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Tax ethics education within the Chartered Accountant curriculum in South Africa

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DEDICATION

Dedicated to my family and friends who walked this journey with me, who helped me succeed and who continue to inspire me.

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Firstly, all thanksgiving and glory to God for sustaining me through His grace, mercy and love, and who blessed me with the strength and perseverance to complete this research report. God's redeeming love and goodness stands firm and righteous.

'Nothing is outside God's understanding. Nothing is beyond God's grace. Nothing is too broken for God's transformation. No one can flee from God's redeeming goodness or finally escape God's loving attention.'

Archbishop Justin Welby

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'For I know the plans I have for you," declares the Lord, "plans to prosper you and not to harm you, plans to give you hope and a future.'

Jeremiah 29:11 (NIV)

DECLARATION

I declare that this research report is my own unaided work. It is submitted for the degree of Master of Commerce at the University of the Witwatersrand, Johannesburg. It has not been submitted for any other degree or examination in any other university.

Riyaan John Mabutha

Contents

ABSTRACT

A Chartered Accountant performs a number of roles including that of a tax adviser. In performing such duties, Chartered Accountants provide tax advice and devise tax-planning strategies. Recently, tax planning and tax avoidance strategies, including the ethical behaviour of tax professionals, have come under the spotlight, as the ideas of fairness, morality and ethics have become part of the global tax debate. This report examines how accredited academic programmes training Chartered Accountants effectively incorporate ethics into the taxation curriculum for both undergraduate and postgraduate students. As the foundation of the Chartered Accountancy profession entails responsible leaders who uphold the highest ethical standards, the report evaluates how ethics and ethical behaviour can be incorporated into the current taxation curriculum of academic programmes accredited by the South African Institute of Chartered Accountants. The purpose of this study is to understand what areas within the tax curriculum ethics can be incorporated into, the definition of ethics, the teaching of ethics and whether a need for teaching ethics in taxation exists. This research was conducted based on an extensive review of relevant literature. The findings define ethics and ethical behaviour and suggest that a need exists for teaching tax ethics, considering the reality of tax avoidance and the role of tax professionals. Furthermore, the research finds that ethics and ethical behaviour can be taught. The report concludes by suggesting teaching methods that could be used to incorporate ethics into tax.

Keywords: Taxation, ethics, education, accounting

1 INTRODUCTION

1.1. Context of the study

The traditional role of tax practitioners has generally been to use legal means available to minimise and reduce the tax liabilities of taxpayers (Sacks, 2013). This principle of tax avoidance has been a long-held view, as confirmed in *IRC v Duke of Westminster, 51 TLR 467 (1936), 19 TC 490*, in that every man is entitled to arrange their tax affairs so as to minimise their tax burden using the legal means available in terms of tax legislation. However, the practice of tax avoidance has come under the spotlight recently as the ideas of ‘fairness’ and ‘morality’ have become part of the global tax debate (Sacks, 2013). The notion of ethical behaviour of tax avoidance has been raised by recent tax avoidance schemes disclosed by the ‘Panama Papers’ and the tax avoidance schemes conducted by multinational companies such as Google, Apple, Facebook and Amazon. The leak of the Panama Papers exposed how wealthy individuals and companies used shell companies in offshore tax havens, such as Panama, to reduce their tax liability and avoided paying their ‘fair share’ of tax (Werner, 2016).

In South Africa, section 240 of the Tax Administration Act No 28 of 2011 (the Tax Admin Act) requires that tax practitioners in the country be registered with a recognised controlling body, and with the South African Revenue Service (SARS) (SARS, 2013). The South African Institute of Chartered Accountant (SAICA) is a SARS recognised controlling body and this allows a Chartered Accountant South Africa (CA(SA)) to register with SARS as a tax practitioner. The qualification journey to becoming a CA(SA) consists of a number of components. A candidate must complete all of the academic and training programmes, as well as the assessments to register as a CA(SA). The first component of the qualification journey is the academic programme, a formal competency-based undergraduate degree followed by a Certificate of Theory in Accounting (SAICA, 2014:9).

The SAICA competency framework is the basis upon which the academic programme of CAs(SA) are developed and delivered. The SAICA competency framework determines the knowledge, skills and attributes expected of a CA(SA) at the point of registration (SAICA, 2014:4). The competencies of a CA(SA) are divided into two broad areas, namely pervasive qualities and skills, which are then fully integrated with six specific competencies (SAICA, 2014). Taxation is one of the specific competencies that a prospective CA(SA) candidate is expected to develop during their academic and training programmes. Traditionally, taxation is a course that a student completing a SAICA accredited academic programme would complete during their academic programme. The SAICA competency framework, while identifying taxation as a specific competency area, deliberately emphasises the importance of integrating the pervasive qualities and skills, in particular ethics and ethical behaviour, with the specific competencies (SAICA, 2014:132). The SAICA competency framework suggests that in the teaching of a specific competency area a silo approach to the specific competency, and the pervasive qualities and skills should not be adopted. Therefore, in the design and implementation of a course such as taxation it would be expected that there should be integration of the pervasive qualities and skills, in particular ethics and ethical behaviour.

The SAICA competency framework confirms that the role of a CA(SA), as a tax professional, is to determine tax planning opportunities to minimise the tax liabilities of clients (SAICA, 2014:132). The SAICA competency framework consequently acknowledges that as a tax professional, a CA(SA) will be engaged in tax avoidance. In light of the recent global outcry over tax avoidance schemes, can ethics and ethical behaviour be integrated with taxation or are these competencies mutually exclusive? This then prompts the question as to whether and to what extent the pervasive quality and skill of ethics and ethical behaviour has been incorporated into the taxation curriculum within South African universities offering a SAICA accredited academic programme; and what teaching methods could be used to effectively integrate ethics and ethical behaviour into the taxation curriculum?

1.2. Problem statement

1.2.1. Main problem

How can SAICA accredited South African universities effectively incorporate ethics and ethical behaviour (as required by the SAICA competency framework) into the taxation curriculum for both undergraduate and postgraduate students?

1.2.2. Sub-problems

A number of sub-problems will assist in attempting to answer the main research problem

- The first sub-problem is: What are the requirements of the SAICA competency framework in terms of the taxation competency?

- The second sub-problem is: What is ethics and ethical behaviour and what are the requirements of the SAICA competency framework in terms of ethics and ethical behaviour?
- The third sub-problem is: How is ethics and ethical behaviour taught?
- The fourth sub-problem is: How can ethics and ethical behaviour be integrated within the taxation curriculum?
- The fifth sub-problem is: What methods could be used to effectively incorporate ethics into the taxation curriculum of prospective CAs(SA)?

1.3. Significance of the study

The SAICA competency framework identifies a CA(SA) as a responsible leader who understands and can apply good corporate citizenship (SAICA, 2014:6). The King IV Report on Corporate Governance (King IV) defines corporate citizenship as the understanding that businesses and organisations are a key part of the broader society in which they operate (IOD, 2016:6). A business therefore has social, cultural and environmental responsibilities towards the community it serves (SAICA, 2014:6). Good corporate citizenship requires that a CA(SA) at all times acts in an ethical and professional manner. It is hence a reasonable expectation that the SAICA competency framework, which is the basis on which the training and education of prospective CAs(SA) are based, should specifically identify ethics and ethical behaviour as the pervasive quality and skill that should be integrated with all specific competencies.

That being said, in a previous study into teaching pervasive skills to South African accounting students, it was noted that despite the SAICA competency framework requirement that ethics and ethical behaviour be integrated into the specific competencies, very limited integration actually occurred (Barac and du Plesiss, 2014:65). While the study by Barac and du Plessis (2014:65) considered the integration of all the pervasive competencies and the various specific competencies, it concluded that more purposeful and effective integration of ethics and ethical behaviour into postgraduate taxation courses was required.

As cases, or knowledge about cases, of tax avoidance become more widespread and the debates around the morality and fairness of tax avoidance increase, the question is whether placing more emphasis on ethical principles within the context of the taxation curriculum will lead to prospective CAs(SA) becoming more responsible leaders. The delay in the release of the results of the 2015 SAICA Assessment of Professional Competence (APC), the final professional examination before qualifying as a CA(SA), as a result of ethical irregularities and unprofessional conduct further raises the need and importance for questioning whether effective integration of ethics within the specific competencies is actually occurring (SAICA, 2016).

1.4. Delimitations of the study

In answering the research question, the proposed research has several limitations as discussed below:

- The research is limited to South Africa.
- The research is limited to the academic training of undergraduate and postgraduate students preparing to qualify as CAs(SA).
- The research is limited to the application of the SAICA competency framework and the specific competency area of taxation and the pervasive quality and skill of ethics and ethical behaviour.
- The research is limited to the curriculum of CAs(SA) and therefore references to accounting courses include the discipline and specific competency area of taxation.
- The research is limited to published opinions in that the research does not test whether the statements are general perceptions or views or whether they are only the opinion of the cited author.
- As a critical literature review is the basis of citing works, this research is subject to the author misinterpreting the work of others. The critical literature review summarised and organised the available knowledge in this research report and therefore is subject to the loss of contextual meaning.

1.5. Research methodology

The research was performed using a qualitative interpretive approach in the form of an extensive literature review. The extensive literature review consisted mainly of, but was not limited to, journal articles, newspapers and magazine articles relevant to the research. The results of the review formed the basis of assessing what the requirements of the SAICA competency framework is, in terms of the taxation competency and ethical behaviour; establishing what ethics and ethical behaviour is; and how it can be taught effectively.

1.6. Chapter outline

The remaining chapters will be laid out as follows.

Chapter 2 will provide a brief overview of the training environment of a CA(SA). The chapter analyses the taxation competency and its objectives within the SAICA competency framework. This chapter presents an understanding of the requirements of the SAICA competency framework and reviews the literature of previous studies relevant to taxation education.

Chapter 3 will define ethics and ethical behaviour. The chapter explores the concepts of professional ethics and the SAICA Code of Professional Conduct. The chapter then analyses the pervasive quality and skill of ethical behaviour within the SAICA competency framework and the basis for its inclusion.

Chapter 4 will review the literature on teaching ethics and ethical behaviour within the CA(SA) and accounting curriculum, providing an understanding of how, and whether ethics can be incorporated into the curriculum.

Chapter 5 will address the teaching of ethics within the taxation curriculum. The chapter examines the need for ethics teaching within the context of recent tax avoidance scandals and considers the morality and fairness of tax avoidance. This chapter concludes by evaluating the results from a previous study by Tan and Chua (2000) on ethics education in taxation in New Zealand.

Chapter 6 discusses various methods that can be used to integrate ethics into the taxation curriculum at SAICA accredited universities.

Chapter 7 will conclude the findings of the research and attempt to recommend areas for further study.

2 TAXATION AND THE SAICA COMPETENCY FRAMEWORK

This chapter provides a brief overview of the academic training environment of a CA(SA) and the various competencies included in the SAICA competency framework. It then explores the taxation competency of the SAICA competency framework and identifies the taxation competencies that a prospective CA(SA) should be proficient in. Following this, the chapter reviews the literature on previous studies relevant to taxation education of prospective CAs(SA). The chapter seeks to gain an understanding of the objectives of the tax curriculum and its areas of emphasis. The taxation curriculum is examined so as to determine areas within the curriculum in which ethics and ethical behaviour can be incorporated.

2.1. Academic programme of a CA(SA)

SAICA is regarded as the leading accounting body in South Africa and the CA(SA) designation is the most sought-after professional accounting designation (SAICA, 2014:5). The qualification journey to becoming a CA(SA) consists of five components. A candidate must complete all the academic and training programmes as well as the assessments to register as a CA(SA).

The five components of the qualification process are summarised in the table below:

1.	Formal competency-based academic education (Academic Programme)	Acquired through accredited academic education programmes delivered by universities (an undergraduate degree followed by a postgraduate programme known by SAICA as the Certificate in the Theory of Accountancy (CTA)).
2.	A standard setting examination – Initial Test of Competence (ITC)	This ensures that all candidates have the requisite level of core competence before embarking on the professional programme.

3.	Formal competency-based professional education (Professional Programme)	Acquired through accredited professional programmes delivered by universities and other providers.
4.	A professional examination – Assessment of Professional Competence (APC)	This assesses professional competence before entry to the profession.
5.	Practical experience (Training Programme)	This is acquired through a training contract of at least three years with a registered training office.

Table 1: Becoming a CA(SA): Qualification process (SAICA, 2014:8)

The first component of the qualification journey is a formal competency-based academic education, referred to as the academic programme. The academic programme consists of an undergraduate degree and then a postgraduate CTA (SAICA, 2014:8). SAICA accredits programmes offered by universities in South Africa as academic programmes that enable candidates who successfully complete the academic programme to write the ITC, the second component of the qualification journey (SAICA, 2016:1). The focus of this research report is on this first component of the qualification journey to becoming a CA(SA) and the integration of ethics and ethical behaviour in the academic programme.

The SAICA competency framework identifies the six specific competencies and pervasive qualities and skills that a prospective CA(SA) should acquire through an academic programme and the associated proficiency level of these competencies (SAICA, 2014:22). The six specific competency areas have traditionally been the courses offered as part of the academic programmes at SAICA accredited universities. The SAICA competency framework requires that the academic programmes, and the courses offered in these programmes, should be designed to ensure that the competencies including pervasive qualities and skills are acquired by prospective CAs(SA) during their academic education. The SAICA competency framework does not however express how the pervasive qualities and skills should be included in academic programmes (SAICA, 2014:22).

