

Tax Planning Services and Activities

IESBA Staff Questions & Answers

MAY 2025

Section I: PAPPs and PAIBs

A Professional Accountant's Role in Acting in the Public Interest

Q1. How can a Professional Accountant (PA) provide a high-quality tax planning (TP) service to a client or perform a high-quality TP activity for an employing organization, and also comply with the PA's duty to act in the public interest when providing such a service or activity?

A. As Sections 380 and 280 explain,¹ PAs play an important public interest role in TP by contributing their expertise to assist clients or employing organizations in meeting their TP goals while complying with tax laws and regulations. Providing a high-quality TP service or performing a high-quality TP activity in the best interests of the client or employing organization involves applying such expertise commensurate with the nature of the TP needs of the client or employing organization.

At the same time, PAs have an overarching duty to act in the public interest under the Code. This means, besides assisting the client or employing organization to meet its obligations to pay its legally assessed tax dues, having regard to the broader implications of the TP arrangement in terms of the reputational, commercial, and wider economic consequences that could arise from the way stakeholders might view the TP arrangement. This recognizes that public scrutiny of TP schemes has risen significantly as a result of global tax scandals uncovered by revelations such as the Pandora Papers² and the Paradise Papers,³ and that it is in the public interest that clients and employing organizations conduct their tax affairs not only in compliance with applicable tax laws, but also, where the tax laws are unclear or uncertain, in accordance with the intent of those laws.

Complying with Section 380 or 280, as applicable, enables a PA to provide a high-quality TP service to a client or perform a high-quality TP activity for an employing organization while at the same time enabling the PA to fulfill their responsibility to act in the public interest.

The fact that the client or employing organization is ultimately responsible for the TP arrangement does not obviate the need for the PA to comply with the Code and fulfill their public interest responsibility.

See also Q9.

This Questions and Answers (Q&A) publication is issued by the Staff of the International Ethics Standards Board for Accountants (IESBA). It is intended to assist professional accountants (PAs) in public practice (PAPPs) and in business (PAIBs), national standard setters, and professional accountancy organizations as they adopt, implement, or apply the provisions in Sections 380 and 280, as applicable, in the IESBA [International Code of Ethics for Professional Accountants \(including International Independence Standards\)](#) (the Code). Others who voluntarily follow Sections 380 or 280 in performing tax planning services or activities may also find this publication helpful. The IESBA issued the final pronouncement in April 2024.

The International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA) contains Section 5380, which is equivalent to Section 380. Section 5380 applies to sustainability assurance practitioners (SAPs) who provide tax planning services to the same clients for which they also perform sustainability assurance engagements within the scope of the International Independence Standards in the IESSA. These SAPs may also find this Q&A publication helpful in facilitating their understanding and application of Section 5380 in the IESSA.

The publication may also be of interest to tax authorities, policy makers, legislators and others with an interest or role in the work of tax advisers.

The publication is designed to highlight, illustrate, or explain aspects of Sections 380 and 280 and thereby assist in their proper application. It does not amend or override the Code, the text of which alone is authoritative. Reading the Q&As is not a substitute for reading the Code. The Q&As are not intended to be exhaustive, and reference to the Code itself should always be made. This publication does not constitute an authoritative or official pronouncement of the IESBA.

¹ Paragraphs 380.4 A1 and 280.4 A1

² See, for example, <https://www.bbc.com/news/world-58780561>.

³ See, for example, the UK House of Commons [Briefing Paper](#), The Paradise Papers (November 2017).

Distinguishing Between Tax Planning and Tax Compliance Services or Activities

Q2. In tax services or activities, the terms “tax planning” and “tax compliance” are often used, sometimes interchangeably. What is the difference between tax planning and tax compliance services or activities, and how does this distinction impact the application of the requirements in Sections 380 and 280?

- A.** TP and tax compliance services or activities differ significantly in their scope and objectives. TP involves PAs advising clients or employing organizations on planning or structuring their affairs in a tax-efficient manner.⁴ In contrast, tax compliance services or activities include tasks such as tax return preparation or filing, making timely payments of taxes, and adhering to specific reporting requirements.⁵ Tax compliance services or activities are generally more routine, process-oriented and of a recurring nature, and they are outside the scope of Sections 380 and 280.

