

GROWING THE SMPs: BEYOND AUDIT

According to a recent ICPAS survey, Small and Medium-sized Entities (SMEs) ranked taxation as their greatest need, while Small and Medium-sized Practices (SMPs) ranked auditing as the service they were most keen to provide. The apparent mismatch emphasises the need for SMPs to go beyond audit services to provide more value-adding services such as tax services. These findings were highlighted in the recently concluded ICPAS SME-SMP Forum, and prompted many practitioners to ponder, “How can practitioners provide more value-adding services, such as tax services, to their clients and what does it take to do so?”

An important enabler in building this capability is training. ICPAS Continuing Professional Education typically provides tax seminars and workshops. This includes tax compliance and tax advisory topics like transfer pricing. The Tax Academy also has programmes such as the Structured Tax Training Framework that provides the essential building blocks in tax education for professionals. Such programmes aid individuals to attain a high level of competency in taxation.

What else does it take to succeed in the provision of tax services? Two seasoned practitioners share nuggets of wisdom on providing more value-adding services to their clients.



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MR LUAR ENG HWA

**SOLE PROPRIETOR OF EH LUAR & CO,
PARTNER OF ALLIANCE PRACTICE LLP**

**Accredited Tax Adviser (Income Tax &
GST), Singapore Institute of Accredited
Tax Professionals (SIATP)**

“A trusted business adviser” sums up Mr Luar’s relationship with his clients. Starting EH Luar & Co in 1999, he has transformed his firm from a traditional public accounting firm to one providing a diversified range of services, including tax, consultancy, accounting and secretarial services. This allows him to avoid being over-reliant on a single service, such as audit. It also helps him to manage and reduce any negative impact brought about by regulatory changes, such as the potential increase in audit exemption threshold.



Mr Luar attributes his ability to provide diversified services to both his wide exposure in professional services and his strong belief in lifelong learning. He moved out of his comfort zone early to gather as much exposure as he could in the initial stages of his career. For example, he gained valuable overseas experience by playing a pivotal role as an investment consultant to his clients and handled difficult situations between his clients, and the government and locals in Cambodia.

STRONG BELIEVER IN LIFELONG LEARNING

Mr Luar is a strong believer in lifelong learning. Without fail, he would dedicate the mornings to the latest news and reports so he is updated on the latest developments. Furthermore, he attends tax, advisory and financial planning seminars diligently to keep himself abreast of the latest changes relevant to his area of expertise. This explains his lengthy list of accreditation, such as *FCCA Singapore* and Accredited Tax Adviser (Income Tax and GST) with SIATP.

“There is no short-cut; be willing to pay for knowledge,” said Mr Luar. He also encourages his staff to attend training and mandates that they share their knowledge with their fellow colleagues. This process allows the staff to better understand the subject content and develop other soft skills, such as communication skills.

ADVISING CLIENTS TO LEVERAGE ON GOVERNMENT GRANTS AND TAX BENEFITS

To understand his clients’ business better, Mr Luar reiterates the importance of spending time with his clients and building rapport with them. Not surprisingly, his clients are so comfortable with him that they share with him openly about their business. “SMEs, like any other business, are cost conscious. However, if you can help them save money, they will be willing to pay you.”

As an example, whenever there are significant tax changes or available government grants announced by the government, such as the Productivity and Innovation Credit, Mr Luar will proactively highlight to his clients the potential benefits. This is typically done as soon as the changes and incentives are announced to allow his clients to leverage on the benefits or plan in advance.

ONE-STOP PORTAL FOR CLIENTS

Mr Luar views his firm as a one-stop portal and helps his clients to link up with other service providers, such as lawyers and government agencies, to obtain advice or services if they are beyond his realm of expertise. He explains that SME owners value personal service and expertise. “SMPs

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need to create value and compete on knowledge, instead of cost,” he added.

For example, while other firms would charge lower fees for incorporation services as compared to his firm, he clarifies that such firms only perform the paper work. His firm will go beyond that to provide value-adding advice such as the potential tax implications arising from different ownership structures. In the case of an audit engagement, he will also provide his clients with a summary report that provides key financial ratios and analysis of the client’s potential cash leakage. This allows him to provide the client additional assurance that their house is indeed in order; this certainly goes beyond just compliance, and adds value to the client.

LEVERAGING ON TECHNOLOGY TO BOOST PRODUCTIVITY

To spend more time on value-adding work, Mr Luar believes in leveraging on technology. Already, the firm has adopted cloud computing, and he continues to stay up-to-date with the latest technology to help boost firm productivity. His firm has a systematic way of saving and structuring the client files, which allows for easy retrieval and file management.

As part of succession planning, Mr Luar and four like-minded partners have set up Alliance Practice LLP. This allows them to leverage on the strengths of each other and to find able successors for their practices. He admits that it has not been easy finding like-minded people, but fortunately, he was able to do so while he was serving in ICPAS’ Public Accounting Practice Committee.

MR KOH SWEE TIAN

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**Accredited Tax Adviser
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“Knowledge should be shared.” This is the view of Mr Koh Swee Tian, a seasoned accounting and tax practitioner with over 34 years of experience. Since the founding of his practice in 1987, he has increased his services to cover audit, tax, advisory, and corporate secretarial services. He is a fellow of ICPAS and CPA Australia, an Associate of Chartered Management Accountants and Institute of Chartered Secretaries & Administrators, and Accredited Tax Adviser (Income Tax & GST) with SIATP.



PROVIDING VALUE TO CLIENTS

While the majority of practitioners tend to come from either audit or tax background, Mr Koh attributes his well-grounded training to the wide exposure gained during his nine years with KPMG Peat Marwick where he gained valuable experience in audit, tax and even corporate secretarial work when servicing Japanese clients.

Mr Koh believes professional accountants can create value for clients and correct the common misconception that audit services merely add to business costs and do not add value. This can be done by providing services beyond audit to create additional value and savings for clients. Through audit, practitioners can gain a good understanding of the clients’ business. Together with their knowledge of rules, regulations and various incentives available, practitioners can help generate tax savings for clients and aid them in