Historical perspectives on the emergence of the tax profession: Australia and the UK

by Jane Frecknall-Hughes
Professor of Law & Head of the Law School
The Open University Law School, Walton Hall, Milton Keynes, MK7 6AA UK
E-mail: j.frecknall-hughes@open.ac.uk

and Margaret McKerchar
Professor of Taxation
School of Taxation and Business Law, UNSW, NSW 2052 Australia
Email: m.mckerchar@unsw.edu.au

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Abstract

This article contrasts the emergence of the tax profession in Australia and the UK. In both jurisdictions the tax profession is diverse in its membership though its origin appears to have been historically driven by the accountancy profession. Based on archival research, this article considers the context of the development of the UK Chartered Institute of Taxation (CIOT) and The Tax Institute (TI) in Australia and traces their history and relationship from inception to date. The article provides insights into the emergence of the tax profession and assesses the contribution of the CIOT and TI in advancing the tax profession and influencing tax policy in both the UK and Australia.

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1 Introduction

The main aim of this article is to compare and contrast the emergence and influence of the tax profession in Australia and the United Kingdom (UK). Whilst this article is predominantly historical in nature, it is necessary at the outset to appreciate that tax professionals in both Australia and the UK currently come from a broad range of business backgrounds, including accounting and law. Further, the term ‘tax professional’ is used in the academic literature almost interchangeably with many others (including tax practitioners, tax advisers, tax agents, tax intermediaries, tax preparers and paid preparers). Not surprisingly, the meaning of the term ‘tax professional’ and its regulatory requirements have evolved in different ways in different jurisdictions over time. For example, in contrast to the highly regulated position in Australia (it has been a nationwide requirement to be registered as a tax agent since 1943), anyone can set up in business as a tax professional in the UK. The same is true in many other countries including New Zealand and, until recently, in most states of the United States of America (USA).

In the context of this article, tax professionals include those officially designated as a result of their membership of tax professional bodies, such as the Chartered Institute of Taxation (CIOT, formerly the Institute of Taxation (IOT)) in the UK and The Tax

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2 The HMRC 2009 consultation document, Modernising Powers, Deterrents and Safeguards. Working with Tax Agents: A Consultation Document, does suggest (Ch. 5 refers) some form of registration for the 12,000 estimated tax practitioners who are currently unregulated by any professional body.
3 Federal registration of tax intermediaries in the USA became mandatory from 1 January 2011 along with a range of compliance checks (related to good standing) and, for those intermediaries who are not licensed by certain professional bodies, there are competency tests and requirements regarding continuing education currently being rolled out (see Treasury Department (2011). Circular No. 230 (Rev. 8-2011), Regulations Governing Practice Before the Internal Revenue Service, Washington D.C: IRS. Catalog Number 16586R at http://www.irs.gov/pub/irs-pdf/pcir230.pdf). Note that registration of paid preparers has been a requirement in Oregon since 1973, in California since 1997, and in Maryland since 2008 (see McKerchar, M., Bloomquist, K. and Leviner, S. (2008). Improving the quality of services offered by tax agents: can regulation assist? Australian Tax Forum, 23(4): 399–425).
4 There are six other main bodies professionally involved in taxation in the UK, namely the Association of Taxation Technicians, the Association of Chartered Certified Accountants, the Institute of Chartered Certified Accountants in England and Wales, the Institute of Chartered Accountants of Scotland, the Institute of Indirect Taxation and the Society of Trust and Estate Practitioners. The Institute of Indirect Taxation
Institute (TI, formerly the Tax Institute of Australia (TIA)) in Australia. A significant point of difference between the two jurisdictions currently is that in Australia tax professionals are regulated and include ‘tax agents’ (i.e., those who can advise taxpayers or act on their behalf on all tax matters) or ‘BAS agents’ (i.e., bookkeepers), not by virtue of their membership of a dedicated professional body but rather by satisfying the registration requirements of the Tax Practitioners Board (TPB).

