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Musings of a Retired Tax Accountant

A great storyteller, once a gamer, a chef who makes a kick-a** *sio bak*, an avid photographer and a self-confessed "only O-level" ex-Big 4 Head of Tax.

Pok Soy Yoong has published his latest piece – a 40,000-word, 18-part frank, straight-off-the-cuff reflection – that is simply titled '*Lessons in Tax Disputes*'.

A timely piece in this new *new* world of tax transparency, greater scrutiny and evolving tax landscape.

Lessons in Tax Disputes - Musings of a Retired Tax Accountant

#1

"TP adjustment is a crafty call. It is because it avoids the complexity of Section 33. It is because the taxmen do not have to pierce the veil of incorporation. It is because it offers an easier route for the taxmen to achieve the fairness it seeks."

Lessons in Tax Disputes - A Follow Up

#1i

"...does the cost-plus 10% approach amount to taxation by substance?"

F.I.D.A.T. - The Method I Used

#3

"F.I.D.A.T. is not a secret sauce. Every tax professional, whether accountant or lawyer, knows about this." *Do you?*

Jobs of the Second-Class?

#4

Is tax compliance second class? No! "... it was the tax compliance and tax dispute engagements that fortified my understanding of the tax laws."

Just A Tad More Musings On Tax Disputes

#6

"Deep knowledge in the law and the case law sharpens your ability to figure out if the taxmen's interpretation in the e-Guides is stricter than what the law provides. Or that their interpretations are too narrow or restrictive.

You want an example on these?

Read Chapter 40, THE LIMITS OF THE COMPTROLLER'S DISCRETION UNDER THE INCOME TAX ACT, in the 2nd edition of the Law and Practice of Singapore Income Tax. Mr Nand Singh Gandhi penned this chapter. Read especially the section on AVD v CIT, from page 876."

Tax Disputes

#2

"The taxmen read the same law as the rest of us. But their take on the meaning and application of the law is not necessarily the same as ours. Like us, they have egos. Like us, they suffer from confirmation bias. Like us, their personal assumptions, perceptions and perspectives of life are often wrapped and baked into their conviction of what the law is and how it should be applied."

An Early Lesson: Emotional Entanglements, Arguments and Conjectures

#5

"I wasn't happy with it. I recrafted it, trying to take out the emotions. It was hard work. I had to wash away the anger, the counter-accusations, and the rudeness in stages over a week."

Fact Gathering: Our client does not know what are facts and what are not facts

#7

"Humans are gullible. Tax accountants are no exception."

#8

Fact Gathering: Find the facts. Hunt down the gaps. Drill in to get to the bottom of it.

"Common sense is essential. If things don't make sense, follow up like a hound, a bloodhound if it needs to be. Look for the gaps in the fact pattern described by the client. Then, look at the fillers the client offered to fill these gaps. I often ask myself, "Am I convinced?"

#9

Fact Gathering: Tease out the backgrounds.

"At times we change tack to tease out the information we need to build a good handle on the background. If we had backed off when he started pounding the table, we would be working on partial and incorrect information."

#10

Fact Gathering: Our client does not know what is relevant and important to us

"Could you prove categorically the company was the beneficial owner of these rights?"

"Yes." No hesitation here.

"Didn't you tell these to your tax advisor?" I asked.

"He didn't ask. Is this important?"

#11

Fact Gathering: Our memory of events and circumstances fades over time. Client's too.

"Fact is fact. But it does depend on whom you ask and what you asked for."

#12

Fact Gathering: Don't get emotional with the tax issue

"It helps me focus on the why of their (*taxmen*) query, the technical stance they took, whether I concur with the point made, how I should illuminate my position, and what additional facts I need from the client." *Click and find out what 'it' is.*

#13

Crafting tax submissions: Mapping it out

"Years ago, someone asked me about my obsession with mind mapping. Without thinking, I blurted, "To still my monkey mind."

#14

Crafting tax submissions: Primary facts and secondary facts

("We gathered all the facts we could. But we needed something strong to firmly anchor the company's intention that the apartment block was not for sale in the course of a trade.")
"Love is not for sale."

#15

Crafting tax submissions: Check your blind spot

"I, too, am constantly gripped in the jaws of confirmation bias.

It took me years to learn to listen and stop arguing and hitting back at arguments and viewpoints contrary to mine."

#16

Crafting tax submissions: The clarity in our writing

"So now you know he is my role model in writing." *Find out who the role model is for this established tax advisor.*

#17

Crafting tax submissions: I try to keep my writing tone conversational

"When you write the way you talk, you are less likely to wade far into the waterlogged subterranean of passive voice."

#18

Crafting tax submissions: Case law in tax submissions

"... impressiveness is not effectiveness." *How is it that a positive impression is set, yet an engagement doesn't quite pan out as expected?*