2.1.1. Pervasive qualities and skills

The pervasive qualities and skills are the professional skills a CA(SA) is expected to bring to a task. The SAICA competency framework explains that the pervasive qualities and skills are the attributes that define how a CA(SA) performs a task. The SAICA competency framework defines three categories of pervasive qualities and skills:

1.	Ethical behaviour and professionalism	A CA(SA) is committed to performing all professional tasks with the highest levels of integrity. A CA(SA) should carry out their tasks according to ethical values as described in the SAICA competency framework.
2.	Personal attributes	A CA(SA) must nurture various personal attributes and characteristics that will shape their conduct as a CA(SA).
3.	Professional skills	Professional skills are the attributes that are critical to the successful practice of a CA(SA). The SAICA competency framework details that professional skills encompasses the creation, analysis, evaluation and synthesis of information and ideas; problem-solving and decision-making skills; communication and management skills, and proficiency in technology.

Table 2: The pervasive qualities and skills (SAICA, 2014)

2.1.2. Specific competencies

The specific competencies are the tasks or the work that a CA(SA) can perform. The six specific competency areas, per the SAICA competency framework are:

1. Strategy, risk management and governance;
2. Accounting and external reporting;
3. Auditing and assurance;
4. Financial management;
5. Management decision-making and control; and

6. Taxation.

These competencies are then further divided into various levels of proficiencies that a candidate must demonstrate at the time of writing the ITC. The SAICA competency framework identifies three proficiency levels.

Level A – Awareness

This level requires candidates to have an awareness of the main ideas and principles. The candidate should be able to identify and explain the significance of the competency but does not have to demonstrate technical or detailed knowledge (SAICA, 2014:134).

Level I – Initiates

At this level, a candidate should be able to demonstrate an understanding of the task and be able to identify the issue and complete simple integrated calculations using appropriate professional skills (SAICA, 2014:134).

Level X – Completes the task

This proficiency level requires that a candidate be able to complete all components of a task. To complete the task, a candidate will have to possess an advanced knowledge of the content and use the appropriate pervasive and professional skills (SAICA, 2014:134)

2.1.3. Taxation

Taxation is one of the six specific competencies that a prospective CA(SA) is expected to develop during their academic programme. Taxation is therefore a compulsory course that a student completing a SAICA accredited academic programme would complete during their academic programme (SAICA, 2014:132). The purpose of teaching taxation as part of the CA(SA) curriculum is to ensure that CAs(SA) are able to apply tax laws to real-life situations. To achieve this objective, the academic programme must ensure sufficient coverage of technical tax knowledge, while similarly ensuring that the academic programmes and therefore taxation courses integrate the pervasive qualities and skills, in particular ethical behaviour into the curriculum (SAICA, 2014).

It is expected in terms of the SAICA competency framework that a prospective CA(SA) should have the necessary technical skills and knowledge to perform the duties of a tax practitioner and a tax adviser. The taxation competency area requires that a prospective CA(SA) should be competent in the following (SAICA, 2014:132):

- The calculation of tax liabilities of various taxpayers;
- Being able to determine the compliance and statutory requirements that taxpayers need to fulfil; and
- The development and implementation of tax planning strategies for taxpayers.

The taxation competency contains a number of taxation-related competencies which are detailed below:

	Competencies in taxation		**Proficiency level**
VII-1	Analyses the taxpayer's profile and identifies general tax issues.	VII-1.1 Understands the taxpayer's tax profile.	X and A
VII-2	Prepares tax calculations and advises on tax matters in accordance with legal requirements.	VII-2.1 Calculates normal tax.	X
		VII-2.2 Calculates VAT.	X
		VII-2.3 Calculates wealth taxes.	I
		VII-2.4 Calculates other taxes in terms of the Income Tax Act.	A, I and X
		VII-2.5 Identifies and discusses specific tax planning opportunities for taxpayers.	I
		VII-2.6 Identifies and discusses tax consequences associated with certain corporate transactions.	I
		VII-2.7 Applies anti-avoidance legislation.	X
		VII-2.8 Applies and interprets tax legislation by applying relevant decisions of the courts.	I
VII-3	Practices effective tax administration.	VII-3.1 Identifies standard compliance and filing requirements.	I
		VII-3.2 Describes standard administrative requirements.	A
		VII-3.3 Prepares information for compliance and responds to administrative requirements.	A

		VII-3.4 Reviews and responds to assessments, reassessments and queries from SARS and prepares possible objections.	I and A

Table 3: Taxation competencies (SAICA 2014:131)

Specifically included in the taxation competencies and relevant to this research report is that a CA(SA) should be able to identify and discuss tax planning opportunities for taxpayers and apply anti-avoidance legislation. In identifying and discussing tax planning opportunities, a CA(SA) should be able to identify options and alternatives for taxpayers to structure their tax affairs at the initiator proficiency level (SAICA, 2014:137). At this proficiency level, a CA(SA) should therefore be able to identify the issue and complete simple calculations, including in an integrated manner.

Tan and Veal (2005:32) conducted a survey of accounting educators and practitioners in Australia on the tax knowledge of undergraduate accounting students. The survey assessed what Australian tax topics educators and practitioners required accounting students to have either a technical or conceptual understanding of. The study defined conceptual knowledge as ‘the mental process ranging from simple recall or awareness to creative thinking or evaluation’. Technical ability was defined as the ‘skill in applying knowledge of tax law to a specific taxation problem’ (Tan and Veal, 2005:33).

The study found that educators in particular rated a conceptual understanding of tax planning, avoidance and evasion as very high for accounting students as opposed to merely having a technical understanding. Tan and Veal (2005:36) concluded that accounting educators’ emphasis on students having a conceptual understanding of avoidance and evasion could be based on the large number of tax avoidances and fraud cases and the need to integrate ethics into the curriculum of accounting students. Furthermore, Tan and Veal (2005:36) note a point made by a reviewer of their paper that educators would view ethics as important, considering the interaction of accounting courses and the impact that ethics will have on the advice provided by accountants.

Based on the conclusions by Tan and Veal (2005), one would expect that appropriate integration of ethics and ethical behaviour would explicitly occur in the tax planning opportunities and the anti-avoidance legislation competencies. Sacks (2013) articulates that the principle of tax avoidance cannot be considered unconnectedly from the ideas of fairness and morality and therefore ethics and the ethical behaviour of tax practitioners. The SAICA competency framework taxation competency therefore confirms Sacks’ (2013) view of the traditional role of a tax practitioner; that is, to use whatever legal means are available to reduce the tax liability burden of taxpayers and hence engage in the practice of tax avoidance. It would appear therefore that the SAICA competency framework, through its vocabularies and discourse, normalises tax avoidance (Sikka, 2010:156).

That being said, to counterbalance this the SAICA competency framework does require that in identifying tax planning opportunities, a CA(SA) should also identify the risks and opportunities attached to any such decisions (SAICA, 2014:134). Intrinsically, the risks attached to the opportunities of tax planning are included in the anti-avoidance legislation competency (SAICA, 2014:138). The anti-avoidance competency requires that a CA(SA) should at an advanced level of proficiency be able to (SAICA, 2014:138):

- Distinguish between evasion and avoidance;
- Identify transactions to which anti-avoidance legislation could apply; and
- Describe the anti-avoidance legislation and its consequences.

On the basis of Tan and Veal's (2005) findings that ethics and ethical behaviour can best be integrated with tax avoidance and tax planning, this chapter will now review the literature of previous studies on the taxation curriculum in South Africa for an understanding of the extent and coverage of tax planning and tax avoidance within the curriculum.

2.2. **Studies into the tax curriculum in South Africa**

The first detailed study of the tax curriculum of prospective CAs(SA) was conducted by Coetzee and Oberholzer (2006:422). This study surveyed training officers in public practice in Pretoria on the tax education of prospective CAs(SA) at the start of the training programme after having completed an academic programme at a SAICA accredited university (Coetzee and Oberholzer, 2006:428). Training officers were asked to assess the tax knowledge of entry-level trainee accountants (prospective CAs(SA)) based on a list of specific tax topics which the authors provided (Coetzee and Oberholzer, 2006:428). The list of specific tax topics was based on the SAICA tax syllabus, which was the precursor to the SAICA competency framework.

The survey found that 70% of training officers were of the opinion that at entry-level, trainee accountants had very little knowledge on tax planning (Coetzee and Oberholzer, 2006:433). A respondent to the survey commented that in their opinion, trainee accountants had no conceptual understanding of the broader tax environment. The respondent was of the opinion that trainee accountants were generally only able to address structured tax problems and straightforward tax calculations (Coetzee and Oberholzer, 2006:433-434).

Furthermore, this study determined that 54% of respondents were dissatisfied with the tax planning and general administration knowledge of trainee accountants (Coetzee and Oberholzer, 2006:438). However, in an important finding Coetzee and Oberholzer (2006:438) recognised that respondents may have confused the skill of ‘being able to’ and ‘knowing how’ to as having knowledge on something, which does not in itself mean that the person is able to do it. Many respondents evaluated the knowledge of trainee accountants on the basis of being able to perform in the training programme. That then indicates that training officers expected more transfer of practical skills in the academic programme and not just a transfer of technical knowledge (Coetzee and Oberholzer, 2006:438). To achieve practical skills transfer, a respondent suggested the use of case studies in the academic programmes as a means of assessment (Coetzee and Oberholzer, 2006:439).

Following on from Coetzee and Oberholzer’s (2006) study, Joubert, Coetzee and Oberholzer (2009:16) surveyed training officers in public practice and outside public practice to assess what tax topics should be taught in university taxation courses. The study by Joubert *et al*. (2009) aimed to assess whether there was a difference in the importance of tax topics between public practice training officers compared to training officers outside of public practice. The survey was performed ahead of the release of the SAICA competency framework in 2009 (Joubert *et al*. 2009:16). The results of the survey showed that training officers were of the opinion that the most important topics to be included in the curriculum of prospective CAs(SA) was general tax knowledge. Tax planning, on the other hand, was only considered a slightly important to important topic, which a trainee accountant should be exposed to in an academic programme (Joubert *et al.* 2009:25).

It should be noted that the survey questions used by Joubert *et al.* (2009:22) were based on the instrument used by Coetzee and Oberholzer (2006). While the results of the Coetzee and Oberholzer (2006) survey found that trainee accountants had limited to no knowledge on tax planning, training officers inside public practice in the Joubert *et al.* (2009:27) study did not rank this topic that important, ranking it only 17^{th} out of a possible 33 topics. It would have been expected that the topic would have been ranked higher based on the 2006 survey.

Both the Coetzee and Oberholzer (2006) and Joubert *et al.* (2009) studies were conducted prior to the introduction of the SAICA competency framework. The research was therefore limited to the SAICA tax syllabus or what is now referred to as the SAICA taxation examinable pronouncements, which must be read together with the competencies in the SAICA competency framework. The SAICA taxation examinable pronouncements provide the specific content details of topics that are assessed in the Initial Test of Competence (SAICA, 2014:135).

Following the introduction of the SAICA competency framework in 2009, subsequently revised in 2014, Doman and Nienaber (2012:954) surveyed the partners in the taxation divisions of the South African audit firms Deloitte, Ernst & Young, KPMG and PwC to determine their views and preferences on the tax education in South Africa. The survey assessed the current expectation and the preference of respondents on the theoretical tax knowledge and practical skills of newly qualified employees.

The theoretical tax topics were compiled based on the tax legislation at the time (Doman and Nienaber, 2012:956). A list of practical tax skills was also developed by the authors, taking into account the KPMG SA competency model and the attributes used by Miller and Woods (2000) (Doman and Nienaber, 2012:958). Furthermore, for the purpose of the study, newly qualified employees were defined as employees who worked in the taxation division and were holders of a university undergraduate or postgraduate degree with a specialisation in taxation.

In the assessment of theoretical tax knowledge, the results of the study found that respondents were of the opinion that newly qualified employees generally had a lower than average level of theoretical knowledge. However, it was the preference of respondents that newly qualified employees should have an average to higher level of theoretical knowledge in various tax topics (Doman and Nienaber, 2012:956-957). In evaluating the practical skills, the results of the study indicated that newly qualified employees had lower than average to no level of practical skills. Similar to the preference of theoretical topics, the respondents' preference was that employees should have an average to higher level of practical skills (Doman and Nienaber, 2012:959).

The practical skills in which employees had the lowest current level of skills were the ability to identify tax planning opportunities and the ability to evaluate the impact of taxation on decision-making (Doman and Nienaber, 2012:959). This therefore confirms the results of Coetzee and Oberholzer's (2006) study that tax graduates continue to lack the necessary technical and practical skills related to tax planning.

The survey performed by Doman and Nienaber (2012), similar to that of previous studies on the taxation curriculum in South Africa, assessed the taxation curriculum from the perspective of employers. To determine what tax educators (academics) at SAICA accredited universities in South Africa regarded as important taxation topics, Alberts (2012:43) surveyed subject heads of taxation. The survey sought to determine what tax educators perceived to be the theoretical skills, practical skills and personal characteristics that employers were looking for from a newly qualified CA(SA). The study was based on the previous studies conducted by Coetzee and Oberholzer (2006) and Doman and Nienaber (2012), and used the same theoretical tax topics and practical tax skills (Alberts, 2012:41).

Alberts' (2012:76) research findings concluded that educators ranked the theoretical tax topics of fringe benefits, individual tax and provisional tax as the key topics a newly qualified CA(SA) should possess. In terms of practical skills, the research found that the most important skills were: ability to use a variety of software packages; ability to prepare tax computations by applying current tax legislation; ability to communicate and negotiate; and the ability to use computer applications (Alberts, 2012:94). Despite the findings by Coetzee and Oberholzer (2009), Doman and Nienaber (2012) and Tan and Veal (2005), educators were of the opinion that tax planning was not an important skill for a newly qualified CA(SA) to have (Alberts, 2012:84).

