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PUBLIC PRACTICE

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**CTIM RULES AND REGULATIONS (ON PROFESSIONAL CONDUCT AND ETHICS):**  
**RULE 11 – CHANGES IN PROFESSIONAL APPOINTMENTS**

During a recent members networking session conducted by one of the CTIM branches and organised by the Public Practice Committee (PPC) of the Institute, members raised an issue on whether members who are in public practice are required to obtain professional clearance for tax engagement.

Under the CTIM Rules and Regulations (On Professional Conduct and Ethics) (“CTIM Rules and Regulations”), a CTIM member should comply with the requirements in the [Rule 11 – Changes in Professional Appointments](#) (“Rule 11”) of the CTIM Rules and Regulations when accepting a new client or resigning as the tax agent for an existing client.

Rule 11 is as follows: -

- 11.1 *No member shall act in relation to another member in any way or manner as to lower the dignity or honour of the profession or to discredit the profession.*
- 11.2 *A member invited to undertake professional work additional to that already being carried out by another member, who will still continue with his existing duties, should, as a matter of professional courtesy, notify the other member of the work he is undertaking unless the client gives a valid reason as to why such notice should not be given.*
- 11.3 *The client has an indisputable right to choose his tax agent, tax consultant or tax adviser and to change to others if he so decides.*
- 11.4 *A member before accepting an appointment as tax agent must, save where the client has not previously had an existing tax agent, request the prospective client's permission to communicate with the existing tax agent. If such permission is refused, he should decline the appointment.*
- 11.5 *No member shall accept appointment as tax agent without communicating with the existing tax agent, if any, who is to be superseded.*
- 11.6 *The existing tax agent, on receipt of communication referred to in paragraph 11.5 should forthwith reply, preferably in writing, advising whether there are any professional reasons why the proposed tax agent should not accept the appointment.*
- 11.7
  - (i) *The existing tax agent should transfer all books and papers of the client which are in or may come into his possession to the new tax agent promptly after the change in appointment has been effected and should advise the client accordingly.*
  - (ii) *The new tax agent will often need to ask his predecessor for information as to the client's affairs, lack of which might prejudice the client's interest. Such information should be promptly given and unless there is good reason to the contrary, such as an unusual amount of work involved, no charge should be made.*

11.8 Notwithstanding paragraph 11.7, where a legal right of lien exists, a member may exercise that lien in appropriate circumstances. A right of lien will only exist where all four of the following circumstances apply:

- (a) The document retained must be the property of the client who owes the money and not of a third party, no matter how closely connected with the client;
- (b) The document must have come into possession of the member by proper means;
- (c) Work must have been done by the member upon the documents; and
- (d) The fees for which the lien is exercised must be outstanding in respect of such work and not in respect of other unrelated work.

Accordingly, where a member does work for a company and also for the directors of that company in their private capacities, if the fees for work done for a director in his private capacity are unpaid, no right of lien exists over the company's documents in the light of (a) and (d) above.

Members should consult their solicitors before seeking to exercise a lien in any but the most straightforward of cases. Similarly, a client disputing the right of lien of a member might be persuaded to consult his own solicitors. Where the member's right is well founded the advice the client receives may change his attitude both to the lien and the bill.

The CTIM Rules and Regulations also set the standards for members who are in public practice in relation to:-

- Rule 1 - Fundamental Principles
- Rule 2 - Professional Independence
- Rule 3 - Competence and Due Care
- Rule 4 - Conduct of Practice
- Rule 5 - Member's Own Tax Affairs
- Rule 6 - Form of Practice
- Rule 7 - Descriptions and Designatory Letters
- Rule 8 - Clients' Monies
- Rule 9 - Fees
- Rule 10 - Confidentiality
- Rule 11 - Changes in Professional Appointments
- Rule 12 - Referrals
- Rule 13 - Incapacity or Death of a Sole Practitioner
- Rule 14 - Acts Discreditable to the Profession
- Rule 15 - Training and Continuing Professional Development
- Rule 16 - Professional Indemnity Insurance

Members may view the [CTIM Rules and Regulations](#) at the website of the Institute.

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