This means, for example, that where a tax compliance service or activity involves preparing or filing a tax return based on a previously implemented tax strategy, the PA does not need to apply Section 380 or Section 280 (as the case may be). However, if a tax activity includes both TP and tax compliance, Section 380 or 280 will apply to the TP part.

Q3. Sections 380 and 280 refer to PAs advising clients or employing organizations on “tax minimization” arrangements. Does the term “tax minimization” mean “tax avoidance”?

- A.** The terms “tax minimization” and “tax avoidance” are not defined in Sections 380 and 280. These terms have different meanings in different jurisdictions. Sometimes, as in public discourse, the terms are used without regard to whether the TP arrangement complies with tax laws and regulations. In practice, both terms are context-based, and either term can be used to describe something that is uncontroversial or potentially questionable in different contexts. For example, in the context of paragraph 3 of the [Basis for Conclusions](#), both terms indicate that the related TP arrangement may be questionable:

“In recent years, much public attention has focused on *tax avoidance*, considering revelations such as the “Paradise Papers” and the “Pandora Papers,” notwithstanding the legality of the tax mitigation schemes or related transactions to achieve desired tax outcomes. Questions have been raised regarding the ethical implications for professional behavior when individual professional accountants (PAs) in business (PAIBs) and professional accountants in public practice (PAPPs) are involved in developing tax *minimization* strategies that are perceived as ‘aggressive’ or when firms provide advice to their clients on such strategy.” [Emphasis added.]

In accordance with Sections 380 and 280, PAs should ensure that any TP arrangements have a credible basis in laws and regulations.⁶

Credible Basis Principle

Q4. Paragraphs R380.12 and R280.12 require PAs to determine that there is a “credible basis” in laws and regulations for a TP arrangement in order to recommend or otherwise advise on it to a client or employing organization. Did the IESBA consider other terms, and what quantitative threshold of likelihood is “credible basis” intended to represent?

- A.** In identifying the appropriate terminology to use to describe the threshold in paragraphs R380.12 and R280.12, the IESBA considered different terms that are used in different jurisdictions, such as “reasonable basis” and “reasonably arguable.” The IESBA settled on “credible basis” as this was a term that was neutral and was widely accepted in its engagement with stakeholders as appropriately conveying the intent of the ethical principle in paragraphs R380.12 and R280.12. Importantly, the term conveys the thought that the PA must be satisfied, at the time the advice is given, that there is appropriate support or reasonable grounds to advance the TP arrangement, which they can explain if so requested or challenged, especially in circumstances of uncertainty.

The credible basis threshold is a qualitative threshold that rests on the PA’s professional judgment, having regard to the legal and regulatory framework and established tax practices in the relevant jurisdictions. What constitutes a credible basis will vary from jurisdiction to jurisdiction, and Sections 380 and 280 provide detailed guidance to facilitate such judgment.⁷

⁴ See paragraphs 380.5 A1-A2 and 280.5 A1-A2 for illustrative examples of TP.

⁵ Paragraphs 380.5 A3 and 280.5 A3

⁶ Paragraphs R380.12 and R280.12

⁷ Paragraphs 380.12 A4 and 280.12 A4

The IESBA did not believe that it would be appropriate to ascribe a numerical probabilistic measure to that threshold, as doing so would convey a false sense of accuracy, all the more so given that tax laws and regulations vary around the world. In some jurisdictions, such as the U.S., the generally accepted threshold can be lower than 50% when coupled with other measures, such as transparency about the tax planning arrangement to the relevant tax authority. In other jurisdictions, the generally accepted threshold can be higher than 50%. For example, in Australia, the “reasonably arguable” threshold is one with a likelihood greater than 50%. These examples highlight that what is considered acceptable varies globally and explain why the IESBA adopted a qualitative threshold.



Q5. What does the phrase “otherwise advise on” in the credible basis principle (paragraphs R380.12 and R280.12) mean?

- A.** The phrase “otherwise advise on” is intended to refer to situations where the PA’s advice would not be regarded or described as a “recommendation” per se, but it is nevertheless advice that in substance affirms or supports a client or employing organization moving forward with a TP arrangement.

For example, the client or employing organization may be considering TP. In exploring and evaluating options that would meet its needs, the PA guides the client or employing organization towards one or more options that, in the PA’s professional judgment, would have a credible basis in laws and regulations. Such advice would meet the credible basis principle even if it does not amount to an explicit recommendation.

