

Chapter 8

Tax administration and tax intermediaries

This chapter outlines aspects concerned with revenue bodies' administration of tax intermediaries, and provides examples of specific approaches and initiatives used by revenue bodies to leverage improvements to taxpayers' compliance and the general functioning on the tax system.

Key points

- Many surveyed revenue bodies may be missing substantial opportunities for leveraging improved compliance and easing taxpayers' compliance burden through the use of tax intermediaries, as evidenced by the following survey findings:
 - Around 40% of revenue bodies reported that there were no specific laws/regulations governing the tax-related operations of tax intermediaries; the absence of laws/ regulations was particularly prevalent among many advanced European economies.
 - Just over half of revenue bodies were unable to report (or even estimate) the volumes of tax returns prepared by tax intermediaries, suggesting limited focus by them on the role tax intermediaries play in this critical aspect of tax administration.
 - Over 60% of revenue bodies do not regularly survey tax intermediaries (or their representatives) on service delivery and other aspects of the tax administration.
 - Almost 40% of revenue bodies do not have formal consultative arrangements for engaging with representatives of tax intermediaries.
 - From a menu of five potential specialised services for tax intermediaries observed in some countries, only around 25% of revenue bodies appear to offer a “comprehensive” range (i.e. four or more) of such services; just over 60% reported offering two or less.
- There appear opportunities for at least 75% of surveyed revenue bodies to enhance the range of services offered to tax intermediaries.
- The chapter includes useful examples from selected countries dealing with the regulation and registration of tax intermediaries, consultation and engagement, information services, relationship/ account managers, and online services.

This chapter provides a fairly brief description of revenue bodies' approaches for administering and supporting the work of tax agents/tax preparers/tax professionals, etc., hereafter referred to as “tax intermediaries”.

Introduction and context

Tax intermediaries play a significant role in the operation of the tax system of many countries, carrying out a range of tasks essential to its smooth functioning (e.g. preparing tax returns, providing advice to taxpayers on the application of the tax laws, and representing them in their dealings with the revenue body). While tax intermediaries are engaged principally by taxpayers to assist them in meeting their tax obligations, their high usage in many countries means that they can play a significant role in achieving high levels of compliance, in essence assisting the revenue body, and the community at large, achieve its overall revenue collection goals. For example:

- ***Tax law complexity:*** With few exceptions, tax laws (and often the administrative procedures related to those laws) are complex. Most taxpayers, particularly those in business, have neither the time nor the knowledge to fully understand and deal with all aspects of their taxation responsibilities.

Tax intermediaries operate as conduits, advising taxpayers of the requirements of the law that apply to their affairs, what actions are required of them to meet those obligations, preparing relevant tax returns and other tax documents, and representing them when issues arise (e.g. an audit inquiry). For those taxpayers who do business globally, the assistance sought by them on tax matters often extends to the tax laws of other countries, thus increasing the degree of reliance on the services they provide.

- **Tax law changes:** Tax laws change frequently and many taxpayers may not be aware of such changes and the implications for their own financial and business affairs. Timely provision of comprehensive and accurate tax information by revenue bodies to tax intermediaries can assist greatly in the dissemination of changed laws and their implications for taxpayers.
- **Tax compliance:** Tax intermediaries can directly assist taxpayers comply with their tax obligations in a number of ways: (1) Provide advice on the nature and quality of books and records to be kept to properly comply; (2) Remind them when specific obligations fall due (e.g. return filing and payment); (3) Correct taxpayers' misunderstandings of specific areas of law and administrative requirements; (4) Advise them of common compliance risk issues (that may result in deliberate or inadvertent non-compliance); and (5) Represent them in compliance-related dealings with the revenue body (e.g. seeking extensions of time to file or pay tax, and assisting with voluntary disclosures and tax audits).

It was largely in the context of the positive contribution that tax intermediaries could play in achieving tax compliance and contributing to the smooth functioning of the tax system that the FTA's 2008 study (OECD, 2008) introduced the role of tax intermediaries and recommended the idea of an “enhanced relationship” involving tax intermediaries, taxpayers and the revenue body. While the focus of the study was on aggressive tax planning and the tax affairs of large taxpayers, the general principles underpinning the “enhanced relationship” apply across all segments of taxpayers and their representatives. The essence of what the study recommended is set out in Box 8.1. In early 2012, the FTA Bureau commissioned an evaluation

Box 8.1. Study into the role of tax intermediaries: The enhanced relationship

The study's key finding is that revenue bodies could achieve a more effective and efficient relationship in their dealings with taxpayers and tax intermediaries if their actions are based upon the following attributes:

- Understanding based on commercial awareness;
- Impartiality
- Proportionality
- Openness
- Responsiveness

An explanation of the characteristics of these attributes and what it means for revenue bodies and their approach to tax administration is set out in the study report – see www.oecd.org/dataoecd/28/34/39882938.pdf. The report emphasises that these attributes are fundamental for any revenue body and should underpin all their dealings with all taxpayers. If revenue bodies demonstrate these five attributes and have effective risk-management processes in place taxpayers, especially large corporate taxpayers, would be more likely to engage in a relationship with revenue bodies based on co-operation and trust, what is described in the report as an “enhanced relationship”.

An enhanced relationship offers benefits for revenue bodies as well as taxpayers. The report notes that taxpayers who behave transparently and who provide a high level of disclosure of relevant information can expect greater certainty and an earlier resolution of tax issues with less extensive audits and lower compliance costs. An enhanced relationship between revenue bodies and tax intermediaries would also yield significant benefits.

