

May 17, 2023

The International Ethics Standard Board for Accountants
529 Fifth Avenue
New York, NY 10017

Dear Sir,

RESPONSE TO THE PROPOSED REVISIONS TO THE CODE ADDRESSING TAX PLANNING AND RELATED SERVICES

Proposed New Sections 380 and 280

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

Response:

We agree with the IESBA's approach to addressing tax planning by creating the two new sections 380 and 280 in the code as described in Section VII of the memorandum. These new introductions clarify and provide guidance to both the professional accountant in business and the professional accountant in practice as they get involved in tax planning.

Description of Tax Planning and Related Services

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

Response:

We agree with the Board's description of tax planning as contained in Section VII.A of the document.

However, there is need for the Board to clarify further or expatiate the meaning of the word "tax efficiency", so as to show the direction of its interpretation by professional accountants while forming their judgement. The Board can provide some examples of tax efficiency for clarity as what constitutes tax efficiency may differ across jurisdictions.

Role of the PA in Acting in the Public Interest

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?

Response:

We agree with the IESBA's proposal in line with the conceptual guidance in section 380 D of the Exposure Draft, when professional accountants are considered to be acting in the public interest in the context of tax planning.

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?

Response:

We agree with the IESBA's proposal regarding the thought process for professional accountants to determine that there is a credible basis in laws and regulations for recommending or advising on tax planning arrangements to a client or employing organization, as described in Section VII.E. The consideration provided in section VII E are robust enough to guide the judgement of professional accountants in reaching decision with respect to tax planning on credibility basis in laws and regulations.

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

Response:

We are not aware of any existing jurisdiction-specific consideration that may impact the proper application of the proposed provision. However, if any jurisdiction-specific consideration arises in the future, we shall notify the Board.

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?

Response:

We appreciate the fact that the board has taken the matter into consideration. However, we believe that this would be too much of a burden and responsibility for professional accountants to bear and evaluate. Rather, it is should be provided as part of the recommended best practices to be considered by professional accountants and thus, should not be made mandatory.

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?

Response:

We align with the Board's proposal in this regard.

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?

Response:

We consider the proposed guidance with respect to the identified matters as sufficiently clear and appropriate. However, the practicability of the application of some of the guidance could be difficult to operationalize in certain jurisdictions.

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?

Response:

We align with the Board's proposal.

However, we recommend that when the matter for disagreement does not bother on the contravention of tax laws and regulations and does not violate ethical consideration in each circumstance, the professional accountant should explore every other means to reach mid-point with the management rather than resigning or terminating an engagement. In addition, we recommend that whatever additional step(s) the Board expects professional accountants to take in that circumstances should align with the principle of Non-compliance with Laws and Regulations (NOCLAR) provided by the IFAC.

Documentation

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

Response:

We do agree with the Board's proposal that documentation should be encouraged. This is an ethical standard, not execution standard of quality and risk management. Laying down the type of document could have overreaching effect in scope.

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?

Response:

We align with the Board's position/proposal with respect to making provisions for professional accountants that recommend third party arrangement to their clients.

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?

Response:

We align with the IESBA's proposal regarding a multi-jurisdictional tax benefit as described in Sections VII.L, as the disclosures are in line with the spirit of transparency and openness.

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?

Response:

We agree with the proposed consequential and conforming amendments to Section 321 as described in Section VII.M. Those consequential and conforming amendments are in line with the need to codify the proposed introductions by this exposure draft.

We appreciate the opportunity to contribute to the proposed revisions.

Yours faithfully,
For: Registrar/Chief Executive

ICAnaso

Dr Ijeoma Anaso
Deputy Registrar, Technical Services

