



Professional Ethics Division

Exposure draft:

Proposed revised interpretation

Tax Services (ET sec. 1.295.160)

June 10, 2024

Comments are requested by September 10, 2024

ethics-exposedraft@aicpa.org



Standard-setting

Proposed revised interpretation “Tax Services”

Invitation to comment

June 10, 2024

Are you interested in the ethics of accounting? If so, we want to hear your thoughts on this ethics exposure draft. Your comments are integral to the standard-setting process, and you don't need to be an AICPA member to participate.

This proposal is part of the AICPA's Professional Ethics Executive Committee (PEEC) project to harmonize with ethics standards promulgated by the International Ethics Standards Board for Accountants (IESBA).

This exposure draft explains the proposed revisions to the AICPA Code of Professional Conduct and includes the full text of the guidance under consideration.

At the conclusion of the exposure period, PEEC will evaluate the comments and determine whether to publish the revised interpretation.

Again, your comments are an important part of the standard-setting process — please take this opportunity to comment. We must receive your response by September 10, 2024. All written replies to this exposure draft will become part of the public record of the AICPA and will be available at www.aicpa.org/peecprojects.

Please email your comments to ethics-exposedraft@aicpa.org.

Sincerely,



Anna Dourdourekas, CPA
Chair, Professional Ethics Executive Committee



Toni Lee-Andrews, CPA, PFS, CGMA
Director, Professional Ethics Division

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Explanation of the proposed revised interpretation

The Professional Ethics Executive Committee (PEEC) is exposing for comment revisions to the “Tax Services” interpretation (ET sec. 1.295.160) of the “Independence Rule” (ET sec. 1.200.001).

If adopted as final, the revised interpretation will be applicable to members in public practice.

Overview

1. The Non-Assurance Services (NAS) project undertaken by the International Ethics Standards Board for Accountants (IESBA) was designed to strengthen the international independence standards by addressing public interest concerns about a perceived lack of independence when firms provide NAS to their audit clients. One area of its extant code that IESBA revised is subsection 604 — *Tax Services*.
2. The primary revisions IESBA made to subsection 604 regarding tax advisory and tax planning services include the following:
 - More specificity about the likelihood of threats being created when providing all types of tax services
 - An emphasis on the identification and evaluation of self-review and advocacy threats to independence
 - A new requirement that a firm or a network firm shall not provide a tax service or recommend a transaction to an audit client if
 - the service or transaction relates to marketing, planning, or opining in favor of a tax treatment that was initially recommended, directly or indirectly, by the firm or network firm, and
 - a significant purpose of the tax treatment or transaction is tax avoidance, unless the firm is confident that the proposed treatment has a basis in applicable tax law or regulation that is likely to prevail
 - New application material to indicate the conditions in which providing tax advisory and tax planning services will not create a self-review threat
3. As part of its international harmonization efforts, PEEC determined to enhance the AICPA code with certain revisions to the “Tax Services” interpretation. These revisions are intended to address potential threats to independence when members perform tax advisory and tax planning services to attest clients. A primary concern from a public interest perspective is

that when a member or member's firm provides tax advisory and tax planning services to an attest client, a reasonable and informed third-party might conclude that the member is in a position to advocate on the client's behalf, thus creating a mutuality of interest; this is inconsistent with the responsibilities of an independent CPA.

Expand the scope of the services covered by the interpretation to include tax advisory and tax planning services

4. The current "Tax Services" interpretation explains when independence is impaired when a member provides tax return preparation and transmittal, payment transmittal, representation in administrative proceedings, power of attorney, and representation in court services to an attest client. No specific guidance for independence addresses the performance of tax advisory or tax planning services. PEEC considered the guidance in the "Advisory Services" interpretation (ET sec. 1.295.050) but determined that additional specific guidance for tax advisory and tax planning services in the "Tax Services" interpretation will best serve our members and the public interest.