However, both tax agents and BAS agents are required to be a voting member of a recognised professional body. In the case of tax agents, the TI, CPA Australia and the Institute of Chartered Accountants in Australia (ICAA) are amongst the accredited bodies that meet this requirement.

The fragmentation of the tax profession and its lack of monopoly, as observed in many countries in the 1990s, still remain, though how this has come about has received little attention in the academic literature. This is somewhat surprising given that it is almost universally acknowledged that the tax professional has increasingly become a key player in modern tax administrations seeking to maximise taxpayer compliance. Thus this article sets out to illuminate the historical underpinnings and development of the tax profession in two jurisdictions that are related, but have taken different paths. In doing so the research seeks to identify the drivers of change and to record and reflect on the course of events in order to shed light on the tax profession and the role of professional bodies, including their influence on tax policy. The remainder of the article is structured as follows. Part 2 traces the emergence of taxation as an important work domain for the accounting profession in both the UK and Australia. Part 3 examines the emergence of specialised tax professional bodies in both jurisdictions and the role they played in influencing tax policy. Part 4

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5 Institute (TI, formerly the Tax Institute of Australia (TIA)) in Australia.
6 BAS agents (who effectively prepare Business Activity Statements) can give advice to taxpayers and transact on their behalf with the Australian Taxation Office (ATO) on matters pertaining to Goods and Services Tax (GST) law, fuel tax law, luxury car tax law, Fringe Benefits Tax (FBT) law (relating to collection and recovery only), Pay As You Go (PAYG) withholding and PAYG instalments. A BAS agent cannot give advice on income tax law.
7 The National Tax Practitioners Board was established on 1 March 2010 under the Tax Agent Services Act 2009. It replaced six State Tax Agents’ Boards.
8 There are several other accredited tax agent associations and also a list of accredited associations for BAS agents. See www.tpb.gov.au for further and more current details as they are subject to change.
considers more recent advances in the tax profession including the global designation of Chartered Tax Adviser. Part 5 offers conclusions to the article.

2 Drivers of early demand for tax specialists in the UK and Australia

There were two key drivers of the early demand for tax specialists in both the UK and Australia. First, the growth in the complexity, volume and importance of taxation legislation, especially income tax legislation in the latter half of the 19th and early part of the 20th centuries in the UK\textsuperscript{10} and in the 20th century in Australia,\textsuperscript{11} was extremely significant in driving this demand. Secondly, and by no means less significant, increasing income tax rates in both jurisdictions undoubtedly played their part.

In the case of both jurisdictions, there was clearly a turning point at which time the relevance of taxation to the whole of society was beyond doubt. In the case of the UK it was after the Crimean War (1853–1856) that it first became apparent that income tax, initially intended to be a temporary measure, would never be abolished, with the last (unsuccessful) call for made for abolition by (the then) Prime Minister William Gladstone in 1874.\textsuperscript{12} In the case of Australia, the turning point was the introduction in 1942 of the Uniform Tax Scheme and at a substantially higher rate than the combined former federal and state taxes that it replaced.\textsuperscript{13}

Traditionally the accounting profession had been at the forefront of meeting the need for tax expertise in the UK since 1860. This is evidenced by the recurrent theme of tax grievances in numerous issues of the UK professional journal, \textit{The Accountant}, in the latter part of the 19th century.\textsuperscript{14} By 1910 there was evidence of the development

\textsuperscript{14} For example, see \textit{The Accountant}, 1884, Vol. 10, New Series Number 480, pp. 8–9, 16 February.
of professional expertise in tax avoidance schemes and this was further stimulated by significant increases in income tax rates as a result of World War I.\textsuperscript{15}

