

CEO Roadshow – Americas region

The questions below were raised in anticipation of the CEO Roadshow for members residing in the Americas region, to be held on 23 March 2021.

MEMBER VALUE

- 1. Is SAICA still working with AICPA/NASBA to improve on elements of the MRA? For example, if someone has written the Regulation exam of the Uniform CPA process, getting that converted into an International Qualification Exam (IQEX) pass, etc.**

If an individual has passed the Regulation section of the Uniform CPA Exam, they still need to apply for IQEX, meet the requirements and pass the exam.

SAICA considers the AICPA and NASBA as key stakeholders and will continue engaging with them to ensure we provide a good service to our members.

- 2. What will the new SAICA committee offer in Canada specifically? Please also reference how the committee has had a positive impact in the US.**

The Canada committee is currently being set up, with Natasha Holbeck playing a prominent role. Natasha is the Americas International Sub-region Member Representative. It is envisaged that the committee will represent the member interests of members in Canada, with SAICA providing direct support in fulfilling member needs.

We encourage members to monitor upcoming SAICA communication in this regard.

- 3. CAs(SA) in America are dispersed throughout the country and therefore it is difficult to connect with each other if we are not in the same state. What measures or initiatives is SAICA going to take to ensure we can all network and communicate with each other? Are there any events or a way to connect with other CAs(SA) within each state as well as nationally?**

Many of SAICA's networking activities are coordinated through CAW Network USA. Their 2021 business plan includes several networking activities for members of different institutes.

Members can find more information on their website: <https://cawnetworkusa.com/>

With the formation of SAICA's Americas sub-region committee in late 2020, SAICA can, in collaboration with the committee, also explore networking opportunities exclusively for CAs(SA) in this region. We look forward to seeing the positive impact of this committee in the coming months.

- 4. Are we working closely with the publishers to change the training materials?**

SAICA is unsure which publishers and which training materials the member is referring to. SAICA will go back to the member to get more clarity on the question.

- 5. Why did SAICA not raise any concerns with the government/treasury regarding the repeal (downgraded to limitation) of the s10 (1)(o)(ii) exemption on foreign employment income when it was clear that this would have negative financial implications for a number of SAICA's international members and make it more difficult for CAs to work overseas temporarily?**

The historical foreign remuneration exemption was proposed as a temporary relief for the changeover between source and residence-based taxation in 2001 and was never intended to be permanent relief as that would create a disparity between SA resident taxpayers working in SA versus outside SA.

The long unattended exemption also created a situation where SA was one of very few countries that was on a residence basis of taxation and voluntarily gave up its taxing rights on a source basis. This created a further policy problem that many SA tax residents working outside SA went untaxed as their foreign country of employment in certain areas had no income tax or a very low rate of income tax. This ongoing policy anomaly was untenable and therefore National Treasury proposed rectifying the situation in 2017 as announced in the Budget Review 2017. The impact also seemed very limited as at the date of introduction as just over 5 000 taxpayers were claiming the s10(1)(o)(ii) foreign employment exemption in their tax returns notwithstanding many commentators claiming tens of thousands of people being impacted.

Our various engagements with members over the years have informed us that many members are not concerned with the foreign remuneration exemption but rather that they had changed tax residency without formally notifying SARS or formalising their compliance on this basis. This was however not a foreign remuneration exemption challenge, though the vast media and marketing efforts by consultants drew attention to the matter.

SAICA recognises the need and also advocates for tax policy alignment and after careful consideration by the National Tax Committee, it was concluded that it would not be the interest of South Africa or SAICA's members in general to take a position against such tax policy alignment. However, there were concerns after the announcement of the practical implementation and treating taxpayers fairly, so SAICA collaborated with stakeholders and a meeting was held on 15 May 2017 with National Treasury and SARS together with a submission of our concerns. We again reiterated our concerns to Parliament in our submission on the tax bills on 8 August 2017. Though certain amendments were made to the proposal such as inclusion of a threshold and the proposal being deferred to 2019, there were still unanswered questions which we again addressed to Treasury in the 2018 Annexure C submissions (Dec 2017). A further workshop was held in June 2018 to discuss with SARS and Treasury. However, our implementation and practical concerns were not fully addressed and further representations were made in 2019 to Parliament. Further implementation clarifications were made by SARS in 2020 and also the threshold limit raised from R1m to R1,25m in the 2019 amendments.