That being said, respondents to Alberts' survey (2012:88) were of the opinion that showing integrity to any given situation, and therefore by extension ethics in taxation, was the most important personal attribute of a newly qualified CA(SA). The importance of ethics in taxation was confirmed by studies conducted by Gray (1965) and Sommerfield (1975). The study by Gray (1965) was the first survey study on the contents of the tax curriculum offering of universities. Gray (1965:204) conducted a survey of professors of the American Association of Collegiate Schools of Business to gain their opinions on the content and means of delivery of introductory tax courses in the USA. The study found that professors ranked tax ethics as the third most relevant area that should be stressed in an introductory level course. Tax ethics was ranked higher than researching tax problems and the economic aspects of taxation (Gray 1965:205). Similarly, Sommerfield (1975) described that in preparing business students, an introductory level taxation course should cover the relevance and role that taxation plays in society, linking the role of taxation in society to an understanding of tax ethics (Sommerfield, 1975, as quoted in Craner and Lymer, 1999:133).

With the need and expectation of legal tax planning skills identified, the question that needs to be answered is: How best can ethical behaviour be integrated into the tax syllabi at accredited South African universities?

3 ETHICS AND ETHICAL BEHAVIOUR

This research report seeks to establish how ethics and ethical behaviour can be incorporated into the taxation curriculum of SAICA accredited undergraduate and postgraduate degrees. In order to establish how this can be accomplished, it is first necessary to determine what ethics and ethical behaviour is and what values, skills and attributes need to be incorporated into the taxation curriculum. This chapter defines the concepts of ethics and ethical behaviour and the types of ethics. Within the context of the types of ethics, this chapter briefly explores the nature of professional ethics for a CA(SA). The chapter concludes by analysing the ethics and ethical behaviour requirements of the SAICA competency framework and the principles established by the International Federation of Accountants (IFAC).

3.1. Definition of ethics and ethical behaviour

The Oxford Dictionary defines ethics as ‘moral principles that govern a person's behaviour or the conducting of an activity’. Ethics originated from the Greek word *ethikos*, which in Latin then became *moralis* (Kretzschmar, Prinsloo, Prozesky, Rossouw, Sander, Siebrits and Woermann, 2012:17). Ethics and morality are therefore interchangeable terms that Kretzschmar *et al.* (2012:17) defined as being the ‘character or manner of a person’. Kretzschmar *et al.* (2012:17) expand this definition in that *character* is the ‘kind of person that someone is’, while a person’s *manner* would refer to ‘how a person interacts with others’. The defining features of ethics is then essentially that it is about the *self* and connections with *others*. Linking the features of *self* and *others* is the notion of *good* (Kretzschmar *et al.* 2012:17). The three concepts – *self*’, the *good* and the *other*, thus make up what would be considered ethics. These three concepts can then be expanded into the concept of ethical behaviour, in that ethical behaviour is behaviour that is considered to be good for the self and good for others (Kretzschmar *et al.* 2012:17-18).

The concepts of ethical behaviour can be diagrammatically displayed as follows:

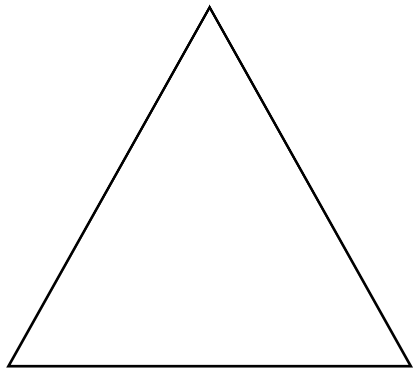

Figure 1: The three concepts inherent in the definition of ethics (Kretzschmar *et al.* 2012:18)

On the contrary, unethical or immoral behaviour is behaviour that is only considered good for the *self* with no regard for how the action could affect *others*. In other words, unethical behaviour is behaviour that would be considered self-seeking (Kretzschmar *et al.* 2012:18). However, in defining ethical behaviour, Kretzschmar *et al.* (2012:18) argue that ethical behaviour does not require a person to act selflessly with no or little regard for one's own interest, as such behaviour would not be attainable. The 'golden rule of ethics is that we should do to others as we would like them to do to us' (Kretzschmar *et al.* 2012:18).

3.2. Professional ethics

There are three types of ethics or morality, namely: common morality, personal morality and professional ethics (Harris, Pritchard and Rabins, 2009:8). Harris *et al.* (2009) define common morality as the shared common morals and beliefs amongst all people. Examples used by Harris *et al.* (2009) to clarify common morality include the common belief that it is wrong to steal and to commit murder. Personal morality comprises the moral values an individual person has (Harris *et al.* 2009:9). Personal morality is defined by an individual's personal ethical value system, informed by social upbringing at home and from religious instruction (Kretzschmar *et al.* 2012:219). Finally, professional ethics is defined as the codes of ethics adopted by professionals in their roles as professionals.

Professional ethics is an example of what is termed role morality because the moral duty is based on the relationship a professional has. As a result, professional ethics have both negative and positive characteristics. The negative features of professional ethics are what is termed preventative ethics, focused on preventing wrongdoings. In comparison, the positive aspects of professional ethics are encapsulated in aspirational ethics, which encourage the profession to promote the public well-being (Harris *et al.* 2009:11). Consequently, professional ethics has five essential characteristics (Harris *et al.* 2009:9):

1. Professional ethics are codified;
2. Professional ethics focus on the concerns of the particular profession;
3. Professional ethics come before personal morality when acting as a professional;
4. Professional ethics have different levels of restrictions when compared to personal morality; and
5. Professional ethics have negative and positive aspects, doing good and avoiding evil.

3.3. Code of Professional Conduct of the South African Institute of Chartered Accountants

The SAICA competency framework provides that a CA(SA) is considered to be the most sought-after professional accounting qualification in South Africa. Therefore, a CA(SA) is regarded as a professional and professional ethics would therefore be applicable to a CA(SA) (SAICA, 2014:5). The SAICA Code of Professional Conduct (CPC) is the professional ethics code which applies to all CAs(SA) (SAICA, 2015:ET – 9). The CPC articulates that the key feature of the accountancy profession, and therefore of a CA(SA), is first and foremost to act in the interest of the public. This responsibility means therefore that a CA(SA) does not exclusively act in the interest of its clients or employers (SAICA, 2015:ET-9). This introduction to the CPC sets out the importance of aspirational ethics.

The CPC does not include a definition of ethics or professional ethics, but Part A of the CPC defines what is to be considered the fundamental principles of ethics for a CA(SA) and therefore the professional ethics for a CA(SA) (Montja, 2016). The CPC sets out five fundamental principles a CA(SA) must comply with (SAICA, 2015 ET-9):

1. Integrity – to be straightforward and honest in all professional and business relationships.
2. Objectivity – to not allow bias, conflict of interest or undue influence of others to override professional or business judgements.
3. Professional competence and due care – to maintain professional knowledge and skill at the level required to ensure that a client receives competent and professional

service based on current developments in practice, legislation and techniques, and to act diligently in accordance with the applicable technical and professional standards.

4. Confidentiality – to respect confidentiality of information acquired as a result of professional and business relationships and, therefore, not to disclose such information to third parties without proper, and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for personal advantage of the CA(SA) or third party.
5. Professional behaviour – to comply with relevant laws and regulations and avoid any actions that discredit the accountancy profession.

The introductory paragraph of the CPC read together with the fundamental principles therefore conforms to the definition of ethics and ethical behaviour established by Kretzschmar *et al.* (2012:17). In satisfying the requirement to act in the interest of the public, the CPC clearly articulates what the ethical behaviour standard of a CA(SA) is. That being, to act for the good of the self, represented by employers and clients, whilst always acting for the good of others, the public and all stakeholders affected by the behaviour. This duty to act in the interest of the public, and therefore ethical behaviour, is the hallmark of the CA(SA) profession. Consequently, it is then correct that the attribute of ethics and ethical behaviour is not only addressed in the academic programme of a prospective CA(SA), but also that the SAICA competency framework necessitates that this attribute be integrated with all the specific competencies.

3.4. Ethical behaviour and professionalism in the SAICA competency framework

Ethical behaviour and professionalism is the first of the three pervasive qualities and skills in the SAICA competency framework. The SAICA competency framework describes the various ethical behaviour and professionalism competencies a CA(SA) should display at the entry point into the profession. The SAICA competency framework recognises the importance of the pervasive qualities and skills, which together with the technical skills addressed in the specific competencies ‘produces the technical excellence, integrity, objectivity and commitment to public interest for which the CA(SA) profession is known’ (SAICA, 2014:27).

Similar to the specific competencies, an obligation is placed on academic programmes to ensure that students through the qualification process are given the opportunity to demonstrate these competencies. The competencies related to ethical behaviour and professionalism are described below and detailed in Appendix 1 of this research report:

Ethical behaviour and professionalism
IA - 1 Uses an ethical reasoning process
IA - 2 Protects the public trust
IA - 3 Acts competently with honesty and integrity
IA - 4 Performs work competently and with due care
IA - 5 Maintains objectivity and independence
IA - 6 Avoids conflict of interest
IA - 7 Protects the confidentiality of information
IA - 8 Maintains and enhances the profession's reputation
IA - 9 Adheres to laws, professional standards and policies and the rules of professional conduct when exercising professional judgement

Table 4: Ethical behaviour and professionalism competencies (SAICA, 2014:27)

The SAICA competency framework details that CAs(SA) should be ethical professionals and be committed to integrity. To a large extent, the SAICA competency framework espouses the value that the CA(SA) profession is built on and the trust that clients, employers and the public have in CAs(SA) to perform their tasks (SAICA, 2014:27).

The inclusion of the ethical behaviour and professionalism competency in the SAICA competency framework is premised on the IFAC International Education Standard 4 (IES 4). The IFAC is a global accountancy body that seeks to fulfil a civic mandate through the development of standards in assurance, education, ethics, public sector and external reporting (SAICA, 2008). SAICA is a member of the IFAC, and is therefore required to comply with the IFAC Statements of Membership Obligations (IFAC, 2015). The Statement of Membership Obligations 2 requires that member organisations implement the standards issued by the International Accounting Education Standards Board (IAESB) (IFAC, 2012:23).

IES 4 is a standard issued by the IAESB and details the learning outcomes in terms of professional values, ethics and attitudes that a prospective accountant and therefore a prospective CA(SA) would have to demonstrate at the entry point into the profession. IES 4 describes professional values, ethics and attitudes as an obligation to technical competence, ethical behaviour, professional manner, excellence and social responsibility, where social responsibility requires understanding of the public interest (IFAC, 2014:7). IES 4 provides that academic programmes of prospective accountants must be designed around a framework of professional values, ethics and attitudes that ensure accountants will act in an ethical manner in the public interest and exercise professional judgement (IFAC, 2014:5). IES 4 provides a framework for ethics that is good for the self and good for the other.

IES 4 details that an academic programme should achieve three learning competency areas, the first being professional skepticism and professional judgement; the second being ethical principles, and the third being a commitment to the public interest (IFAC, 2014:5). The three learning competency areas are detailed in Appendix 2 to this research report. The SAICA competency framework for ethical behaviour and professionalism competency has been designed around the three learning competency areas of IES 4. These three areas are addressed as follows in the SAICA competency framework:

- Professional skepticism and professional judgment is addressed in terms of *IA - 4: 'performs work competently and with due care'.*
- Ethical principles is addressed in part of *IA - 1: 'uses an ethical reasoning process'* and *IA – 9: 'adheres to laws, professional standards and policies and the rules of professional conduct when exercising professional judgement'.*
- The commitment to the public interest learning competency area is addressed in *IA - 2: 'protects the public trust'*.

Furthermore, IES 4 prescribes that the essential values of professional ethics that should be included in the curriculum of an aspiring professional accountant are integrity, objectivity, professional competence and due care, and professional behaviour (IFAC 2014:4). These values are similar to the fundamental principles of the SAICA CPC. Therefore, the SAICA CPC, which is the professional ethics applicable to a CA(SA), should form part of the curriculum of a CA(SA).

In terms of the development of an academic programme, IES 4 prescribes that ethics and ethical requirements must be integrated into the education of professional accountants. The standard details that in achieving this integration initially, ethics can be taught as a separate course. However, as the aspirant professional accountant progresses through an academic programme, ethics must be integrated with other courses to allow for a more holistic understanding of its implications (IFAC, 2014:9).

This chapter has defined ethics and ethical behaviour as good for the self and good for the other. The attribute of ethics and ethical behaviour is encapsulated in the SAICA CPC, with the hallmark of the accounting profession being to act in the interest of the public. The question that now needs to be answered is: How can ethics and ethical behaviour be taught?

4 TEACHING ETHICS WITHIN THE CA(SA) CURRICULUM

This chapter now explores how ethics and ethical behaviour is taught. The chapter reviews the literature on why ethics should be taught and the themes of ethics education. With this, the chapter then analyses whether ethics can be taught as well as analysing approaches to teaching ethics. The chapter goes on to examine the views and opinions of accounting educators and students on ethics education. The literature on teaching ethics and ethical behaviour is evaluated in this chapter to assess whether ethics and ethical behaviour can be incorporated into the taxation curriculum.

4.1. The need for ethics education

The nature of the accounting profession has undergone significant environmental changes as a result of changes in the economy, the impact of globalisation and the rise in use of information technology (Andrew and Higson 2008, as quoted in De Villiers, 2010). This has resulted in business having increasing influence, reach and impact. Consequently, accounting graduates, as business professionals need to be able to make decisions and understand the consequences of those decisions (Weybrecht, 2016).

Furthermore, added to these environmental changes are the legal and ethical issues linked to social responsibility that accountancy graduates within the working world face (De Villiers, 2010:5). The legal and ethical issues include for example the role tax professionals play in abusive tax avoidance schemes. Russell and Brock (2015:285) recorded that many of the elaborate and deliberate tax avoidance schemes, conducted by multinational companies such as Google, Apple, Facebook and Amazon, would not have been possible without the technical skills of tax professionals, such as accountants.

