

## Profile

Chia Chiang Tan is a qualitative analyst at an investment bank and is based in the UK.

Chia achieved ADIT in 2023, completing the UK and EU Direct Tax modules, alongside Principles of International Taxation. He was also awarded the Raymond Kelly Medal for the best overall performance in the UK module for the December 2022 exam session.

## Qualifications

ADIT holder



## Interview

### What made you choose to study ADIT?

I am probably unlike the “typical” ADIT student in that I don’t have a background in tax, but have worked in banking for the last 20 years. I studied ADIT to expand my horizons into international taxation, potentially with a view to utilise it in my career, or to embark on a new journey in the future.

### What are your career highlights to date? What has been your biggest challenge?

I am a quantitative analyst in an investment bank, working on models used to price financial derivative products, as well as for market and counterparty risk management. My career has involved pricing derivatives in Interest Rates and Inflation, Foreign Exchange, and Hybrids. Over the last 20-odd years, I’ve seen a decline in derivatives markets from their heyday, particularly since 2008 – when far more banks were involved in trading, there was far greater appetite for complex products, and proprietary trading by banks was not just allowed but commonplace, and there was far more liquidity of anything beyond vanilla products in general.

A big challenge in my career therefore involved adapting to less liquid markets, where we had to figure out how best to ensure models produce stable sensitivities for hedging post-2008, as well as take account of funding and valuation adjustments not fully reflected in the prices pre-2008.

And career highlights include the two books I’ve written – Demystifying Exotic Products and Market Practice in Financial Modelling.

### What was your perception of international tax before your ADIT learning began? How has this changed?

I really had no idea of the complexities in international taxation before my ADIT learning. It is so easy to be sceptical about the practices of multinational companies and the global elite in avoiding tax based on what one reads in the press. But ADIT really gives the framework to understand all this, and the shortcomings – the nexus of source and residence for taxation, the concepts underpinning transfer pricing, the arm’s length principle and the (possibly oversized) role of the permanent establishment, and glaringly the difficulties of taxing the digital economy, with concerted efforts to reach a solution for well over two decades.

ADIT also really opened my eyes to the cat and mouse struggles between the tax authorities to combat tax avoidance, as well as more generally the concept of the principal purpose test and limitation of benefits that is favoured by the US. This cat and mouse struggle

also culminated in very stringent measures to combat inheritance tax via trusts, or the use of corporate structures to envelope properties purchased for one's own enjoyment. Yet there is still incredibly advantageous tax treatment in the UK for non-domiciles and it never occurred to me prior to my ADIT learning that high tax states like the UK and parts of Europe actually are treaty havens as a result of their extensive tax treaty networks.

### **Who has inspired you so far in your career?**

I don't know if I could point to specific individuals, but I've found that people who did well in the past may not do well in the future and vice versa. There is a significant element of uncertainty in banking, with limited job security, so it's worth adopting a broader perspective beyond your day-to-day job to ensure you retain transferrable skills for a future role, which was part of my thinking when I pursued ADIT

### **Do you have any study tips for those preparing for ADIT exams or advice for someone considering their career options?**

I don't have a background in tax myself, but I sense that ADIT is different from other tax qualifications in that there is a fair amount of law involved, rather than just the mechanical rules. This emphasis on tax law means there's not always a simple "right answer", but you can only come up with a best guess for how a measure is likely to be interpreted by the courts. This perspective should be borne in mind when preparing for ADIT exams.

### **Which module did you enjoy the most and why? Which was the biggest challenge?**

I enjoyed all three modules I did, but if I have to pick one that I enjoyed the most, I would go with EU Direct Tax law, which I found had continued relevance to the UK, despite the UK having left the EU. I was used to the idea that the common law is based heavily on precedent, whereas civil law is not, but studying EU Direct Tax showed how much case law has really shaped the substance of EU taxation, just because direct taxation is not a competence of the EU.

The European Commission is instead quite limited in only being able to adopt measures that cannot be achieved by the Member States acting on their own, whereas UK tax law is so heavily dominated by statute, as the government is both financially and politically incentivised to crack down on tax avoidance and to be seen to do so. This is a very different perspective that I would never have attained without studying these modules.

I did find UK Taxation difficult just because of the huge volume of statutes involved, but it really puts things into perspective to be able to relate to this framework in concrete terms. This is certainly a very useful complement to the principles I learnt regarding the concepts in the mandatory Principles of International Taxation module, such as anti-hybrid rules, controlled foreign corporation, and transfer pricing.

### **Do you have any additional thoughts and /or comments on ADIT?**

I think from the modules in ADIT, what became clear is that international taxation is continually evolving and just seeing how much changed in the last decade is fascinating. From an intellectual standpoint, my ADIT learning also demonstrated that there isn't always a known answer to a tax problem, which can be unsettling to someone who assumed tax as a process of following rigid rules, but this realisation can be a rather useful perspective for encountering many grey areas in the real world.