The credible basis principle does not preclude a PA from offering advice to a client or employing organization on a TP arrangement in which the PA was not initially involved in structuring or advising, and which did not meet the credible basis bar. In such a case, the PA’s involvement assists the client in achieving a credible basis for the arrangement.⁸

Q6. Paragraphs R380.12 and R280.12 require that a PA recommend or otherwise advise on a TP arrangement only if the accountant has determined that there is a credible basis in laws and regulations for the arrangement. Why do Sections 380 and 280 use the threshold of “credible basis” and not “likely to prevail,” which is already used in paragraphs R604.4, 604.4 A1, and 604.12 A2 of the Code?⁹

- A.** The term “likely to prevail” is used in the International Independence Standards with respect to:
- (a) A tax service or transaction relating to marketing, planning, or opining in favor of a tax treatment for an audit client, and a significant purpose of which is tax avoidance (paragraph R604.4); and
 - (b) Circumstances in which providing tax advisory and TP services will not create a self-review threat (paragraph 604.12 A2(c)).

The IESBA’s view is that the “likely to prevail” threshold is higher than the “credible basis” because, in the context of an audit engagement, stakeholders have heightened expectations regarding the auditor’s independence. The higher threshold in “likely to prevail” is reinforced in Section 604 when it refers to the need for the audit firm to be *confident* that it has a basis in tax law that is likely to prevail. In the context of TP, the “credible basis” threshold sets a more appropriate bar for the PA as it calls on them to establish reasonable grounds for their TP recommendation or advice. Establishing such grounds will require professional judgment, considering the various actions the PA may take in the jurisdiction to form a view that there is a credible basis for the TP arrangement.

⁸ Paragraphs 380.12 A3 and 280.12 A3

⁹ Paragraph numbers in other sections of the Code refer to those in the 2024 version of the Code.

Q7. One action that a PA can take to establish a credible basis for a TP arrangement is to review the legislative proceedings that discuss the intent of the relevant tax legislation.¹⁰ How can the PA achieve that understanding?

- A.** The purpose of understanding the intent of the relevant tax legislation might be particularly relevant to the PA's determination of a credible basis where the intent of the legislation is unclear or uncertain from the enacted text. In such circumstances, identifying that the TP accords with the intent of the legislative body that created those laws is relevant and important. This understanding, if it is not otherwise clear, can be achieved by researching and understanding the broader policy objectives that underpin the relevant tax laws. This can involve reviewing parliamentary debates, explanatory notes, and other legislative materials to understand the goals that lawmakers aimed to achieve when drafting the tax legislation.

Reviewing other relevant literature such as court decisions, professional or industry journals, and tax authority rulings or guidance (which is an action that also serves to establish a credible basis) may also contribute to enhancing the PA's understanding of the intent behind the relevant tax laws to the extent that these materials speak to the original aims of the legislature in enacting those laws.

Q8. In certain jurisdictions, a tax authority may issue guidance such as administrative notifications, rulings, circulars, or frequently asked questions (FAQs). How should a PA evaluate a TP arrangement in a jurisdiction where such guidance is provided to taxpayers?

- A.** In jurisdictions where a tax authority has issued guidance to taxpayers, a PA should exercise caution and professional judgment when evaluating such guidance as part of establishing a credible basis for a TP arrangement. Although guidance materials from a tax authority often reflect the tax authority's interpretation of the law, the guidance may not have the force of law and so do not provide legal certainty. Nevertheless, they can provide valuable insights into how the tax authority expects taxpayers to conduct their TP in the context of the relevant tax legislation. Therefore, such guidance may contribute to establishing reasonable grounds for the TP arrangement, provided that it is relevant to, or addresses the specifics of the arrangement.

¹⁰ Paragraphs 380.12 A4 and 280.12 A4

¹¹ See, for example, <https://www.bbc.com/news/world-58780561>.

¹² See, for example, the UK House of Commons [Briefing Paper](#), *The Paradise Papers* (November 2017).

¹³ See, for example, [public reports](#) concerning the UK's Public Accounts Committee's investigations.

"Stand-Back" Consideration

Q9. Paragraphs R380.14 and R280.14 require that, in addition to determining that there is a credible basis for a TP arrangement, a PA exercises professional judgment and considers the reputational, commercial, and wider economic consequences that could arise from the way stakeholders might view the arrangement. Why is this "stand-back consideration" needed?

