 From the stakeholder consultations, tax practitioners are generally not sufficiently enticed to eke out the time and resources needed to obtain accreditation. This is in view of the lack of industry recognition, the absence of any differentiation between an accredited and unaccredited tax practitioner, a lack of flexibility in the courses and examinations leading to accreditation, and the lengthy time commitments required to complete the courses.

11.32 The STEPS Committee recommends strengthening the existing⁴⁴ accreditation framework to be recognised internationally. The accreditation framework should be enhanced to be in line with global standards. The accreditation process, including the courses and programmes leading to accreditation, can be further streamlined or refined to cater to the varying needs of tax practitioners.

A Picture of the Enhanced Accreditation Framework

11.33 The proposed accreditation framework should contain the following key elements. First, entry into accreditation is based solely on a rigorous examination process, where examination candidates can potentially be subject to certain qualifying criteria (e.g. minimum academic qualifications, minimum practical tax experience). Examination candidates need not go through

⁴⁴

Accreditation Framework

- The current accreditation framework for tax practitioners, administered by SIATP, has practical and educational requirements (e.g. completion of qualifying exams administered by other professional bodies such as TA, ISCA, ACCA and CPA Australia).
- There are 3 levels of accreditation - Accredited Tax Practitioner (Provisional), Accredited Tax Practitioner (ATP) and Accredited Tax Advisor (ATA) – and specialisations in Income Tax and Goods and Services Tax (GST).

Accredited tax practitioners are required to continually upgrade themselves through structured and unstructured training. Guidance on the types of qualifying training is provided by SIATP.

prescribed courses leading to accreditation, but can choose from a variety of training options.

11.34 Second, the examination process must be benchmarked against international standards, be recognised internationally and:

- Be rigorous with clear syllabus descriptions and expected learning outcomes;
- Have a system to regularly review the syllabus to ensure that it remains up-to-date with tax law changes and amendments;
- Include examination setting and marking guidelines to ensure consistency;
- Leverage on examiners who are accredited and trained to ensure common and consistent standards;
- Be independently invigilated; and
- Be audited and accountable to an academic board.

Exemptions from certain modules of the examination may apply due to the completion of certain university courses or completion of relevant qualifications set by other professional bodies.

11.35 Third, the maintenance of the accreditation status must include participation in continuing professional education (CPE) programmes:

- CPE programmes should encompass activities other than reading;
- A minimum level of participation should be established and enforced – administrative sanctions should be imposed for non-compliance;
- Synergistic tie-ups should be coordinated among professional bodies and tax training institutions (e.g. ISCA, SIATP, TA); and
- CPE courses and trainers will also be accredited to ensure the quality of training.

Proposed Implementation Approach

11.36 Phase 1: Review existing accreditation framework and identify specific opportunities for improvement

- Evaluate critical success factors of other accreditation bodies
- Review existing accreditation framework and identify opportunities for enhancement (e.g. accreditation through examination without the need to complete long professional development programmes, qualifying criteria for examination candidates, accreditation maintenance requirements)
- Establish a robust examination process
- Propose guidelines for the transition from the existing to the enhanced accreditation framework
- Explore the feasibility of tie-ups with internationally-recognised accreditation frameworks
- Consult the industry on areas for improvement, possible changes to the framework and proposed transitional guidelines

11.37 Phase 2: Finalise implementation details

- Finalise the enhanced accreditation framework and implementation details (including linkages across SIATP and TA where necessary)

11.38 Phase 3: Implement enhanced accreditation framework

Implementation Considerations

11.39 There is an existing accreditation framework administered by SIATP. In the implementation of the revised accreditation framework, there is a need for transitional provisions for tax practitioners accredited under the existing framework and experienced tax practitioners who are not currently accredited (e.g. through grandfathering and abridged examinations).

11.40 Accreditation-related training programmes should be designed with working professionals in mind, by injecting flexibility into its courses to allow participants to better balance their learning and work commitments. The curriculum should be crafted in partnership with employers and tailored to their needs. In this regard, training providers should consider embracing online and modular learning that can be stacked up to prepare potential candidates for the accreditation examinations.

Implementation timeline and driver

11.41 The STEPS Committee proposes the following implementation timeline and drivers of the recommendation:

Phase	Timeline	Driver
Phase 1: Review existing accreditation framework and identify specific opportunities for improvement	Q3 2017 to Q2 2018	SIATP and TA (for examination process)
Phase 2: Finalise implementation details	Q3 2018 to Q2 2019	SIATP
Phase 3: Implement enhanced accreditation framework	Q3 2019 onwards	SIATP

12. Conclusion

- 12.1 The recommendations by this study will help to achieve the vision of a robust and vibrant tax ecosystem that supports Singapore's current and future needs.
- 12.2 Singapore's reputation will be enhanced by advancing its standing in the international arena and promoting interactions among regional and international tax communities. Increased tax certainty and transparency will also aid in entrenching Singapore's reputation as an attractive location for foreign investments and dispelling misconceptions about Singapore's tax regime.
- 12.3 Smaller TSPs will be encouraged to review their existing business processes and service offerings to improve their productivity and ensure the sustainability of their business in the long run. For TSPs with sufficient resources and abilities, they can tap on growth opportunities (e.g. international / regional taxes, indirect taxes) brought about by the changes in demand for tax services.
- 12.4 Having an independent body to represent the interests of the profession will help to imbue a sense of identity among tax practitioners and boost the image of the profession. The standing of tax as a distinct profession will be enhanced. Regulating tax practitioners will also spur tax practitioners to upgrade themselves and serve as a mark of competence.