Accountants in the UK had been swift to become involved in income tax issues in the latter part of the 19\textsuperscript{th} century. That they had done this so quickly seems clearly linked to their involvement in commercial accounting and financial statements, as income tax on company profits and dividends followed on as a natural corollary to that involvement, even though this area might theoretically fall into the domain of lawyers. At the time lawyers were reluctant to colonise the area, deeming tax work to be more connected to accounting, a craft allied with trade and therefore not respectable given their superior social status and professional standing.\textsuperscript{16}

Similarly, bookkeeping underpinned the growth and trade and commerce in the early colonisation of Australia.\textsuperscript{17} Ready money was scarce (the first note issue by a private bank did not take place until 1817) and accounting for (at times complex) barter transactions was necessary.\textsuperscript{18} The importance of bookkeeping skills in the new colonies was evident as early as 1804 with private schools routinely advertising in the press of their teaching prowess in this regard.\textsuperscript{19} Indeed, the domination of commerce (and particularly taxation once it was introduced) by accountants was still apparent in the late 1950s, at which time it was observed that the Australian legal profession continued to remain reluctant to engage in tax matters.\textsuperscript{20}

Given the early dominance by accountants in providing tax expertise, it follows that some brief consideration needs to be given to the establishment of the accounting bodies themselves.


\textsuperscript{18} Parker, R. H. (1982). Bookkeeping barter and current cash equivalents in early New South Wales. \textit{Abacus}, 18(2): 139–151 at 139. The Bank of New South Wales formed in 1817 was the first private bank established in Australia.

\textsuperscript{19} Parker, supra note 18 at 150.

In the case of Australia, by the mid-1870s there were proponents for the establishment of an accountants’ organisation that could issue certificates of competency to practitioners who had shown, through examination, their proficiency (and could thereby protect society). It was not until 1885 that the first Australian accountants’ organisation, the Adelaide Society of Accountants, was founded. This was followed by a prolific growth in accounting professional bodies in Australia between the late 19th century and the mid-20th century.

Close ties were evident early between the Australian accounting bodies and their UK counterparts, and in particular, the ICAEW which was formed in 1880 upon receipt of a Royal Charter, the ultimate confirmation of professional status and recognition both by other professions and the public. The Australian bodies, initially eager to attain the perceived status of their UK counterparts, based themselves on the British model of a professional institution. Two main bodies emerged in Australia in this era – the Incorporated Institute of Accountants Victoria (formed in 1886) and the Australasian Corporation of Public Accountants (formed in 1907). These bodies became the key antecedent bodies of the two dominant accounting bodies in Australia today – namely, Melbourne-based CPA Australia (formed in 1990) and the Sydney-based ICAA (formed in 1928 upon receiving a Royal Charter).

3 The emergence of tax professional bodies

Notwithstanding this proliferation and high professional standing of accounting bodies in both jurisdictions, the drivers for the demand of specialist tax advice did ultimately trigger the need for separate tax professional bodies.

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21 Linn, *supra* note 17 at 54.
23 Cooper, *supra* note 25.
26 Linn, *supra* note 17 at 58.
In the case of the UK, the context of the formation of the CIOT in 1930 shared many of the features associated with the formation of the ICAEW in 1880. In attempting to define the professional boundaries of an accountant’s work, the ICAEW encountered the dilemma as whether to confine membership to “high status practitioners, thus ensuring the almost certain emergence of competitor institutions” or to include everyone, and run the risk of a diminished public perception. There was no clearly agreed definition of what ‘accounting’ involved and persons who called themselves ‘accountants’ could, and did, involve themselves in all kinds of different work. At the same time, there was a definite attempt to raise the status of the profession to match that of lawyers who were regarded as less tainted by commercial endeavours and therefore of higher social standing. The ICAEW tried to have the best of both worlds, but at the same time to try to eliminate the ‘scaff and raff’, the ‘self-styled’ accountants whose activities were damaging to the occupational group. This left a sufficiently large number of eligibles who ultimately formed a competitor group – the Society of Accountants. Interestingly even as far back as 1894 there was interest in tax specialisation by ICAEW members with one requesting to add the words ‘Income Tax Adjustment Agency’ to his signage. His request was denied as the ICAEW did not like the idea of agency, though it did not comment on the issue of taxation.