Therefore, business schools, and accounting departments, considering the impact of education on the performance of accountancy graduates within the working world should ensure that ethics is taken seriously by accountancy students (De Villiers, 2010:5; Weybrecht, 2016). Ethics is the glue that ties together what a business education teaches (Weybrecht, 2016). It is also critical that students are exposed to ethics to allow them to see the ‘broader social, cultural, economic and political dimensions of the discipline’ (Barac and du Plessis, 2014:63). Bitti (2016), in an article on teaching ethics, considers that there has been a rise in debates around morality, acting in the public interest and integrity as a result of major business scandals associated with Volkswagen and Enron, Starbucks and Fiat, all of which were ordered to pay millions in back taxes to the European Union. These are topics that the next generation of accountants should be exposed to (Bitti, 2016).

In the South African context, the importance of pervasive qualities and skills is based on the shift, by SAICA in the development of its SAICA competency framework, from emphasis on technical concepts to more prominence being placed on professional skills (Strauss-Keevy, 2014:416). The SAICA competency framework reinforces this and identifies that pervasive qualities and skills are pivotal to the profession (SAICA, 2014:27). Therefore, a CA(SA) is required to demonstrate the pervasive skills at the highest proficiency level. A CA(SA) should hence have an advanced knowledge of the SAICA competency framework's content, and use the appropriate pervasive and professional skills to complete a task (SAICA, 2014:27).

The need for ethics to be taught in the accounting curriculum was summarised as follows by Loeb (1988:317):

1. To understand the various codes of ethics that exist within accounting;
2. To understand the social control mechanisms which apply to accountants;
3. To ensure appropriate responses are applied to ethical dilemmas that arise in accounting; and
4. Ethics education is required to deal with the dynamic nature of the accounting ethics environment today.

Similarly, in an extensive survey of US accounting academics conducted by Blanthorne, Kovar and Fisher (2007) on their perceptions of the ethics curriculum, respondents rated the following three reasons as to why ethics should be taught: firstly, ethics is critical for the accounting profession; secondly, it is necessary to regain public trust after accounting irregularities; and thirdly, that the inclusion of ethics in the accounting curriculum is an important step to ensure that the ability to self-regulate the profession continues (Blanthorne *et al.* 2007:369).

4.2. Themes to inform ethics education

In a 2004 report on Ethics Education in Business Schools, the Association to Advance Collegiate Schools of Business (AACSB), a US body that accredits business and accounting programmes, stressed the importance of ethics education. In that from undergraduate to doctoral level, business schools should deepen students' understanding of the many challenges in terms of corporate governance and corporate responsibility. Academic programmes should provide graduates with the tools for identifying and resolving ethical issues, and engage them on the positive and negative aspects of daily business conduct (AACSB, 2004:9). The AACSB (2004) identified four broad themes that should inform ethics education.

1. Responsibility of business in society

It is important for business and accounting graduates to understand the interdependent relationship between business and society. A business cannot survive in an environment where social services, for example education, public health and security are absent or lacking (AACSB, 2004:10). Scholtz (2016) made a similar point, in that ethical behaviour has moral and bottom line implications. Scholtz (2016) also noted that companies who conduct business ethically understand the value of protecting the company's brand as well as understanding the value of doing the right thing.

2. Ethical leadership

Ethical leadership speaks to the important role that universities have for helping students to critically analyse ethical leadership and the value that ethical leadership plays in being an effective and successful manager. Ethical leaders are both moral persons and moral managers (AACSB, 2004:11). Companies' value strong ethical conduct and many have started to include ethical conduct as performance measures (Scholtz, 2016). The AACSB (2004) also recognises the importance of corporate governance and in particular the King Report.

3. Ethical decision-making

In practice, graduates will face various ethical dilemmas and therefore accounting students should be exposed to various ethical decision-making tools and frameworks. These frameworks should provide graduates an opportunity to understand the perspectives of multiple stakeholders, and to assess and evaluate the different perspectives. Therefore, ethics education should expose students to the cases and types of ethical issues they are likely to face. Ethics education should provide graduates with a tool-kit to identify ethical issues and increase awareness of ethical issues (AACSB, 2004:13).

4. Corporate governance

The final theme that should be addressed in ethics education are the principles and practices of corporate governance, as a safeguard against unethical behaviour (AACSB, 2004:13). In the South African context, the SAICA competency framework establishes a CA(SA) as a responsible leader. In demonstrating responsible leadership, a CA(SA) must exhibit knowledge of good corporate citizenship and therefore corporate governance (SAICA, 2014:7). Ethics is a defining feature of corporate governance (Rossouw, 2016). King IV, which was released in November 2016, extended the importance of ethics and ethical leadership in corporate governance. King IV specifies that ethical leadership be demonstrated by integrity, competence, responsibility, fairness and transparency (IOD, 2016:20).

Having established the need for ethics education and its broad themes, the question that then arises is whether ethics in accounting can be taught (Weybrecht, 2016).

4.3. Can ethics be taught in the CA(SA) and accounting curriculum?

To answer this question, it is necessary to establish what the goals of ethics education in the accounting curriculum are. Loeb (1988:322) developed the following seven goals of accounting ethics education:

1. Relate accounting education to moral issues;
2. Recognise issues in accounting that have ethical implications;
3. Develop a sense of moral obligation or responsibility;
4. Develop the abilities needed to deal with ethical conflicts or dilemmas;
5. Learn to deal with uncertainties of the accounting profession;
6. Set the stage for a change in ethical behaviour; and
7. Appreciate and understand the history and composition of all aspects of accounting ethics and their relationships to the general field of ethics.

The key goal of ethics education that Armstrong (1993:78) identified is the development of moral obligation through the advancement of students' moral reasoning or moral development. According to Kohlberg (1975:670), the development of moral reasoning occurs in three levels and six sequential specific stages, each level containing two stages.

The first level of moral development is the pre-conventional level. At this level a child responds to cultural rules and labels of right and wrong, and interpretation is either through punishment or reward. This level consists of two stages. Stage one is the punishment and obedience orientation stage. At this stage, the physical consequence of actions determines what is considered right or wrong. The second stage is the instrumental relativist orientation stage. At stage two, correct actions satisfy the needs of the person, and the needs of others.

Pragmatic values of fairness, reciprocity and equal sharing are therefore present in relationships (Kohlberg, 1975:670).

The second level is the conventional level. At this level, the expectations of the family, group, or nation is what drives the individual. This level is characterised by an attitude of conformity and loyalty. The second level consists of stages three and four. Stage three is the ‘good boy-nice girl’ orientation stage. Good behaviour, which is approved by others and is orientated by stereotypes of what is considered natural, defines this stage. Stage four is the law and order orientation stage. At this stage the person orientates around rules and social order. There is deference to authority, which is considered the right behaviour (Kohlberg, 1975:670).

The final level of Kohlberg’s moral development (1975:670) is the post conventional or principled level. At this level the person defines their moral standards. Similar to the previous levels, this level consists of two stages. Stage five is the social-contact stage, where right actions is defined by the person’s critical understanding of the rights and standards of society. The final stage is stage six, which is the universal ethical-principle orientation stage. A conscience decision based on the individual’s chosen ethical principles defines morals at this stage. The principles are abstract and not concrete rules. They are the generally acceptable principles of justice, or reciprocity, equality and respect for human dignity. Kohlberg (1975:671) determined that a person does not enter the next stage without passing through the previous stages first.

Based on the research performed by Kohlberg (1975:675), planned moral education and moral discussions result in an increase of moral reasoning and allow an individual to move to the next stage of moral development. Similarly, psychologist Rest (1988, as quoted in Armstrong 1993:79) confirmed Kohlberg’s analysis. He concluded:

1. Dramatic and extensive changes occur in the basic problem solving strategies used by young adults in their 20s and 30s in solving ethics issues.
2. This then results in young adults redefining how they understand society and their role in society.
3. This change is often associated with and correlates to formal education undertaken.
4. Deliberate education attempts (formal curriculum) to influence awareness of moral problems and to influence moral reasoning is effective.
5. Studies show a link between a person’s actual behaviour as influenced by moral perceptions and moral judgments.

Therefore, the studies by Rest (1988) and Kohlberg (1975) confirmed that ethics can be taught and that it results in an increase in the moral reasoning of students. Expanding on the work by Rest (1988) and Kohlberg (1975), Armstrong (1993:83) designed an ethics and professionalism course as an elective course for students entering public accounting. The course emphasised the unique role that accountants play in society as well as controversial issues accountants face in these roles. The research conducted by Armstrong (1993:89) indicated that the ethics and professionalism course together with exposure to ethics increased the moral maturity of students.

Dellaportas (2006:394) extended Armstrong's study and conducted a study to determine whether the discrete intervention method, where ethics is addressed in a separate course, affects students' moral judgment. The Dellaportas (2006:394) study used a Defining Issues Test (DIT) as a measurement tool of Kohlberg six stages of moral development in resolving ethical dilemmas. Dellaportas' (2006:395) study was based on 41 students completing a dedicated ethics course 'Ethical issues in Accountancy' at an Australian university. The course was delivered using conventional lecture-tutorial methods, where discussions on ethical dilemmas and collaborative learning were emphasised. Extensive use was made of hypothetical and real-life case studies, debates and business ethics videos developed by the Institute of Chartered Accountants in Australia.

In student interviews conducted after students had completed the course, many students were of the opinion that the ethics course did make an impact on their ethical reasoning and, furthermore, students used the ethical theories in approaching dilemmas (Dellaportas, 2006:395). In South Africa, Taylor (2013:17) validated both Armstrong (1993) and Dellaportas' (2006) study that ethical sensitivity can be increased as a result of educational interventions.

4.4. Teaching ethics within accounting curriculum

Dellaportas (2006:393) determined that ethics interventions were usually done in two forms: the discrete method or the pervasive method. In the discrete method, ethics is addressed in a separate course, whist in the pervasive method, ethics is integrated into the various accounting disciplines. A key part of Armstrong's (1993:89) findings dealt with the ideal curriculum that should be followed when teaching accounting students ethics and whether ethics should be taught as a separate course or integrated.

Armstrong (1993:79) argued that ethics teaching should adopt both a separate course and an integrated model approach. The rationale for a separate course in ethics was that it would be highly unlikely that students would be able to deal with ethical dilemmas without the ethical framework to reason appropriately (Armstrong, 1993:81). In contrast though, Blanthorne *et al.* (2007), in a survey of accounting academics in the United States, found that most of the respondents were of the opinion that classical theories should not be taught. Instead, academics favoured the inclusion of ethical issues faced by the profession, the moral duties of the profession and professional guidance, which was not thought of as important in the ethics syllabus. Armstrong (1993:81) however stressed the importance of ensuring that students are exposed to various theoretical tools for ethical analysis before they are exposed to a series of case studies. This ensures that students are able to deal appropriately with real dilemmas when they arise (Armstrong, 1993:81). This rationale is similarly supported by Dellaportas (2006).

With regard to the integrated model approach, Armstrong (1993:89) suggested what she termed the sandwich approach; that is, an introduction to ethical thought taught by academics from the philosophy department followed by ethical discussions of case studies in existing accounting courses. This should then be followed by a capstone course that brings together the previous concepts of ethics and professionalism (Armstrong, 1993:81). Armstrong (1993:79) argued that in the same way that writing and communication skills are not separately taught subjects, and are developed continuously throughout accounting courses, so too should the same apply to ethics.

This sandwich approach to ethics was supported by 98.1% of respondents to the US study by Blanthorne *et al.* (2007:379) of accounting academics, who supported the integration ethics in every accounting course. In particular, respondents to this study favoured integration of ethics with auditing (97%) followed by taxation (93%). However, Blanthorne *et al.* (2007:379) concluded that that extent of the integration of ethics, in terms of coverage and quality, across the curriculum is limited.

For meaningful ethics integration to occur requires a willingness to methodically interlace and plan technical content with ethics (Blanthorne *et al.* 2007:384; Miller and Becker, 2011:3-8). Furthermore, for ethics to be integrated effectively requires time and space in an already overburdened technical syllabus (Blanthorne *et al.* 2007:384). Additionally, for ethics integration to be effective, content will have to be ordered logically across all disciplines (Miller and Becker, 2011:8).

Within the South African context, Smit and Steenkamp (2015:670) summarised the challenges to incorporating pervasive qualities and skills such as ethics and ethical behaviour into the CA(SA) curriculum as follows:

- The traditional nature of the CA(SA) curriculum is that a large proportion of time and focus is placed on technical knowledge, with limited time available to develop pervasive qualities and skills;
- Pervasive qualities and skills are more difficult to develop than technical skills. Pervasive skills are implicit skills and, furthermore, these skills are more easily developed with working experience and small groups; and
- It is more difficult to assess pervasive skills in a theoretical environment compared to a practical environment.

4.5. Opinions of educators and students

Armstrong, Ketz and Owsen (2003) determined that educators play a pivotal role in the development of ethical character and behaviour by increasing moral sensitivity, moral reasoning and moral motivation. This importance of academics is supported by the findings of Dellaportas (2006:400), where students indicated that they were swayed by educators' opinions that led class discussions on ethical dilemmas.

> 'My answers would change after listening to the tutor. The tutor had the tendency to demonstrate reality of behaviour by explaining with several examples.'

It could then be argued that ethical behaviour is induced through two means: education and work experience. Students learn the principles of good conduct in their education and through the workplace receive advice and observe the ethical behaviour of others (Cooper, Leung, Dellaportas, Jackling and Wong, 2008:415). This part of the study will now consider the opinions of educators and students, as it relates to ethics education in the accounting curriculum.

4.5.1. Opinions of educators

In Chapter 3 of this research report, it was noted that an obligation is placed on academic programmes to ensure that prospective CAs(SA) are given the opportunity to demonstrate the specific competencies and pervasive qualities and skills. Despite this burden placed on South African accredited universities to ensure that academic programmes include sufficient coverage of the pervasive skills, research by Strauss-Keevy (2014) showed that there are divergent views on the incorporation of pervasive skills amongst academics.

