



National Association of State Boards of Accountancy

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December 17, 2022

Tax Executive Committee
American Institute of Certified Public Accountants
1455 Pennsylvania Avenue, NW
Washington, D.C. 20004-1081

Via email: SSTScomments@aicpa-cima.com

Re: Revised Statements on Standards for Tax Services: An Exposure Draft and Invitation to Comment

Dear Members and Staff of the AICPA Tax Executive Committee:

The National Association of State Boards of Accountancy (NASBA) appreciates the opportunity to comment on the *Revised Statements on Standards for Tax Services: An Exposure Draft and Invitation to Comment* (the Exposure Draft). NASBA's mission is to enhance the effectiveness and advance the common interests of State Boards of Accountancy (State Boards) that regulate all Certified Public Accountants (CPAs) and their firms in the United States and its territories, which includes all audit, attest and other services provided by CPAs. State Boards are charged by law with protecting the public.

In furtherance of that objective, NASBA offers the following overall comments as well as comments to the specific requests for comment as presented in the Exposure Draft.

Comments on Specific Questions to the Exposure Draft

ED1. Do you agree with the reorganization of the current SSTs, and will it enhance their use and understanding? Please explain the rationale behind your response.

NASBA agrees with the reorganization of the current SSTs. Organizing the SSTs by tax services will make it easier for practitioners to review and consider and comply with professional standards.

ED2. Based on review of the proposed changes to the SSTs, is there any other subject matter which you believe should be revised or deleted from the SSTs? If so, please provide the rationale.

Many CPA firms in the United States utilize international affiliates to assist in a variety of services, including tax services. Consideration should be given and commentary included in the SSTs on the use of international affiliates and how the SSTs apply to them.

We understand that the International Ethics Standards Board for Accountants (IESBA) is considering standards required in tax planning and other related service engagements. We recommend that the Tax Executive Committee and the Professional Ethics Executive Committee of the AICPA consider the IESBA deliberations prior to the finalization of the SSTSs.

ED3. Are the proposed new standards (data protection, reliance on tools and tax representation services) clear and understandable? If you believe more specificity would be helpful, what recommendations would you suggest?

NASBA believes the proposed new standards are clear and understandable.

NASBA would suggest further consideration of the wording in paragraph 4.1.7. Section 4 related to tax representation services. Paragraph 4.1.7 is part of the Statement section of the standard and states that the member should consider if the taxpayer conduct may be fraudulent or criminal in nature. If so, the member should advise the taxpayer to retain legal counsel and refrain from further representation.

The situation in paragraph 4.1.7 seems similar to that in paragraph 1.2.15. Section 1 provides general standards for members providing tax services. Paragraph 1.2.15 appears in the Explanation section of the standard and states if a member believes that a taxpayer may face possible exposure to allegations of fraud or other criminal misconduct, the member should advise the taxpayer to consult with an attorney before the taxpayer takes any action.

Is there a differentiation in the situations such that one is included as part of the “statement” versus the “explanation” within the standards? Should the advice to the taxpayer be similar in both situations?

One further concern arises in connection with Section 1.1 “Advising on tax positions”. We have no issue with the concept of practitioners providing advice on tax positions unless it is for an attest client of the firm. We believe there may be a self-review threat to independence in many situations. Currently there are no cautions provided to practitioners about that risk. We believe that it is in the public interest that cautions be provided to providers of attest services to assess the self-review risk prior to accepting an engagement to provide advice on tax positions. If a significant risk is identified, we also believe the matter should be discussed with members of the audit engagement team and those charged with governance on a timely basis.

ED4. What other subjects impact your tax practice or the tax function you perform and should be considered in future revisions to the SSTSs? Please provide details of the recommended additions, together with your reasoning for the proposed changes.

NASBA has no comments to offer.

ED5. What additional guidance is needed to help you understand, effectively implement and apply the proposed standards to your working environment?

NASBA believes that the AICPA will need to actively promote the SSTs to members and educate them thereon. Therefore, additional time may be needed in order to implement the standards. Effective implementation of new standards is in the public interest.

Overall Comments on the Invitation to Comment

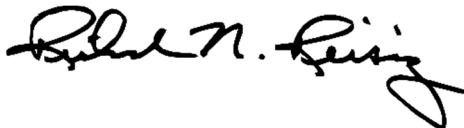
In recent years, quality management has been considered and elevated in the attest area nationally and internationally. From a regulator perspective, the number of claims and enforcement matters related to tax services outweigh attest services (although dollar amounts per claim may be less).

NASBA supports quality management standards for tax services. Just as with attest services, NASBA is sensitive to considerations around scalability of quality management standards for tax services. Careful consideration should be given such that implementation of quality management will not be detrimental to smaller practitioners while maintaining appropriate public protections.

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Again, we appreciate the opportunity to comment on the Exposure Draft.

Very truly yours,



Richard N. Reisig, CPA
NASBA Chair



Ken L. Bishop
NASBA President and CEO