- A.** The IESBA determined to include the stand-back consideration in Sections 380 and 280 in acknowledgment of the fact that public attitudes towards so-called "aggressive tax avoidance" by companies and individual taxpayers have changed significantly in recent years. This is in light of revelations such as the Pandora Papers¹¹ and the Paradise Papers,¹² and significant public concerns about tax avoidance by individuals and multinational companies.¹³

In promulgating the stand-back consideration, the IESBA aimed to help reinforce public trust in tax, recognizing that paying tax that is due under the applicable tax laws is a fundamental responsibility that employing organizations and clients have towards society.

Importantly, the stand-back consideration recognizes that PAs have a public interest duty under the Code, not just a duty to their clients or employing organizations. The IESBA believes that the stand-back consideration will help to protect the role and reputation of the accountancy profession in TP, which is also in the public interest.

Q10. In applying the stand-back consideration in paragraphs R380.14 and R280.14, does consideration of the wider economic consequences of the TP arrangement involve research and analysis of the impact of the arrangement on the jurisdiction's economy?

- A.** The IESBA does not expect that the consideration of the wider economic consequences in the stand-back requirement will entail detailed quantitative research or complex economic analysis. Instead, the IESBA's intent is for the PA to give the TP arrangement due consideration based on the PA's existing general awareness and understanding of the current economic environment in the context of TP. As explicitly recognized in paragraphs R380.14 and R280.14, this consideration will necessarily call for the PA to exercise appropriate professional judgment.



In practical terms, if the TP arrangement is relatively simple and the tax involved relatively insignificant, there may be little consideration of the wider economic consequences needed. Conversely, if the TP arrangement is complex and the tax involved is relatively significant, the greater the consideration will need to be.

Ultimately, this consideration of the wider economic consequences, and the broader stand-back requirement, serves to equip the PA to provide the client or employing organization with the information and advice it needs to make an informed decision about the TP arrangement.

Q11. Is it necessary for a PA to have first determined that there is a credible basis for a TP arrangement before carrying out the “stand-back” consideration in paragraphs R380.14 and R280.14?

- A.** The stand-back consideration only really serves its purpose after the PA has determined that there is a credible basis in laws and regulations for the TP arrangement. If there is no credible basis for a TP arrangement, there is no reason to pursue it any further, and therefore apply the stand-back consideration, unless the arrangement is restructured or redesigned to achieve a credible basis.

The “stand-back” requirement is intended to stimulate consideration of the TP arrangement’s broader implications, i.e., the reputational, commercial, and wider economic consequences that could arise based on how stakeholders might view the arrangement.

Sections 380 and 280 are not prescriptive as to the timing of the stand-back consideration. In practice, it may be initiated while the PA is establishing whether there is a credible basis for the TP arrangement, but it will only serve its intended purpose when applied to a TP arrangement that has achieved that credible basis.

Q12. A TP arrangement might be perceived as “aggressive” in the context of the applicable tax laws. How should a PA approach such a TP arrangement from an ethical perspective, assuming it is not in violation of those tax laws?

- A.** Even if a TP arrangement is considered legal, there may be ethical risks to the PA if its design is perceived to be “aggressive”. The PA should establish that there is a credible basis for the TP arrangement and apply the stand-back consideration in accordance with Sections 380 and 280, as applicable. These could involve, for example:
- Assessing whether the TP arrangement is consistent with the intent of the relevant tax legislation, where there is uncertainty or a lack of clarity in the text of the legislation. If the arrangement appears to take advantage of uncertainties in the legislation in a way that contradicts the intent behind the relevant tax laws, this may be grounds for the PA to reconsider the approach to the arrangement.
 - Considering whether the TP arrangement has a clear economic purpose and substance.¹⁴ Tax reliefs are usually designed to achieve a specific economic purpose. If such reliefs are used in the TP arrangement, the PA should assess whether the use of the reliefs is consistent with that purpose. If the arrangement appears to lack clear economic purpose and substance, the PA should advise the client or employing organization accordingly¹⁵ and explore alternative approaches that would address the ethical risks.
 - Obtaining independent views from legal counsel or consulting with other experts within or outside the PA’s firm or employing organization as to what they consider to be a reasonable interpretation of the relevant tax laws, or if practicable, discussing the proposed tax arrangement with the relevant tax authority.