The idea that established practitioners were important in the development of a professional body is reflected in the founders of the CIOT. Seven were accountants of one sort or another, one was a barrister, five were ex-/current Revenue men and

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33 This body was particularly recruited from non-urban districts which the ICAEW founders had neglected, where it was usual for a practitioner to be more of a ‘jack of all trades’ – a tendency which long survived in rural districts.
some founders were both accountants/barristers and ex-/current Revenue men. The main objects of the new body were to “promote the study of taxation, hold examinations, facilitate the exchange of information, make representations and establish and maintain a high standard of conduct”.

Jeffrey-Cook suggests that the formation of a “professional association for persons engaged in taxation” in the UK was triggered by concern about the type of people undertaking tax work. The Revenue Act 1903, s.13, had allowed accountants (as well as solicitors and barristers) to appear in income tax appeals. ‘Accountant’ in this context was defined as someone who had been admitted as a “member of an incorporated society of accountants” of which there were several bodies including the Society of Incorporated Accountants (formed in 1885) and the London Association of Accountants Ltd (incorporated in 1904), which eventually became the Association of Chartered Certified Accountants. It was apparently not difficult for the unscrupulous to obtain a certificate and become a member of such a body and so become involved in the practice of tax. Both ICAEW members and the legal profession felt that such persons did damage and sought to impose strict regulations as to who could practise taxation:

The new Institute will act as a central point for the collection and dissemination of information relating to taxation and will provide facilities for the exchange of views and the intelligent study of the subject. The rules regarding admission, it is stated, will be enforced rigidly and no ‘loop-hole’ will be left for the unqualified seeker after advertising opportunities.

However, bodies also were being formed for more specialist types of accounting work in the UK, such as the Institute of Cost and Works Accountants in 1919. Taxation too

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35 Jeffrey-Cook, J. (2005). The Institute of Taxation. Tax Matters – Souvenir Supplement to Tax Adviser, October: 2–7 at 2. The CIOT founder members were Gilbert Burr, Gordon Howard, Ronald Staples, Walter Sme and Arnold Tranter (all ex-Revenue); and Cecil Newport, C. Whorlow Legge and Stanley Spofforth (all accountants). They were shortly afterwards joined by Roy Borneman (barrister), H.A. Silverman (ex-Revenue), Roger Neale Carter (accountant) and Adam Murray (accountant). These 12 formed the first council. Murray was shortly afterwards replaced by E. Edward Boyles.
38 Jeffrey-Cook, supra note 37.
undoubtedly required specialist knowledge, as has been demonstrated. In many ways, the move towards formation of a taxation body might be interpreted as part of a wider move towards further specialisation in the financial professions, in cases where a new body of knowledge was both required and under development.

In a sense, the formation of the CIOT was a reverse process of the usual process of professional body formation. That is, instead of drawing together different local/regional individual bodies into one (as had happened in the formation of the ICAEW), it drew out members from different existing professions, chiefly accountancy, law and the public sector into one body which was always intended to operate at national level. As the writer of the 1931 Taxation article wrote:

We are informed that the Council is most anxious to make it clear that the organisation is in no way set up in competition with existing bodies of professional accountants. Such a thing, of course, would be impossible. The aim is to act in an ancillary capacity and one of the qualifications for membership of the Institute of Taxation is membership of one of the older bodies. The work of the accountancy organisations is necessarily based upon a much broader foundation and membership of the new body will be available only to those members of the profession who specialise in taxation and possess the necessary qualifications.\(^\text{40}\)