Source: Study into the Role of Tax Intermediaries (OECD, 2008).

of the progress made in the application of the concept as it applies to large taxpayers. This matter is addressed in Chapter 3 of this series under the heading of “co-operative compliance”.

The population and work volumes of tax intermediaries

Comprehensive data on the population of tax intermediaries in surveyed countries are not readily available but the following information, some a little dated, gives a sense of the degree of their involvement in the operation of the tax system in the countries concerned:

- **Australia:** In 2011-12, there were around 23 000 active registered tax agents and over 6 000 active registered business activity statements agents (source: ATO Compliance Programme 2012-13); as noted in the ATO’s survey response, these tax intermediaries were responsible for preparing tax returns for over 70% of personal taxpayers and 90% of corporate tax returns in 2013.
- **New Zealand:** In 2012, around 5 200 tax agents were registered with Inland Revenue, and were responsible for handling the tax affairs of nearly two million clients, filing 83% of all income tax returns. (Source: IR website)
- **United Kingdom:** In 2010, HMRC estimated that there were around 43 000 tax agent firms representing around eight million clients. (Source: The report *Engaging with tax agents* (United Kingdom National Audit Office (October 2010); as noted in HMRC’s survey response, these tax intermediaries were responsible for preparing tax returns for 66% of personal self-assessment taxpayers and an estimated 93% of corporate tax returns in 2013.
- **United States:** As part of the Paid Preparer Initiative launched in 2010, around 750 000 tax preparers had been registered by 2011. As noted in the IRS’s survey response, these tax intermediaries were responsible for preparing tax returns for an estimated 63% of personal tax returns and an estimated 97% of corporate tax returns in 2013.

Certainly for the countries highlighted, tax intermediaries are major stakeholders for both personal and corporate taxpayers, and thus present significant potential to assist the revenue body in achieving taxpayers’ compliance with the laws.

Regulation of tax intermediaries

The role of regulation and registration

The report of the study into the role of tax intermediaries (OECD, 2008) made special reference to the role and value of regulation and registration of tax intermediaries:

An ability to identify tax intermediaries is generally seen as being an important step in understanding and effectively managing their role within the tax system. However, the level of revenue body involvement in the registration and regulation of tax intermediaries varies considerably among FTA countries. In some FTA countries, tax advisers are entirely self-registered and regulated; generally, within the framework provided by professional bodies. This framework can be very strict as some tax intermediary businesses are tightly regulated and operate under a number of professional and ethical codes.

The United Kingdom is an example of a country that, to some extent, relies on self-regulation by professional bodies. The five main principles of one such body, the

Institute of Chartered Accountants in England and Wales (ICAEW), are integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In other countries, the revenue body is more active and this may involve some form of regulation by it. This will typically involve a registration process that allocates a unique number to individual tax intermediary businesses or professionals within the business. The number must then be included on any contact with the revenue body and on any submission made by their clients to the revenue body. In order to become “registered”, tax advisers must sign up to a minimum standard of behaviour or meet a minimum standard of qualification as set out in relevant legislation. These standards are then monitored by the revenue body. For example, in Japan, the National Tax Agency (NTA) provides guidance and supervision for certified public tax accountants (CPTAs) or “Zeirishi”. The NTA is currently making efforts to collect information on cases of professional misconduct and dealing strictly with those in breach of the CPTA Law.

Since the study report was released, both Australia and the United States have introduced new regulatory requirements for tax intermediaries, which were described in some detail in TA2013. In brief:

- **Australia:** Modernised laws governing the registration and operation of “tax agents” came into effect in March 2009. The new laws were introduced after extensive consultation with the tax and accounting profession to modernise an outdated legislative and administrative framework. These laws are known as the: (1) *Tax Agent Services Act 2009 (TASA 2009)*; (2) *Tax Agent Services Regulations 2009 (TAS Regulations 2009)*; and (3) *Tax Transitional Act*.
- **United States:** The IRS launched a return preparer review in 2009 to strengthen partnerships with tax return preparers and tax practitioners and ensure that all preparers and practitioners adhere to professional standards. After an extensive review that included significant public input, the IRS announced in January 2010 a fundamental change in how the agency will regulate the tax return preparation industry. Under this change, the IRS will implement new regulations and procedures that will better serve taxpayers, tax administration and the tax professional industry.

Other examples drawn from survey responses for this series include:

- **Croatia:** The Tax Consultancy Act prescribes the establishment of the Croatian Chamber of Tax Advisers, which administers a register of persons who have passed the tax consultancy exam and a register of public companies which can perform tax consultancy services, including those who are actually providing tax consultancy services. The Chamber also maintains a record of foreign tax consultants (tax intermediaries) performing tax consultancy services in Croatia. (Source: Survey response).
- **South Africa:** Persons who provide advice on tax matters, including assistance with tax return preparation, must register with SARS, as required in the Tax Administration Act of 2011. To register as a tax practitioner, they must meet the following requirements: (1) they must belong to or fall under the jurisdiction of a Recognised Controlling Body as referred to in s 240A of the Tax Administration Act; (2) Have the minimum qualifications and experience set by their respective recognised Controlling Body; (3) have no criminal convictions for the offences described in s 240(3) of the Tax Administration Act; (4) Participate in continuous

professional development programmes set by your Recognised Controlling Body; and (5) Be tax compliant as monitored by your Recognised Controlling Body. (Source: SARS website, October 2014)

There have also been some developments identified from Secretariat research. In January 2014, Canada's Minister of National Revenue launched a national consultation on a proposed "Registration of Tax Preparers Programme" (RTPP). Under the proposed programme, all tax preparers who prepare an individual or corporate income tax return for a fee would be required to register. The programme's goal is to allow the CRA to link errors to the tax preparer who prepared the return thus enabling the CRA to work with that tax preparer to prevent errors from occurring in the future. The proposed programme envisions a tailored strategic compliance approach that commences with education and moves to more progressive sanctions up to and including deregistration. The proposed RTPP would have a redress process to ensure fair and consistent administration of sanctions. The CRA received extensive feedback throughout the consultation process, which it continues to consider.