Advocacy threat to independence

5. An advocacy threat may be present when providing tax advisory and tax planning or power of attorney services to attest clients. As such, the proposed revisions add this threat to the scope of the interpretation.
6. Factors relevant to identifying and evaluating the level of self-review or advocacy threats created by the provision of any tax service to an attest client include the following:
 - a. The characteristics of the engagement
 - b. The level of tax expertise of the client's employees
 - c. The system by which the tax authorities assess and administer the tax in question and the role of the firm or network firm in that process
 - d. The complexity of the relevant tax regime and the degree of judgment necessary in applying it
 - e. The degree of subjectivity involved in determining the appropriate treatment for the tax advice in the financial statements
 - f. Whether the tax treatment is supported by a ruling or has otherwise been cleared by the tax authority before the preparation of the financial statements
 - g. The extent to which the outcome of the tax advice might have a material effect on the financial statements

7. PEEC's proposal differs from the IESBA code in that the AICPA-proposed revisions apply to all attest engagements, not just to financial statement audits and reviews. PEEC determined that, because relevant threats could be present in any attest engagement, it is in the public interest to apply the requirements to all attest engagements.

Tax advisory or tax planning services that do not impair independence

8. Providing tax advisory and tax planning services will not create self-review or advocacy threats if such services are
 - a. supported by a tax authority or other precedent or
 - b. based on an established practice that is commonly used and has not been challenged by the relevant tax authority.
9. The types of tax advisory and tax planning services addressed in the interpretation are general in nature. When the output of these services involves little subjectivity or uncertainty or has already been scrutinized by the taxing authorities, self-review and advocacy threats are at an acceptable level and independence is not impaired. These types of tax advisory and tax planning services seldom result in advising on a specific tax avoidance transaction.
10. The independence requirements for these services are addressed in new paragraph .04.

Tax advisory or tax planning services that impair independence

11. If a member believes that the services will have a higher level of uncertainty than services described in new paragraph .04, the member should then evaluate independence with the guidance in new paragraph .05.
12. New paragraph .05 states that if a member provides tax advisory or tax planning services related to marketing, planning, or opining in favor of the tax treatment of a transaction, a significant purpose of which is tax avoidance, that was initially recommended, directly or indirectly, by the member and the member is unable to conclude that the proposed tax treatment is at least more likely than not to be allowable under applicable tax law or regulation, then threats to compliance with the "Independence Rule" (ET sec. 1.200.001) will not be at an acceptable level and cannot be reduced to an acceptable level by the application of safeguards, and independence would be impaired.
13. Unless the tax treatment has a basis in applicable tax law or regulation that the member concludes is at least more likely than not to be allowable under applicable tax law or regulation, providing the tax advisory or tax planning service described creates self-interest, self-review, and advocacy threats that cannot be eliminated, and safeguards cannot be applied to reduce such threats to an acceptable level.

Threshold

14. The threshold PEEC uses to convey when independence is not impaired when providing these services is “the proposed tax treatment is at least more likely than not to be allowable under applicable tax laws.” Using this threshold instead of IESBA’s threshold — “[T]he firm is confident that the proposed treatment has a basis in applicable tax law or regulation that is likely to prevail” — will promote clarity and consistency in practice in the United States because it is consistent with the current guidance of U.S. regulators and standard setters regarding likelihood of success when evaluating uncertain tax positions.

15. For example, PCAOB Rule 3522, *Tax Transactions*, states in part,

A registered public accounting firm is not independent of its audit client if the firm, or any affiliate of the firm, during the audit and professional engagement period, provides any nonaudit service to the audit client related to marketing, planning, or opining in favor of the tax treatment of a transaction... Aggressive tax position transactions — that was initially recommended, directly or indirectly, by the registered public accounting firm and a significant purpose of which is tax avoidance, unless the proposed tax treatment is *at least more likely than not to be allowable under applicable tax laws* [emphasis added].

16. Also, FASB *Accounting Standards Codification* (ASC) 740, *Income Taxes*, requires entities to identify their uncertain tax positions and determine when, if ever, the tax return benefit (or expected tax return benefit) should be recognized for financial reporting purposes. Entities should apply the following guidance from FASB when assessing the recognition of benefits from an uncertain tax position. FASB ASC 740-10-25-6 states,

An entity shall initially recognize the financial statement effects of a tax position when it is *more likely than not* [emphasis added], based on the technical merits, that the position will be sustained upon examination. The term *more likely than not* means a likelihood of more than 50 percent; the terms *examined* and *upon examination* also include resolution of the related appeals or litigation processes, if any. For example, if an entity determines that it is certain that the entire cost of an acquired asset is fully deductible, the *more-likely-than-not recognition threshold* [emphasis added] has been met. The *more-likely-than-not recognition threshold* [emphasis added] is a positive assertion that an entity believes it is entitled to the economic benefits associated with a tax position. The determination of whether or not a tax position has met the *more-likely-than-not recognition threshold* [emphasis added] shall consider the facts, circumstances, and information available at the reporting date. The level of evidence that is necessary and appropriate to support an entity's assessment of the technical merits of a tax position is a matter of judgment that depends on all available information.