It seems quite clear that the founders of CIOT saw it as a ‘second tier’ professional body, for those who came to tax chiefly via accountancy and law and this was mirrored in its admittance procedures. The majority of members in early years were, not surprisingly, accountants.\(^\text{41}\) However, it did not seem that the accountancy and law bodies shared the sanguine view that the Institute would be an ancillary, second tier body. In subsequent years, the CIOT tried to obtain a Royal Charter in 1952 and again in 1972. The 1952 attempt failed because of doubts over whether a separate taxation profession existed, and if it did, over its likely threat to the existing accountancy (chiefly the ICAEW) and legal professions. Additional reasons for opposition in 1952 were that taxation was (and, indeed, remains) a mixture of law and accountancy and was dealt with satisfactorily by existing law and accountancy bodies, from which most CIOT held a professional qualification anyway. Further, granting a

\(^{40}\) Anon., reproduced in Taxation, October 1987: 34.

Charter would harm members of the other bodies who did not join the CIOT and was not necessary, as the CIOT could continue to do good work without it. A Royal Charter was not, in fact, granted until 1994. The CIOT has always maintained a primary focus on study of taxation and making “representations” on behalf of taxation issues and its members, so has always had an education and public interest role. The CIOT website ‘Policy and Technical’ section summarises this:

One of the principal functions of The Chartered Institute of Taxation is to put forward to the Government and to the European Commission the Institute’s views on legislation, both existing and proposed, and its administration in the field of UK taxation (and international taxation which has an impact on the UK). Much of the work is done by way of responses to consultative documents and comments on every Finance Bill. A number of proactive projects are regularly undertaken as well, examples being the submission of Budget representations, research and discussion papers.

Turning now to the tax profession in Australia, prior to the introduction of the national Tax Practitioners Board in 2009, the provision of tax services was regulated at state level. Queensland was the first state to enact legislation to regulate tax agents in 1922 followed shortly thereafter by all other states. At the time there was only one tax-specific professional body, known as the Taxation and Tax Agents Institute (absorbed by the TI late in 1943), though it appears that tax agents tended to also belong to (usually either of) the two main accounting bodies. That is, the ‘second tier’ nature of the tax professional body that was apparent in the UK was also evident in Australia at this time, although it is equally evident that this subsequently changed.

In early 1943 Mr Harold Rupert Irving, a Sydney-based practising accountant (formerly an employee of the Taxation Department) and member of both the main accounting professional bodies, became increasingly concerned about the urgent need for greater dissemination of pertinent tax information among tax agents. Irving envisaged a separate and professional Institute of Registered Tax Agents. The

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42 There is no scope in this paper to examine the IOT’s progress towards obtaining a Royal Charter. Further information on this can be obtained from Frecknall-Hughes, J. (2012). Contextualising the Development of the Tax Profession: Some First Thoughts. In Tiley, J. (Ed) Studies in the History of Tax Law V (pp. 171-191). Oxford: Hart Publishing.
43 Jeffrey-Cook, supra note 37, at 3.
45 Fisher, supra note 1.
46 Irving, H.R. (1985). A forty-years’ history of the Taxation Institute of Australia. Unpublished manuscript at 1. Irving’s detailed history of the TI is relied on heavily in the writing of this article.
inaugural meeting of this body was held on 16 July 1943 with 12 men recorded present, eight of whom were members of the ICAA, two were members of the antecedent body of CPA Australia; thus the majority of founding members were accountants. The primary objects of the new body were:

- to protect the interest of practitioners;
- to distribute information relative to taxation law and practice and departmental procedure of particular interest to tax agents; and
- to encourage and maintaining a high ethical standard amongst Registered Tax Agents, inter alia, by the prohibition of advertising, canvassing, touting, or accepting “contingent fees.”

The issue of advertising gained considerable importance early on for TI members as they aspired to establish ethical standards befitting a tax professional. In 1943–44 it was noticed that various persons advertised in the daily press in relation to their practice as registered tax agents whereas the TI’s Rules prohibited advertising by its members. The outcome was that the Federal Treasurer was requested to amend the tax legislation to prohibit any tax agent from advertising. Not surprisingly these representations apparently “fell on deaf ears.” This appears to be the first example of the TI attempting (unsuccessfully) to influence tax policy.