Country survey findings

For this series, revenue bodies were asked to indicate whether there were any laws prescribing the registration and/or operation of tax intermediaries in relation to their dealings with revenue bodies, the proportion of PIT and CIT returns prepared by tax intermediaries, and whether they regularly survey tax intermediaries (or their representative bodies) on their views and perceptions on aspects of service delivery and administration of the laws.

A summary of the information provided by revenue bodies is set out in Table 8.1 and the key observations are as follows:

- Just over half of revenue bodies reported the existence of laws/regulations prescribing the registration and/or operations of tax intermediaries; however, it was not entirely clear from some responses whether the laws referred to were specific to tax intermediaries or more generic in nature.
- The absence of regulations concerning tax intermediaries was particularly prevalent among many advanced European economies (e.g. Finland, France, Ireland, Luxembourg, Netherlands, Norway, Switzerland and United Kingdom).
- Just over half of revenue bodies were unable to report, or even estimate, the proportion of PIT and CIT returns prepared by tax intermediaries, suggesting limited focus by the revenue body on their operations; of the 20 revenue bodies that did report, 11 indicated volumes of over 40% of all PIT returns and 17 reported volumes of over 60% of all CIT tax returns.
- Just over one-third (20) reported that they regularly survey tax intermediaries (or their representative bodies) on their views/perceptions of the revenue body's service delivery and overall tax administration.

The services and support provided to tax intermediaries

With responsibilities for a fair proportion of taxpayers' affairs in many countries tax intermediaries can be viewed as a special type of "client" through which, as explained earlier in the chapter, there are likely to be many opportunities for revenue bodies to leverage improved compliance with the tax laws. In recognition of this, some revenue bodies have taken steps to devise an overarching strategy for supporting tax intermediaries and to develop capabilities (e.g. consultation and tailored services) to foster the overall

Table 8.1. Tax intermediaries: Laws and regulations, returns prepared, surveys

Country	Name(s) of any laws regulating the tax responsibilities of tax intermediaries	Tax returns in 2013 (%)		Regular surveys on service, etc.
		Personal income tax	Corporate income tax	
OECD countries				
Australia	Tax Agent Services Act (2009)	74	90	✓
Austria	Tax Procedure Code and Law on the Profession of Tax Advisers and Public Accountants	81	95	✓ /1
Belgium	Income Tax Code 1992 – Article 305	17	n.a.	✓
Canada	Income Tax Act	55	n.a.	✓
Chile	Tax Code (e.g. Arts. 34 and 100).	n.a.	n.a.	x
Czech Republic	Act on Tax Consulting and Chamber of Tax Advisers	n.a.	n.a.	x
Denmark	Professional Accountants Law	5	85-90	✓
Estonia	Taxation Act	n.a.	n.a.	x
Finland	x	n.a.	n.a.	✓
France	x	n.a.	n.a.	x
Germany	Tax advisory law	n.a.	n.a.	✓
Greece	x	n.a.	n.a.	x
Hungary	Act XCII of 2003 on the Rules of Taxation	n.a.	n.a.	x
Iceland	x	24	72	x
Ireland	x	n.a.	n.a.	x
Israel	Law for Regulating the Activity of Tax Consultants, 2005, etc.	n.a.	n.a.	✓ /1
Italy	Various legislative decrees	99	98.3	x
Japan	Certified Public Tax Accountant Act	n.a.	n.a.	✓
Korea	Certified Tax Accountant Act	50	95	x
Luxembourg	-	40 (est.)	70 (est.)	x
Mexico	Federal Tax Code and Customs Law	n.a.	n.a.	✓
Netherlands	x	25	85	✓
New Zealand	Tax Administration Act 1994, s34B	67 /1	75 /1	✓
Norway	Law of Authorisation for Accountants. Auditing and Auditors' Act of 1999	n.a.	n.a.	x
Poland	Tax Adviser Law	n.a.	n.a.	x
Portugal	General Tax Law	2	100	✓
Slovak Republic	Act 78 /1992 Coll. on Tax Advisers and Slovak Chamber of Tax Advisers	40	70	x
Slovenia	x	n.a.	n.a.	✓
Spain	✓	n.a.	n.a.	✓
Sweden	Tax Law Procedure	n.a.	n.a.	x
Switzerland	-	n.a.	n.a.	x
Turkey	✓ /1	n.a.	n.a.	x
United Kingdom	x	66	93 (est.)	✓
United States	✓ /1	63 (est.)	97 (est.)	✓
Non-OECD countries				
Argentina	x	n.a.	100	x
Brazil	x	0	n.a.	x /1
Bulgaria	x	46	46	✓
China	x	n.a.	n.a.	x
Colombia	x	n.a.	n.a.	x
Costa Rica	x	n.a.	n.a.	n.a.
Croatia	The Tax Consultancy Act etc.	n.a.	n.a.	✓
Cyprus	Assessment and Collection of Taxes Law	21	100	x
Hong Kong, China	x (Subject to regulations of their respective professional bodies)	n.a.	75	x
India	Income Tax Act, 1961 and Income Tax Rules, 1962 /1	3	n.a.	x
Indonesia	✓	n.a.	n.a.	x
Latvia	x	n.a.	n.a.	x
Lithuania	x	n.a.	n.a.	x
Malaysia	Malaysian Income Tax Act 1967, Section 153	n.a.	n.a.	x
Malta	Electronic Communications (Income Tax) Regulations S.L. 372.23 /1	1	99	x
Morocco	x	0	0	x
Romania	Ordinance on the organisation and exercise of fiscal consultancy activity	n.a.	n.a.	x
Russia	x	n.a.	n.a.	x
Saudi Arabia	x	-	-	x
Singapore	Accountants Act (Cap 2)(Singapore Statutes)	2	n.a.	✓
South Africa	The amended Tax Administration Act 28 of 2011	n.a.	n.a.	x
Thailand	x	n.a.	n.a.	x