Appendix 1 - Composition of STEPS Committee

The STEPS Committee is chaired by Mr Ong Yew Huat, Chairman of the Tax Academy of Singapore. The other committee members are representatives from the key stakeholders in the tax ecosystem (i.e. IRAS, tax intermediaries, professional bodies, business community, academia and education providers):

Mr Brendan Egan	Representative of CPA Australia
Mr Eugene Gay (Team Leader, Market and Industry Work Group)	Head of Tax (Asia Pacific), Marsh & McLennan
Mr James Khor	Deputy Commissioner (Individual Group), Inland Revenue Authority of Singapore
Ms Koh Puay Hoon	Head of Tax Compliance Services, RSM Tax Pte Ltd <i>(Ms Koh is assisted by Ms Cheah Paik An, Director, RSM Tax Pte Ltd)</i>
Mr Low Hwee Chua	Board Member, Singapore Institute of Accredited Tax Professionals <i>(Mr Low is assisted by Mr Felix Wong, Head, Tax, Singapore Institute of Accredited Tax Professionals)</i>
Ms Ng Li Mei, Shirley	Deputy Director, Tax Academy of Singapore
Assoc Prof Phua Lye Huat, Stephen	Associate Professor, Faculty of Law, National University of Singapore
Mr Sundareswara Sharma ⁴⁵	Representative of The Law Society of Singapore
Ms Sim Siew Moon (Team Leader, People and Competency Work Group)	Head of Tax, Ernst & Young Solutions LLP
Prof Sum Yee Loong	Professor of Accounting (Practice), Singapore Management University
Mr Allen Tan	Principal, Baker & McKenzie, Wong & Leow LLC
Mr Tan Kay Kheng	Head-Tax Practice, WongPartnership LLP

⁴⁵ Mr Sundareswara Sharma replaced Ms Chandradas Usha as the representative for Law Society in June 2016.

Appendix 2 - List of Consulted Stakeholders

Academia / Education Providers

1. National University of Singapore
2. Ngee Ann Polytechnic
3. Singapore Institute of Management
4. Singapore Polytechnic
5. Temasek Polytechnic

Businesses / In-House Tax Practitioners

6. Asia Continent Investment Holdings Pte Ltd
7. BHP Billiton Marketing Asia Pte Ltd
8. Datapulse Technology Limited
9. DBS Bank Ltd
10. Energizer Singapore Pte. Ltd.
11. Fraser and Neave Limited
12. GuocoLand Limited
13. Jebesen & Jessen Ingredients (S) Pte Ltd
14. MediaCorp Press Ltd
15. Power Dragon Engineering Pte Ltd
16. SembCorp Marine Repairs & Upgrads Pte Ltd
17. Seng Hua Hng Foodstuff Pte Ltd
18. Singapore Telecommunications Limited
19. Sony Electronics Asia Pacific Pte. Ltd.
20. SP PowerGrid Limited
21. Toll Offshore Petroleum Services Pte. Ltd.
22. Vistascene International Trading Pte Ltd

Business Associations

23. The Association of Small and Medium Enterprises (ASME)
24. Singapore International Chamber of Commerce (SICC)

Government Agencies

25. Accounting and Corporate Regulatory Authority (ACRA)
26. International Enterprise Singapore (IE Singapore)
27. Ministry of Trade and Industry (MTI)
28. Monetary Authority of Singapore (MAS)
29. SPRING Singapore (SPRING)

Industry

30. Allen & Overy LLP
31. Asia Pacific Business Consultant Pte Ltd
32. Baker Tilly TFW LLP
33. BDO LLP
34. BSL Tax Services Pte Ltd
35. Camford Law Corporation
36. Colin Ng & Partners LLP
37. Crowe Horwath First Trust Tax Pte. Ltd
38. David Chong Law Corporation
39. Deloitte & Touche LLP
40. DL Corporate Advisors Pte Ltd
41. DLA Piper Singapore Pte Ltd
42. Drew & Napier LLC
43. Ernst & Young Solutions LLP
44. Foo Kon Tan LLP
45. Fortis Law Corporation
46. Helmi Talib Tax Advisory Pte. Ltd.
47. Withers KhattarWong LLP
48. KPMG Services Pte. Ltd.
49. Morgan Lewis Stamford LLC
50. Ong Sim Ho Advocates & Solicitors
51. Quahe Woo & Palmer LLC
52. PricewaterhouseCoopers Singapore Pte. Ltd.
53. Rajah & Tann Singapore LLP
54. RHTLAW Taylor Wessing LLP

- 55. Tan Soo Chong & Co
- 56. Tessa Management Pte Ltd
- 57. Vistra Singapore
- 58. Yong Cherng Nan & Co

Professional Bodies

- 59. Alternative Investment Management Association (AIMA)
- 60. CPA Australia
- 61. Institute of Singapore Chartered Accountants (ISCA)
- 62. Investment Management Association of Singapore (IMAS)
- 63. Singapore Accountancy Commission (SAC)
- 64. Singapore Institute of Accredited Tax Professionals (SIATP)
- 65. Tax Executives Institute (Asia Chapter)
- 66. The Law Society of Singapore

Appendix 3 – Glossary of Terms

Big 4	Refers to the four biggest tax firms in Singapore - Deloitte & Touche LLP, Ernst & Young Solutions LLP, KPMG Services Pte. Ltd. and PricewaterhouseCoopers Singapore Pte. Ltd.
Country-by-country-reporting (CbCR) ⁴⁶	A form of reporting by multinational enterprises (MNEs) initiated by the OECD in the BEPS Action 13 Report. A CbCR of the MNE group will include information on the group's global allocation of its income and taxes paid in different countries and financial data.
Common Reporting Standard (CRS) ⁴⁷	The CRS calls on jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis. It sets out the financial account information to be exchanged, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as the common due diligence procedures to be followed by financial institutions.
Driver	Entity responsible for implementing or ensuring that the recommendations of the study are implemented. The driver will engage and work with the relevant stakeholders in doing so.
Foreign Account Tax Compliance Act (FATCA) ⁴⁸	Requirement imposed by the United States of America, where foreign financial institutions and certain other non-financial foreign entities are required to report on the foreign assets held by their U.S. account holders or be subject to withholding on withholdable payments. U.S persons are also required to report, depending on value, their foreign financial accounts and foreign assets.

