

IESBA Tax Planning and Related Services Working Group — Approved Terms of Reference September 2019

A. Background

1. In recent years, much public attention has focused on the topic of tax avoidance notwithstanding the legality of the tax mitigation schemes or related transactions to achieve desired tax outcomes. Questions have been raised regarding the ethical implications for professional behavior when professional accountants in business (PAIBs) are involved in developing tax minimization strategies that are perceived as “aggressive,” or when professional accountants in public practice (PAPPs) provide advice to their clients on such strategies. The issue is of such major public interest significance that it has been discussed on the G-20 agenda. In addition, the IOB has attached significant public interest to the topic.
2. As highlighted in the IESBA's [2019-2023 Strategy and Work Plan \(SWP\)](#), there is a pressing need to better understand and address the ethical implications of aggressive tax planning as it relates to the role of professional accountants both in business and in public practice. Recognizing that such developments were already a major topic of discussions among its stakeholders, and in preparation to commence work on the topic, the IESBA established the Tax Planning and Related Services Working Group (Working Group) in March 2019.

B. Objectives

3. Consistent with the SWP strategic theme “Elevating Ethics in a Dynamic and Uncertain World,” the objectives of the Working Group (WG) are to:
 - (a) Gather an understanding of regulatory, practice and other developments in corporate and individual tax planning by PAIBs and PAPPs.
 - (b) Identify and analyze the ethical implications of those developments and determine whether there is a need for enhancements to the Code or further actions.
 - (c) Develop a report and recommendations to the IESBA.

C. Focus

4. While a baseline understanding of tax planning methods or approaches is required for this initiative, the Working Group will focus on the **ethical behavior** of professional accountants and will not comment on the merits of any particular tax positions or the application of any particular tax schemes.

D. Approach

5. The Working Group will take a phased approach to achieve the objectives set out in Section B.

Phase 1

6. As part of gathering an understanding of relevant developments, the WG will undertake the following activities:

- (a) Undertake desktop research into published reports, articles and other publications on the concept of “aggressive tax planning” and related developments.
 - (b) Engage with relevant stakeholders to obtain insights and exchange views on the issues and developments.
7. Relevant stakeholders would include the following:
- IESBA CAG
 - Organisation for Economic Co-operation and Development (OECD)
 - IFAC member bodies in the G-20 and IFAC PAIB and SMP committees
 - Regulators in the G-20 including tax authorities
 - National standard setters
 - Firms
 - Academia
 - Legal profession
 - Investor and preparer (i.e. financial statements) communities
 - Other professional organizations with a nexus to the topic
8. Engagement could take various forms, including in-person meetings, teleconferences, roundtables, surveys and electronic communications.
9. The Working Group will liaise with other IESBA Task Forces or Working Groups such as the Non-assurance Services Task Force on overlapping considerations or issues.
10. The Working Group will consider issuing appropriate communications as it progresses its work, including identifying outreach opportunities to share knowledge and to promote the Code as an effective tool for professional accountants to refer to in addressing ethics issues relating to tax planning. Initiating such relationships, in particular with organizations in business and industry, provides a foundation for maintaining open channels for dialogue with stakeholders on an ongoing basis.
11. The Working Group will aim to present its Phase 1 report, including its findings and recommended way forward, at the September 2020 IESBA meeting.

Phase 2

12. The Working Group envisions that its work during Phase 1 will inform the proposed scope and approach to any further undertakings.

E. Deliverables

13. Under Phase 1 (June 2019 to Q3 2020), the Working Group will:
- Update the IESBA on activities undertaken and issues identified for the IESBA’s consideration of progress and direction during each quarter; and
 - Present to the IESBA at the September 2020 meeting a report that includes the Working Group’s findings and its recommended way forward.

14. Deliverables and the terms for Phase 2 will be determined by the Phase 1 work and the IESBA's agreement to the recommended way forward in the Phase 1 Report.

F. Composition

15. The Working Group is chaired by an IESBA member, with three other Board members.