eJournal of Tax Research

Volume 3, Number 1 June 2005

Co

in the compulsory tax course typically taken by students in an accounting degree programme. The first course in taxation merits special attention because for many students it will be the only tax course they will take during their undergraduate years. For those who intend to specialise in taxation, the content of the first tax course is also important because it establishes the foundation for future learning in this discipline. Further, as alluded to by O'Neil, Weber and Harris, (1999, p.600), 'for tax education to be relevant to the practice of accounting, the content must be relevant to accounting practice.' The views of practitioners and educators are therefore equally valuable. The findings of this study will provide some insights into the level of competency in tax knowledge required of an accounting graduate as perceived by educators and practitioners. The findings may also provide an indication as to whether there is any discrepancy between 'what should be taught' as viewed by practitioners, and 'what is taught' by tax educators.

The paper is organised in the following ma

income tax and corporation tax and much less emphasis on indirect taxes, local taxes and social security taxes. This limited focus, as perceived by them, could be due partly to the absence of any constraint on course design resulting from the requirements of professional bodies.

Miller and Woods (2000) contributed to the UK tax education literature by examining whether there is an expectation gap between the taxation knowledge acquired by students at university and the tax knowledge which employers expect of them (p.223). Interestingly, their results showed that views differed depending on whether the educators are from 'old' (pre-1992) or 'new' (post-1992) universities (many were previously polytechnics). All groups ranked 'an appreciation of the general scheme of the UK tax' as the most important learning outcome. However, educators in the new universities ranked the ability to perform tax computations second in contrast to those educators from the old universities who ranked them eighth. It appears that such a focus is inevitable as these new tertiary institutions are partially influenced by the demands of the professional bodies' examinations. Overall, the results indicate that differences exist between the old and new universities and also between employers' current expectations of graduates' tax abilities and employers' preferences for tax abilities (p. 223).

Australasia

As in the UK, there has been little research carried out on tax education in Australia and New Zealand. In 1980, Flanagan and Juchau (1982) conducted a mail survey to ascertain the core of the curriculum for accounting undergraduates in Australia. The survey revealed overall support for inclusion of tax topics as one of the core elements; however, they generally received a low importance ranking from educators and practitioners (1982). In the 1990s, Abdolmohammadi, Novin and Christopher (1997) did a comparative study of education in Australia and the US and found that the emphasis placed on taxation in the accounting curriculum in both countries accounts for only about 9% of the total curriculum.

On accounting education in general, a review of the accounting discipline in higher education conducted in 1990 in Australia disclosed that undergraduate programs fail to meet their educational objectives. Accounting courses, according to the review, need to be more conceptual and less procedural, and more focused on innovative teaching. Hasseldine and Neale (1991) supported this proposition as their survey of Australia and NZ tertiary institutions indicated that tax education in Australasia tends to place greater emphasis on procedural aspects and tax planning. They criticised the lack of use of an interdisciplinary approach to conceptual tax teaching, which is seen as more appropriate for the first course in taxation.

In summary, there has been little comparative research carried out on the tax curriculum in New Zealand particularly when compared to the US. The present study attempts to fill this gap in knowledge by examining the content coverage of first tax courses taken by undergraduate accounting majors.

RESEARCH METHODOLOGY

Sample

The sample for this study was drawn from two main groups: accounting practitioners and accounting educators. Practitioners' views were considered appropriate as they generally have a good idea of what level of knowledge, both conceptual and technical,

an entry level accounting graduate who intends to join a public accounting firm will need to possess. A random sample of 200 practitioners in public practice was therefore obtained from ICANZ. The sample was selected from practitioners in senior positions because they would have more years of experience in

awareness to creative thinking or evaluation.' *Technical ability* was referred as the 'skill in applying knowledge of tax law to specific taxation problems.'

Background information such as academic qualifications, professional affiliations, employment, and years of experience, was also obtained from respondents.

Two additional questions were included in the questionnaire for tax educators. Respondents who were course controllers or course co-ordinators of the compulsory tax courses were asked to indicate the level of conceptual knowledge and technical ability that was actually required in the tax course they taught. The purpose of this question was to find out whether there were any gaps between what practitioners perceived should be the required level of knowledge and what was actually covered in the tax curriculum.

The questionnaire was initially pilot tested and was shortened in response to comments that the length of the original questionnaire may deter some respondents from completing it. The final questionnaires, with a cover letter explaining the purpose of the survey, were then mailed out, followed by a reminder three weeks later.

Out of 200 questionnaires sent to practitioners, 93 were completed and 7 were returned undelivered, giving a usable response rate of 48%. For educators, 38 questionnaires were completed and returned, and 8 returned undelivered, giving a usable response rate of 32%. Out of the total number of educators' responses, 11 were from tax educators and 27 were from non tax educators.