For notes indicated by “/ (number)”, see Notes to Tables section at the end of the chapter, p. 276.

Source: Tax Administration 2015 survey responses.

relationship. A few examples to these strategies and capability elements reported by a number of revenue bodies and/or identified by research are set out in the following section.

An overall strategy for providing service and support

The Netherlands

The Netherlands Tax and Customs Administration's (NTCA) approach to supporting tax intermediaries is based largely on its strategy for improving compliance with tax law. The NTCA strategy is to get to know this group and to be more receptive to their needs and ways of working. For this purpose, the NTCA applies a strategy termed "horizontal monitoring" (the Dutch term for "co-operative compliance") in the SME segment and for those tax intermediaries who are not eligible for horizontal monitoring the focus is on compiled signals per tax intermediary, as described in the report prepared by the Forum on Tax Administration (OECD, 2012). More background to the NTCA's horizontal monitoring approach is set out in Box 8.2.

Box 8.2. The Netherlands: Horizontal monitoring and tax intermediaries

The State Secretary's letter of 8 April 2005 to the House of Representatives of the States-General explained horizontal monitoring as follows:

Horizontal monitoring refers to mutual trust between the taxpayer and the Netherlands Tax and Customs Administration, the more precise specification of each other's responsibilities and options available to enforce the law and the setting out and fulfilment of mutual agreements. In so doing, the mutual relationships and communications between citizens and the government shift towards a more equal position. Horizontal monitoring is also compatible with social developments in which the citizen's personal responsibility is accompanied by the feeling that the enforcement of the law is of great value. In addition, the horizontal monitoring concept also implies that enforcement is feasible in today's complex and rapidly changing society solely when use is made of society's knowledge.

The relationship of trust in the SME segment is not directly with the taxpayers, but rather with the tax intermediaries. Considering the size of the SME segment the NTCA is aiming in this segment for co-operation with tax intermediaries. The objective of the co-operation is to provide assurance that the quality of the tax returns the tax intermediary files is acceptable (i.e. the returns comply with legislation and regulations and are free of material errors). SMEs wishing to participate in horizontal monitoring are required to sign a statement of affiliation together with the tax intermediary. Tax intermediaries verify the identity of the SMEs participating in horizontal monitoring and they assess their integrity.

An important principle of horizontal monitoring is not to duplicate work carried out by others. The NTCA relies on the work the tax intermediaries carry out for their clients. Supervision is shifted to the tax intermediary's internal quality system, in particular to the acceptance policy governing the admission of clients and the work processes. By adopting this approach the NTCA can reduce the supervisory burden for entrepreneurs who file acceptable tax returns and devote more attention to higher-risk returns.

The NTCA justifies the relationship of trust with the tax intermediary by meta-monitoring which makes use of information that includes the results from the tax intermediary's quality assurance system.

Sources: Tax Supervision – Made to Measure – Flexible when possible, strict where necessary, Committee for Horizontal Monitoring Tax and Customs Administration (http://download.belastingdienst.nl/belastingdienst/docs/tax_supervision_made_to_measure_tz0151z1fdeng.pdf), and Guide to horizontal monitoring within the SME segment; Tax service providers, NTCA (http://download.belastingdienst.nl/belastingdienst/docs/guide_horiz_monit_dv4071z1pleng.pdf).

The United Kingdom

In August 2010 HMRC's Board considered a new strategy for engaging with tax agents. The strategy acknowledges that the Department can do more to reduce the costs of engaging with tax agents, increase compliance of represented taxpayers and improve agent satisfaction. It sets a direction which could allow the Department to work more effectively with tax agents. Further information is set out in Box 8.3.

Box 8.3. United Kingdom: HMRC's strategy for administering tax agents

HMRC's review

HMRC conducted a review in 2010 on how it worked with paid agents and intermediaries. The purpose was to help develop the way it would work with agents in the future as part of a new Agents Strategy. The review found that changes in the commercial market and the growth of software and virtual products would provide new opportunities for working together in the digital environment. Key points from the review:

- For many reasons, not all about tax, a significant number of HMRC's customers will continue to employ a paid tax agent.
- Evolving expectations and advances in IT, increasing competition from software developers and other professional service providers, are driving innovation in paid agent business models.
- HMRC should design all future digital services with agents in mind. (An initiative known as "Agent Online Self-Serve" will lay the foundations for this).
- HMRC should work with agents to promote voluntary compliance.
- HMRC should work with software developers and service providers to determine the role they should play in supporting compliance.

HMRC is working closely with representative bodies to take this work forward and plans to talk to as many of agents as possible to obtain their views.