¹⁴ Paragraphs 380.12 A4 and 280.12 A4

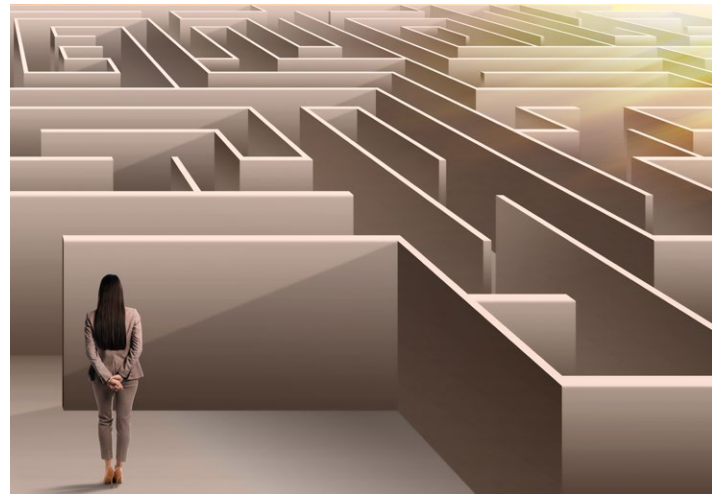
¹⁵ Paragraphs R380.18 & R380.20 and R280.18 & R280.20

- Applying the “stand-back” requirement to consider the broader implications of the arrangement from reputational, commercial and wider economic consequences standpoints. This involves considering how the arrangement might be perceived by stakeholders if all the facts and circumstances were to become known to them, including the potential for negative publicity, reputational harm and regulatory action.

Sections 380 and 280 guide the PA to discuss the risks with the client or employing organization¹⁶ if a TP arrangement does not have a credible basis or might not withstand public scrutiny.

Sections 380 and 280 also encourage the PA to prepare timely documentation,¹⁷ including the PA’s analysis, discussions with the client or the employing organization and other relevant parties, the advice provided, and the response of the client or responsible parties within the employing organization. This documentation serves as a record of the PA’s due care and compliance with Sections 380 and 280, protecting both the PA and the client or the employing organization in the event of future challenges or disputes with the relevant tax authorities.

Consulting with legal counsel or other experts does not diminish the PA’s ultimate responsibility for the TP advice.



For example, there might be a self-interest threat to the PA’s compliance with the principles of integrity and professional competence and due care if the PA advises on proceeding with the TP arrangement while there are doubts about the economic purpose and substance of the arrangement, or what a reasonable interpretation of the relevant tax laws might be. It follows, therefore, that a gray zone situation calls for the PA to have an inquiring mind and exercise increased diligence and professional judgment.

Sections 380 and 280 require the PA to discuss situations of uncertainty with the client or management and, if appropriate, those charged with governance (TCWG) of the employing organization.¹⁹ Sections 380 and 280 also provide comprehensive guidance to assist PAs in navigating the uncertainty, including:

Navigating Uncertainties

Q13. What is colloquially referred to as the “gray zone,” and what is its ethical significance from a TP perspective?

- A.** The “gray zone” refers to any situation where uncertainty is present when developing a TP arrangement or advising a client or employing organization on such an arrangement. Sections 380 and 280 explain the different types of uncertainty that may arise, including ambiguity in the relevant tax laws, difficulty in obtaining all the relevant facts concerning the proposed TP arrangement, an unclear economic purpose of the arrangement, and uncertainty as to who the ultimate beneficiaries of the arrangement might be.¹⁸

From an ethical perspective, circumstances in the gray zone raise a number of challenges that make it more difficult to establish that there is a credible basis for the TP arrangement. This, in turn, might create threats to the PA’s compliance with the fundamental principles.