In 2020, we also made representations to Treasury and Parliament on the impact of the COVID-19 lockdown to Parliament which resulted in relief being afforded for the "days" test.

Internally at SAICA, the matter has been continually addressed by both the National Tax Committee and the Employees Tax Committee, the latter which also comprehensively commented on the practical challenges and engaged SARS. To assist and educate our members on the developments, we ran specific training interventions in SA and in the UK in 2018 on this and again in 2020. It was also included in the general tax update for 2017, 2018 and 2019. We

also commissioned and issued a comprehensive Expats Tax Guide to members in 2018 which dealt with the new provisions but also addressed previously unanswered questions on matters such as the section 9H deemed disposal on changing of residence due to a DTA.

SAICA remains committed to advocating for the benefit of its members, subject to individual interest being in the overall profession's interest and also in the public interest. In this regard, our concerted advocacy efforts have sought to achieve this balance in respect of members affected by the foreign remuneration exemption and also assisting our members with understanding changes in tax policy and legislation, but also knowing how it affects them and what they need to know to comply with their obligations.

6. What are SAICA's focus areas for 2021, specifically its key goals/objectives and the main projects that are being worked on?

SAICA's focus areas for the short- and medium term are captured in the [2021-2023 SAICA Strategy](#) document which can be found on SAICA's website. In addition, the CEO will be doing a short presentation on the strategy during the CEO Roadshow.

In summary, the purpose of SAICA is to be a globally respected and trusted professional member institute for highly skilled, responsible and ethical leaders who use their professional and leadership competencies to create sustainable value to their employers, stakeholders and the wider society and who create a significant difference in the sustainability of economies and societies. SAICA members want to be relevant, trusted, skilled and competitive with a premier standing in society and the marketplace. It is against this backdrop that SAICA's Board and management created the strategic intent: to contribute to sustainable economies through developing responsible and ethical leaders.

This intent will be actioned by focusing on four key strategic pillars:

1. Member value
2. Relevance and Reputation
3. Growth and Transformation
4. Organisational sustainability (renamed from Internal Efficiencies)

Therefore, it is critical that the management of SAICA continue to deliver on these four key pillars. Arguably, the most important focus is restoring trust and rebuilding the reputation of the profession, in order to ensure its relevance into the future for the benefit of all members. Some of our efforts in this regard is discussed in question 7 below.

SAICA encourages all members to read the 2021-2023 SAICA strategy document.

RELEVANCE AND REPUTATION

7. Are the present endeavours to salvage the CA(SA) reputation sufficient?

SAICA takes the perception and reputation of the profession seriously, which is why we have continued with implementation of a consolidated Trust Reconstruction plan for 2021. This plan is a continuation of the Trust Reconstruction plan that was rolled out throughout 2018, 2019

and 2020. Part of this plan includes positive promotion of SAICA and its designations in the marketplace.

In 2020, the SAICA CEO met with various media editors and senior journalists to ensure that SAICA's work and approach to rebuilding trust in the profession was properly communicated. SAICA achieved a total of 1725 external media exposures in 2020, of which 92 exposures were negative, meaning that the 1633 positive exposures far outweigh the negative.

In 2021, the Trust Reconstruction plan will mostly focus on key initiatives which are underpinned by the SAICA strategy and the current media landscape. The key initiatives include, among others, an Audit Reform plan, an Integrated Ethics plan, as well as a plan to professionalise the public sector. We will continue building our media relationships to ensure SAICA is represented fairly in the marketplace.

Furthermore, SAICA monitors, on an annual basis, the impact of external market factors as well as the effect of its own brand reputation management on the reputation of the CA(SA) designation using independent brand research conducted by Ask Afrika among business decision makers across all sectors of the business market in South Africa.