RESULTS

Background

Table 1 shows that the practitioners' primary areas of expertise were not mainly concentrated in one particular area, such as taxation. A large number also specialised in other areas like financial accounting, auditing, business planning and management accounting. Since respondents' expertise is not mainly concentrated in taxation, the results obtained should not be biased by this one particular group.

In terms of work experience, there was also a good spread of practitioners, although the majority (68%) had been in practice for more than 5 years. These experienced respondents were therefore well positioned to identify the level of knowledge and ability required. The majority (90%) of the practitioners were partners in a firm rather than sole proprietors (10%). Most respondents (67%) had 3 partners in the firm and only 1 respondent was from a big firm.

On the basis of this spread of profiles and backgrounds, the findings of this study should be representative of the views of practitioners as to the level of tax knowledge and ability required of accounting graduates, in the current business environment.

Table 2 shows that a majority (89%) of the educators worked full time at a tertiary
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TABLE 1: BACKGROUND INFORMATION – PRACTITIONERS

	No.	%
Areas of expertise*		
Financial accounting		
Taxation		
Auditing		
Business planning		
Managerial accounting		
No of years in practice**		
5 or less		
6-10		

Out of the 11 tax educators, 10 (91%) indicated that only one tax course was compulsory in their tertiary institutions. These findings indicate that it is important that accounting students are exposed to the many issues in taxation that impact on businesses as this may be the only tax course they encounter in their undergraduate years.

Conceptual knowledge and technical ability

Table 3 shows the mean scores for the level of conceptual knowledge respondents think an accounting graduate would need before entering an accounting career in public practice. The mean scores for both practitioners and educators indicate that a higher level of conceptual knowledge on deductions, income, GST, depreciation, principles of taxation, tax losses and tax bases is required as compared to other topics. This is not surprising, considering that these topics cover the most fundamental or basic areas of taxation and that an understanding of GST is essential to many aspects of accounting practice. Farm taxation, gift duty and history of taxation had the lowest mean scores, indicating that both groups considered awareness only of these topics is required in the first tax course.

As compared to practitioners, the educators generally perceived that a higher level of conceptual knowledge is required of most topics (apart from trusts, property transactions, partnerships, farm taxation, gift duty, and history of taxation). Further statistical *t* tests, however, revealed that, out of the 30 topics, there was one significant difference ($p<0.01$) between the practitioners' and educators' perception, and that was for 'tax planning, avoidance and evasion.' This result indicates that the educators considered that graduates need to have a higher level of conceptual knowledge in this topic. Practitioners perhaps did not consider conceptual knowledge of tax planning, avoidance and evasion to be very important for new graduates because not all of them will ultimately specialise in taxation. Educators, on the other hand, usually take a broader view as their role is to prepare students for a range of possible career options.[4] A number of high-profile tax avoidance and fraud cases over recent years coupled with the call for integrating ethics into the accounting curriculum, have probably also contributed to the current interest in avoidance and evasion law. From the educator's perspective, this topic could be regarded as an interesting and challenging area of teaching and learning! Further statistical tests showed that there were no significant differences in views between the non-tax educators and tax educators.

Table 3 also shows the mean scores of the level of technical ability required of an accounting graduate, as perceived by practitioners and educators. For both groups, the following topics achieved the highest mean scores: deductions, income, GST, depreciation, income tax computations for business entities and individuals. Again, this consensus seems reasonable as these are fundamental areas of taxation and GST is an important aspect of accounting practice. In contrast, for both groups, structure of tax legislation, foreign source income, farm taxation, tax investigation, dispute resolution and gift duty had the lowest mean scores.

Overall, for most topics (other than trusts, preparation of computer returns, and farm taxation), educators perceived that a higher level of technical ability is required of an

[4] Further, as indicated by a reviewer of this paper, educators may view that it is important for business advisors/accountants to be aware of the interaction of disciplines and the impact or tax/ethical implications advice can have.

accounting graduate as compared to practitioners. However, the views were not significantly different (p<0.01). Statistical tests also showed that there were no significant differences in views between non-tax and tax educators.[5]

TABLE 3: CONCEPTUAL KNOWLEDGE AND TECHNICAL ABILITY REQUIRED - MEAN SCORES

Topics	**Conceptual Knowledge** *Mean Scores*		**Technical Ability** *Mean Scores*	
	All Educators	**Practitioners**	**All Educators**	**Practitioners**
Deductions	4.11	4.08	4.03	3.90
Income	4.13	4.05	4.00	3.86
Goods and services tax	3.95	3.95	4.03	3.86
Depreciation	4.03	3.81	3.82	3.75
Principles of taxation	4.05	3.65	n/a	n/a
Tax losses	3.82	3.59	3.74	3.47
Tax bases	3.92	3.54	n/a	n/a
Accounting periods & methods	3.65	3.53	3.38	3.36
Imputation system	3.68	3.52	3.76	3.32
Structure of direct & indirect tax	3.82	3.51	n/a	n/a
Fringe benefit tax	3.79	3.48	3.66	3.41
Interrelationship between fin & tax a/c	3.92	3.48	3.57	3.34
Assessments, payments & appeals	3.61	3.42	3.24	2.99
Penalties structure	3.58	3.42	9 367.30029 Tm( )Tj9 0 0 9 375.66(9 3m( )TjETEMC /P	