⁴⁶ Extracted from www.iras.gov.sg/IRASHome/Quick-Links/International-Tax/Country-by-Country-Reporting--CbCR

⁴⁷ Extracted from www.oecd.org/tax/automatic-exchange/common-reporting-standard/

⁴⁸ Extracted from www.irs.gov/businesses/corporations/foreign-account-tax-compliance-act-fatca

SkillsFuture ⁴⁹	A national movement to enable all Singaporeans to develop to their fullest potential, as well as realise their aspirations by taking advantage of a wide range of opportunities.
Small and Medium Enterprises (SMEs)	Enterprises with operating receipts not more than \$100 million or employment not more than 200 workers.
Tax ecosystem	The system formed by the interaction of the different stakeholders in the supply and demand of tax reporting and advisory services, including the development of existing and future tax practitioners.
Tax industry	Tax industry refers to the form or branch of economic and commercial activity in specific relation to the supply and demand of tax services.
Tax practitioner	A tax practitioner is an individual who provides tax services for a fee, reward or gain. A tax practitioner may be employed by a tax service provider, an entity whose principal business is not the provision of tax services, a public sector entity, or practise as an independent adviser.
Tax profession	Tax profession refers to tax practitioners collectively, as a group.
Tax service provider (TSP)	A TSP is a registered corporation, firm, partnership or sole proprietor that provides tax services for a fee, reward or gain.

⁴⁹ Extracted from www.skillsfuture.sg

Tax services	<p>Tax services are services including:</p> <ul style="list-style-type: none"> • Ascertaining liabilities, obligations or entitlements of an entity or an individual that arise, or could arise, under a taxation law in Singapore; or • Advising an entity or an individual about liabilities, obligations or entitlements of the entity or another entity that arise, or could arise under a taxation law in Singapore; or • Representing an entity or an individual in its dealings with IRAS.
Taxpayers	<p>Taxpayers are individuals, businesses or corporates who pay taxes. They might engage tax reporting and advisory services to meet their tax obligations.</p>
Thought leader	<p>A thought leader is an individual or firm recognised as the specialist field expert.</p>
WSG Enterprise Training Support (ETS) 50	<p>WSG ETS aims to help companies achieve the following outcomes:</p> <ul style="list-style-type: none"> • Raise employees' productivity and skills levels; • Attract and retain valued employees by developing good Human Resource and management systems and practices tied to training; and • Attract and retain valued employees by helping companies benchmark compensation and benefits to market rates.

Abbreviations	
ACCA	Association of Chartered Certified Accountants
APA	Advance Pricing Arrangement
BEPS	Base Erosion and Profit Shifting
CbCR	Country-by-Country Reporting
CPA	Certified Public Accountant
CPE	Continuing Professional Education
CRS	Common Reporting Standard
EDB	Singapore Economic Development Board
EU	European Union
FATCA	Foreign Account Tax Compliance Act
GDP	Gross Domestic Product
IRAS	The Inland Revenue Authority of Singapore
ISCA	The Institute of Singapore Chartered Accountants
ITA	Income Tax Act
Law Society	The Law Society of Singapore
MAP	Mutual Agreement Procedure
MNC	Multinational Corporations
OECD	Organisation for Economic Cooperation and Development
SIAC	Singapore International Arbitration Centre
SIATP	The Singapore Institute of Accredited Tax Professionals
SMEs	Small and Medium Enterprises
SMU	The Singapore Management University
SMU-TA CET	The SMU-TA Centre for Excellence in Taxation
STEPS	Study of the Tax Ecosystem and Practices in Singapore
TA	The Tax Academy of Singapore
TSPs	Tax Service Providers
WSG	Workforce Singapore

Appendix 4 – Suggestions Received through Stakeholder Consultations

The stakeholder consultations were held to obtain views on the current state of the tax ecosystem and to solicit ideas to strengthen it. 9 sessions were conducted over the period from 26 September to 6 October 2016. Please refer to Appendix 2 for the list of consulted stakeholders. This Appendix summarises the key suggestions received through the stakeholder consultations and does not necessarily represent the views of the STEPS Committee. The suggestions are organised around the 5 key focus areas of the study.

1. International Standing

Sub-focus areas	Suggestions
Manage perceptions of Singapore's tax regime	<ul style="list-style-type: none">• Play a more active role in setting the agenda and shaping parameters at international forums to further Singapore's interest and safeguard against unfavourable perceptions from other countries• Increase transparency on Singapore's position on international matters and our tax regime (e.g. incentive criteria, tax policies, tax rulings)• Increase collaboration with other well-regarded tax jurisdictions on international tax matters, to demonstrate Singapore's commitment to the international community• Involve all stakeholders (including businesses) to communicate consistent messages on Singapore's position on international tax matters and promoting Singapore as an ideal location for businesses with substantive business activities
Enhance the quality of tax law jurisprudence in Singapore	<ul style="list-style-type: none">• Study the feasibility of establishing a specialist tax court with in-depth technical competency e.g. by supplementing the court with subject matter experts and commercial experts

Sub-focus areas	Suggestions
Establish a tax dispute resolution / mediation hub	<ul style="list-style-type: none"> • Develop expertise for Singapore to play a facilitator role in international tax dispute resolution • Develop a pool of talent who can take on key roles in tax disputes e.g. as arbitrators or mediators