FASB ASC 740-10-25-7

In making the required assessment of the *more-likely-than-not* [emphasis added] criterion:

- a. It shall be presumed that the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information.
- b. Technical merits of a tax position derive from sources of authorities in the tax law (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax position. When the past administrative practices and precedents of the taxing authority in its dealings with the entity or similar entities are widely understood, for example, by preparers, tax practitioners and auditors, those practices and precedents shall be taken into account.
- c. Each tax position shall be evaluated without consideration of the possibility of offset or aggregation with other positions.

17. Section 6694 of the IRC imposes penalties on tax return preparers for certain understatements of liability on a return (including an amended or adjusted return) or claim for refund related to unreasonable positions. Section 6694(a)(2)(C) defines a position as unreasonable “[i]f the position is with respect to a tax shelter (as defined in section 6662(d)(2)(C)(ii)) or a reportable transaction to which section 6662A applies ... unless it is reasonable to believe that the position would *more likely than not be sustained on its merits* [emphasis added].” A 1999 Joint Committee on Taxation staff report describes the more-likely-than-not standard as a greater than 50% possibility that the position would be sustained if examined by tax authorities.

Effective date

18. PEEC recommends an effective date one year after notice is published in the *Journal of Accountancy*, with early implementation allowed.

Request for comments

19. PEEC welcomes comments on all aspects of the proposed revisions to the code. In addition, PEEC seeks feedback on the following specific aspects of the proposed revised interpretation:

- a. What are your thoughts on providing attest clients tax advisory or tax planning services and, specifically, on those services that may involve a higher level of uncertainty (as opposed to general tax advisory or tax planning services)?
- b. Do you agree with the proposal to revise the existing “Tax Services” interpretation to

include tax advisory and tax planning services rather than to create a new interpretation? If you disagree, please explain why.

- c. Do you agree with the addition of the advocacy threat when evaluating tax services for independence? If you disagree, please explain why.
- d. Do you agree with the proposal to use the more-likely-than-not threshold for independence? If you disagree, please explain why.
- e. Do you agree that the effective date provides adequate time to implement the proposals? If you disagree, please explain why.

Additions appear in ***boldface italic***. Deletions appear in ~~strikethrough~~.

Terms defined in the AICPA Code of Professional Conduct are italicized in this document. If you'd like to see the definitions, you can find them in "Definitions" ([ET sec. 0.400](#)).

1.295.160 Tax Services (redline)

.01	For purposes of this interpretation, tax services include <i>tax advisory and tax planning services</i> ; preparation of a tax return, transmittal of a tax return, and transmittal of any related tax payment to the taxing authority, signing and filing a tax return, having a power of attorney limited strictly to tax matters; and authorized representation of <i>attest clients</i> in administrative proceedings before a taxing authority.
.02	For purposes of this interpretation, a tax return includes all tax filings, including informational tax forms (such as estimated tax vouchers), extension forms, and Forms 990, 5500, 1099, and W-2, filed with a taxing authority or other regulatory agency.
.02	<i>When a member provides tax services to an attest client, self-review, management participation, or advocacy threats to compliance with the "Independence Rule" [1.200.001] may exist.</i>
<i>Tax Advisory and Tax Planning Services</i>	
.03	<i>Tax advisory and tax planning services involve advising an attest client on how to structure its affairs in a tax-efficient manner or advising on the application of a tax law or regulation. Examples of tax advisory or tax planning services include</i> <ul style="list-style-type: none"><i>a. advising the attest client on structuring its domestic or international affairs in a tax-efficient manner.</i><i>b. advising the attest client on the structuring of transfer-pricing arrangements, taking into account tax-related transfer-pricing guidelines.</i><i>c. advising the attest client on the utilization of losses in a tax-</i>