Strauss-Keevy (2014:422) performed a survey of lecturers teaching at SAICA accredited universities to assess the views of academics on the incorporation of pervasive qualities and skills into the curriculum. In an assessment of lecturers' views on which programme, academic or training, should deliver pervasive skills, 81% of respondents were of the opinion that the training environment was best placed to develop pervasive skills. Only 5% percent of respondents agreed completely that pervasive skills could be taught in the academic programme (Strauss-Keevy, 2014:424-425).

A respondent to Strauss-Keevy's (2014:425) research commented that:

> 'Equipping candidates with pervasive skills requires detailed pedagogical planning which I don't think we as CAs(SA) (or equivalent) are sufficiently prepared to teach at times.'

This statement speaks to the difficulties academics face in teaching pervasive skills within the CA(SA) curriculum. This apprehension is probably due to the fact that many academics teaching aspirant CAs(SA) are not trained educators but rather subject experts and CAs(SA). Armstrong (1993:89) in her conclusion addressed the fact that for effective integration of ethics to take place, accounting academics will require additional ethical training. This apprehension is further highlighted by the view that the role of the SAICA accredited universities is to teach technical content and pervasive skills, which is very difficult to teach in large classrooms (Strauss-Keevy, 2014:426). The overemphasis on technical skills on the part of academics in turn results in students' overemphasising technical capabilities without acknowledging the importance of pervasive qualities and skills, even though implicit pervasive qualities and skills are a foundational component of the CA(SA) profession. As indicated in Chapter 2, the majority of the research on taxation education in South Africa has focussed on the technical capabilities of CAs(SA).

Despite the concerns of the respondents, the SAICA competency framework together with IES 4 requires that pervasive skills form part of the academic programmes of aspirant CAs(SA). Strauss-Keevy (2014:427) correctly then concluded that awareness amongst academics on the requirements of the SAICA competency framework is required; in particular, on where in the qualification journey a CA(SA) should be exposed to pervasive qualities and skills. The importance of the pervasive qualities and skills and the role this plays in the technical excellence of CAs(SA) should be reinforced on academics. Strauss-

Keevy (2014:427) concluded her research by identifying the important role that Heads of Departments (HODs) of SAICA accredited university departments have in emphasising the importance of pervasive qualities and skills to academics. After all, it is the responsibility of the HODs to ensure that pervasive qualities and skills are addressed in academic programmes (SAICA, 2014:26).

The role of HODs in the development of pervasive qualities and skills was explored in a study conducted by Barac and du Plessis (2014:55). The Barac and du Plessis (2014:55) study sought to determine how the three categories of pervasive qualities and skills per the SAICA competency framework were being developed in SAICA accredited undergraduate programmes (Barac and du Plessis, 2014:55).

Barac and du Plessis (2014:63-66) found that most universities preferred the practice of separate courses or modules in IT and ethical behaviour, while the other pervasive qualities and skills were integrated into other modules/courses. The research established that only one HOD indicated that the university had a separate module/course for each of the categories of pervasive skills. Furthermore, the research objective also sought to gain an understanding on the extent to which the pervasive qualities and skills were integrated with the five core disciplines in the CA(SA) curriculum.

Categories of Pervasive Skills	**N**	**Fin Acc**	**Tax**	**Man Acc**	**Fin Man**	**Audit**
Ethical behaviour and professionalism	12	2.7	2.7	2.7	2.8	4
Personal attributes	12	3.1	2.9	3.1	3.1	3.3
Professional skills	12	3.6	3.3	3.6	3.6	3.6
IT skills	12	2.1	1.9	2.1	2.1	3.3

Key mean *>4.5 = extensive integration; 4.5 ≤ mean > 3.5 = much integration; 3.5 ≤ mean > 2.5 = some integration; 2.5 ≤ mean > 1.5 = limited integration; mean ≤ 1.5 = very little integration.*

Table 5: Integration of pervasive skills (Barac and du Plessis, 2014:65)

Based on the above table, IT skills and ethical behaviour were only integrated to a limited extent. However, ethical behaviour was extensively integrated into auditing. As ethical behaviour is one of the core foundations of the accountancy professions, it would be expected that this would be integrated at greater levels. The reason for this low level of integration could be due to 83% of the respondents having indicated that ethical behaviour was taught in a separate course or module. This separate course in ethical behaviour and professionalism was taught either by the university's Department of Auditing or Philosophy. This disconnect between where courses are taught could possibly result in this low level of integration (Barac and du Plessis, 2014:63-65). As established in Chapters 2 and 3, the pervasive qualities and skills, in particular ethics and ethical behaviour should be integrated with the core curriculum.

4.5.2. Opinions of students

Kavanagh and Dreenan (2010:17) concluded that student motivation to learn and acquire skills is often driven by perceptions about the relevance of these skills to their careers. The importance of the pervasive qualities and skills is recognised by a prospective CA(SA), Sicelo Joja (2017), who highlighted that pervasive skills together with the technical content allow CAs(SA) to succeed in the global environment. Joja (2017) identified three pervasive qualities and skills which he believed are vital for a prospective CA(SA). The first is critical thinking and the ability to solve problems innovatively through creative thinking. The second is communication skills, this being the ability to articulate and present views. Finally, the third is cultural context, which requires a social awareness and tolerance 'that is intrinsically rooted in South African students' (Joja, 2017). The next part of this chapter explores the opinions of students regarding ethics education in the accounting curriculum.

Graham (2012:604) conducted a survey of UK undergraduate students completing a three-year accounting/finance degree at a UK university. The study sought to assess students' views on the importance of ethics, the aims of ethics teaching and the teaching models preferred (Graham, 2012:604). For the purpose of the study, the population consisted of 150 second-year accounting students who had been exposed to ethics in financial reporting and taxation courses. In addition to the survey instrument, a number of short interviews were conducted with a sample of five students (Graham, 2012:605).

On the importance of the ethics question, 57% of the respondents regarded ethics teaching as important to very important. The majority of students also agreed that the aim of ethics teaching should be to identify ethical dilemmas and then to resolve these (Graham, 2012:606). When asked how ethics should be taught, students' opinions were quite divergent; 35% students agreed with the pervasive or implicit approach, while at least 57% thought that it would be best taught separately (Graham, 2012:608).

The interviews with students further substantiated their opposing views on the best way to teach ethics. One student respondent indicated that they preferred ethics being taught across several courses due to its importance, as well as ensuring that it is developed as part of the technical learning. In contrast, another student indicated that because of its wide impact, establishing the theories in one course would be better (Graham, 2012:608). This Graham (2012:609) referred to as the compartmentalised approach. In a further interview, another student recognised the importance of ethics education as pivotal to a successful career in accounting (Graham, 2012:609). The importance of ethics education therefore links back to Loeb's (1988) goals of ethics education. The student identified that (Graham, 2012:609):

> 'If you want to go into tax later on in life you will always understand that you learn ethics at some point, or if you want to go into pure accounting you'll always have ethics in your studies, so I think it is very important to spread it across all the subjects so whatever career you go into later on in life, you'll understand ethics.'

In comparison to the UK study, Smit and Steenkamp (2015) conducted a survey of students studying the CA(SA) curriculum in South Africa. The survey sought to assess the extent to which students thought the pervasive qualities and skills were being developed in their undergraduate academic programme. As part of the empirical study, students were asked to evaluate whether the pervasive qualities and skills as listed in the SAICA competency framework had been developed in them as students (Smit and Steenkamp, 2015).

The results found that the majority of respondents believed that ethical behaviour and professionalism was well developed during their undergraduate studies. This, Smit and Steenkamp (2015:675) attributed to population students having completed an undergraduate Business Ethics course. That being said, however the survey found that the competency 'IA - 2 Protects the public trust' was the least developed competency in the respondent students' opinion. Fifty-four percent of respondents believed that this competency had been developed to an extent, 33% believed it was well developed, while a significant number (13%) thought this competency was not developed at all (Smit and Steenkamp, 2015:674).

The 13% of 'not developed at all' is significantly higher in comparison to the other competencies (Smit and Steenkamp, 2015:674). This then indicates that although students completed a course dealing with ethical behaviour, a large proportion of them had not grasped the distinguishing feature of the profession nor the basic principles embodied within ethics. The cornerstone of the CA(SA) profession is the responsibility to act in the interest of the public. As established in Chapter 3, this requires an understanding of behaviour that is good for the 'self' and that which is good for 'others'.

This perceived lack of development of protecting the public interest competency could then possibly be linked to the view held by a student surveyed by Steenkamp (2012). Steenkamp (2012:483) conducted an empirical study designed to assess South African accountancy students' perceptions regarding the new CA2010 training programme and the introduction of the SAICA competency framework. The results of the study found that the increased focus on pervasive qualities and skills, such as on the leadership skills, developing communications skills, IT and ethical behaviour attributes were all positively received by students (Steenkamp, 2012:491-492). However, a student surveyed was of the opinion that ethics cannot be taught as it is developed because it is an internal value (Steenkamp, 2012:491).

Despite the views held by the students, the findings of Armstrong (1993) and Dellaportas (2006) confirm that ethics education increases moral reasoning. Finally, the empirical study conducted by Graham (2012:610) concluded by noting that based on the students' views, the most suited approach to ethics education would be Armstrong's (1993) sandwich approach, where students have a dedicated module for ethics and ethics then being reinforced in all disciplines. University academics who play a key role in the development of moral reasoning should remind students 'that morals are needed in life' (Graham, 2012:610). However, to achieve this, according to Graham (2012:610), will require appropriate pedagogy and learning material will need to be designed to support this, a conclusion that is consistent with previous studies on the perceptions of educators (Blanthorne *et al.* 2007; Miller and Becker, 2011). University courses should therefore ensure that in the design and implementation of accountancy courses, the skills that graduates require are appropriately included (Tan and Veal, 2005:41). Within the South African training environment, the competency framework requires that academic programmes must ensure that the pervasive skills are incorporated into the curriculum (SAICA, 2014:27).

This chapter examined the literature on teaching ethics within the accounting curriculum to assess how ethics and ethical behaviour is taught. The chapter determined that the need for ethics education for accountants and CAs(SA) is premised in the hallmark of the CA(SA) profession, that being to uphold the public interest. Based on the literature reviewed in this chapter, it was established that ethics and ethical behaviour can be taught as ethics education increases moral reasoning. However, there are divergent views between educators and students on how ethics should be taught. That being said, the literature supports the 'sandwich approach' to ethics and its integration into the specific competencies. The next question then is how this sandwich approach to ethics and ethical behaviour can be adapted to the tax curriculum.

5 TEACHING ETHICS WITHIN THE TAXATION CURRICULUM

This chapter will review the need for incorporating ethics into the taxation curriculum. In evaluating why ethics should be incorporated into the taxation curriculum at SAICA accredited universities, this chapter reviews the literature regarding tax and morality and considers the link between ethics, taxation and good corporate citizenship. Thereafter, the chapter investigates the impact of teaching ethics to tax professionals. The chapter concludes by reviewing a New Zealand study on tax ethics education and its findings to assess how ethics and ethical behaviour can be integrated within the taxation curriculum.

5.1. Tax avoidance and ethics

The definition of tax avoidance has been established as behaviour that reduces taxes by adopting legal planning for the minimisation of the tax burden. Such behaviour is considered part of sound business planning. In essence, tax avoidance is granted by statute. In comparison, tax evasion entails fraud and concealment and is therefore illegal (Hansen, Crosser and Laufer, 1992:683).

However, ‘avoiding tax may be legal but can it ever be ethical?’ (Back, 2013). Back (2013) articulates that tax avoidances is not illegal, but argues that where it is aggressively pursued and uses instruments or arrangements not intended or anticipated by governments, this then is bending the rules of the tax system. And even though legal and within the letter of the law, it can be argued that this is not within the spirit of the law (Back, 2013).

Hansen *et al.* (1992:684) identified this as the moral ethical view. Compliance with legal standards is not necessarily ethical as the two are not always equivalent. Ethical behaviour, the authors contend is choosing the actions that are ‘right and proper and just’. Hansen *et al’s* (1992:684) definition of ethical behaviour confirms the established definition in Chapter 2, namely that this action is the willingness to sacrifice one’s self-interest for the well-being of others. It therefore requires a decision that is good for the self and good for the other. Hansen *et al.* (1992:684) explains the principles of ethical behaviour using the example of a CPA below:

> ’For example, consider a company where management has the opportunity of choosing between two legal alternatives of producing a product. Assume they approach an outside CPA and request an analysis of the economic consequences of

> each alternative. During the course of the analysis, the CPA receives input from some engineering and scientific experts revealing that one of the alternatives may pose a significant, long-term health threat to the production workers. Although current laws exist governing worker safety, adoption of the alternative is in technical compliance with existing legal guidelines. Furthermore, the alternative is by far the least costly of the two alternatives. Upon receiving the analysis, along with the information regarding the health risk, management selects the least costly alternative, a legal, cost-avoidance choice. But is this choice right? Ethical? The motive was apparently cost avoidance and no violation of the law was in question. Yet choosing a production method that could threaten the health of the production workers obviously ignored their well-being. Self-interest prevailed over concern for the well-being of others.'

While the least costly option technically complies with the existing law, it is not ethical. This example could be compared to tax avoidance. Tax avoidance, even though it complies with the law, may not be moral or ethically correct as it seeks to only consider the self-interest. Payne and Raiborn (2015) extended the ethical consideration of tax avoidances, and the self-interest concern over the well-being of others, as the fair share debate. Tax avoidance, even though within the letter of the law, compared to tax evasion which is illegal, does not however result in the payment of a fair share of taxes; in essence, the ethical minimum. This underpayment then results in others being forced to overpay to ensure that public goods and services are still delivered (Payne and Raiborn, 2015).

Hansen *et al.* (1992:684) correctly then concluded that tax avoidance does not exempt persons from ethical behaviour. Consequentially, tax avoidance is considered immoral and is an unethical practice that undermines the integrity of the tax system and results in decisions that are only good for the self, with limited to no consideration of the other. Therefore, in the teaching of tax, students should be exposed to the ethical consequences of the tax decision-making process.