2. Regulatory Environment

Sub-focus areas	Suggestions
Improve transparency and certainty in tax policies and administration	<ul style="list-style-type: none"> • Provide greater clarity on the intent of the policy and rules in e-Tax Guides • Provide taxpayers with greater assurance that IRAS is willing and able to support them in cross-border dispute resolution • Explore possibility of establishing pre-agreed protocol between IRAS and other tax administrations on cross-border transactions to reduce uncertainties brought about by transfer pricing (e.g. safe harbour rules)
Increase robustness of policy formulation	<ul style="list-style-type: none"> • Have more timely and active stakeholder engagement in policy formulation • Enhance integration of related policies across government agencies (e.g. ensure coherence in the definition of “Research and Development” by IRAS and other government agencies)

3. Business Environment and Tax Services

Sub-focus areas	Suggestions
Consider potential growth areas	<ul style="list-style-type: none"> • Cross-border tax advisory services • International dispute resolution services • Data analytics • Emerging markets such as China, Indonesia

Sub-focus areas	Suggestions
Uplift tax firms' competency	<ul style="list-style-type: none"> • Uplift and ensure minimum standard of practice among smaller firms to ensure that they are able to support businesses in the future (e.g. explore mandatory training requirement) • Provide greater support for smaller firms to move across the value chain, e.g. adoption of technology, training, secondment of staff overseas for exposure to regional tax issues, merger or collaboration to take on opportunities in the market, development of competency framework to build up expertise in niche areas
Better support for SMEs	<ul style="list-style-type: none"> • Increase accessibility of tax services, e.g. through incentives • Provide consolidated information on cross-border tax issues and developments, for businesses venturing overseas

4. Talent Management

Sub-focus areas	Suggestions
Ensure adequate talent supply	<ul style="list-style-type: none"> • Create awareness of the tax profession and promote it as an attractive career (e.g. through career talks) • Develop interest of university students and fresh graduates in tax • Broaden the tax talent pool beyond the accounting discipline
Build competency of tax practitioners	<u>Education providers</u> <ul style="list-style-type: none"> • Formalise a process to review school curriculum to ensure that it evolves with industry developments, so as to equip students with the relevant skill sets

Sub-focus areas	Suggestions
	<ul style="list-style-type: none"> • Create exposure and on-the-job training opportunities through vibrant internships in both tax firms and businesses <p><u>Professional development</u></p> <ul style="list-style-type: none"> • Improve training outreach / content / structure by having a tax professional body oversee the competency building of tax practitioners • Improve access to tax professional development / training (e.g. via online learning platforms, and short and targeted modular courses) • Impose examination criteria in-lieu of training hours (e.g. periodic assessment) to assess competency level • Enhance training offerings to strengthen the commercial understanding of tax practitioners <p><u>Industry collaboration</u></p> <ul style="list-style-type: none"> • Encourage industry collaboration in the area of knowledge sharing • Increase exchange programmes for / secondment of tax practitioners
Improve accreditation framework of tax practitioners	<ul style="list-style-type: none"> • Extend accreditation to include growing areas e.g. international tax • Streamline accreditation maintenance matrix under the various professional development frameworks (e.g. that of public accountants and lawyers) • Increase the rigour and industry recognition of accreditation

5. Roles and Interactions of Stakeholders

Sub-focus areas	Suggestions
Drive the tax ecosystem forward	<ul style="list-style-type: none"> • Establish SIATP as an independent body
Improve interactions within the tax ecosystem	<ul style="list-style-type: none"> • Expand the role, accessibility and outreach of existing platforms under existing bodies (e.g. TA, SIATP, SMU-TA CET) to adopt a forward looking perspective on tax developments and enhance knowledge sharing • Increase frequency of dialogues / communication among the various stakeholders in the tax ecosystem (e.g. among government bodies and with the tax, accounting and law professional bodies) • Build a centralised platform to facilitate information and knowledge sharing • Facilitate industry collaboration among the stakeholders (e.g. among the tax firms to enhance knowledge sharing, and with software developers to keep up with technology)

Appendix 5 – Possible Picture of a Tax Arbitration Centre in Singapore

Possible mandate of the centre

1. The possible mandate of the centre can include the following:
 - To establish Singapore as a neutral and trusted centre, physical and / or virtual, for the arbitration of tax disputes
 - To promote the use of tax arbitration as an alternative dispute resolution mechanism, and the centre in Singapore as the leading seat for tax arbitration
 - To work closely with relevant authorities, organisations and institutions on policy, legislative and administrative initiatives, as well as exchange of ideas, relating to tax arbitration.

What the centre could look like

2. The centre will have a clear and robust arbitration process with clear arbitration rules covering the timeline, the resources required from tax authorities, the mode and venue for discussion (if required) etc. These rules should be aligned with international standards. To encourage greater acceptance, flexibility and options should be provided where appropriate.
3. The centre will have a standard set of criteria for tax arbitrators and an updated list of qualified tax arbitrators from all over the world in accordance with the developed criteria. It will also have the necessary infrastructure, manpower and structures to support the tax arbitration process. This includes providing quality facilities and services to support both face-to-face and virtual arbitration, and providing independent quality advice, or access to such advice, at any stage of the tax arbitration process when necessary.

4. In addition, to ensure its success, the tax arbitration centre must continually raise awareness and promote the acceptance of arbitration as a mechanism to resolve tax disputes. The centre should also ensure its continued relevance by establishing close working relationships with relevant authorities, organisations and institutions to exchange ideas and feedback on policy, legislative, administrative and other matters relating to tax arbitration. The centre can also collaborate with these external parties to provide relevant training for tax arbitrators.

