

**CODE OF ETHICS FOR  
TAX AGENTS**

# **CODE OF ETHICS FOR TAX AGENTS**

## **1. INTRODUCTION**

With the everchanging business environment, the increasing complexity of business transactions and the need to ensure proper record-keeping to capture these transactions for tax purposes, the role of a tax agent has evolved from being an intermediary merely assisting in completing a tax return to a person who is expected to understand the impact and requirements of tax legislations upon the affairs of his clients. Furthermore, with the commencement of field audit operations by the Inland Revenue Board (IRB), there is an urgent need for professional services from tax agents to be rendered to taxpayers. Recognizing the importance of the role played by tax agents in representing taxpayers, it is proper that a code of ethics be formulated to govern the conduct and behaviour of tax agents so as to instil professionalism as well as to give public assurance of integrity.

## **2. PRINCIPLES**

The principles on which this code relies are those that concern integrity, accountability, transparency and social responsibility. A tax agent has a social responsibility to the nation as a whole. He is expected not only to give the best advice to his clients but also to impress upon the clients their obligation to pay their dues as required by the law.

### 3. OBJECTIVES

3.1 This code of ethics is formulated with the view to inculcate good tax practice by way of ensuring a high standard of tax compliance and representation so as to achieve the following objectives:

- (a) To nurture the spirit of professionalism among tax agents so as to ensure that all work performed is objective, impartial, efficient and comprehensive.
- (b) To instil the spirit of accountability in line with tax principles/ practices that are in accord with existing tax legislations/ regulations.
- (c) To uphold the spirit of social responsibility consistent with public morality.

3.2 Compliance with this code of ethics will be used as one of the criteria for approving and renewing the licence of the tax agent. In this code, “**tax agent**” means a tax agent as defined in Section 153 of ITA 1967, that is:

- a professional accountant authorized by or under any written law to be an auditor of companies;
- any other professional accountant approved by the Minister of Finance; or
- any other person approved by the Minister on the recommendation of the Director General of Inland Revenue.

## 4. **CODE OF CONDUCT**

In discharging his duties, a tax agent shall always adhere to the following:

### 4.1 **Integrity**

4.1.1 An agent shall be well-mannered, honest, sincere and truthful in his work and always give full co-operation when dealing with the IRB. In handling the case of his client, he shall furnish only information which, to the best of his knowledge and belief, is correct.

4.1.2 He shall refrain from using information acquired in the course of his work for his own advantage or that of his family. Such information is classified material and shall be dealt with as confidential. It shall not be disclosed to any other party without specific authority.

**“Classified material”** means returns/documents/information that is acquired by a classified person as defined in Subsection 138(5), Income Tax Act 1967. A **“classified person”** means any person or his employee who has access to classified material when representing a client in taxation matters.

4.1.3 He shall accurately inform/advise his client on the progress of his case.

4.1.4 He shall not misuse any monies entrusted by his client for purposes of payment of tax. Proof of payment of tax shall be given to his client for purposes of record.

4.1.5 He shall not enter into any arrangement with an unqualified person to endorse the work of that unqualified person.

## **4.2 Competency**

- 4.2.1 He shall always strive for professional competency and exhibit a high degree of skill in discharging his duties. A tax agent must therefore be conversant with the tax laws/practices and constantly ensure that his technical knowledge is up-to-date. In addition he is also expected to keep abreast with the requirements of the IRB, which may be announced from time to time.
- 4.2.2 Staff members of a tax agent must also be well-trained in relevant aspects of tax laws and regulations so as to ensure that work performed by them also meet the required standard.
- 4.2.3 He shall to the best of his ability, ensure that all income tax forms submitted are properly completed and such submissions are in compliance with the guidelines issued by the IRB.
- 4.2.4 He shall only undertake cases that are within his experience and capability. This is to avoid any sub-standard work being performed and undue delay in the finalization of the cases.
- 4.2.5 When making appeals against any assessment, proper care shall be taken to ensure that such appeals are based on valid grounds.
- 4.2.6 He is expected to give prompt and complete replies to enquiries from the IRB.

### **4.3 Professional Advice**

4.3.1 In giving professional advice to his clients, the tax agent shall always have regard to the prevailing tax laws.

4.3.2 He shall impress upon his clients the various obligations and duties as taxpayers under the tax laws and educate the clients on the importance of maintaining proper records of all transactions especially in business cases.

4.3.3 He shall also advise his clients of the necessity to make sufficient provisions for payment of tax as well as the importance of keeping to the instalment plans for payment of tax so as to avoid late payment penalties.

## **5. GENERAL**

5.1 Tax agents approved under **Paragraphs 153(3)(a), 153(3)(b) and 153(3)(c) of the Income Tax Act 1967** shall quote the approval number indicating the date of such approval on all correspondence with IRB.

5.2 He shall inform the IRB when he ceases to be the tax agent of a client. Letters and income tax forms addressed to taxpayers who are no longer his clients shall be returned with an appropriate notation.

5.3 A tax agent's own tax affairs shall be kept up-to-date. All income tax forms, accounts, etc. ought to be timeously lodged and tax payable be settled within the time allowed.