Conceptual v Technical

By comparing the mean scores of the level of conceptual knowledge required and the level of technical ability required for each topic, it can be seen that practitioners and educators generally perceived that a higher level of conceptual knowledge is required than technical ability. For all topics, other than farm taxation, practitioners considered that a higher level of conceptual knowledge than technical ability is required of of concep((y)T

topics were mainly relevant to individual taxpayers only (O' Neil, Weber and Harris, 1999). In the UK, Craner and Lymer (1999) found that many tax courses were highly focused on student's ability to carry out detailed computations.

TABLE 4: CONCEPTUAL KNOWLEDGE AND TECHNICAL SKILLS: TAX EDUCATORS' COVERAGE AND PRACTITIONERS' EXPECTATIONS - MEAN SCORES

	Conceptual Knowledge *Mean Scores*		**Technical Ability** *Mean Scores*	
	Tax Educators	**Practitioners**	**Tax Educators**	**Practitioners**
Goods and services tax	4.17	3.95	3.33	3.86
Income	4.17	4.05	3.60	3.86
Deductions	4.00	4.08	3.60	3.90

Tax courses and pedagogy

The teaching methods used to impart tax knowledge are as important as the course content. In particular, because skills enable graduates to learn to critique and use knowledge, skills development should be part of the process of imparting knowledge. To ascertain the instructional methods used, tax educators were asked further questions relating to teaching and assessment methods, and course revision.

TABLE 5: TAX COURSE AND TEACHING METHODS

	No.	%
Teaching methods		
Lectures		
Required readin		

technology or computer based learning here. Overall it appeared that technology is hardly relied on as a teaching aid in the compulsory tax course. This result is consistent with the findings of Craner and Lymer (1999) in the UK but is very different from a survey conducted by O'Neil et al. (1999) in the US where a majority (55%) indicated the use of electronic tax research databases in their first tax course.

Tax educators also used a combination of assessment methods. Examinations and assignments were the most common methods used. Four respondents indicated that they revised their content this year and two indicated that they revised their content last year. Not surprisingly, the primary motivation for most tax educators to revise the course was changes in tax legislation. Some indicated other reasons such as the ICANZ accreditation requirements. Some are self motivated to change and some indicated that the external/independent reviews prompted the revision.

CONCLUSION

With only a general outline provided by the ICANZ of the learning outcomes for the taxation element, the degree of emphasis required both at the conceptual and technical level depends on the perceptions of the educators. For the program to remain relevant, the content and focus must also be geared toward the needs of students for careers in public accounting and other sectors. This critical objective, as alluded to by Novin and Fetyko (1997), will be achieved only if educators have a strong understanding of the needs of practitioners and other organisations.

This study however found that there were no significant differences in the views between educators and practitioners with respect to the level of conceptual knowledge (other than the tax planning topic) and technical ability required of any of the topics canvassed. This could be due to the fact that academics in NZ ge811luTj10.98 0 0 10.98 2055and

Lastly, those tax educators who placed great emphasis on students' development of various generic skills should be commended. The use of case studies, group learning, problem solving, written assignments and oral presentations by some is good evidence of such development. However, technology did not appear to be well exploited by tax educators. Greater exposure to technology such as the use of electronic tax research tools, or web-based learning in the first tax course, would certainly enhance students' skills in 'learning to learn' in the field of taxation.

LIMITATIONS AND FUTURE RESEARCH

There are several limitations in this study. First, is that the results may not be representative of the general population as the number of respondents from the non tax educators was low. This could be due to their unfamiliarity with the technical tax terms used in the questionnaire and could have deterred some from responding. Future research may perhaps use less technical terms or focus on the expected learning outcomes rather than identifying the level of knowledge and technical ability for individual taxation topics.

In addition, this study only sought the perceptions of respondents with respect to level of knowledge and ability required of accounting graduates who intended to work in public practice. As a result, the findings may not be generalisable to other private and public sectors. Further research could be conducted to ascertain whether the expectations of employers from different sectors differ. The sample could also include graduates, as they could provide invaluable feedback on the usefulness of knowledge acquired in the first tax course at tertiary institutions.

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