	<p><i>efficient manner.</i></p> <ul style="list-style-type: none"> <i>d. advising the attest client on how to structure its capital-distribution strategy in a tax-efficient manner.</i> <i>e. advising the attest client on how to structure the employing organization’s compensation strategy for senior executives in a tax-efficient manner.</i> <i>f. advising a not-for-profit attest client on how to structure its business to avoid breaching its not-for-profit status.</i> <i>g. advising the attest client on how to structure its investments to avail itself of tax incentives offered by jurisdictions or localities.</i>
<p>.04</p>	<p><i>If a member applies the “General Requirements for Performing Nonattest Services” interpretation [1.295.040] of the “Independence Rule” [1.200.001], threats would be at an acceptable level and independence would not be impaired when the output of a member’s tax advisory or tax planning services is</i></p> <ul style="list-style-type: none"> <i>a. supported by a tax authority or other precedent or</i> <i>b. based on an established practice that is commonly used and has not been challenged by the relevant tax authority.</i>
<p>.05</p>	<p><i>Threats to compliance with the “Independence Rule” [1.200.001] would not be at an acceptable level, and could not be reduced to an acceptable level by the application of safeguards, and independence would be impaired if a member provides tax advisory or tax planning services related to marketing, planning, or opining in favor of the tax treatment of a transaction, a significant purpose of which is tax avoidance, that was initially recommended, directly or indirectly, by the member, and the member is unable to conclude that the proposed tax treatment is at least more likely than not to be allowable under applicable tax law or regulation. An example of when a member would be considered to indirectly recommend a transaction is when another tax adviser, with whom the member has a formal agreement or other arrangement related to the promotion of such transactions, recommends engaging in the transaction.</i></p>

Tax Return Preparation and Transmittal Services

<p>.06</p>	<p><i>For purposes of this interpretation, a tax return includes all tax filings, including informational tax forms (such as estimated tax vouchers), extension forms, and Forms 990, 5500, 1099, and W-2, filed with a taxing authority or other regulatory agency.</i></p>
<p>.03 .07</p>	<p><i>Preparation and transmittal.</i> When a member prepares a tax return and transmits the tax return and related tax payment to a taxing authority in paper or electronic form, self review and management participation <i>threats</i> to the member's compliance with the "Independence Rule" [1.200.001] may exist. If the member applies the "General Requirements for Performing Nonattest Services" interpretation [1.295.040] of the "Independence Rule," <i>threats</i> would be at an <i>acceptable level</i> and <i>independence</i> would not be <i>impaired</i> <i>when a member prepares a tax return and transmits the tax return and related tax payment to a taxing authority in paper or electronic form</i>, provided that the member does not have custody or control (<i>see paragraph .08</i>) over the <i>attest client's</i> funds or assets and the individual designated by the <i>attest client</i> to oversee the tax services</p> <ul style="list-style-type: none">a. reviews and approves the tax return and related tax payment.b. if required for filing, signs the tax return prior to the member transmitting the return to the taxing authority. <p>The following are not considered having custody or control over an <i>attest client's</i> funds: making electronic tax payments authorized by an <i>attest client</i> pursuant to a taxing authority's prescribed criteria (as discussed in paragraph .04), affixing the <i>attest client's</i> depository account information on a tax return, or remitting an <i>attest client's</i> check made payable to the taxing authority.</p>
<p>.08</p>	<p><i>The following are not considered having custody or control over an attest client's funds:</i></p> <ul style="list-style-type: none"><i>a. Making electronic tax payments authorized by the attest client pursuant to a taxing authority's prescribed criteria</i><i>b. Affixing the attest client's depository account information on a tax return</i><i>c. Remitting the attest client's check made payable to the taxing authority</i>

.04 .09	<p>If the member applies the “General Requirements for Performing Nonattest Services” interpretation [1.295.040] of the “Independence Rule” [1.200.001], <i>threats</i> would be at an <i>acceptable</i> level and <i>independence</i> would not be <i>impaired</i> when a member signs and files a tax return on behalf of management, provided that the member has the legal authority to do so and</p> <ul style="list-style-type: none"> a. the taxing authority has prescribed procedures in place for an <i>attest client</i> to permit a member to sign and file a tax return on behalf of the <i>attest client</i> (for example, Forms 8879 or 8453) and such procedures meet, at the minimum, standards for electronic return originators and officers outlined in Form 8879, or b. an individual in management who is authorized to sign and file the <i>attest client’s</i> tax return provides the member with a signed statement that clearly identifies the return being filed and represents that such individual <ul style="list-style-type: none"> i. is authorized to sign and file the tax return. ii. has reviewed the tax return, including accompanying schedules and statements, and it is true, correct, and complete to the best of the individual’s knowledge and belief. iii. authorizes the <i>member</i> or another named individual in the <i>member’s firm</i> to sign and file the tax return on the attest client’s behalf.
Authorized Representation in Administrative Proceedings	
.05 .10	<p>Authorized representation in administrative proceedings. If the member applies the “General Requirements for Performing Nonattest Services” interpretation [1.295.040] of the “Independence Rule” [1.200.001], <i>threats</i> would be at an <i>acceptable level</i> and <i>independence</i> would not be <i>impaired</i> if a member acts as the <i>attest client’s</i> authorized representative in administrative proceedings before a taxing authority, provided that the member obtains the <i>attest client’s</i> agreement prior to committing the <i>attest client</i> to a specific resolution with the taxing authority. [Prior reference: paragraph .05 of ET section 101]</p>
Services Involving Power of Attorney	

