

26 July 2022

Mr Channa Wijesinghe  
Chief Executive Officer  
Accounting Professional & Ethical Standards Board Limited  
Level 11, 99 William Street  
Melbourne VIC 3000

By email: [sub@apesb.org.au](mailto:sub@apesb.org.au)

Dear Channa,

***Re: Exposure Draft 04/22 Proposed Amendments to the Non-Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)***

Thank you for the opportunity to comment on Exposure Draft 04/22 Proposed Amendments to the Non-Assurance Services provisions of *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (Code).

IPA is generally supportive of the range of proposed amendments to the Code to align with the requirements of the IFAC IESBA *International Code of Ethics for Professional Accountants (including Independence Standards)*.

IPA encourages the APESB to provide a timely compilation of the Code once the proposed amendments are adopted to facilitate useability and comprehension of the Code without the need for users to refer to multiple documents and to minimise the risk of misapplication.

Our response to the request for specific comments are included in the Attachment.

If you have any queries with respect to our comments or require further information, please do not hesitate to contact me at [vicki.stylianou@publicaccountants.org.au](mailto:vicki.stylianou@publicaccountants.org.au) or on mobile 0419 942 733.

Yours sincerely



Vicki Stylianou  
Group Executive, Advocacy & Policy  
Institute of Public Accountants

#### **About the IPA**

The IPA is one of the professional accounting bodies in Australia with over 47,000 members and students across 80 countries. Approximately three-quarters of our members either work in or are advisers to the small business and SME sectors. Since merging with the Institute of Financial Accountants UK, the IPA Group has become the largest SME and SMP focused accounting body in the world.

## IPA responses to APESB Exposure Draft 02/22 – Request for Specific Comments

### Question 1

Do you support APESB’s proposed Option 1 to address concerns relating to tax services by amending the threshold to ‘almost certain to prevail’? Please provide reasons and justification for your response.

### Question 2

Do you support APESB’s proposed Option 2 to address concerns relating to tax services by including guidance to clarify and establish the “firm is confident is likely to prevail” as a high threshold? Please provide reasons and justification for your response.

#### IPA Response on Question 1 & 2

On balance, IPA supports Option 1. IPA is of the view that both options are consistent with the intent of the requirements of the IFAC IESBA Code. Each option provides the much-needed clarity to aid practical application of the intended requirements.

Option 1 provides clarity that IESBA’s intent was to set a high threshold, and an audit/assurance firm should have a high level of confidence that providing tax advisory and tax planning services will not create a self-review threat where there is a basis in tax law that is almost certain to prevail. Although Option 2 is also workable, IPA believes it may involve a higher degree of subjectivity on application. On this basis, Option 1 is preferred over Option 2.

As IESBA has stopped short on including a total prohibition on an audit/assurance firm providing tax advisory and tax planning services, IPA believes it is undesirable for the APESB to adopt such an approach given that such prohibitions do not exist in Australian law and no other international jurisdiction has introduced such prohibitions.

### Question 3

Do you foresee any practical challenges in implementing the documentation requirements in proposed paragraphs AUST R604.4.1 and AUST 604.12.1? Please provide reasons and justification for your response.

#### IPA Response on Question 3

IPA supports the proposal to require documentation of the factors considered and conclusions reached in determining that a self-review threat has not been created on the basis that the tax advisory and tax planning services satisfies one or more of the conditions described in paragraph 604.12 A2. The requirement to document should not pose any practical challenges as the Code adopts a similar approach in relation to other issues. Practical challenges to implementation will include creating an awareness of the new requirements, audit/assurance firms adjusting their internal policies and procedures to ensure all engagement staff make the relevant assessments when engaged to provide any tax advisory and tax planning services. IPA is committed to raising awareness of the changes once implemented by APESB.

#### **Question 4**

Do you agree that the term “tax avoidance” is inappropriate to use in proposed paragraphs AUST R604.4 (Option 1) or R604.4 (Option 2)? What alternative terminology could APESB use instead? Please provide reasons and justification for your response.

#### IPA Response on Question 4

IPA agrees the term “tax avoidance” should not be used in the Australian context as it is likely to imply that a practitioner is assisting a client to breach a taxation law. Terminology such as “tax minimisation” used in APES 220 *Taxation Services* would be an acceptable way forward or a phrase to the effect of “within the spirit of taxation laws” or “in compliance with taxation laws”.