



## **Annual Review of APES 220 *Taxation Services***

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## Background

Accounting Professional and Ethical Standards Board (APESB) issued APES 220 *Taxation Services* in December 2007 with an effective date of 1 July 2008. APES 220 replaced APS 6 *Statement of Taxation Standards*. In March 2011, APESB issued a revised APES 220 *Taxation Services* with an effective date of 1 May 2011.

## Reason for this report

In accordance with APESB's constitution, a review needs to be performed on an annual basis after a new standard is effective to identify any issues reported by stakeholders. This report presents a review of the issues reported to the APESB together with those identified by an internal technical review and the proposed recommendations to address the issues raised.

## Review of Issues

### *Carry forward issue from 2014 Annual Review*

#### 1. Defined terms

The technical staff review identified that the definitions section in APES 220 needs to be revised as a result of the IESBA's revision of the International Code in March 2013 and APESB's subsequent amendments to APES 110 *Code of Ethics for Professional Accountants* (the Code) in November 2013.

#### Definitions to be revised

**Client** means an individual, firm, entity or organisation to whom or to which ~~Taxation Services~~ Professional Activities are provided by a Member in Public Practice in respect of Engagements of either a recurring or demand nature.

**Member in Public Practice** means a Member, irrespective of functional classification (e.g., audit, tax or consulting) in a Firm that provides Professional Services. This term is also used to refer to a Firm of Members in Public Practice and means a practice entity and a participant in that practice entity as defined by the applicable Professional Body.

**Professional Services** means ~~services requiring accountancy or related skills performed by a Member including accounting, auditing, taxation, management consulting and financial management services.~~ Professional Activities performed for Clients.

#### Definitions to be added

**Professional Activity** means an activity requiring accountancy or related skills undertaken by a Member, including accounting, auditing, taxation, management consulting, and financial management.

**Professional Bodies** means the Institute of Chartered Accountants Australia, CPA Australia and the Institute of Public Accountants.

It should be noted that APESB is currently considering whether definition of *Professional Activity* should be revised in the Australian context. If this occurs then this definition will need to be revised.

Subsequent to the revision of the definitions section, consequential editorial amendments may also be required to APES 220.

**Impacted Stakeholders**

Members, Firms and Professional Bodies.

**Recommendation**

The defined terms in APES 220 should be revised in a manner consistent with the Code and other APESB standards. It is recommended that these changes and any other consequential amendments be processed at the next revision of APES 220 which is scheduled for the May 2015 Board meeting.

**2. Editorial amendment – Paragraph 5.4**

The technical review identified the following minor editorial amendment required at paragraph 5.4 of APES 220:

**A Member shall not promote, or assist in the promotion of, or otherwise encourage any tax schemes or arrangements where the dominant purpose is to derive a tax benefit and it is not reasonably arguable that the tax benefit is available under Taxation Law. Accordingly, a Member shall not provide advice on such a scheme or arrangement to a Client or Employer other than to advise that in the Member’s opinion it is not effective at law.**

**Impacted Stakeholders**

Members, Firms and Professional Bodies

**Recommendation**

The editorial amendment to paragraph 5.4 to be processed at the next revision of APES 220 which is scheduled for the May 2015 Board meeting.