The lead indicators and lag measures to monitor the market standing of our designations are:

- **Lead Indicators:**
 - Spontaneous Awareness
 - Preference in employers
 - Net promoter score (NPS) (NPS is the rating of respondents to encourage their children to become a CA(SA))
- **Lag measures:**
 - Trust Index
 - Admiration Index

The performance of these lead indicators and lag measures from 2017 before any alleged malfeasance and 2020 and these criteria have moved as follows since 2017:

Criteria	2017	2018	2019	2020	Target 2025
Spontaneous awareness	86%	85%	87%	90%	90%
Preference in employees	72%	68%	67%	74%	75%
Net promoter score	45%	28%	36%	37%	45%

Trust Index	Not measured	75%	80%	84%	85%
Admiration Index	76%	66%	68%	68%	75%

What these criteria illustrate are that from 2017 to 2018 when all the negative publicity occurred, all the indicators, except awareness, have declined. Since 2019 the lead indicators have recovered as a result of SAICA's Trust Reconstruction Strategy which constitutes our comprehensive brand reputation management activities.

The important lead indicators have risen since 2018 despite ongoing historical and new negative publicity.

The lag measure that has not indicated satisfactory growth in the last two years is the admiration index which is arguably the most important measure of the standing of the CA(SA) brand among business decision makers.

This is because the historical and new negative publicity still impacts on the CA(SA) designation's admiration measure despite the positive trend in the other lead indicators.

SAICA is confident that over time the CA(SA) brand admiration will improve due to its trust reform promotion activities. This will however be slow or static while new negative publicity continues to surface on an ongoing basis.

Therefore, SAICA believes that the perception of the CA(SA) brand is improving and is not as dire as members may believe. SAICA will continue to pro-actively manage the reputation of the CA(SA) designation. It is also important for members to be positive about their designation, as members are the most powerful drivers of the CA(SA) designation's positive brand reputation.

8. What steps are being taken (if any) over the next 1-3 years to ensure the CA(SA) brand is noticed, recognised and relevant in North America (USA and Canada)?

SAICA is a founding member of the Chartered Accountants Worldwide (CAW) organisation which aims to promote the CA designation on an international level.

The overall objectives of CAW are to:

- Promote, protect and develop the Chartered Accountant brand for the benefit of our members worldwide
 - o Clearly identify what sets Chartered Accountants apart and create a consistent narrative and experience around the world amongst our target audiences
 - o Build awareness and preference in accountancy, finance, business and public sector in target markets
 - o Promote and demonstrate the value of Chartered Accountants as 'Difference Makers
 - o Work together to protect and uphold the integrity of the Chartered Accountancy brand

- o Raise awareness and position Chartered Accountancy as the qualification of choice for the brightest and best talent
- Support and connect our members wherever they are working globally
 - o Support and engage with members wherever they are working through CAW, individual institute events, member services and activities
 - o Facilitate global connectivity and greater networking opportunities
 - o Enable greater marketability, employability and career mobility
- Strengthen the CAW family, by sharing expertise and experience and maintaining the status and relevance of Chartered Accountancy
 - o Build strong relationships between member institutes, support associates on their path to full membership, and encourage other chartered accountancy institutes to join
 - o Increase awareness and promote the value of Chartered Accountants worldwide to individual institute members and staff
 - o Protect and develop the quality and relevance of the Chartered Accountancy qualification
 - o Promote as a premium qualification in major capital markets with business leaders and key influencers

CAW has an active website and social media presence, and their objective from 2020 going forward is to position chartered accountants as difference makers across the world.

To do this, they use the resources from the 14 member institutes of CAW to showcase that chartered accountants create value.

CAW also introduced a global network identifier logo for all CAs who are part of the CAW network. Members can [download this logo](#) and use it on their social media profiles and business signatures to show that they form part of a global network.

CAW has just rebranded the old ACAUS organisation as CAW Network USA. The international institutes are working with the CAW Network USA leadership to bring designation recognition in the US as well as provide better member value and opportunities for engagement and networking in the US and Canada. Members can find more information on their website: <https://cawnetworkusa.com/>

In addition, SAICA will continue to work tirelessly with CAW Network USA, SAICA's Americas sub-region committee which was set up late in 2020, as well as the new committee being set up in Canada to ensure our CA(SA) brand is noticed, recognised and relevant in the US and Canada region.