

CEO ROADSHOW

The questions below were raised before the CEO roadshow for members residing in the Americas region, scheduled to take place on 31 August 2022. The relevant SAICA executives provided the answers.

MEMBER VALUE

- 1. The "printing" of the USD by the Federal Reserve and the increase of interest rates have put the US in a technical recession – in my opinion an extension of the 2008 bailout of banks. Could the US still be the World Reserve Currency and should that risk not be disclosed in listed banks as well as public entities?**

From a South African point of view, it is difficult to judge fully whether the USD is still the world reserve currency from a functional perspective.

It does still appear to be the global comparison in what is an extremely volatile world now. The world could not have anticipated the economic shock caused by a pandemic like COVID-19 has had and perhaps is still having, with countries like South Africa slowly reaching pre-pandemic GDP numbers. This means numbers are approximately 3 years of growth behind where they should have been.

To this end, the US Dollar is still very much a global benchmark and a useful measure of other countries' purchasing power against the USD.

Financial risk and currency exchange risks should be disclosed in an entity's annual financial statements. Correctly noted, especially in entities that trade publicly or hold currency or assets on behalf of others. Areas such as management commentary would allow those charged with governance to further disclose and analyse the risks that the entities face – currency risk being one of them. The volatility of currency, and uncertainty over the true value of assets disclosed are key disclosure items for affected entities.

- 2. How can our profession become a leader in setting standards for digital trust / ethics in a world where AI-led products and services are increasingly becoming the norm?**

SAICA is a member of IFAC and adopts the International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants in SAICA's Code of Professional Conduct.

The IESBA released an exposure draft (ED) on [proposed technology-related revisions to the Code](#) to which SAICA submitted responses which has been published on the IESBA's [website](#). This ED addresses ethics and technology.

Once the amendments have been approved by the IESBA, SAICA will align its Code to the IESBA Code, and this exercise will assist in addressing ethics relating to digital acumen.

In addition, SAICA will continue to advocate and provide thought leadership pieces on ethics and the digital world to establish SAICA and its members as leaders in this space, both locally and internationally. SAICA also maintains a digital acumen and ethics focus in trainees' and members' learning opportunities, as underpinned by the [CA2025](#) programme and the [Pathways to Relevance](#).

3. Is SAICA still blocking trainees from moving to better companies to improve their training? If so, how can I go about contributing towards changing that?

SAICA does not "block" trainees from moving to other companies to improve their training. Trainees are required to fulfill the terms of their training contract which they enter into for a specified period of time (between three and five years, depending on the qualifications they have upon entry into the training contract). This is a formal contract and learnership agreement where costs are incurred by the training officer to register and develop the trainees during this period. Where the trainee does not complete the period of the training contract, a 6-month penalty is added to the new training contract. According to the [training regulations](#), the penalty may be waived under the following circumstances:

- i. Relocation by the trainee accountant to a place from which he cannot reasonably commute to the existing training office. SAICA has the sole discretion to determine what circumstances constitute relocation. The relocation must arise from circumstances beyond the control of the trainee accountant, and must not result from the voluntary move by the trainee accountant from one training office to another;
- ii. Transfer of a trainee accountant between related offices of an accredited training office;
- iii. The merger or de-merger of training offices, resulting in the trainee's position being made redundant;
- iv. De-accreditation of the training office by SAICA;
- v. The training office has ceased to exist;
- vi. Retrenchment of the trainee accountant;
- vii. The trainee has been incapacitated; or
- viii. Cancellation of the training contract for purposes of full-time study, provided that the trainee successfully completes an accredited degree or an accredited bridging programme or an accredited post-graduate qualification between the date on which the previous contract was cancelled and the date on which the new contract was entered into, and that:
 - a. the period between the cancellation date of the original contract and the effective date of the new contract is not less than five months and not more than 24 (twenty-four) months and
 - b. the trainee does not cancel his training contract for purposes of full-time study more than once at the undergraduate level and more than once at the post-graduate level.

Decisions to waive the penalty are made by the SAICA secretariat and trainees may appeal this decision with the regulations committee.

4. Can SAICA perhaps engage with SARS to have a different dispensation for practitioners with less than 10 (or maybe 20) clients?

SAICA, under the auspices of its National Tax Committee, are busy compiling an internal discussion document regarding the sustainability of the current tax practitioners' model for both tax practitioner and controlling bodies. Initial indications have raised concern that neither the current model nor SARS practices are focussed on sustainability of or enhanced value to tax practitioners as a profession. SAICA raised these concerns with SARS more than 5 years ago and initial feedback from members does seem to indicate no significant change to the sustainability of the tax profession. It is not just a concern in South Africa, as demonstrated by the report by the Australian Inspector General of Taxation (IGT) on the Future of the Tax Profession following similar concerns from the Australian tax profession. You will note that like South Africa, the IGT found there to be a deteriorating relationship between the Australian Tax Office (ATO) and the tax profession, caused by the ATO IT system's stability and the public pronouncements and approaches adopted by the ATO.

Stratification of the profession by specialism or by complexity has been debated before by the Controlling Bodies but defining and monitoring such distinctions is a challenge and introduces further regulatory cost, a matter SAICA members are already concerned about. For example, if there is a 10 or 20 client category limit, monitoring and enforcement need to happen by Controlling Bodies that these limits are not exceeded which could be quite difficult or very costly if practice audits, like those done by CAANZ, are conducted. Furthermore, the current model already introduced discrepancies in how Controlling Bodies regulate tax practitioners under the same legislation, which many claim is unfair. Such unfairness was also identified by the IGT between tax practitioners stratified in the 3 different areas and specialisms (but all at the same regulator namely the Tax Practitioner Board), thus this does not definitively solve the problem either.

Once the SAICA management and Board have had time to consider the discussion paper we will also engage members on the question of the sustainability of the tax profession and proposals thereto in formulating SAICA's response on a way forward.