Appendix 6 – Regulatory Framework in Other Countries⁵¹

	Australia ⁵²	South Africa ⁵³	United States ⁵⁴
Who must be registered / licensed?	<ul style="list-style-type: none"> • Anyone (individual / company / partnership) who provides the following services for a fee or other reward: <ul style="list-style-type: none"> ○ Tax agent services ○ Business Activity Statement (BAS) services (e.g. GST, PAYG withholding etc.) ○ Tax (financial) advice services (by Australian financial services licensees and representatives) 	<ul style="list-style-type: none"> • Every natural person who: <ul style="list-style-type: none"> ○ provides advice to any other person about the application of a tax Act, or ○ completes or assists in completing a return for another person 	<ul style="list-style-type: none"> • Any tax professional who assists taxpayers on their tax matters. • There are different types of licenses that comes with different representation rights <ul style="list-style-type: none"> ○ Full representation – Enrolled agents, CPAs, attorneys ○ Limited representation e.g. for return preparation only – Annual Filing Season Program Participants (AFSP), Preparer Tax Identification Number (PTIN) holders

⁵¹ Based on information available as at 15 February 2017.

⁵² Source: Tax Practitioners Board website (www.tpb.gov.au/registration). The information applies specifically to tax agents, but similar requirement / information applies to BAS agents and tax (financial) advisers

⁵³ Source: The South African Revenue Services website (www.sars.gov.za/Client-Segments/Tax-Practitioners/Pages/default.aspx)

⁵⁴ Source: IRS website (www.irs.gov/tax-professionals/understanding-tax-return-preparer-credentials-and-qualifications) / Treasury Department Circular No 230

	Australia⁵²	South Africa⁵³	United States⁵⁴
Exclusions	<ul style="list-style-type: none"> • Legal practitioners (subject to conditions) • Employees / contractors of a registered tax agent and the tax agent services are not provided in their own right. • Services which are excluded from the definition of tax agent services 	<ul style="list-style-type: none"> • Person who provides the advice or completes or assists in completing the documents solely for no consideration to him / herself, his or her employer or a connected person in relation to the employer • Person who provides the advice or completes or assists in completing the documents solely under the direct supervision of a person who is registered as a tax practitioner • Employees who provide such service to his or her employer or a connected person in relation to that employer • Advice provided solely in anticipation of or in the course of any litigation to which the Commissioner is a party or where the Commissioner is a complainant • Advice provided solely as an incidental or subordinate part of providing goods or services to another person 	<ul style="list-style-type: none"> • No specified exclusions sighted

	Australia ⁵²	South Africa ⁵³	United States ⁵⁴
Regulatory Body	Tax Practitioners Board (TPB) – a separate national body that is responsible for the registration and regulation of tax practitioners	South African Revenue Service (SARS) together with a Recognised Controlling Body (RCB) i.e. an independent body that is recognised by SARS if they fulfil a set of criteria	<p><u>Enrolled agents</u></p> <ul style="list-style-type: none"> Inland Revenue Services (IRS) <p><u>Certified Public Accountants (CPAs) / Attorneys</u></p> <ul style="list-style-type: none"> State boards of accountancy, District of Columbia and U.S. territories State Courts, District of Columbia or their designees <p><u>Others (Annual Filing Season Program Participants (AFSP), PTIN Holders)</u></p> <ul style="list-style-type: none"> IRS

	Australia ⁵²	South Africa ⁵³	United States ⁵⁴
Requirements for registration	<p><u>Individuals</u></p> <ul style="list-style-type: none"> • Satisfaction of age limit (at least 18 years of age) • Requirement to be a fit and proper person • Maintenance of professional indemnity insurance • Satisfaction of specified qualification and experience requirements <p><u>Companies / Partnerships</u></p> <ul style="list-style-type: none"> • All directors or individual partners must[^]: <ul style="list-style-type: none"> ○ Be at least 18 years of age ○ Be a fit and proper person • Maintenance of professional indemnity insurance • Maintenance of “sufficient number” of registered individuals within the company / partnership • Must not be under external administration[^] 	<p><u>Individuals</u></p> <ul style="list-style-type: none"> • Registration with a RCB • Satisfaction of minimum academic qualifications and work experience set by the RCB • Satisfaction of criminal and tax clearance requirements. • Participate in continuous professional development programmes set by the RCB 	<p><u>Enrolled agents</u></p> <ul style="list-style-type: none"> • Pass a tax compliance check (i.e. fulfilment of all the tax obligations) • Pass a suitability check (i.e. the applicant must not have engaged in any conduct that would justify the suspension or disbarment of any practitioner under the Treasury Department Circular No 230, e.g. incompetence and disreputable conduct) • Pass a three-part Special Enrollment Examination <p><u>CPA / Attorneys</u></p> <ul style="list-style-type: none"> • Meet academic, character and continuing professional development requirements of the respective professional boards

	Australia ⁵²	South Africa ⁵³	United States ⁵⁴
Requirements for registration (cont'd)	<u>Companies / Partnerships (cont'd)</u> <ul style="list-style-type: none"> Must not been convicted of a serious offence involving fraud or dishonesty during the previous 5 years[^] <p>([^] Applies to company partner in a partnership)</p>		<u>AFSP</u> <ul style="list-style-type: none"> Obtain 18 hours of continuing education (CE) from IRS-approved CE providers Have an active preparer tax identification number Consent to adhere to specific practice obligations (e.g. exercise of due diligence, promptness in submitting document, non-conflict of interest, competency, etc) <u>PTIN holders</u> <ul style="list-style-type: none"> No specified qualifications / requirements
Period of registration	<ul style="list-style-type: none"> At least 3 years for both individuals / companies / partnerships once the registration is approved 	<ul style="list-style-type: none"> Not specifically stated. 	<u>Enrolled agents</u> <ul style="list-style-type: none"> 3 years (renewable) <u>AFSP</u> <ul style="list-style-type: none"> Annual renewal <u>PTIN</u> <ul style="list-style-type: none"> Annual renewal