.06 .11	<p>Power of attorney. When a member has an <i>attest client's</i> power of attorney, the self-review, management participation, and advocacy threats to the covered member's compliance with the "Independence Rule" [1.200.001] may exist. If the member applies the "General Requirements for Performing Nonattest Services" interpretation [1.295.040] of the "Independence Rule," <i>threats</i> would be at an <i>acceptable level</i> and <i>independence</i> would not be <i>impaired</i> when the member has an attest client's power of attorney, provided that the member's use of the power of attorney is limited strictly to tax matters and the member does not bind the <i>attest client</i> to any agreement with a taxing authority or other regulatory agency.</p>
Services Involving Representation in Court	
.07 .12	<p>Representation in Court. <i>Threats</i> to compliance with the "Independence Rule" [1.200.001] would not be at an <i>acceptable level</i>, and could not be reduced to an <i>acceptable level</i> through the application of <i>safeguards</i>, and <i>independence</i> would be <i>impaired</i> if a member represents an <i>attest client</i> in court to resolve a tax dispute. For purposes of this interpretation, court encompasses a tax, district, or federal court of claims and the equivalent state, local, or foreign forums. [Prior reference: paragraph .05 of ET section 101]</p>
.08 .13	<p>For information about transition provision for engagements commenced prior to February 28, 2007, see https://us.aicpa.org/interestareas/professionalethics/community/downloadabledocuments/transistion%20periods.pdf.</p>
Effective Date	
.09 .14	<p>Paragraph .06.11 of this interpretation is effective December 15, 2014.</p>

1.295.160 Tax Services (clean)

- .01 For purposes of this interpretation, tax services include tax advisory and tax planning services; preparation of a tax return, transmittal of a tax return, and transmittal of any related tax payment to the taxing authority, signing and filing a tax return, having a power of attorney limited strictly to tax matters; and authorized representation of attest clients in administrative proceedings before a taxing authority.
- .02 When a member provides tax services to an *attest client*, self-review, management participation, or advocacy *threats* to compliance with the “Independence Rule” [1.200.001] may exist.

Tax Advisory and Tax Planning Services

- .03 Tax advisory and tax planning services involve advising the *attest client* how to structure its affairs in a tax efficient manner or advising on the application of a tax law or regulation. Examples of tax advisory or tax planning services include
- a. advising the *attest client* on structuring its domestic or international in a tax-efficient manner.
 - b. advising the *attest client* on the structuring of transfer-pricing arrangements, taking into account tax-related transfer-pricing guidelines.
 - c. advising the *attest client* on the utilization of losses in a tax-efficient manner.
 - d. advising the *attest client* on the structuring of its capital-distribution strategy in a tax-efficient manner.
 - e. advising the *attest client* on structuring the employing organization’s compensation strategy for senior executives in a tax-efficient manner.
 - f. advising a not-for-profit *attest client* on how to structure its business to avoid breaching its not-for-profit status.
 - g. advising the *attest client* on structuring its investments to avail itself of tax incentives offered by jurisdictions or localities.
- .04 If the member applies the “General Requirements for Performing Nonattest Services” interpretation [1.295.040] of the “Independence Rule” [1.200.001], *threats* would be at an *acceptable level* and independence would not be *impaired* when the output of a member’s tax advisory or tax planning services is

- a. supported by tax authority or other precedent or
- b. based on an established practice that is commonly used and has not been challenged by the relevant tax authority.