A Special General Meeting was held on 30 September 1946 and a new Constitution and Rules were adopted to establish the Institute an Australian-wide basis. As a result, the name was altered to the ‘The Tax Institute of Australia’ in order to enable it to operate as a professional body of persons specialising in taxation, or professionally interested therein, along the lines of the English Institute of Taxation. The dominance by accountants of the emerging tax profession in Australia was explicitly acknowledged:

Although it caters incidentally for other people, the main body of the members of the Institute are accountants who are registered tax agents. A proportion of these people are specialising in taxation as a branch of the accountancy profession, but perhaps the majority carry out their taxation work in conjunction with and incidentally to their general accountancy practice.

47 Irving, supra note 46 at 2.
48 Irving, supra note 46 at 8.
49 Irving, supra note 46 at 40.
50 Irving, supra note 46 at 50–51.
A further example of this dominance is clear in the view of General Council as recorded in 1947–48 that “[w]hilst proficiency in taxation cannot be attained by a person who is not a competent accountant, it by no means follows that a competent accountant is a competent taxation specialist.”

From inception the TI was very active in lobbying Government for tax reform. In 1943–44 the TI also lobbied the Federal Government on a range of tax reform measures including the unjust system of rebates for concessional deductions and the abolition of double taxation of company profits. Questions were also raised with the Tax Commissioner on the issue of Income Tax Orders or decisions on taxation matters of general interest that could benefit tax agents in the nature of “guiding principles”, though the Commissioner was apparently not swayed by these arguments. In 1947–48 Irving records that a “...copy of the Council’s proposals was forwarded to each Member of the Federal Parliament, the Associated Chambers of Manufactures, the Associated Chambers of Commerce of Australia, the Liberal Party of Australia, the Australian Country Party and the Australian Labour Party.”

By the mid 1950s the TI had been very active in making submissions on tax reform to government and in persistently seeking an annual meeting with the Federal Treasurer, but without effect and the sense of frustration felt by the TI was clearly evident. A new strategy was needed. On 23 July 1954, a suggestion was made by the Tax Institute Council to the Federal Treasurer that s.186 of the Income Tax Assessment Act should be amended so as to require the Commissioner to advise a taxpayer of his reasons for disallowance of an objection at the time of conveying the decision instead of when the matter had been referred to a Board of Review. Before taking this suggestion to the Federal Treasurer, the TI obtained the support of the Law Council of

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51 Irving, supra note 46 at 54–57. The first councillor (elected in 1952–53) to have qualifications in law was Mr Neville E. Challoner LLB ACA.
52 Irving, supra note 46 at 20.
53 Irving, supra note 46 at 21.
54 Irving, supra note 46 at 14–16.
55 The Council’s proposals were in respect of simplification (including a system of self-assessment; the merging of the Social Services Contribution and Income Tax so as to avoid the then-differential rates; and the imposition of tax at a common rate irrespective of the source of income).
56 Irving, supra note 46 at 57.
57 Irving, supra note 46 at 220.
Australia, but to little avail.\textsuperscript{58} This emerging interest in tax matters by the legal profession was a significant development in the history of the TI and led to a change to the Articles of Association in 1960.

After much consideration the Council decided, subject to the approval of Members, that a Practising Barrister and/or solicitor should be eligible for Ordinary Membership instead of only Commercial Membership as previously. Many such persons are actually engaged in the profession of taxation, although they are exempted from registration as tax agents if they do not prepare returns and that if this amendment were adopted, such persons would be automatically eligible for appointment to the General or State Council.\textsuperscript{59}

In reflecting on the history of the TI in 1993, Gzell paid tribute to the active engagement of the TI in making representations (with flair and varying degrees of boldness) to Government in the 1940s and early 1950s, in spite of its relative lack of success.\textsuperscript{60} Depressing as this picture appeared, the TI continued with its aggressive submissions for decades.\textsuperscript{61} Hence the TI has long had a clear and sustained focus on tax policy and tax reform, rather than simply enabling its members to act as professional service providers.