The strategy

HMRC's Agents Strategy aims to transform the relationship between it and agents by:

- Gaining a better understanding of them and their clients to help HMRC target the right services and communications;
- Aligning HMRC and agent processes where possible, and enabling agents to carry out more transactions with minimal HMRC involvement;
- Eliminating duplication and reworking to make it easier for agents to do business with HMRC and reduce their costs;
- Supporting them in improving services for their clients, including tackling the small minority of agents with poor performance more effectively;
- Working closely with agents' representative bodies on the development of Agent and Client Statistics.

HMRC is working with the Government Digital Service to develop new digital services and will consult regularly with agents' representative bodies as the work progresses.

Source: UK HMRC website (accessed October 2014).

Special services for tax intermediaries

As for the prior series, the survey of revenue bodies set out a menu of possible “services” for supporting tax intermediaries, drawing on the observed approaches and experiences of a number of revenue bodies. The menu is described briefly in Table 8.2, while specific examples drawn from a variety of revenue bodies are set out thereafter:

Table 8.2. **Menu of possible services to assist tax intermediaries**

Service	Description
Consultative forum	A forum organised by the revenue body for regularly engaging with representatives of tax intermediaries on important/ topical technical and administrative issues.
Flexible returns filing policy	A policy that permits tax intermediaries satisfying specified criteria to have longer return filing periods (beyond legislated due dates), recognising their large workloads.
Dedicated phone service	A phone service offered by the revenue body that is dedicated to dealing with the inquiries of tax intermediaries.
Access to technical experts	Access to revenue body technical experts on specific aspects of tax law, with inquiries raising complex issues.
Relationship managers	Nominated officials within the revenue body to be the point of contact for inquiries of, and support to, tax intermediaries.
Dedicated website	A portion of the revenue bodies website that is devoted to providing information specifically dealing with matters of interest to tax intermediaries
News information bulletins	Regular communications with tax intermediaries on topical and important matters affecting operation of tax system.

Consultation and engagement

- Canada:** The CRA has established a Framework Agreement with the Chartered Professional Accountants of Canada (CPA Canada) to strengthen collaboration on priority issues. The Framework Agreement is a key element in the CRA’s efforts to build strong relationships with the Canadian accounting community and tax service providers. It recognises the important relationship between the CRA and CPA Canada in the successful administration of Canada’s tax system, and promotes regular dialogue between the two organisations on tax-related matters of common interest. It will also ensure that input from Canada’s accounting professionals is considered as the CRA moves forward with its change agenda. A central part of the Framework Agreement includes the creation of seven committees, each co-chaired by a senior representative from both the CRA and CPA Canada, to focus on seven priority areas: service; compliance; tax administration; scientific research and experimental development; commodity tax; red tape reduction; and training. (More information can be found on the CRA’s website.
- Hong Kong:** As part of the process to maintain good communication with the accounting profession on taxation matters, the Inland Revenue Department (IRD) holds annual meetings with the Hong Kong Institute of Certified Public Accountants (the Institute) to exchange views and discuss issues of common interest. This arrangement has been in place for many years. The agreed minutes of the meeting are published in the form of an electronic tax bulletin on the Institute’s homepage, and are also accessible from IRD’s website. Minutes from the 2013 meeting reveal that the discussions held encompass a broad array of technical and administrative issues, initiated by both tax professionals and the IRD. (Source: IRD website, October 2014).

- **Ireland:** Revenue places very high importance on achieving a high degree of engagement with tax practitioners, and works closely with practitioners and business representative bodies through structured and regular contacts such as the Tax Administration Liaison Committee (TALC). TALC is a forum for Revenue and tax practitioner representative groups to meet and discuss issues relating to the administration of the tax system. The work of TALC is supported by sub-committees, discussing items such as reduction in administrative burden, modernisation of the administration of Taxes and the Self-Assessment systems, mandatory e-filing and payment, and administrative and interpretative issues arising from Finance Acts and Budgets. (Source: Revenue’s survey response.)
- **Spain:** The Forum for Tax Professionals’ Associations was created in March 2011 on the initiative of the revenue body. The aim of the Forum of Associations and Colleges of tax professionals is to improve the relationship between the State Tax Administration Agency and taxpayers by promoting a co-operative relationship between Tax Agency and tax professionals based on transparency and mutual trust. The Forum meets periodically to discuss matters that can be introduced by either the tax agency or professional associations. Details of matters discussed are made public. The initial feedback from participants has been very positive, since it is a major qualitative change in the pattern of relationship between government tax and representatives of taxpayers, aiming at establishing a transparent and trusted relationship to promote compliance voluntary and prevent fiscal risk. (Agencia Tributaria, 2014)

Flexible returns filing policy

- **Australia:** Tax intermediaries are generally permitted to adopt a staggered programme for filing tax returns of their clients subject to them meeting a number of specified performance criteria.

Information services

- **Canada:** CRA has a formal licensing agreement with several commercial tax publishers to publish a severed version of its advance income tax rulings and technical interpretations. These publishers provide up-to-date content from the CRA to tax professionals (and other interested taxpayers) generally on a subscription basis. In addition, the CRA freely provides technical information in a variety of online publications, including through its new technical publication product: income tax folios. The CRA also has a Tax Professionals webpage which provides a public portal to common areas of interest to Tax Professionals and highlights general news from the CRA.
- **Hungary:** The revenue body and the Hungarian Association of Certified Tax Experts (MOKLASZ) have concluded a Memorandum of Understanding (MOU) for the conduct of the professional relations concerning tax experts’ activities. Based on the MOU, the NTCA provides the MOKLASZ with its taxation-related guidelines and information sheets free of charge (except materials issued only for internal use).