- Examples of uncertainty that may arise in the application of tax laws and regulations.²⁰
- Guidance as to how discussing the uncertainty with the client or management or TCWG of the employing organization might make them aware of the risks and assist in resolving or addressing the uncertainty.²¹
- Examples of factors that may be relevant in evaluating the level of the threats, such as the degree of complexity of, and transparency in, the underlying business transaction or circumstances.²²
- Examples of actions to address the threats such as structuring or restructuring the TP arrangement to avoid the uncertainty, or consulting with legal counsel or other experts in the relevant tax areas.²³

¹⁶ Paragraphs R380.15 and R380.20, and R280.15 and R280.20

¹⁷ Paragraphs 380.26 A1-A2 and 280.23 A1-A2

¹⁸ Paragraphs 380.17 A2 and 280.17 A2

¹⁹ Paragraphs R380.18 and R280.18

²⁰ Paragraphs 380.17 A2 and 280.17 A2

²¹ Paragraphs 380.18 A1 and 280.18 A1

²² Paragraphs 380.19 A2 and 280.19 A2

²³ Paragraphs 380.19 A3-A5 and 280.19 A3-A5



Q14. Paragraphs 380.17 A2 and 280.17 A2 indicate that a circumstance that might give rise to uncertainty when establishing a credible basis for a TP arrangement is the difficulty in establishing an adequate factual basis. What does “adequate factual basis” mean?

- A.** An “adequate factual basis” refers to an understanding of the facts and circumstances surrounding the TP arrangement that is sufficient to enable the PA to establish a credible basis for the arrangement

Q15. What steps, if any, should a PA take when the tax laws and regulations on which a TP arrangement was based change?

- A.** When the tax laws and regulations on which a TP arrangement was based change, such as through new legislation, court rulings, or new or revised tax authority regulations, Sections 380 or 280, as applicable, does not require the PA to reassess the TP arrangement designed under the previous tax laws and regulations. However, if the same TP arrangement will be used prospectively, the PA should assess whether it will have a credible basis under the revised tax laws and regulations.²⁴ Some of the steps that the PA may take include, for example:

- Reviewing the changes in the relevant tax laws and regulations to understand the impact of the changes on the credible basis that was established under the previous tax laws and regulations.

- If the re-assessment results in a determination that the TP arrangement no longer has a credible basis, the PA should inform the client or employing organization about the changes in the tax laws and regulations and how they may impact the arrangement. This may include advising on amendments to the TP arrangement or an alternative arrangement that would achieve a credible basis under the revised tax laws and regulations.
- If the changes in the relevant tax laws and regulations create uncertainty, consider consulting with legal counsel or other experts to resolve the uncertainty, or consider obtaining an advance ruling from the tax authority regarding the arrangement’s conformity with the revised laws and regulations. Additionally, the PA would need to communicate the uncertainty to the client or employing organization

These steps are only expected in the context of an active and ongoing engagement and do not extend to historical advice provided outside the scope of the current engagement.

Potential Threats Arising from Providing a Tax Planning Service or Activity

Q16. Is the guidance in the subsection “Potential Threats Arising from Providing a Tax Planning Service (or Activity)” applicable only when dealing with the “gray zone” of tax planning?

- A.** No, the guidance in the subsection “Potential Threats Arising from Providing a Tax Planning Service (or Activity)”²⁵ is not limited to situations in the “gray zone.” The guidance applies to any TP service or activity because potential threats to the PA’s compliance with the fundamental principles, such as self-interest, self-review, advocacy and intimidation threats, may arise regardless of the nature of the TP service or activity. The guidance enables the PA to identify, evaluate and address threats in any TP situation, consistent with the application of the conceptual framework of the Code.

For instance, even where the relevant tax laws and regulations are clear and a credible basis can be established for a TP arrangement, a self-interest threat to a PA’s integrity and professional behavior might be created if the PA has a direct financial interest in the client and the PA is involved in designing the TP arrangement which has a significant impact on the client’s financial results.

²⁴ Paragraphs R380.13 and R280.13

²⁵ Paragraphs 380.19 A1-A5 and 280.19 A1-A5

Q17. Paragraphs 380.19 A4 and 280.19 A4 indicate that an action that might be a safeguard to address threats that might be created when performing a tax planning service or activity is establishing the identity of the ultimate beneficiaries. What is the relevance of ultimate beneficiaries when dealing with threats in the context of tax planning?

- A.** Sections 380 and 280 indicate that a circumstance that might give rise to uncertainty is the lack of clarity as to who the ultimate beneficiaries of the TP arrangement are.²⁶ Gaining this understanding is important as it assists the PA in understanding the economic purpose and substance of the TP arrangement, which in turn enables the PA to establish a credible basis for the arrangement. In the vast majority of cases, it will be clear who the ultimate beneficiaries are. However, in certain cases, the TP arrangement may involve complex structures and transactions spanning multiple jurisdictions, and in those circumstances, it may not be immediately apparent who the ultimate beneficiaries are.

