

Three reasons to fire your accountant - immediately please

By Fibert Tsai



Fibert Tsai
DEBIT CREDIT

Sole proprietors (SPs) and micro, small and medium enterprises (MSMEs) typically hire accountants to help them handle all the clerical stuffs ranging from tax filings, payroll processing, payroll tax filings and bookkeeping — these are the traditional jobs that SPs and MSMEs “outsource” to their old trusty bookkeepers or “accountants”. However, it is time perhaps that SPs and MSMEs begin to question if these are what they want.

Admittedly, the accounting profession has proliferated (not boomed) and almost 1 of 2 accounting graduates taking the board examination gets to qualify as a Certified Public Accountant (CPA). It is alarming that in my more than 3 years stay and work in the Philippines, I see the quality of incoming new CPAs is deteriorating. Further, there is a rampant growth in lightly experienced accounting professionals jumping ship to start their own accounting practice without much exposure to the c-suite level of accounting practice (which is more focussed on advisory).

It is difficult to judge whether you, as a SP or owner of a MSME, has the right accountant for the job. However, there are three things for you to note to decide if your accountant is worth your time. I won't be saying what they should be doing, for now, let's focus on what's to avoid.

1. Tax evasion is their expertise, internal connections are their key

The small practice firms in the country are dominated by accountants who have a bunch of connections within the local Revenue District Officer and who can get you out of any tax trouble as long as your money can hit the bull's eye. Then, happy are they who help you, for they share the proceeds from their help. They'll teach you to buy receipts for a percent of the receipt to save you 11% from VAT (12% VAT less 1% cash purchase price). They'll teach you how to maintain two sets of books — fantastic!! — God knows that they also will whistle blow you to the BIR to get some share in bribe.

2. Send them everything, they'll do the magic

I always wonder how the fixed asset account of our business' was determined by the accountant when I was young. Until now it is a wonder. Every month, your accountant's clerk (not your accountant) will come to pick-up all the documents they need to file for tax return — oh yes, just for tax return — who cares about financials anyway?! That's the end of your communication. Quick, fast, reliable.

3. Negotiation is the time to talk

Have you ever wondered what your accountant is actually doing? You only hear from them once a year when you have to renegotiate your retainer fee. Ah, I forgot — you also hear from them first when you get your letter of authority from the Bureau of Internal Revenue (seems creepy at times that they knew it before you do — oh well, surprise surprise). You don't really get much, if any, insight from them at all. You just talk money, money and MONEY! Next time, try to ask them a bright question such as how the economy is doing — and you'll be surprised once again!

These are anecdotal tales from my experience back in the Philippines, they're fun — at the same time — they're shameful.

Filbert Tsai is a Filipino financial accounting advisory services executive in the United Kingdom with specialization in transaction accounting in the power and utilities sector. He had provided accounting advice to a significant number of government and financial institutions investing or providing financing structures in the renewables sector in Europe and in developing countries.

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