A dedicated organisational unit

- **United States:** The IRS's Office of Professional Responsibility (OPR) is organised to oversee the administration of tax practice standards for all federal tax professionals. Its functions include education and outreach; proposing and negotiating appropriate levels of discipline; initiating disciplinary proceedings in un-agreed cases; and bringing or responding to appeals in disciplinary cases. OPR's vision and commitment are for OPR to be the standard bearer for integrity in tax practice. OPR's mission is to apply the standards of practice to all tax professionals in a fair, equitable, and effective manner.

In its latest survey response, the IRS advised that the organisational changes, including substantial staff increases, that were specifically reported in the previous edition of this series (TA2013) in connection with regulatory "expansion of its [OPR's] authority and jurisdiction" have not been implemented (and have been at least delayed) because of litigation successfully disputing the validity of the particular regulatory provisions involved. However, these developments have not affected OPR's general operations. OPR continues to hire attorney-advisers capable of handling sophisticated projects and cases. OPR's needs in this regard are due to the organisation's on-going reorientation and further focusing of its investigative and legal resources on the more complex, egregious cases of misconduct with the most potential to impair the tax system. The makeup of OPR's cases accordingly reflects this trend – with a shrinking percentage of cases involving small, simple violations of the practice rules, and a larger share involving more serious and elaborate violations."

Relationship/account managers

- **New Zealand:** As described on IR's website (November 2014), every listed tax agent has an Inland Revenue account manager. The account manager can provide support and assistance, along with services such as monitoring extension of time agreements. Specifically:
 - **Relationship management:** (1) a centralised point of contact for specific issues; (2) to facilitate resolution on exceptional issues; (3) for management of complaints as directed by Complaints Management; and (4) to negotiate and update status.
 - **Education and information:** (1) to actively provide support and increase awareness of the self-service tools IRD provides; (2) to keep tax agents informed with information updates; and (3) to provide reports which cannot be accessed through self-service.
 - **Compliance and monitoring:** (1) to register new tax agents, ensuring they meet the legislative definition of a tax agent and monitoring this on an on-going basis; (2) to monitor overall tax agent compliance with legislation and our policies; (3) to monitor outstanding debt and returns for tax agents and associated entities; (4) to ensure all guideline dates are met by tax agents filing income tax returns and monitor tax agents who don't meet the required guidelines; (5) to withdraw tax agents' extension of time (EOT) if they don't meet their obligations and negotiate with them on the early reinstatement of a client's EOT; and (6) to remove tax agent status where they are in breach of legislative requirements.

Online services

A number of country examples identified from survey responses or Secretariat research are set out in Table 8.3. Generally speaking, the range and nature of the services offered align with or exceed those provided to individual taxpayers.

Table 8.3. Examples of on-line services to assist tax intermediaries

Country	Description
Canada	<p>Canada's "Represent a Client" portal: "Represent a Client" is a service that provides registered representatives with secure, controlled online access to tax information on behalf of individuals and businesses, including their employees. Users of the service can range from tax advisory or payroll businesses to individuals representing family members and friends. Access for representatives can vary based on the client's authorisation, with the ability to restrict access to view only, view and make changes, or to a limited number of accounts.</p> <p>Representatives are able to access most of the same features available to business owners via "My Business Account" and to individuals via "My Account". The "Represent a Client" service also provides representatives with tools to view their client lists, and associated authorisations including expiry dates. Detailed transaction records are made available to administrators and owners of tax businesses providing them with the tools to monitor the activities of their employees. The same tool is made available to business owners via "My Business Account" and to individuals via "My Account", allowing them to view transactions that their representatives have made on their behalf. The CRA introduced the Manage Online Mail service in October 2014 for registered electronic filer representatives receiving Pre-assessment and Processing Review letters on behalf of their clients.</p>
Ireland	<p>Ireland's online service: Revenue's Online Service (ROS) is the primary method by which Revenue is delivering its interactive services electronically to the customer. This service is an internet facility which provides customers with a quick and secure facility to file tax returns, pay tax liabilities and access their tax details, 24 hours a day, 7 days a week, 365 days a year. In July 2003 Revenue received an e-Government label from the European Commission for this service which was found to be one of the best practices of its type. The main features of ROS include facilities to: (1) File returns online; (2) Make payments by debit/credit card, debit instruction or by online banking for Income Tax only; (3) Obtain online details of personal/clients Revenue Accounts; (4) Calculate tax liability; (5) Conduct business electronically; and (6) Claim repayments. ROS has a specially designed access control system which allows a tax agent or "administrator" in the accounting/tax firm (the Senior Partner or Financial Controller, for example) to provide the appropriate access to ROS for staff within the business or practice. This control system is hosted on ROS but is maintained by the administrator using his or her digital certificate for identification and access. In many tax practices and in larger businesses staff have different levels of authorisation in relation to certain clients or in relation to filing certain returns. Some may get permission to view certain details on ROS solely. Others may be enabled to file VAT returns while others may be enabled to file all returns on behalf of certain clients. A Senior Partner might reserve certain clients to him or herself exclusively. (Source: Ireland: Survey response and web-site.)</p>
Russia	<p>Taxpayers can give tax advisers access to their private information by means of the "taxpayer's personal office" on the website of FTS of Russia.</p>
United Kingdom	<p>HMRC's Digital Strategy sets out its ambition to deliver a transparent tax system by encouraging voluntary compliance through customer-focused digital services that are easy to use. As part of HMRC's strategy, Agent Online Self-serve will provide: (1) a new digital agents' registration service enabling them to deal with HMRC across a range of taxes; (2) a more secure process that will help to protect agents, their your clients and HMRC from fraudulent activity; (3) a new and improved authorisation process allowing agents to quickly identify themselves and tell HMRC when they take on a new client; (4) information about agents' clients and services in one place; (5) the ability for agents to tailor the information they see about their clients; (6) a single access point for services for a client, even if agents act for them for more than one type of tax; and (7) access to other digital services as they are introduced (once agents have successfully registered for Agent Online Self-Serve). HMRC is aiming to deliver an early version of the service to some users by December 2014. This will offer access to a limited range of digital services, including agent registration and authorisation. The service will then be enhanced and made available to more agents from 2015 onwards.</p>
United States	<p>IRS e-services online tools for tax professionals provide multiple online electronic products and services to tax professionals. Eligible tax professionals may use e-Services to: (1) request and receive tax account transcripts, wage and income documents, tax return transcripts, and verification of non-filing letters for both individual and business taxpayers and (2) match payee taxpayer identification number and name combinations against IRS records prior to submitting an information return – all online.</p>