Therefore, establishing the identity of the ultimate beneficiaries enables the PA to address threats to the PA's compliance with the principles of integrity, professional competence and due care, and professional behavior.

Disagreements

Q18. A disagreement may arise between a PA and a client, or between a PA and their immediate superior or other responsible individual within the PA's employing organization, concerning the credibility of a TP arrangement. What documentation should the PA prepare to record such a disagreement, particularly when the client, or the PA's superior or other responsible individual within the PA's employing organization, chooses to proceed contrary to the PA's advice?

- A.** First, it should be recognized that Sections 380 and 280 do not require documentation when performing a TP service or activity. However, they do encourage the PA to prepare timely documentation, as there are a number of benefits to the PA in doing so.²⁷

Sections 380 and 280 set out requirements and guidance to assist the PA in dealing with situations of disagreement with a client, or with the PA's immediate superior or other responsible individual within the PA's employing organization, regarding a TP arrangement.²⁸ Sections 380 and 280 encourage documentation in such circumstances. Matters that the PA may document should such circumstances arise include, for example:

- The nature of the disagreement, including the PA's assessment of the TP arrangement and the reasons the PA believes it lacks a credible basis.
- The PA's advice to the client or to the PA's superior or other relevant parties within the PA's employing organization, as well as the risks and potential consequences of pursuing the arrangement.
- If the client or the PA's superior chooses to proceed contrary to the PA's advice, any justification provided by the client or the superior.

Such documentation, especially if prepared contemporaneously, may assist in demonstrating the PA's compliance with the Code and could be important in the event of future disputes, legal challenges, or regulatory inquiries.

Cross-Border Tax Planning

Q19. TP arrangements that span multiple jurisdictions can involve complex considerations. Should a PA always consider the potential impact of a TP arrangement on the public interest when multiple jurisdictions are involved?

- A.** Yes. Even when multiple jurisdictions are involved in the TP, the PA has an overarching responsibility to act in the public interest under the Code.

TP across multiple jurisdictions can create complexities due to the differing tax laws and regulations. However, this does not mean that a PA is expected to make judgments under the Code about tax policy or assess what revenue level is appropriate for taxation purposes in each jurisdiction. These are matters for legislators and tax authorities.

²⁶ Paragraphs 380.17 A2 and 280.17 A2

²⁷ Paragraphs 380.26 A1-A2 and 280.23 A1-A2

²⁸ Paragraphs R380.21 to R380.23 and R280.21 to 280.22 A2

Acting in the public interest in these circumstances involves ensuring that the TP arrangement complies with the relevant tax laws and regulations in each jurisdiction, including any general anti-avoidance rules.²⁹ It also involves establishing a credible basis for the arrangement³⁰ and applying the stand-back requirement³¹ to consider the arrangement's relative impacts on the tax bases of the various jurisdictions. As cross-border TP can be complex, it is important for the PA to have the appropriate expertise to advise the client or employing organization competently, or to engage or consult with appropriate experts in the relevant jurisdictions.

Sections 380 and 280 also address circumstances where a PA becomes aware that a client or employing organization is obtaining a tax benefit from accounting for the same transaction in more than one jurisdiction, especially if there is no tax treaty between the jurisdictions. In such circumstances, Sections 380 and 280 suggest that the PA might advise the client or management of the employing organization to make disclosure of the facts, circumstances and tax benefits derived in the different jurisdictions.³²



On the other hand, if the PA is not acting in the capacity of an employee of the club (even if on a volunteer basis) but is in effect providing the TP advice to the club as a professional service (in this case, without a fee), the PA is acting in a PAPP capacity. In such circumstances, the PA should follow Section 380.

See also Q21.

Applicability of Sections 380 and 280 to Specific Scenarios

Q20. A PA works for a local club on a volunteer basis. If the PA provides TP advice to the club, should the PA apply Section 280 or Section 380?

- A.** Whether the PA should apply Section 280 or 380 depends on the professional relationship of the PA with the club and the nature of the professional activity. If the professional relationship is more in the nature of an employee (although in a non-remunerated capacity) and the professional activity one that is not generally limited to PAPPs (e.g., an audit service), then Section 280 applies. As noted in paragraph 200.3 of the Code, a PAIB might be a volunteer of an employing organization. Paragraph 200.3 also explains that the legal form of the PA's relationship with the employing organization has no bearing on the PA's ethical responsibilities.