	Australia⁵²	South Africa⁵³	United States⁵⁴
Maintenance of registration	<ul style="list-style-type: none"> • Complete annual declaration to show ongoing obligations, including the meeting of professional indemnity insurance and continuing professional education requirement • Notification of changes to registration details or circumstances • Comply with Code of Professional Conduct • Renewal of registration on time 	<ul style="list-style-type: none"> • Maintenance of the membership with RCB • Compliance with the requirements of RCB 	<p><u>Enrolled agents</u></p> <ul style="list-style-type: none"> • Complete 72 hours of continuing education every 3 years • Obtain a minimum of 16 hours per year (2 of which must be on ethics) <p><u>AFSP</u></p> <ul style="list-style-type: none"> • Obtain 18 hours of continuing education from IRS-Approved CE Providers • Have an active preparer tax identification number • Consent to adhere to specific practice obligations
Governing Act	Tax Agent Services Act 2009	Tax Administration Act (2011)	Treasury Department Circular No 230

	Australia ⁵²	South Africa ⁵³	United States ⁵⁴
Sanctions of failure to comply with obligations under registration	<ul style="list-style-type: none"> • Written caution • Order requiring tax practitioner to: <ul style="list-style-type: none"> ○ Complete a course of specified education or training ○ Provide certain services ○ Provide services only under supervision • Suspension of registration • Termination of registration • Civil penalties <p>(Severity of sanction depends on the nature and extent of the breach)</p>	<ul style="list-style-type: none"> • Complaint is to be considered by the RCB according to its rules, which may include: <ul style="list-style-type: none"> • Admonishment • Reprimand • Termination of membership with the RCB • Fine 	<ul style="list-style-type: none"> • Censure, suspend or disbar • Monetary penalty

Appendix 7 – Accreditation Framework in Other Countries⁵⁵

	Australia ⁵⁶	South Africa ⁵⁷	United States ⁵⁸	United Kingdom ⁵⁹	Hong Kong ⁶⁰
Tax professional body	<ul style="list-style-type: none"> The Tax Institute 	<ul style="list-style-type: none"> South African Institute of Tax Professionals (SAITP) 	<ul style="list-style-type: none"> Accreditation Council for Accountancy and Taxation 	<ul style="list-style-type: none"> Association of Taxation Technicians (ATT) Chartered Institute of Taxation (CIOT) 	<ul style="list-style-type: none"> The Taxation Institute of Hong Kong
Accreditation offered	<ul style="list-style-type: none"> i. Associate (ATI) ii. Fellow (FTI) iii. Chartered Tax Adviser (CTA) iv. Affiliate 	<ul style="list-style-type: none"> i. Technician level ii. General level iii. Master level iv. Tax Advisory level 	<ul style="list-style-type: none"> i. Accredited Tax Preparer ii. Accredited Tax Advisor 	<ul style="list-style-type: none"> i. Taxation Technician (ATT) ii. Chartered Tax Adviser (CIOT) iii. Joint membership under ATT and CIOT 	<ul style="list-style-type: none"> i. Associate (ATHK) ii. Fellow (FTHK) iii. Certified Tax Adviser

⁵⁵ Based on information available as at 15 February 2017.

⁵⁶ Source: The Tax Institute website (www.taxinstitute.com.au). There are other professional associations in Australia that may provide for accreditation for tax that is recognized by the Tax Practitioners Board. We have only included the Tax Institute in this Appendix.

⁵⁷ Source: South African Institute of Tax Professionals (www.thesait.org.za/?page=Tax_Qualifications). There are other professional associations in South Africa that may provide for accreditation for tax. We have only included the South African Institute of Tax Professionals in this Appendix.

⁵⁸ Source: Accreditation Council for Accountancy and Taxation (www.acatcredentials.org/acatcredentials/overview)

⁵⁹ Sources: Chartered Institute of Taxation website (www.tax.org.uk) and Association of Taxation Technicians website (www.att.org.uk)

⁶⁰ Source: The Taxation Institute of Hong Kong website (www.tihk.org.hk/v2/)

	Australia ⁵⁶	South Africa ⁵⁷	United States ⁵⁸	United Kingdom ⁵⁹	Hong Kong ⁶⁰
Requirements for Accreditation					
(A) General requirements	<p><u>i. Associate (ATI)</u></p> <ul style="list-style-type: none"> At least 1 year of relevant tax experience Meets one of more of the following criteria: <ul style="list-style-type: none"> relevant examination qualification; or membership in specified professional bodies; or minimum 8 years full time experience in providing tax agent services in the past 10 years 	<p><u>i. Technician level</u></p> <ul style="list-style-type: none"> Engaged in tax work as sole or main activity for at least 3 consecutive years out of the last 5 years; and Satisfaction of specified academic requirement <p><u>ii. General level</u></p> <p><u>iii. Master level</u></p> <ul style="list-style-type: none"> Engaged in tax work as sole / main activity for 3 consecutive years out of the last 10 years 	<p><u>i. Accredited Tax Preparer</u></p> <ul style="list-style-type: none"> No experience required <p><u>ii. Accredited Tax Advisor</u></p> <ul style="list-style-type: none"> 3 years of experience in taxation, 40% of which must be in tax planning and consulting 	<p><u>i. Tax Technician</u></p> <ul style="list-style-type: none"> At least 2 years of practical experience in UK taxation Fit and suitable person for admission (sponsors required) <p><u>ii. Chartered Tax Adviser</u></p> <ul style="list-style-type: none"> 3 years of relevant recent professional tax experience Applied to be member of CIOT 	<p><u>i. ATiHK</u></p> <ul style="list-style-type: none"> At least 5 years' experience in the field of taxation Must be over 21 years of age Must pass examinations required <p><u>ii. FTiHK</u></p> <ul style="list-style-type: none"> At least 9 years' experience in the field of taxation Must be over 30 years of age