This interest by tax professionals in tax policy and tax reform is at the heart of why the mainstream accounting professional bodies in Australia in the 1940s did not appear to meet adequately the need of tax professionals, hence the genesis of the TI. This conclusion is supported by further evidence from the archives of the ICAA and CPA Australia and their various antecedent bodies. Inter-state and professional rivalries have plagued these two bodies since inception. In the case of the ICAA it appears that taxation first emerged as an issue for members in the 1939–45 war years.\textsuperscript{62} In 1940 income tax instalment deductions at source on salaries and wages began, as did the introduction of provisional tax on other classes of taxpayers. In

\begin{thebibliography}{99}
\bibitem{58} Irving, \textit{supra} note 46 at 239.
\bibitem{59} Irving, \textit{supra} note 46 at 335. At p. 365 Irving records that at the Annual General Meeting held 18 Oct 1960 Mr F.W. Millar LLB of Mssrs Allen, Allen & Hemsley was appointed as the first non-accountant on General Council.
\bibitem{60} Gzell, I. (1993). “Yesterday, Today and Tomorrow”. The Harold R. Irving Endowed Lecture. 11th National Convention, Taxation Institute of Australia. 2 May at 10. Justice Gzell was appointed Judge of the Supreme Court of NSW in 2002 and was President of the TIA from 1985-86.
\end{thebibliography}
1941 payroll tax (to finance the major cost of child endowment) was introduced, as was War-Time (Company) tax. These reforms were followed by the introduction of ‘uniform taxation’ in 1942. Company taxation, in particular, was recorded as a source of much controversy to ICAA members.\(^6^3\) By May 1944 the whole subject of income tax had assumed such proportions that the ICAA Council set up a “Special Taxation Committee”. The function of this Committee was not explicit with the only other reference to it being as follows:

Changes and further desirable changes in income tax legislation kept the committee particularly busy over 1951–2 with representations being made to the Federal Treasurer and the Commissioner of Taxation in conjunction with the Associated Chambers of Commerce and the Associated Chambers of Manufacturers.\(^6^4\)

In contrast, the Melbourne-based antecedent bodies of CPA Australia appeared to have taxation on their agenda well before the major tax reforms of the 1940s. For example, the Federal Institute of Accountants Students’ Society had been actively engaged in organising monthly lectures, with many presentations on tax being given by various State Commissioners of Taxes (Victoria) from 1920 onwards and by the Federal Commissioner prior to 1936.\(^6^5\) The relevance of taxation is also evident in the syllabus of and examinations conducted by these antecedent bodies of CPA Australia prior to 1940.\(^6^6\)

Reflecting on the history of the tax profession in Australia it appears that prior to the foundation of the TI in 1943, the antecedent bodies of CPA Australia were more actively engaged in this aspect of the discipline than were ICAA and its antecedent bodies. This can be most likely attributed to two main reasons – the ‘public practice’

