

Appendix to Tax Planning and Related Services Project Proposal

Comments by Standard-Setting Board (SSB)/IFAC Technical Managers

Due process requires that project proposals be circulated to SSB Staff and IFAC Staff for the technical areas within, or supported by, IFAC for comments on any matters of possible relevance to the project.

Kevin Dancey (CEO – IFAC) on behalf of:

- **IFAC Quality and Development Department**
- **IFAC Education Initiative**
- **IFAC Professional Accountants in Business (PAIB) Advisory Group**
- **IFAC Small and Medium Practices (SMP) Advisory Group**
- **Transnational Auditors Committee (TAC)**

IFAC staff appreciates the opportunity to comment on IESBA's *Project Proposal: Tax Planning and Related Services*, and this message reflects the consolidated views of IFAC staff. We recognize the need for IESBA to continuously consider maintenance of and updates to the IESBA Code in line with changes in the environment, while balancing the perspectives of all stakeholders. Accordingly, we support IESBA's initiative to consider potential enhancements to the ethical framework related to tax planning.

We note the IESBA Tax Planning Working Group's recommendation for the IESBA to develop a principles-based framework in the Code to guide professional accountants in business (PAIBs) and professional accountants in public practice (PAPPs) in navigating the ethical considerations that arise when they perform tax planning activities for their employing organizations or provide tax planning services to their clients, respectively. Meaningful progress has been made on multilateral cooperation (for example at the OECD) and many of the issues related to tax planning services may only be resolved at this level. Nevertheless, in the context of the high level of attention tax planning has received at the global level in recent years, we appreciate that the IESBA needs to consider the public interest concerns regarding the ethical dimension of tax planning and explore how best to respond to those concerns within its mandate.

That said, we would like to urge IESBA to proceed carefully with an initiative to develop new standards specifically focused on tax planning and related services as the issues are complex and challenging. In particular, it would be important that in considering the project proposal and the questions outlined therein, IESBA reflects on the need for appropriate guardrails to minimize the potential for any changes to the Code being globally inoperable or leading to unintended consequences. If due caution is not exercised, we are concerned that the project might create an expectations gap and present significant challenges for many jurisdictions in adoption and implementation of the Code. This, in turn, would have negative implications for adoptability of the Code and IFAC member organizations' ability to comply with the IFAC Statements of Membership Obligations (SMOs). So while we support IESBA's effort to consider this issue, we urge IESBA to adopt a path forward that can attract the broadest possible support.

With this in mind, we encourage IESBA to consider undertaking a careful impact analysis of the costs and benefits of proposals as they are developed during the project. We would also strongly encourage IESBA to first pursue the guidance approach contemplated earlier in this workstream, including Q&As or case