5.2. Corporate governance and taxation

Despite the debates of ethical behaviour and tax avoidance, some taxpayers have always argued the traditional profit rationale and legal doctrine, in that a taxpayer may organise their affairs in such a way so as to reduce their tax liability under the law. This doctrine has consequently resulted in many businesses being structured so as to facilitate the process of tax avoidance (Christensen and Murphy, 2004:38; Sikka, 2010:156). Sikka (2010:156) continues that this doctrine portrays tax as a decrease in returns to shareholders rather than an investment in society. This has therefore resulted in tax minimisation through elaborate and aggressive tax avoidance schemes, as this is regarded as the key responsibility of the directors to perform on behalf of their shareholders (Christensen, Coleman and Kappor, 2004:9).

Sikka (2010:154) however contended that this pursuit of profit logic requires directors to balance the interests of a variety of stakeholders, not only shareholders as stakeholders include the responsibility to pay taxes. The best way then for private and corporate citizens to contribute and engage with the broader society in which they operate is through the payment of taxes (Christensen and Murphy, 2004:39). The payment of taxes is therefore part of corporate citizenship and corporate social responsibility, and hence an ethical requirement of business (Sikka, 2010:165). Paying a fair share of tax in countries where business operates is the socially responsible thing for companies to do (Christian Aid, 2015). Social responsibility and good corporate governance are considered to be themes of ethics (AACSB, 2004). Despite this, very few companies make direct reference to the payment of taxes and social responsibility, notwithstanding claims on the importance of ethics, integrity, honesty, transparency and responsibility that applies to all aspects of the operations (Sikka, 2010:165).

That being said, the King IV report released in 2016 introduced the concepts of ethical taxation into South African corporate governance. The King IV report acknowledges that tax though complex and with a number of components has a social impact on the greater society (Gilmour, 2017). King IV requires companies to have tax policies that are not only compliant with laws but also aligned with responsible corporate citizenship. Therefore, tax policies should be responsible and transparent (IOD, 2016:45). Gilmour (2017) observes that in terms of King IV, tax is no longer about tax avoidance that only benefits shareholders, but rather confirms that the payment of taxes is a corporate social responsibility. Furthermore, Gilmour (2017) identifies that there has been reputational backlash against companies that have engaged in aggressive tax planning and that these policies are no longer acceptable, even if they are legal.

5.3. The role of the tax professional in tax avoidance

In considering the need for ethics in the tax curriculum, final consideration should be given to the role of tax professionals and what the ethical duty of tax professionals is. The role tax professionals' play is important to consider for the purpose of this study, as the inclusion of taxation as a specific competency in the SAICA competency framework is premised on this basis. In other words, that a prospective CA(SA) is exposed to technical skills and knowledge in taxation so as to perform the duties of a tax practitioner and tax adviser (SAICA, 2014:132). Furthermore, the significance of this part of the study is that, as Russel and Brock's (2016:286) research showed, the majority of aggressive tax avoidance arrangements were as a result of assistance of a wide variety of tax professionals including accountants.

It has been reasoned, when acting on behalf of clients, that tax professionals have a professional ethical duty to that client. That ethical duty is to legally minimise the clients' tax burden. This obligation and the risk of losing the client therefore places pressure on tax professional to 'exploit the law and find loopholes' (Growthorpe and Blake, 1998:88). This obligation then to engage in tax avoidance is similarly an obligation of a CA(SA), as laid out in the SAICA competency framework (SAICA, 2014:132). Growthorpe and Blake (1998:88) contended that this obligation results in a personal moral dilemma for tax professionals: a duty to the client and a duty to serve the public interest.

Accountancy firms, and by extension the tax professionals, are assigned various social responsibility and ethical conducts (Sikka and Hampton, 2005:339). In the South African context, the introduction to the CPC acknowledges that a key and distinguishing feature of the accountancy profession is the responsibility to act in the public interest. A CA(SA) therefore does not only have a sole responsibility to meet the demands of a client or employer (SAICA, 2015:ET-9). The CPC does not define what is meant by the phrase 'public interest', however the American Institute of CPAs' code of professional conduct defines the public interest 'as the collective well-being of the community of people and institutions that the profession serves' (AICPA, 2014).

Therefore, in the design of tax avoidance schemes, tax professionals and in particular CAs(SA) consequently deny communities the tax revenues which are necessary to provide social investments needed for communities to thrive (Russel and Brock, 2016:292). Aggressive tax avoidance is thus simply a disregard of the public interest or the public good, and this suggests that tax professionals do not believe in the value of ethical or socially responsible corporate behaviour (Shafer and Simmons, 2008:696).

The question then is this: How does a CA(SA) acting as a tax professional reconcile the ethical principles of acting in the client's best interest and acting in the public's best interest? Hansen et *al.* (1992:685) suggest that accountants must do what is right, ensuring that conduct is above one's own self-interest or those with a vested self-interest, therefore acting in the public interest, and not for mere legal and technical compliance (Hansen et *al.* 1992:685). Hansen et *al.* (1992) suggest that decisions should be based on what is good for the self as well as what is good for the other. This is a requirement of both the SAICA and AICPA CPC, which confirms that ethical behaviour of a CA(SA) requires that a CA(SA) must do both what is good for the self and what is good for the other. Russel and Brock (2016:292) summarised this simply as tax professionals and CAs(SA) taking seriously the standards of integrity and professional behaviour.

5.4. Teaching ethics to tax professionals

Hansen et *al.* (1992:685) assess that accounting professionals are far too often concerned with technical compliance with the law rather than the ethical consideration of their decisions. In a study examining the role of the accounting academics in global financial scandals, Cooper, Everett and Neu (2005:379), similarly to Hansen *et al.* (1992), observed that within the accounting curriculum, emphasis is on memorising technical material with no consideration to the broader and wider educational issues. Students are expected to know the technical rules of the tax law with limited contextual and critical thinking (Cooper *et al.* 2005:380). This overemphasis on technical compliance is confirmed in Chapter 2 of this report where the findings, together with Barac and du Plessis' (2014) study, suggest that little to very little ethics is included in the tax curriculum. Cooper *et al.* (2005:380) concluded that greater recognition should hence be given to effective integration of ethics and ethical behaviour into the curriculum of aspirant accounting and tax professionals.

The effectiveness of ethics education on tax professionals and tax avoidance was examined in a study conducted by Shafer and Simmons (2008). This study by Shafer and Simmons (2008:696) sought to investigate the attitudes of professional tax advisors in Hong Kong towards ethics and social responsibility and the willingness to engage in aggressive tax avoidance schemes. The study found that professionals who did not value the importance of ethics engaged more in aggressive corporate tax avoidances schemes. In comparison, tax professionals who believed that ethics and social responsibility were important were less likely to engage in aggressive tax avoidance schemes. The increased awareness of ethical and corporate social obligations reduced the inclination by tax professionals to engage in aggressive tax avoidance (Shafer and Simmons, 2008:710-711). Shafer and Simmons (2008:711) therefore concluded that there is need to increase ethics education of tax professionals and emphasise the importance of corporate social responsibility. The logical place for this training to take place is at university and throughout the professional careers (Shafer and Simmons, 2008:711).

5.5. Tax ethics education

The question that then arises is: To what extent is ethics being taught in the tax curriculum? Very few studies focusing on teaching ethics in the tax curriculum in universities have been conducted apart from Tan and Chua's (2000:266) study on tax ethics education in New Zealand. For the purpose of the study, Tan and Chua (2000:267) defined *ethics* as 'an area of study that is designed to provide an explicit exposure to moral and ethical values within the business environment that highlights one's obligations to society', while tax ethics was defined as 'an area of study that is designed to provide an explicit exposure to moral and ethical values within the tax arena'.

Tan and Chua's (2000) survey questionnaire of 17 New Zealand tertiary institutions sought to address three objectives. The first objective was to determine the extent of coverage and time allocated to ethics in the tax curriculum. The second objective was to determine the teaching methods, resources used, ethics topics covered and examining methods. The third objective considered the learning outcomes and course programmes to examine the extent of exposure to tax; here Tan and Chua (2000) wanted to assess whether as a result of increased global scandals there has been an increase in the extent of coverage of ethics.

In terms of the first objective, teaching ethics, Tan and Chua's (2000:268-269) study firstly indicated that the majority of respondents' universities did not include business ethics as a prerequisite subject. However, 85% of respondents indicated that business ethics should be included in the accounting curriculum. Compared to South African universities, most universities preferred the practice of separate courses for ethics (Barac and du Plessis, 2014:63).

When asked about the coverage of ethics in tax, 60% of respondents indicated that ethics was included in undergraduate courses, while 89% of respondents indicated that integration was better placed at the postgraduate level as students had a better understanding of the course material. Despite this high level of integration, the survey found that the integration of ethics in tax was far more implicit than explicit. A respondent held the view that good ethical practices were reflected in teaching (Tan and Chua, 2000:270). However, as established in Chapter 4 when considering the teaching of ethics in accounting, Graham (2012) determined that the implicit approach is not always beneficial for students, while Dellaportas (2006) showed that students' opinions on ethical matters were often swayed after discussions led by educators, and it would therefore seem that the literature does not necessarily support the implied approach.

The second research objective of Tan and Chua's (2000:271-272) study was to assess the teaching methods, resources, ethics covered and examining methods. Lectures remained the dominant teaching method followed by case studies and seminars, while role playing was not a favoured teaching approach. In terms of the resources used to teach tax ethics, case studies were the most preferred method of teaching, and therefore by implication this method was considered the most effective way to raise ethical issues (Tan and Chua, 2000:271).

	Undergraduate courses	**Postgraduate course**
	%*	**%***
Teaching method		
Lectures	92	50
Case studies	50	50
Seminars	25	50
Guest lectures	25	0
Role playing	17	0
Videos	8	13
Workshops	8	13
Other: Research essay	0	13
Teaching resources		
Case studies	75	50
Readings from journals or other publications	58	63
Taxation books	42	0
Code of ethics	33	0
Materials from CPE	25	0
Materials from tax department	17	13

** Percentage does not add up to 100 as some respondents used more than one method or resource.*

Table 6: Teaching methods and resources (Tan and Chua, 2000:272)

The New Zealand study identified taxation books as a possible teaching resource; however, the study also indicated that there were not that many textbooks which actually dealt directly with tax ethics. In comparison to South Africa, the two primary student textbooks used at SAICA accredited universities are *Notes on South African Income Tax* (Haupt, 2016) and *Silke on SA Income Tax* (Stiglingh, Koekemoer, Van Schalkwyk, Wilcocks and De Swardt, 2016). A search of the index of *Notes on South African Income Tax 2017* shows no reference to ethics nor tax ethics.

In terms of areas of tax ethics covered in tax courses, confidentiality, ethics of tax minimisation/evasion and conflict of interest were the most prevalent topics covered (Tan and Chua, 2000:272). The integration of ethics with tax minimisation confirms the findings presented earlier in this chapter and Chapter 2 regarding the importance of ethics and its impact on tax avoidance. The final component of this second objective was on how ethics is assessed. Tan and Chua (2000:272) highlighted that it is critical to incorporate ethical issues into assessments as students view areas that are examinable important. Despite academics indicating that ethics integration is critical, the study found that only five respondents examined students on ethics at undergraduate level while only two respondents assessed students on ethics at postgraduate level (Tan and Chua, 2000:272).

The third research objective of Tan and Chua's (2000:273) study was an assessment of the learning outcomes and course programmes of tax ethics. The survey questionnaire provided the respondents with a list of likely outcomes, these being (Tan and Chua, 2000:274):

1. To raise the awareness of ethical issues,
2. To increase the ability to recognise ethical issues in tax, and
3. To enhance skills in moral reasoning and resolve ethical dilemmas.

The majority of respondents agreed that the learning outcomes for tax ethics should encompass all three. Furthermore, as part of the commentary to the survey, respondents suggested two additional outcomes: to promote tax compliance and the need to debate the role of ethics in taxation (Tan and Chua, 2000:274). The suggested learning outcomes of tax ethics do not differ significantly from Loeb's (1988:322) goals. Finally, the Tan and Chua (2000:274) study sought to assess what possible constraints educators experienced in incorporating ethics into the tax curriculum. The research indicated that the top three ranked constraints were firstly curriculum constraints, secondly the lack of subject material on tax ethics, and thirdly the priority relative to other subjects.

Tan and Chua's (2000:277) study affirms the importance of tax and morality, in that taxation has moral implications and students should be aware of them. Furthermore, Tan and Chua's (2000) study presents a number of findings that could be beneficial to tax academics at SAICA accredited universities as they seek to integrate ethics and ethical behaviour within taxation courses. The first is that the teaching of ethics within the tax curriculum is more suited to postgraduate students than undergraduate students (Tan and Chua, 2000:276). Postgraduate students have an advanced level of understanding compared to undergraduate students, and as the literature (Rest, 1988 and Kohlberg, 1975) indicates in Chapter 4 of this research report, moral reasoning increases with planned education.

Secondly, to effectively incorporate ethics into the tax curriculum, sufficient time will have to be made available and this will require a willingness to sacrifice time that is allocated to technical topics (Tan and Chua, 2000:276). As determined by Hansen *et al.* (1992:685), Cooper *et al.* (2005:380) and the survey of literature in Chapter 2, there is an overemphasis on students' understanding of technical aspects of tax law with limited understanding of the context in which the legislation is grounded. Tan and Chua (200:277) note however that academics are often constrained by time constraints due to the technical topics that need to be covered by accrediting bodies. Therefore, within the South African training environment careful consideration should be given by SAICA to the volume of topics included in the examinable pronouncements which leave little to no time for ethics.