	Australia ⁵⁶	South Africa ⁵⁷	United States ⁵⁸	United Kingdom ⁵⁹	Hong Kong ⁶⁰
(A) General requirements	<p>ii. <u>Fellow (FTI)</u></p> <ul style="list-style-type: none"> At least 3 years of relevant tax experience Meet one or more of the following criteria: <ul style="list-style-type: none"> relevant examination criteria, or awarded a Masters qualification from the Tax Institute accredited the Australian tertiary institution register <p>iii. <u>Chartered Tax Adviser (CTA)</u></p> <ul style="list-style-type: none"> Meets the Fellow membership criteria Passed the Tax Institute's Advisory Exam assessment 	<p>ii. <u>General level</u></p> <p>iii. <u>Master level (cont'd)</u></p> <ul style="list-style-type: none"> Satisfaction of specified academic requirement <p>iv. <u>Tax Advisor level</u></p> <ul style="list-style-type: none"> Satisfaction of all requirements for the Occupational Certificate Tax Professional Qualification 			<p>ii. <u>FTIHK (cont'd)</u></p> <ul style="list-style-type: none"> Must have been an Associate of the Institute, or a full member of one of the accountancy bodies or other professional bodies recognised by the Council for at least 5 years <p>iii. <u>Certified Tax Adviser</u></p> <ul style="list-style-type: none"> Satisfaction of required academic qualifications For those who do not meet the academic

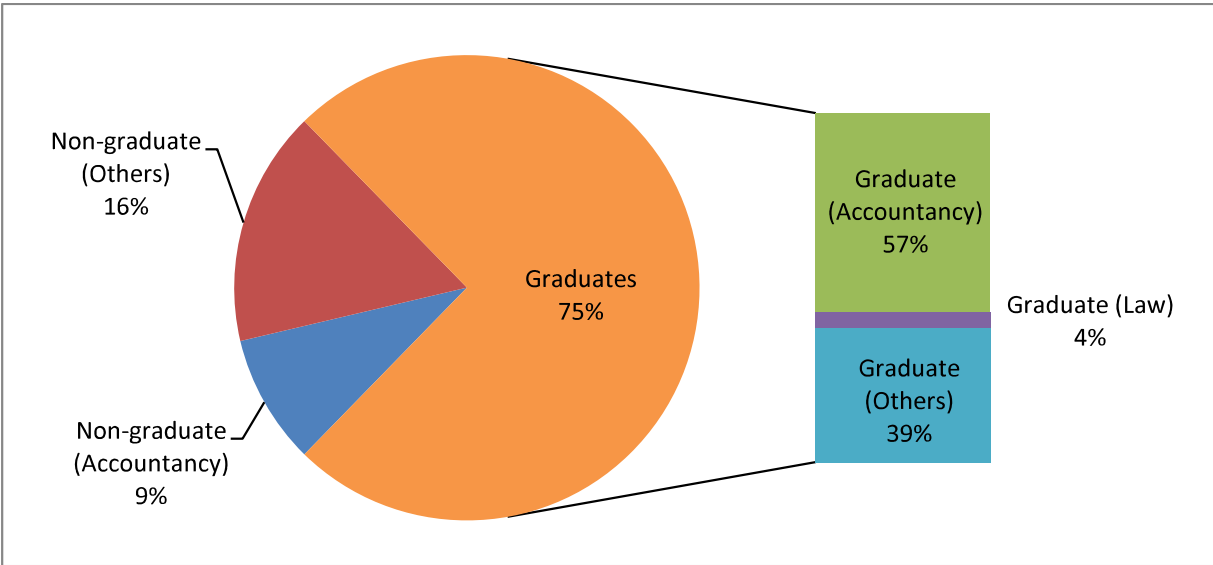
	Australia ⁵⁶	South Africa ⁵⁷	United States ⁵⁸	United Kingdom ⁵⁹	Hong Kong ⁶⁰
(A) General requirements	The above classes of memberships are subject to additional requirements from The Tax Institute as for qualification as voting member.				qualification, they may be admitted if they have at least 5 years in taxation and are 25 years of age or above
(B) Examination requirement	<div><div><div>i. <u>Associate (ATI)</u></div><div>ii. <u>Fellow (FTI)</u></div><div>• Optional</div><div>iii. <u>Chartered Tax Adviser</u></div><div>• Required</div></div></div> <div><div><div>i. <u>Tax Advisor</u></div><div>• Required</div><div>ii. <u>Others</u></div><div>• Optional (subject to the meeting of academic qualification and other requirements)</div></div></div>	<div><div>• Required</div></div>	<div><div>• Required</div></div>	<div><div>i. <u>ATIHK</u></div><div>iii. <u>Certified Tax Adviser</u></div><div>• Required</div><div>ii. <u>FTIHK</u></div><div>• Not required</div></div>	

	Australia ⁵⁶	South Africa ⁵⁷	United States ⁵⁸	United Kingdom ⁵⁹	Hong Kong ⁶⁰
(C) Continuing professional education	<u>All</u> <ul style="list-style-type: none"> 30 hours of CPD per year 	<u>All</u> <ul style="list-style-type: none"> 30 hours of CPD per year 	i. <u>Accredited Tax Preparer</u> 72 hours of CPE every 3 years, or 24 hours of CPE per year ii. <u>Accredited Tax Advisor</u> <ul style="list-style-type: none"> 90 hours of CPE every 3 years, or 30 hours of CPE per year 	i. <u>Tax Technician</u> <ul style="list-style-type: none"> 45 hours of CPD per year ii. <u>Chartered Tax Adviser</u> <ul style="list-style-type: none"> 90 hours of CPD per year 	i. <u>FTIHK</u> ii. <u>ATIHK</u> <ul style="list-style-type: none"> Not required iii. <u>Certified Tax Adviser</u> <ul style="list-style-type: none"> 15 hours of CPD per year
	<ul style="list-style-type: none"> The CPD / CPE hours allocated to structured and unstructured tax-related learning, ethics and / or other qualifying topics differ within the accreditation body (depending on the type of the accreditation) and across the different accreditation bodies. 				
Whether accreditation is one of the qualifying requirements to practice tax	<ul style="list-style-type: none"> Yes, can be one of the qualifying requirements 	<ul style="list-style-type: none"> Yes and mandatory 	<ul style="list-style-type: none"> Yes, depending on the extent of representation rights before the IRS 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> No

