

10 May 2023

Mr Ken Siong
IESBA Program and Senior Director
International Ethics Standards Board for Accountants
529 Fifth Avenue
New York, NY 10017
USA

Dear Sir,

RESPONSE TO THE INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS (“IESBA”) EXPOSURE DRAFT (“ED”) – PROPOSED REVISIONS TO THE CODE ADDRESSING TAX PLANNING AND RELATED SERVICES

For this ED, the Institute of Singapore Chartered Accountants (ISCA) sought views from its members through a one-month public consultation and discussed the ED with members of the ISCA Ethics Committee.

Overall, we are supportive of the proposed revisions to the Code, given that they were developed with the objective to guide ethical conduct of professional accountants (PAs) when providing tax planning (TP) and related services to clients or employing organisations.

Our comments to selected questions in the ED are as follows:

Basis for Recommending or Otherwise Advising on a Tax Planning Arrangement

Question 4. Do you agree with the IESBA’s proposals regarding the thought process for PAs to determine that there is a credible basis in laws and regulations for recommending or otherwise advising on a TP arrangement to a client or an employing organization, as described in Section VII.E above?

The proposed paragraph R380.11 for a PA in public practice (PAPP) (or similar wordings in R280.11 for a PA in business) may be interpreted as prohibiting the PA from providing advice on a TP arrangement that has no credible basis in laws and regulations (L&R). We believe this is not the intent of IESBA.

In a scenario where the client or employing organisation had previously entered into a TP arrangement with no credible basis in L&R and needed the PA’s advice to do the right thing, the PA should be permitted to provide advice on alternative TP arrangements that would have a credible basis in L&R.

For clarity, we propose the following amendments:

R380.11 A professional accountant shall recommend ~~or otherwise advise~~ on a tax planning arrangement to a client only if the accountant has determined that there is a credible basis in laws and regulations for the arrangement.

Disagreement with Management

Question 9. Do you agree with the proposals outlined in Section VII.I above which set out the various actions PAs should take in the case of disagreement with the client or with the PA's immediate superior or other responsible individual within the employing organization regarding a TP arrangement?

Given that a PA in business (PAIB) is required to communicate with the immediate superior, next higher level of authority and if appropriate, those charged with governance (TCWG) (proposed paragraphs R280.19 and R280.20), we are supportive of the proposed actions that the PAIB should take in the case of disagreement with management regarding whether a TP arrangement has a credible basis in L&R.

In a similar manner, we believe that the proposed actions set out for PAPPs in the case of disagreement with client under proposed paragraphs R380.19 and R380.20 should also include communication with TCWG where appropriate (i.e., as part of the requirement instead of being shown as part of application material under paragraph 380.21 A1).

Should you require any further clarification, please feel free to contact Ms Alice Tan at alice.tan@isca.org.sg or Ms Ng Shi Zhen at shizhen.ng@isca.org.sg.

Yours faithfully,



Mr Wai Geat, KANG
Divisional Director
Professional Standards