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\(^6^3\) Walton, supra note 62 at 97.
\(^6^4\) Walton, supra note 62 at 164.
\(^6^5\) Details on the FIA Students’ Society were found printed on the inside cover of the lecture presented by D.C. Stevenson and R.W. Chenoweth in 1938 entitled “Victorian Income, Special and Unemployment Relief Taxes”. Hard copies of this lecture and others referred to in this part of the paper are held in the library archives of CPA Australia along with the examination papers from the 1930s.
\(^6^6\) For example, in 1937 the Commonwealth Institute of Accountants was providing a postgraduate course in Federal Income Tax 1937 and the lecturers were Mr J.A.L. Gunn (FICA Sydney) and Mr R.J. Hughes (FICA Melbourne). Education about taxation was a strong feature of UK accounting bodies’ activities as well. David Chadwick (the first President of the Institute of Chartered Accountants in England and Wales (ICAEW)) is noted as giving a lecture at the Social Science Congress in Edinburgh, entitled “For purposes of Taxation what is the most scientific and practical definition of the word ‘Income’?” (see The Accountant, 1880, Vol. 6, New Series Number 306, p. 8, 16 October).
focus of the ICAA which precluded many interested parties (e.g., tax administrators, accountants not in public practice, and the legal fraternity) from becoming professional members; and the inter-state rivalry which existed at the time (with tax professionals in Melbourne appearing to be somewhat better served by the antecedent bodies of CPA Australia than by ICAA). Herein lay the drivers behind the actions of H.R. Irving in establishing the TI, which in time, adopted a more inclusive view of the tax profession, including (but not limited to) both accountants and lawyers.

4 Advancing the tax profession and influencing tax policy

Throughout this article attention has focused on the history of tax professionals in Australia and the UK, though, of course, taxation is today a global phenomenon. The tax profession internationally continues to grow in stature and influence. On May 29, 2012 the TI announced the introduction to Australia of a global designation for tax professionals – Chartered Tax Adviser (CTA). This new designation is recognised in a number of international jurisdictions including the UK, Europe and Ireland and allows qualifying members to join a growing international network of Chartered Tax Advisers.\(^67\) It appears that the tax profession continues to enhance its ability to exert influence when it comes to tax policy. In the case of both Australia and the UK this new designation is indeed a positive and very significant development for the tax profession.

Increasingly, governments do study the reforms of other jurisdictions and seek to learn from them.\(^68\) Together with the leading role Australia plays internationally in terms of best practice in tax administration and tax simplification, it appears that Australian tax professionals, in particular, are well placed to influence tax policy and potentially on a global scale. With the international tax profession beginning to network more broadly and present greater unity, their considerable expertise – be they based in Australia or the UK – can only increase their authority and enhance their potential to drive tax reform.


Conclusion

This article has examined the contribution of accountants in the development of the tax profession in both Australia and the UK, from which followed in time the establishment of professional tax institutes in both jurisdictions. The permanence of income tax and the complexity and increasing volume of legislation drove demand for tax specialists, though this occurred much later in Australia compared with the UK. As the article has shown, there were considerable similarities in the development of the tax profession in both jurisdictions. Both countries saw accountants actively engaged in the formation of professional tax bodies as the need for high quality tax advice escalated. The Australian professional bodies looked to their UK counterparts for guidance.

In the UK, the tax profession was conscious of drawing practitioners from other professions (accounting and law, chiefly) into what was regarded as an elite ‘second-tier’ profession, though the granting of a Royal Charter in 1994 and the active role played by the CIOT in promoting global unity in the tax profession (see below) arguably reveals an acceptance of a tax as a first-tier profession in its own right. In Australia the legal requirements for registration as a tax agent excluded the ineligible so the definition and status of a tax professional was more readily apparent. The requirement for a registered tax agent to also be a member of an accredited professional body, of which the TI stands alongside ICAA and CPA Australia, does give credence to the tax profession in Australia of being ‘first-tier’ status.

Further, the tax professional bodies are increasingly presenting a united voice globally. Their specialised knowledge is sought and valued by governments undertaking tax reform. For instance, the CIOT announced in May 2012 that it had licensed the TI to grant the designations ‘Chartered Tax Adviser’ and ‘CTA’ to appropriate of its members as the next step in developing the CTA brand as an international ‘Gold Standard’ in tax. This follows the granting of the same right to the Irish Tax Institute (ITI) in January 2012.69

While the tax professional may have been slower to emerge compared with the accounting professional in both Australia and the UK, tax professionals may arguably be more influential both now and in the future. They are largely unfettered by domestic rivalry and, with greater international co-operation now evident amongst these bodies, they have more power (and potential) than ever envisaged by their founding fathers.