Thirdly, Tan and Chua's (2000:276) findings note that teaching materials dealing with ethics in tax is limited. The authors note that most American tax books have a chapter dealing with tax ethics, yet no South African tax textbook has a similar chapter. Instead, ethics is implied in the chapters dealing with tax avoidance. Tan and Chua (2000:276) suggest that this presents an opportunity for tax academics to develop ethics material, and this could be done with the assistance of academics in the philosophy department and tax practitioners.

Finally, it is noted that assessment drives behaviour and, if ethics is not examined, students will view the topic as not being important (Tan and Chua, 2000:276). Tan and Chua (2000:276) suggest that ethical discussions should not just be limited to the classroom and that some form of assessment is critical to 'instil in students'' minds that ethics is an important issue. Assessments should be used as learning tools (De Villiers, 2010:15). Ethics should thus be a topic that is examined within the specific tax competencies and not only limited to auditing (Barac and du Plessis, 2014:65). Barac and du Plessis (2014:65) suggest that students should be critically considering the impact of ethics to solutions on problem-based scenarios and specific competencies courses.

This chapter has addressed the need for ethics education within the taxation curriculum. The chapter presented an overview of the moral and ethical issues considering tax avoidance, the role of tax professionals in tax avoidance and corporate governance. Tax professionals face moral ethical dilemmas that require them to reconcile the ethical principles of acting in the client's best interest and acting in the public's best interest. As planned education increases moral reasoning, students should be exposed to ethical education in taxation. Tan and Chua's (2000) study makes a number of important recommendations on how ethics can be integrated within the taxation curriculum. The question that needs to be answered then, based on the findings of Tan and Chua's (2000) study, is what methods could be used to effectively integrate ethics into the taxation curriculum?

6 INTEGRATING ETHICS INTO THE TAXATION CURRICULUM

Blanthorne *et al.* (2007:388), in their comprehensive survey on ethics education, determined the following as the most used teaching methods for teaching ethics within the curriculum:

1. Classroom lectures
2. Case analysis
3. Ethical questions from textbooks
4. Articles and other readings
5. Faculty as a model of ethical behaviour
6. Vignettes
7. Ethical debates
8. Role playing
9. Ethics textbooks
10. 'Ethics days' to exposes students to moral examples

Blanthorne *et al.* (2007:388) noted that most respondents to their survey believed that the case study method was the more superior teaching tool compared to the traditional lecture approach. However, Blanthorne *et al.* (2007) point out that classroom lectures remain the dominant method used.

This chapter now considers and suggests additional methods that could be used by SAICA accredited universities to incorporate ethics and ethical behaviour into the taxation curriculum. The chapter will consider four strategies that could be used to effectively accomplish this. The chapter considers the use of online platforms and discussion forums, learning outcomes, interdisciplinary teams and finally an ethics language manual.

6.1. Online methods

An online method is the first considered method for integrating ethics into the tax curriculum. Online methods and discussion forums will not only allow for such integration, but also allow for the incorporation of technological advancements into the teaching space (De Villiers, 2010:16). The use of an online learning tool also alleviates the time constraints identified by Tan and Chua (2000:276). However, to reinforce the fact that no class time is dedicated to discussing ethics, students must be continuously reminded in lectures 'to do the right thing' and of the implicit nature of ethics (Doyle, 2016:189).

Using Shafer and Simmons' (2008) study as its basis, Doyle (2016:184) conducted an empirical study to assess whether ethical interventions increased the moral reasoning in tax. This study provides a test case of incorporating ethics into the tax curriculum using online methods and online discussions. Doyle's (2016:189) study involved two postgraduate student groups who were completing a 13-week tax course. The objective of the tax course was to 'provide a basic overview of the taxation issues facing the financial services sector internationally, and to consider related ethical issues'. Specifically included in the learning outcomes was a clear reference to ethics and the ability of students to recognise ethical dilemmas and understand the broader implications of decisions made.

Online discussions relating to various ethical issues ran for a period of two weeks over the 10 weeks of the semester. Each discussion was introduced using a range of stimuli to stimulate debate. The approach was that every two weeks, a new stimuli was provided to students. Students had to respond to the stimuli and discuss the ethical implications using an online discussion forum. The lecturer would regularly intervene by asking critical questions to elicit further debate. The lecturer's contributions included asking students about alternative perspectives or how their approach would be applied in practice. Doyle (2016:189) indicated that a regular response from an instructor is important in online learning spaces.

The 'stimuli' used for the purpose of the study included (Doyle, 2016:189):

1. Vignettes describing ethical issues in tax;
2. A television advertisement on the daily experiences of a boy living in the conditions that would be present if no one paid tax;
3. A journal article about ethics in tax;
4. A passage from a novel about a fund manager's attitude to tax avoidance; and
5. The preface of a book on accounting ethics detailing the ethical position of one of the authors.

The stimuli varied to cater for the diverse learning styles and dealt with ethical dilemmas that would arise in a tax practice, but were not that technical (Doyle 2016:189). Finally, as determined in the Tan and Chua study (2000:276), assessment drives behaviour and therefore Doyle's (2016:189) study allocated 15% of the final course mark to online discussion participation.

Doyle's (2016) study confirmed that planned education does increase moral reasoning. Furthermore, it found that students thought that the online discussion forums were effective in engaging with ethical issues and critical thinking. That being said, Doyle (2016:199) found that the inclusion of ethics into taxation did not result in an increase in students' cognitive moral development. The author presented two possible reasons for this, the first being a possible limitation in the instrument that was used to measure this at the start of the course.

The second reason, which is of valuable importance for this purpose of this study and ethics education, was that the other courses that students were completing at the time were largely focused on 'the capitalist model of maximising shareholder value', which resulted in moral reasoning remaining stagnant. Therefore, to effectively integrate ethics into the taxation curriculum, ethics will have to be incorporated into all subject areas and competencies, not only taxation. If this is not done, integration would prove to be futile as students will simply switch back to the overarching objective of maximising shareholder wealth (Doyle 2016:199). This then presents an opportunity to consider more broadly the stakeholder approach to the accounting curriculum.

Finally, Doyle (2016:200) made the following suggestions on the use of online discussions. The first suggestion is using anonymous online discussion forums as this could possibly lead to increased numbers of students partaking in discussions and being more honest. The second suggestion Doyle (2016:200) made was that students should be able to contribute their own ethical dilemmas to the online discussions. Thirdly, consideration should be given to a longer time period for each stimuli. The final suggestion relates to the assessment, which as Tan and Chua (2000:276) had indicated is critical. Doyle's (2016:200) study does not detail how the 15% contribution to the final mark was determined, but does suggest a written assignment on what students have learnt on ethics, and finding solutions to ethical dilemmas, as a possible assessment tool.

In concluding the review of Doyle's (2016:186) study, a major limitation of this intervention was that it involved only 44 students, as this class size allowed the lecturer to review the daily student discussions, respond and engage. With large student classes within the CA(SA) academic programmes, this might prove difficult to manage. A possible solution could therefore be to devolve the process to smaller tutorial groups and tutors. However, this will require that tutors and tax lecturers alike have the necessary ethics education experience.

6.2. Learning outcomes

Ethics and ethical behaviour should be incorporated into final year and postgraduate taxation courses, instead of providing for the subject in a stand-alone course or module. The burden of developing the pervasive qualities and skills, such as ethics and ethical behaviour cannot be carried by a single course, but should be carried by all courses in a degree programme (Maughan, 2016:12). To achieve this, the learning objectives and learning outcomes of ethics and ethical behaviour should form part of the tax curriculum (Gammie, Gammie, and Cargill, 2002:72; De Villiers, 2010:14).

A useful example of learning outcomes of tax ethics can be found in the AICPA Model Tax Curriculum. The Model Tax Curriculum (MTC) is a joint venture product between the AICPA and the American Tax Association developed as a resource for accounting educators. The objective of the MTC is to provide a framework to educate accounting students on the role of taxation in business decision-making and financial reporting (AICPA, 2014:2). The fifth learning outcome of the MTC is the requirement that students should 'understand tax-related statutory, regulatory, and professional ethics obligations and identify-tax based community service opportunities' (AICPA, 2014:6).

The MTC expands on this learning outcome that although tax professionals are client advocates and therefore not limited to the independence requirements of auditors, a 'pro-taxpayer mind-set' must be tempered by the legal obligations that tax practitioners are subject to in the USA and the AICPA Statements of Standards for Tax Service. This outcome therefore requires students to have an understanding of these requirements and the guidelines, penalties and professional ethics (AICPA, 2014:6). The AICPA Statements on Standards for Tax Services is a set of enforceable tax practice standards applicable to all members of AICPA who provide tax services (AICPA, 2009:5). Applying the suggestions in the MTC to SAICA accredited tax courses, consideration should be given to including the SAICA CPC in taxation courses.

The findings in Chapter 4 revealed that there was a high level of integration of professional ethics with auditing. However, as ethical behaviour is the hallmark of the profession, professional ethics cannot be considered only from the perspective of auditors (Barac and du Plessis, 2014:65). Furthermore, the SAICA CPC is applicable to all CAs(SA), therefore the fundamental principles of serving the public interest, integrity and objectivity should form part of the taxation curriculum.

In addition, while the South African framework does not contain statements on standards for tax services like the AICPA, the SAICA CPC does address possible independence issues that could arise for auditors in providing tax services to audit clients. The SAICA CPC addresses the independence issues that might arise from providing services including preparing tax returns, preparing tax calculations, providing tax planning advice and assistance for tax disputes (SAICA, 2015:ET-58). These relevant sections of the SAICA CPC could be included in the tax curriculum and not only addressed in auditing. Furthermore, in tax planning questions while applying the technical legal principles, students could be asked to consider the public interest elements as well.

6.3. Interdisciplinary teams

Tan and Chua (2000:276) found that teaching materials dealing with ethics in tax were limited. They highlighted that most American tax books have a chapter dealing with tax ethics – unfortunately, no South African tax textbook has a similar chapter. Instead, ethics is implied in the chapters dealing with tax avoidance. Nevertheless, it would appear that this implicit teaching method does not lead to the enhancement of ethics and ethical behaviour, as established by Smit and Steenkamp (2015) and Steenkamp (2012), as detailed in Chapter 4.

Tan and Chua (2000:276) therefore suggest that this presents an opportunity for tax academics to develop ethics material with the assistance of academics in the philosophy department and tax practitioners.

6.4. The use of case studies

De Villiers (2010:15) suggests the use of case studies and real-life applications as a possible strategy for incorporating pervasive skills into the curriculum. Taxation and recent tax avoidance scandals present a perfect opportunity to ground theoretical aspects of ethics in practical examples. Furthermore, case studies alleviate teaching material constraints identified by Tan and Chua (2000:276), but do require time to develop. Hess and Alexander (2015) and Campbell and Helleloid (2016) respectively present such cases studies, which are instructional cases that explore the ethical issues around tax planning, tax avoidance and consideration of stakeholder groups.

Hess and Alexander's (2015:311) case study explores the ethical and tax avoidance issues, drawing on the case of SABMiller. The case study presents the ethical dilemma faced by an employee, in the corporate tax-planning department, of SABMiller considering the tax avoidance strategies that the company entered into. The case study draws on the literature from a variety of sources including journal articles, newspaper reports, audit firms and a number of non-governmental organisations such as ActionAid and the Tax Justice Network. The case study was intended for use in undergraduate tax courses and the key objective was to develop critical thinking about ethics issues. Critical thinking was developed through identification of ethical dilemmas, evaluating solutions and considering the various stakeholders of a business (Hess and Alexander, 2015:324). Doyle (2016) and De Villiers (2010) determined that where a case study method of teaching is used, students should be provided with clear learning objectives.

Campbell and Helleloid (2016:38) similarly presented an instructional case which explores tax avoidances practices of Starbucks, considering the company's overall strategy and stakeholders. The case study was intended for students in a final year of undergraduate financial reporting course. The case study detailed how Starbucks described its performance for tax purposes differently from how it described it for financial reporting purposes (Campbell and Helleloid, 2016:52). Similar to Hess and Alexander's (2015:324) SABMiller study, the Starbucks study sought to address the following key objectives (Campbell and Helleloid, 2016:52):

- Identify the inconsistencies between tax avoidance strategies and corporate social responsibility.
- Explain the negative impact aggressive tax avoidances has on stakeholders.
- Understand the important ethical considerations before engaging in tax avoidance.
- Explain how aggressive tax avoidance negatively impacts on organisations' goals of growth, profit and reputation.

The Starbucks learning objectives provide a good benchmark of outcomes that should be addressed in a case study dealing with ethics and taxation. The objectives above correlate with the broad themes of ethics education, namely responsibility of business in society, ethical leadership, ethical decision-making and corporate governance, as detailed in the AACSB (2004) report on ethics education.

Furthermore, both case studies were interactive and made use of a number of supporting materials. The materials included video links to various newspaper sites, extracts from the Starbucks Annual Report detailing its social responsibility objectives, and various statements made by Starbucks including its UK managing director and its change in tax policy statement: 'Starbucks commitment to the UK' (Campbell and Helleloid, 2016).

Hess and Alexander (2015:324) and Campbell and Helleloid (2016:57) suggest the following implementation guidance when using case studies as a means of incorporating ethics into the taxation curriculum:

1. The case study should be distributed to students a week in advance to allow students sufficient time to read the case study and any supplementary material, to watch any videos and to complete the required to the case study.
2. The case study should then be discussed in a lecture, where the lecturer should facilitate a class discussion of the case study and the various questions to the required of the case study.
3. It is suggested that the discussion should be framed using some form of ethical framework.
4. The discussion on the case study should be opened by highlighting the broader tax and business perspective of the company under review. This, it is argued is a good way to set the scene for students to identify stakeholders affected by tax avoidance schemes.
5. The lecturer in facilitating the discussion should also detail the tax avoidance schemes entered into and expose students to the fact that tax avoidance in itself is not illegal.
6. A class discussion should then follow and include a response on what the case study company did in response to its tax avoidance schemes, public dissatisfaction, and the importance of a business strategy and the impact that the strategy has on various stakeholders.