Sources: Canada-E-facilitation of compliance: Taxpayer Services via the Internet, Canada Revenue Agency, CIAT 46th Assembly, April 2012 and survey responses.

Table 8.4. Tax administration: Supporting and interacting with tax intermediaries

Country	Formal consultative forum exists	Flexible returns filing policy	Specialised services offered to tax intermediaries		Dedicated division to administer tax intermediaries	Compliance treatment is differentiated for tax intermediaries
			Dedicated phones (P); Access to technical experts (E); Relationship managers (R); Dedicated website section (I); News/information bulletins (N)	Online access to clients' records		
OECD countries						
Australia	✓	✓	P, E, R /1, I, N	✓	✓ /2	✓
Austria	✓	✓	E, N	✓	x	x
Belgium	✓	✓	P, E, R, I, N	✓	x	x
Canada	✓	x	E, I, N	✓	x	x
Chile	✓	x	-	✓	x	x
Czech Republic	✓	✓	-	x	✓	✓
Denmark	✓	✓	P, E, R	✓	x	x
Estonia	x	x	-	✓	x	x
Finland	✓	x	P, E, R, I, N	x	x	x
France	x /1	x	E /2, R /3, N /3	✓	x	x
Germany	x	✓	N	✓	x	x
Greece	x	x	-	✓	x	x
Hungary	✓	x	E, N	✓	x	✓
Iceland	x	✓	P, E, R, I, N	✓	✓	x
Ireland	✓	x	P, E, I, N	✓	x	x
Israel	✓	✓	P /1, E, I, N	✓	✓	x
Italy	x	x	P, E, R, I, N	✓	✓	x
Japan	✓	x	-	x	✓	x
Korea	✓	✓	I	✓	✓	✓
Luxembourg	✓ /1	✓	N	x	x	x
Mexico	✓	x	-	✓	x	x
Netherlands	✓	✓	P, E, R, I, N	✓	x	✓ /1
New Zealand	✓	✓	P, R, I, N	✓	x	x
Norway	✓	✓	P, E, R, I, N	✓	x	✓
Poland	x	x	-	x	x	x
Portugal	x	x	I	✓	x	x
Slovak Republic	✓ /1	x	-	x	x	x
Slovenia	x	x.	E, N	✓	x	x
Spain	✓	x	I	✓	x	x
Sweden	✓	✓	-	✓	x	x
Switzerland	✓ /1	✓	-	x	x	x
Turkey	✓	✓	N	✓	✓	x
United Kingdom	✓	x	P, E, R, I, N	✓	✓	x
United States	✓	✓	P, E, R, I, N	✓	✓	x
Non-OECD countries						
Argentina	✓	x	I, N	x	✓	x
Brazil	x	x	E, I, N	✓	x	x
Bulgaria	✓	x	E, I, N	✓	x	x
China	x	x	-	x	✓	x
Colombia	x	x	N	x	x	x
Costa Rica	x	x	-	x	x	x
Croatia	x	x	E	✓	x	x
Cyprus	✓	✓	E, R, I, N	✓	✓	x
Hong Kong, China	✓	✓	E, I, N	x	x	x
India	✓	x	P /1, E /1, R /1, I, N	x	x	x
Indonesia	x	x	-	x	x	x
Latvia	x	x	E, N	x	x	x
Lithuania	✓	x	R	x	x	x
Malaysia	✓	x	-	x	x	x
Malta	x	✓	E, R, I	✓	x	x
Morocco	x /1	x	x	✓	x	x
Romania	x	x	-	✓	x	x
Russia	x	x	I, N /1	✓	x	x
Saudi Arabia	x	x	-	x	x	x
Singapore	✓	x	I, N	✓	x	x
South Africa	✓	x	E, R, I, N	✓	x	✓
Thailand	x	x	-	x	x	x

For notes indicated by “/ (number)”, see Notes to Tables section at the end of the chapter, p. 276.

Source: Tax Administration 2015 survey responses.