Appendix 8 – Profile of Tax Practitioners

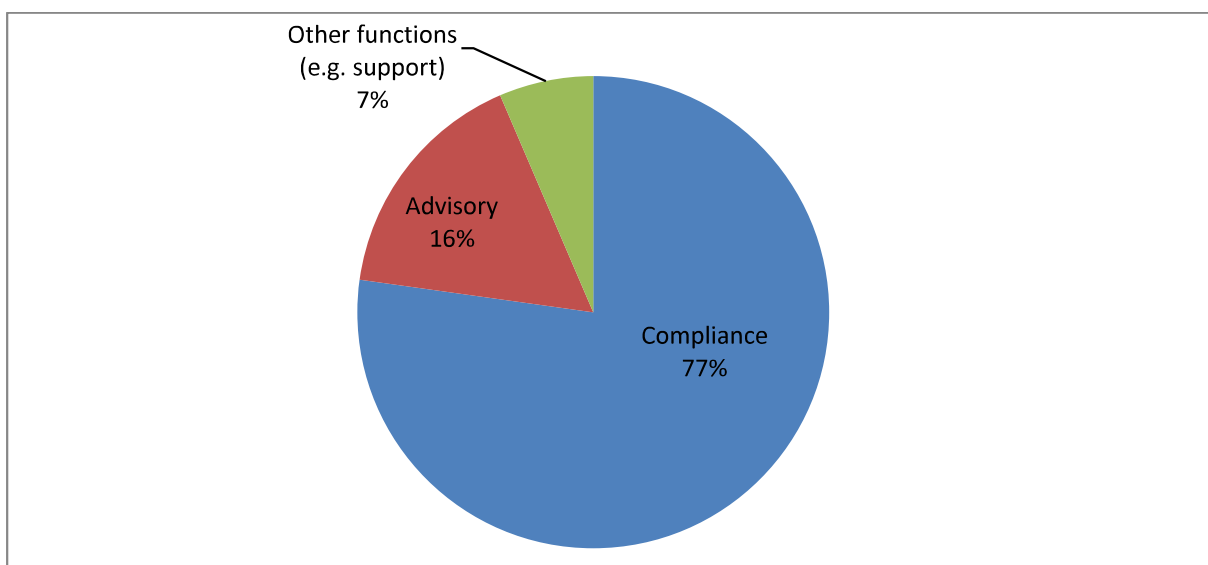
A survey was conducted by the STEPS Committee to better understand the profile of tax practitioners in Singapore. The 14 survey respondents collectively employ 3,026 tax practitioners as at the end of 2015. The following summarises the key findings from the survey.

i. Academic Qualifications



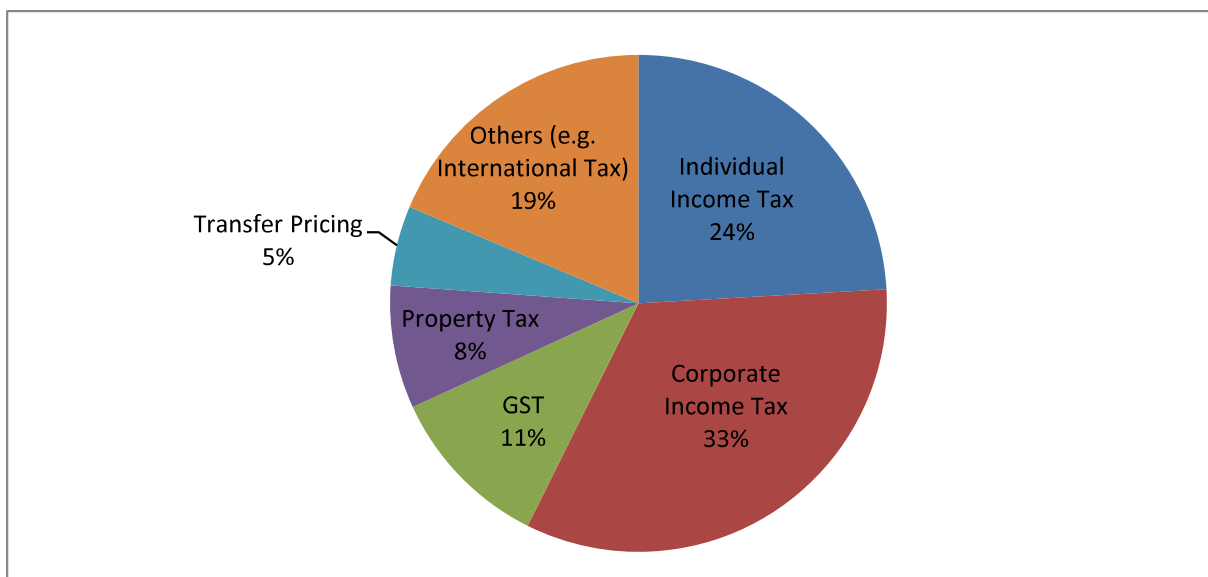
From the survey results, approximately 45% of tax practitioners with a degree / diploma are trained in disciplines other than accountancy and law, suggesting that the pool of tax practitioners is becoming more diverse. Other than accountancy and law, the common fields of study reported among tax practitioners are in business, economics, engineering and real estate.

ii. Area of Work



The survey showed that the majority of the existing tax practitioners surveyed (77%) undertake compliance work.

iii. Tax Specialisation



The majority of the tax practitioners surveyed (57%) specialise in Income Tax (Individual and Corporate Income Tax). The proportion of tax practitioners who specialise in areas of growth such as transfer pricing, GST and international tax is still small relative to those practising Income Tax.