.05 *Threats* to compliance with the “Independence Rule” [1.200.001] would not be at an *acceptable level*, and could not be reduced to an *acceptable level* by the application of *safeguards*, and independence would be *impaired* if a member provides tax advisory or tax planning services related to marketing, planning, or opining in favor of the tax treatment of a transaction, a significant purpose of which is tax avoidance, that was initially recommended, directly or indirectly, by the member, and the member is unable to conclude that the proposed tax treatment is at least more likely than not to be allowable under applicable tax law or regulation. An example of when a member would be considered to indirectly recommend a transaction is when another tax advisor, with which the member has a formal agreement or other arrangement related to the promotion of such transactions, recommends engaging in the transaction.

Tax Return Preparation and Transmittal Services

.06 For purposes of this interpretation, a tax return includes all tax filings, including informational tax forms (such as estimated tax vouchers), extension forms, and Forms 990, 5500, 1099, and W-2, filed with a taxing authority or other regulatory agency.

.07 If the member applies the “General Requirements for Performing Nonattest Services” interpretation [1.295.040] of the “Independence Rule,” *threats* would be at an *acceptable level* and *independence* would not be *impaired* when a member prepares a tax return and transmits the tax return and related tax payment to a taxing authority in paper or electronic form, provided that the member does not have custody or control (see paragraph .08) over the *attest client’s* funds or assets and the individual designated by the *attest client* to oversee the tax services

- a. reviews and approves the tax return and related tax payment.
- b. if required for filing, signs the tax return prior to the member transmitting the return to the taxing authority.

.08 The following are not considered having custody or control over an *attest client’s* funds:

- a. making electronic tax payments authorized by the *attest client* pursuant to a taxing authority’s prescribed criteria
- b. affixing the *attest client’s* depository account information on a tax return

- c. remitting the *attest client's* check made payable to the taxing authority

.09 If the member applies the “General Requirements for Performing Nonattest Services” interpretation [1.295.040] of the “Independence Rule” [1.200.001], *threats* would be at an *acceptable level* and *independence* would not be *impaired* when a member signs and files a tax return on behalf of management, provided that the member has the legal authority to do so and

- a. the taxing authority has prescribed procedures in place for an *attest client* to permit a member to sign and file a tax return on behalf of the *attest client* (for example, Forms 8879 or 8453) and such procedures meet, at the minimum, standards for electronic return originators and officers outlined in Form 8879, or
- b. an individual in management who is authorized to sign and file the *attest client's* tax return provides the member with a signed statement that clearly identifies the return being filed and represents that such individual
 - i. is authorized to sign and file the tax return.
 - ii. has reviewed the tax return, including accompanying schedules and statements, and it is true, correct, and complete to the best of the individual's knowledge and belief.
 - iii. authorizes the member or another named individual in the member's firm to sign and file the tax return on the *attest client's* behalf.

Authorized Representation in Administrative Proceedings

.10 If the member applies the “General Requirements for Performing Nonattest Services” interpretation [1.295.040] of the “Independence Rule” [1.200.001], *threats* would be at an *acceptable level* and *independence* would not be *impaired* if a member acts as the *attest client's* authorized representative in administrative proceedings before a taxing authority, provided that the member obtains the *attest client's* agreement prior to committing the *attest client* to a specific resolution with the taxing authority. [Prior reference: paragraph .05 of ET section 101]

Services Involving Power of Attorney

.11 If the member applies the “General Requirements for Performing Nonattest Services” interpretation [1.295.040] of the “Independence Rule,” *threats* would be at an *acceptable level* and *independence* would not be *impaired* when a member has an *attest client's* power of attorney, provided that the member's use of the power of attorney is limited strictly to tax matters and the member does not bind the *attest client* to any agreement with a taxing

authority or other regulatory agency.

Services Involving Representation in Court

.12 *Threats* to compliance with the “Independence Rule” [1.200.001] would not be at an *acceptable level*, and could not be reduced to an *acceptable level* through the application of *safeguards*, and *independence* would be *impaired* if a member represents an *attest client* in court to resolve a tax dispute. For purposes of this interpretation, court encompasses a tax, district, or federal court of claims and the equivalent state, local, or foreign forums. [Prior reference: paragraph .05 of ET section 101]

.13 For information about the transition provision for engagements commenced prior to February 28, 2007, see <https://us.aicpa.org/interestareas/professionalethics/community/downloadabledocuments/transistion%20periods.pdf>.

Effective Date

.14 Paragraph .11 of this interpretation is effective December 15, 2014.

Acknowledgments

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Many thanks

The Professional Ethics Division and PEEC are grateful for the input we received from observers and stakeholders while drafting these proposed changes to the Code of Professional Conduct.



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