Information reported by revenue bodies

For this survey revenue bodies were asked a number of basic questions related to the nature of services and other support provided to tax intermediaries. A summary of their responses is set out in Table 8.4. The key observations are as follows:

- Only just over 60% (35) of revenue bodies (including for 25 of the 34 OECD countries) reported the operation of a formal consultative forum for exchanges with tax intermediaries (and/or their representative bodies).
- Just over half (18) of revenue bodies in OECD countries reported having a flexible returns filing policy for tax intermediaries, but use of such a policy was largely absent in most non-OECD countries (i.e. only three of 22).
- For the specific range of services defined in the survey it can be seen that:
 - Only 25% (14) of revenue bodies appear to offer a “comprehensive” range of services (i.e. four or more of the five services specified), although it must be emphasised that little is known of the individual services in place.
 - Around 12% (7) of revenue bodies offer a “reasonable” range of services (i.e. three of the five services specified).
 - Just over 60% (34) of revenue bodies reported two or less service offerings, including 18 revenue bodies that offer none of the specified services.
- Around one-third (11) of revenue bodies in OECD countries reported having a dedicated organisational division to oversee the administration of their dealings with tax intermediaries, but this practice was noticeably absent in most non-OECD countries with only three reporting such an arrangement.
- Just over half of revenue bodies reported they provide the capability for authorised tax intermediaries to be given online access via the Internet/dedicated portal to clients’ personal information – Box 8.9 set out examples of such services.
- The practice of differentiating the compliance treatment afforded to particular tax intermediaries (based on risk) appears largely ignored by revenue bodies, and very few examples can be identified of existing or proposed practice.

In their survey response *Australia* reported that its risk modelling is able to identify tax intermediaries who have a significant level of risk in their client base with respect to various individual tax risks such as cash economy participation, personal income tax deductions, filing of returns or payment of debt. Differentiated treatments are applied according to the risk profile of the client base.

The CRA’s Registration of Tax Preparers Programme (RTPP) described earlier in this chapter would, when implemented, allow the CRA to tailor its activities to the needs of the tax preparer and the risk of non-compliance.

Conclusion

The wide variation in the nature and range of services provided to tax intermediaries, as implied by the survey data, have not been studied in detail by the FTA. However, in light of the FTA’s prior work it would seem that there is likely to be considerable potential for many revenue bodies to strengthen this aspect of their administration.

Notes to Tables

Table 8.1. Tax intermediaries: Laws and regulations, returns prepared and surveys

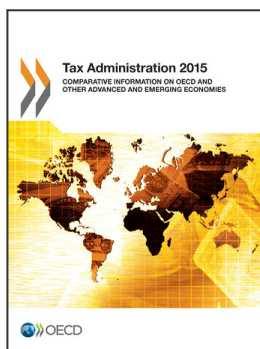
- /1. **Austria:** Integrated part of regular customer surveys. **Brazil:** Project underway to implement permanent channels of direct contact with representation councils, focusing on the development of improvements in the RFB Service. **India:** Unemployed and partially employed graduates from select disciplines have been trained as Tax Return Preparers (TRPs) to assist individual and Hindu Undivided Family (HUF) taxpayers to file their returns of income and also to e-file TDS Statements. TRP Scheme has a Help Desk and a Toll Free Call Centre which TRPs can contact for seeking clarifications on legal issues from tax experts. **Israel:** Joint survey with CPA Bureau carried out in 2012 and 2014. **Malta:** Applies to Direct Tax Authority only. **New Zealand:** This percentage has been based on the number of returns filed via a channel only available to tax agents, divided by the total number of tax returns filed. **Turkey:** Public Accountant, Certified Public Accountant, and Sworn-in Certified Public Accountant (Law No: 3568). **United States:** Relevant laws and regulations include United States Code Title 26 (Internal Revenue Code) Section 6109(a) (4); Title 5 U.S.C. Section 500; Title 31 U.S.C. Section 330; Title 31 Code of Federal Regulations, Subtitle A, Part 10 (also known as Treasury Department Circular No. 230).

Table 8.4. Tax administration: Supporting and interacting with tax intermediaries

- /1. **Australia:** There is no dedicated relationship manager programme for all tax intermediaries. However, there is a programme to support those tax intermediaries which ATO systems identify as struggling to ensure the compliance of their clients, a key agent programme to support the most significant tax intermediaries and a dedicated e-mail linked service to deal with tax intermediary issues that are unable to be solved through other methods. **France:** No formal consultative forum but there are some national and local user committees where certified accountants' and the federation of certified bodies' representatives serve. **India:** For Tax Return Preparers (TRPs), there is a Help Desk and a Toll Free Call Centre which TRPs can contact for seeking clarifications on legal issues from tax experts. This "Online Tax Help" is also open to taxpayers on the website www.trpscheme.com. **Israel:** Service is only for technical support for online services. **Luxembourg:** For direct taxes only. **Morocco:** There is an informal consultative forum for regular exchanges with tax intermediaries. **Netherlands:** Part of the NTCA's co-operative compliance strategy for the SME segment is that tax intermediaries' associations conclude agreements with NTCA re aspects of compliance; clients who sign up to such an agreement are part of NTCAs co-operative compliance strategy. **Russia:** Monthly magazine "Tax police and practice". **Slovak Republic:** The revenue body organises meetings with the Chamber of the Tax Professionals to assure unified implementation of tax regulations. **Switzerland:** For VAT matters only.
- /2. **Australia:** The Tax Practitioners Board (TPB) that registers and regulates the conduct of tax practitioners in Australia has its own Consultative Forum with recognised not-for-profit tax intermediary associations; TPB maintains its own separate web site (www.tpb.gov.au) and provides information to practitioners and the public about tax agent registration, conduct and professional practice matters. **France:** The French tax administration allows certified bodies to be connected with experts when questions are complex/raise unusual issues. Entry point is the correspondent of the certified body who has a territorial responsibility.
- /3. **France:** Certified bodies have a dedicated correspondent within each departmental or regional tax administration. Professionals can subscribe to news bulletins by selecting themes that are sent through an information flow received in mail boxes.

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