As discussed above, Campbell and Helleloid (2016:53) presented the Starbucks case study in an undergraduate financial reporting course. At the end of the class, a survey questionnaire found that students strongly agreed that the case study had enhanced their understanding of tax avoidance and its consequences. The survey questionnaire also found that students thought that the case study had assisted their understanding of the tax avoidance schemes, while at the same time also highlighting the possible contradictions between corporate social responsibility and tax avoidance. Finally, the case study brought to students' attention the role of accountants and tax advisors in tax avoidance and the consequential ethical decision-making that will be required when they become professionals (Campbell and Helleloid, 2016:55).

The case study methods presented on SABMiller and Starbucks are possible tools that could be used to enhance the integration of ethics into the tax curriculum, though the generation of case studies at undergraduate and postgraduate level will require collaborative teaching and team efforts (De Villiers, 2010:14). However, the use of case studies could possibly be constrained due to limited lecture time that will be required to facilitate the conversations.

That being said, the use of case studies detailing newspaper articles and videos addressing tax avoidance also allows accounting academics to address the social and political context of accounting. Case studies present an opportunity to address not only ethical conduct and corporate social responsibility but also issues such as social justice, which could include human rights, and issues facing the environment (Samkin and Stainbank, 2016:6).

6.5. Ethics Language Manual

Finally, consideration could be given to the design of a language manual that could be used by academics teaching taxation or other SAICA accredited courses. As the literature indicates, this could alleviate the concerns and apprehension that academics have about incorporating ethics into the curriculum. DePaul University, in the USA, created a common ethics language manual for use by all academics as a common glossary for talking and engaging about ethics.

DePaul University's vision includes the objective to 'provide opportunities for all students to learn ethical systems and demonstrate ethical practice' and, in line with this vision which is akin to the SAICA competency framework, the university designed the Ethics Across the Curricula Manual at DePaul. The manual preface provides that the manual was designed in response to an increased demand for more ethical behaviour and provides a reference point for including ethics into subject disciplines (DePaul, 2007). For the purposes of this research report, the course goals of the ethics manual provide a good reference point of what the course objectives for incorporating ethics into the tax or any of the other specific competencies curriculum should be (DePaul, 2007:23), namely:

- To develop and enhance awareness of ethical issues in their discipline, subject or profession.
- To challenge students to understand basic principles of ethics, to think and write critically, and to confront inconsistencies in their own ethics and values systems.
- To develop a decision model for reasoning through ethical issues; and
- To enable students to apply ethics traditions and their decision model to new ethical issues they encounter.

7 CONCLUSION

This chapter revisits the reasons for this study, summarises the findings, draws conclusions on this research report and then recommends areas for future research.

The main purpose of this research was to examine how SAICA accredited South African universities could effectively incorporate ethics into the taxation curriculum for both undergraduate and postgraduate students. The significance of this research is centred on the widespread increase of tax avoidances cases and the debates around the morality and fairness of tax avoidance. These debates have led to questions as to whether placing more emphasis on ethical principles within the context of the taxation curriculum will lead to prospective CAs(SA) becoming more responsible leaders. The CA(SA) profession is built on the trust that clients, employers and the public have in CAs(SA) to perform their tasks. The ability to use professional judgment and an ethical framework is the unique value proposition of a CA(SA). If the public loses confidence in the ability of a CA(SA) to act in an ethical manner, the profession loses credibility and value.

Furthermore, ethics and ethical behaviour is a pervasive quality and skill per the SAICA competency framework. The SAICA competency framework recognises the importance of these pervasive qualities and skills, which, together with the technical skills, produce the technical excellence that the CA(SA) profession is known for. There is hence a clear need for prospective CAs(SA) to be exposed to ethics education and for ethics education to be integrated with the specific competencies. It is within this broad context that this research report sought to determine how ethics and ethical behaviour could be incorporated into the taxation curriculum.

To determine how this can be accomplished, an understanding of the objectives of the tax curriculum and its areas of emphasis was obtained. The findings of this research report were that the SAICA competency framework emphasises the role of a CA(SA) as a tax professional as being competent to determine and identify tax planning opportunities available so as to minimise the tax liabilities. This provides that a CA(SA) should engage in tax avoidance.

Tax planning, and by extension tax avoidance and tax evasion, is therefore a topic that is intrinsically linked to ethics and ethical behaviour. In achieving the objective of integrating ethics and ethical behaviour into the curriculum, it would then be expected that tax planning and tax avoidance would be the topics that prospective CAs(SA) would have extensively covered in the tax curriculum. However, as the findings in Chapter 2 showed, graduates generally lacked the technical and practical skills associated with legal tax planning. To allow for effective and efficient integration of ethics into the tax curriculum, SAICA accredited universities will have to ensure that taxation courses allow for more transfer of practical skills associated with tax planning and ethics and ethical behaviour than just knowledge alone.

Having established where in the curriculum ethics and ethical behaviour fits, in order to establish how it can be incorporated into the taxation curriculum it was necessary to define what ethics and ethical behaviour is. The research found that ethics and ethical behaviour is defined as the behaviour that is good for the self and good for others. The requirement of ethical behaviour of a CA(SA) is also set out in the SAICA Code of Professional Conduct (CPC). The CPC articulates that the ethical behaviour standard of a CA(SA) requires decision-making that is good for the self, represented by employers and clients, and good for the others, the public and stakeholders. The duty to act in the interest of the public is the hallmark of the accountancy profession.

The research found that when acting as a tax professional, a CA(SA) must do what is right by ensuring that the behaviour is above the CA's(SA) own self-interest and those with a vested self-interest. This duty and responsibility requires that a CA(SA) must take seriously the standards of integrity and professional behaviour. A CA(SA) acting as a tax professional has a commitment to the public interest and not to mere legal and technical compliance with the tax legislation.

To determine how ethics and ethical behaviour can be taught in the taxation curriculum, the research report sought to understand how ethics and ethical behaviour was taught in the broader accounting curriculum. The research found that there is a clear need for ethics education to expose students to the cases and types of ethical challenges they are likely to face. Despite the viewpoint held by some that ethics is an internal value that cannot be taught, the literature survey found that ethics education results in an increase in moral reasoning and therefore can be taught. In terms of approach, the literature supports the sandwich approach to teaching ethics and its incorporation into specific competencies.

Concerning though were the divergent views of educators to teaching ethics. The research found that accounting academics do not have the necessary skills and training to incorporate pervasive qualities and skills into their courses. Therefore, for effective integration of ethics to occur, accounting educators will require additional support and training. Another point of concern was that despite the requirement that ethics and ethical behaviour be integrated with the specific competencies, the research found that at present taxation had the lowest levels of integration. This could possibly be as a result of taxation educators not knowing how to integrate ethics into the tax curriculum. The limited coverage of tax planning within the tax curriculum seems to support this.

Tan and Chua's (2000) study presents a number of findings that could assist tax academics at SAICA accredited universities to integrate ethics and ethical behaviour within taxation courses. The first is that the teaching of ethics within the tax curriculum is more suited to postgraduate students than undergraduate students. The second is that careful consideration should be given by SAICA to the volume of topics included in the examinable pronouncements that leave little to no time for ethics. Finally, as assessment drives behaviour, ethics topics should be examined within taxation courses.

Following on from a survey of the literature and effective means of incorporating ethics and the broader pervasive qualities and skills, the report concludes by suggesting the following as methods for incorporating ethics into taxation: the use of online platforms and discussion forums, learning outcomes, interdisciplinary teams and, finally, an ethics language manual. These suggestions are based on the survey of the literature, and it would be useful in future studies to assess empirically the viability of these methods.

Recommendation for further studies

This research report presents preliminary findings into how ethics and ethical behaviour can be incorporated into the taxation curriculum based on a critical review of the literature. The research report does not provide any empirical insights from tax academics on their views of teaching ethics in taxation, how ethics is actually being taught, or the challenges of incorporating ethics into the curriculum (Tan and Chua, 2000:277). Similarly, it does not provide empirical insights from taxation students on their views of teaching ethics in taxation.

Empirical research should be carried out to obtain the views and opinions of tax academics at SAICA accredited universities regarding the teaching of ethics, using Tan and Chua's (2000) study as a basis to gain insights into the following:

- Whether tax academics believe that ethics should be integrated into taxation courses?
- The extent to which ethics is incorporated into taxation courses?
- How tax ethics is actually discussed in taxation classes?
- What areas of tax ethics are covered in taxation courses?

- What are the learning outcomes of tax ethics?
- What teaching methods and resources are used to teach tax ethics?
- Which methods of incorporating tax ethics best achieve the desired learning outcomes?
- How ethics in taxation is assessed?
- What constraints academics face in incorporating ethics into the taxation courses?

Empirical research should also be carried out to obtain the views and opinions of tax students at SAICA accredited universities regarding the teaching of ethics to gain insights into:

- What level of importance students associate with the teaching of ethics in taxation?
- What should be the aims of tax ethics teaching?
- What is the preferred teaching model from students' views?
- Whether students believe that ethics should be integrated into the taxation course?
- The extent to which students believe ethics is incorporated into taxation courses?
- How tax ethics is actually discussed in taxation courses?
- What areas of tax ethics are covered in taxation courses?
- What are the learning outcomes of tax ethics?
- What teaching methods and resources are used to teach tax ethics?
- Which methods of incorporating tax ethics best achieve the desired learning outcomes?
- How ethics in taxation is assessed?

The answer to these questions will provide a fuller understanding of the extent to which ethics and ethical behaviour is actually integrated within the taxation curriculum. The results of these findings would prove useful to SAICA on how academic programmes are integrating this into the taxation curriculum, which the research shows has low levels of integration. The findings could provide a useful benchmark on best practices that could be used by SAICA and SAICA accredited universities to integrate ethics more broadly into the accounting curriculum. This will certainly contribute to the unique ethical value proposition of a CA(SA).

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APPENDIX 1

The SAICA competency framework for ethical behaviour and professionalism competencies

Ethical behaviour and professionalism	
IA - 1 Uses an ethical reasoning process	Identifies situations involving or of potential ethical issues. Clarifies and uses appropriate professional values for choosing or recommending an ethical course of action. Uses appropriate internal and/or external resources in resolving ethical dilemmas. Reports ethical issues to higher levels of management, legal or regulatory authorities when appropriate.
IA - 2 Protects the public trust	Adheres to the related standards for all assignments. Understands the profession's standards of competence and integrity and how these standards serve the public interest. Identifies ethical dilemmas and makes decisions that ensure the public interest is paramount.
IA - 3 Acts competently with honesty and integrity	Understands the profession's standards of competence and integrity and how these standards serve the public interest. Follows the law and the spirit of the law. Acts honestly. Makes transparent decisions, recognising and accepting responsibility for actions and for the consequences of those decisions.
IA - 4 Performs work competently and with due care	Carries out work that protects the interests of the public, the client and the employer before one's own self-interest. Preserves the trust inherent in fiduciary relationships with the public at large, the client, the employers and the profession. Prepares information in such a way that the pertinent facts are fairly presented. Interprets information in an objective manner, exercising professional skepticism when

	required. Makes appropriate ethical judgements based on an understanding of the level of care expected of professional accountants in various situations. Adopts an attitude of life-long learning and stays abreast of current trends and emerging issues.
IA - 5 Maintains objectivity and independence	Understands the principles and rules of objectivity and independence and acts appropriately and within the public interest. Identifies and evaluates threats to objectivity in a proposed activity or decision and implements suitable safeguards to obviate/reduce the threats to an acceptably low level. Identifies and evaluates threats to independence (both in fact and appearance) and implements safeguards to obviate/reduce the threats to an acceptably low level.
IA - 6 Avoids conflict of interest	Understands the reasons for avoiding conflict of interest situations and is familiar with the guidelines and laws that have been developed to prevent their occurrence. Consciously identifies and avoids real, potential or perceived conflicts of interest. Ensues that the interest of one party is not favoured over that of another.
IA - 7 Protects the confidentiality of information	Does not divulge or exploit confidential information. Protects against accidental distribution of confidential information.
IA – 8 Maintains and enhances the profession's reputation	Performs work to a high standard of quality. Understands the role of the profession within the economic and social environment of South Africa and the region. Contributes to the enhancement of the profession's image. Promotes the profession. Practices professional courtesy. Contributes to the community at large through, for example, acts of philanthropy, social responsibility and environmental

	stewardship.
IA – 9 Adheres to laws, professional standards and policies and the rules of professional conduct when exercising professional judgement	Complies with laws and regulations. Acts in accordance with the Codes of Professional Conduct of the SAICA and in the case of a RA, the IRBA. Refrains from improper conduct as defined in the SAICA By-laws, and in the case of a RA, the IRBA Rules regarding improper conduct. Abides by the code of ethics implemented by an organisation, employer or academic institution. Fulfils all relevant professional standards.

Source: SAICA (2014:27) Ethical behaviour and professionalism competencies

APPENDIX 2

The specific learning outcomes addressed in IES 4 are:

Competency Area	Learning Outcomes
Professional skepticism and professional judgment	Apply a questioning mind-set critically to assess financial information and other relevant data. Identify and evaluate reasonable alternatives to reach a well-reasoned conclusion based on all relevant facts and circumstances.
Ethical principles	Explain the nature of ethics. Explain the advantage and disadvantages of rules-based and principle-based approaches to ethics. Identify ethical issues and determine when ethical principles apply. Analyse alternative courses of action and determine the ethical consequences of these. Apply the fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour to ethical dilemmas and determine an appropriate approach. Apply the relevant ethical requirements to professional behaviour in compliance with standards
Commitment to the public interest	Explain the role of ethics within the profession and in relation to the concept of social responsibility. Explain the role of ethics in relation to business and good governance. Analyse the interrelationship of ethics and law, including the relationships between laws, regulations and the public interest. Analyse the consequences of unethical behaviour to the individual, the profession and the public.

Source: IFAC 2014