



National Association of State Boards of Accountancy

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May 15, 2023

International Ethics Standards Board for Accountants (IESBA)
529 Fifth Avenue, 6th Floor
New York, NY 10017

Via Website: www.ethicsboard.org

Re: *Proposed Revisions to the Code Addressing Tax Planning and Related Services*

Dear IESBA Members and Staff:

The National Association of State Boards of Accountancy (NASBA) appreciates the opportunity to comment on the IESBA Exposure Draft on *Proposed Revisions to the Code Addressing Tax Planning and Related Services* (Exposure Draft). NASBA's mission is to enhance the effectiveness and advance the common interests of 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 comments on the Exposure Draft.

Responses on Request for Specific Comments

Proposed New Sections 380 and 280

1. Do you agree with the IESBA's approach to addressing tax planning (TP) by creating two new Sections 380 and 280 in the Code as described in Section VI of this memorandum?

NASBA agrees with the IESBA's approach to addressing tax planning (TP) by creating two new Sections 380 and 280 in the Code.

Description of Tax Planning and Related Services

2. Do you agree with IESBA's description of TP as detailed in Section VII.A above?

NASBA agrees with the IESBA's description of TP as detailed in Section VII.A.

Role of the Professional Accountant (PA) in Acting in the Public Interest

3. *Do you agree with IESBA's proposals as explained in Section VII.B above regarding the role of the PA in acting in the public interest in the context of TP?*

NASBA agrees that PAs contribute their knowledge, skills and experience to assist clients or employing organizations meet their TP goals while complying with tax laws and regulations, however, it is equally important to not establish a higher standard of conduct for PAs than other non-PA TP individuals or entities. Further, NASBA agrees that PAs play an important role in assisting clients or employing organizations in meeting their tax obligations and not seeking to circumvent them through tax evasion; however, tax minimization, if authorized by law, should not be viewed as a violation of this fundamental principle.

Basis for Recommending or Otherwise Advising on a Tax Planning Arrangement

4. *Do you agree with the IESBA's proposals regarding the thought process for PAs to determine that there is a credible basis in laws and regulations for recommending or otherwise advising on a TP arrangement to a client or an employing organization, as described in Section VII.E above?*

NASBA agrees that a determination that there is a credible basis in laws and regulations for recommending or otherwise advising on a TP arrangement is important; however, NASBA believes that additional commentary may be necessary regarding the considerations listed in Section 380.11 A3. As the marketplace evolves, TP arrangements may arise that do not fall within the considerations criteria listed in this area.

5. *Are you aware of any other considerations, including jurisdiction-specific considerations, that may impact the proper application of the proposed provisions?*

NASBA suggests that IESBA provide a pathway to address differences among jurisdictions when advising on multi-jurisdictional TP arrangements.

Consideration of the Overall Tax Planning Recommendation or Advice

6. *Do you agree with the proposals regarding the stand-back test, as described in Section VII.F above?*

NASBA believes that consideration should be given to the reputational, commercial and wider economic implications to the client; however, the decision-making burden should be placed on the client, not the TP.

Describing the Gray Zone and Applying the Conceptual Framework to Navigate the Gray Zone

7. Do you agree with the IESBA's proposals as outlined in Section VII.G above describing the gray zone of uncertainty and its relationship to determining that there is a credible basis for the TP arrangement?

NASBA agrees with the IESBA's proposals as outlined in Section VII.G describing the gray zone of uncertainty and its relationship to determining that there is a credible basis for the TP arrangement.

8. In relation to the application of the CF as outlined in Section VII.H above, is the proposed guidance on:

- (a) The types of threats that might be created in the gray zone;
- (b) The factors that are relevant in evaluating the level of such threats;
- (c) The examples of actions that might eliminate threats created by circumstances of uncertainty; and
- (d) The examples of actions that might be safeguards to address such threats

sufficiently clear and appropriate?

NASBA believes that the proposed guidance is reasonable and sufficient.

Disagreement with Management

9. Do you agree with the proposals outlined in Section VII.I above which set out the various actions PAs should take in the case of disagreement with the client or with the PA's immediate superior or other responsible individual within the employing organization regarding a TP arrangement?

NASBA agrees with the proposals outlined in Section VII.I.

Documentation

10. Do you agree with the IESBA's proposals regarding documentation as outlined in Section VII.J above?

NASBA agrees with the IESBA proposals regarding documentation.

Tax Planning Products or Arrangements Developed by a Third Party

11. Do you agree with the IESBA's proposals as detailed in Section VII.K above addressing TP products or arrangements developed by a third party provider?

NASBA agrees that the PA should inform the client of the PA's relationship with the external provider and that the PA should be responsible for ascertaining the credibility of the particular TP

product or arrangement; however, NASBA does not agree that it is the responsibility of the PA to assume the responsibilities of the third-party provider as if the PA were the creator of the TP product or arrangement.

Multi-jurisdictional Tax Benefit

12. Do you agree with the IESBA's proposals regarding a multi-jurisdiction tax benefit as described in Section VII.L above?

NASBA agrees with the IESBA's proposals regarding multi-jurisdictional tax benefit.

Proposed Consequential and Conforming Amendments

13. Do you agree with the proposed consequential and conforming amendments to Section 321 as described in Section VII.M above?

NASBA agrees with the proposed consequential and conforming amendments.

Request for General Comments

In addition to the request for specific comments above, the IESBA is also seeking comments on the matters set out below:

(a) SMEs and SMPs – The IESBA invites comments regarding any aspect of the proposals from SMEs and SMPs.

NASBA has no comments with respect to SMEs and SMPs.

(b) Tax Authorities – The IESBA invites comments on the proposals from a regulatory perspective from members of the tax regulatory community.

NASBA supports substantially all of the proposed changes to the Code; however, it encourages IESBA to continue to carefully weigh proposed principles-based revisions to the Code against the impact that such proposals may have on a regulatory body's ability to bring enforcement actions against members of the tax regulatory community due to a violation of the Code.

(c) Developing Nations – Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposals, and in particular on any foreseeable difficulties in applying them in their environment.

NASBA has no comments with respect to the adoption of the Code in developing nations.

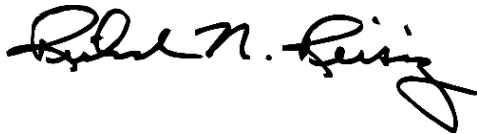
(d) Translations – Recognizing that many respondents may intend to translate the final changes for adoption in their own environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposals.

NASBA has no comments on potential translation issues.


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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