Q21. A PA is employed in a financial institution. If the PA provides TP advice to a client of the PA's employing organization, does the PA need to follow Section 280 or Section 380?

- A.** The PA should follow Section 280.

When a PAIB provides TP advice as part of their role within the PA's employing organization, including to external clients of that organization, the provisions of Section 280 apply. Although the advice is being provided to a third party (i.e., the client of the financial institution), the PA is acting in their capacity as an employee, not as a member of a professional practice. Therefore, the PA is considered a PAIB with respect to that TP advice, and Section 280 applies to them.

Part 2 of the Code also makes it clear that the legal form of the relationship of a PA (whether as an employee, contractor, partner, director, volunteer, etc.) with an employing organization has no bearing on the ethical responsibilities of the PA under the Code.³³ In this case, the PA may be considered to be acting in substance as a contractor to the client through the financial institution, and is therefore a PAIB with respect to the client.

See also Q20.

²⁹ Paragraphs R380.8 and R280.8

³⁰ Paragraphs R380.12 and R280.12

³¹ Paragraphs R380.14 and R280.14

³² Paragraphs 380.16 A1-A2 and 280.16 A1-A2

³³ Paragraph 200.3

Section II: PAPPs only

Distinguishing Between TP and Tax Compliance Services

Q22. If a PA is engaged to perform tax compliance work for a client but has not advised on the underlying TP arrangement to which the compliance work relates, does the PA have to apply Section 380?

- A.** No. If the PA is engaged solely to perform tax compliance work without advising on the underlying TP arrangement, Section 380 does not apply. However, the PA must still apply the Code's conceptual framework to identify, evaluate, and address threats to compliance with the fundamental principles when performing tax compliance work. See also Q2.

"Stand-Back" Consideration

Q23. Is a PA required to apply the "stand-back" consideration in paragraph R380.14 when providing a related service under Section 380?

- A.** Yes, the "stand-back" consideration will apply to the underlying TP arrangement in the related service. Section 380 explains that when a PA is engaged to provide a related service to a client that is based on or linked to a TP arrangement developed by the client or a third-party provider, the provisions of the Section apply to the underlying TP arrangement.³⁴

Potential Threats Arising from Providing a Tax Planning Service

Q24. Paragraph 380.19 A1 indicates that a self-interest threat might be created when a PA accepts a fee that might be perceived to be excessive for an engagement to develop a TP arrangement for which the interpretation of the relevant tax laws and regulations is uncertain or unclear. How should a PA assess whether the fee the PA charges for a TP service is excessive?

- A.** In assessing whether the fee charged for a TP service might be perceived to be excessive, a PA should exercise professional judgment, considering the nature, scope and complexity of the service, the time and expertise needed to competently render the service, and the PA's

experience with fees charged for comparable services by the PA's firm, having regard to the local jurisdictional context. The PA should also use the reasonable and informed third-party test as required by the Code's conceptual framework.³⁵ The IESBA did not believe that it would be appropriate to prescribe a quantitative threshold for determining when fees are excessive, as this would fail to account for the variability in nature, scope and complexity of different TP services, as well as the differences in cost bases in local markets around the world.

Referral to a Third-Party Provider

Q25. When a PA refers a client to a third-party provider of TP services, does the PA have a responsibility to assess the competence of that provider, and is the PA responsible for ensuring that the TP arrangement developed by the third-party provider has a credible basis?

- A.** First, the IESBA recognizes that there may be legitimate reasons for a PA to refer a client to a third-party provider of TP services, such as when the PA does not have the expertise or capacity to perform the service.

Secondly, Section 380 does not require the PA to evaluate the competence or capabilities of the third-party provider because the PA is not using that provider to deliver the TP service and is therefore not responsible for their work. Nevertheless, the principles of integrity and professional behavior call for the PA to exercise reasonable care in making the referral so that the third-party provider has the appropriate expertise and capabilities to meet the client's needs.

However, the PA has no responsibility for ensuring that the TP arrangement developed by the third-party provider has a credible basis, as the PA has no involvement in developing the arrangement. Instead, for transparency, the PA should inform the client of any professional or business relationship the PA has with the third-party provider. In addition, if the PA receives any referral fee or commission from the third-party provider, the PA should follow the provisions of Section 330 concerning that referral fee or commission.³⁶

³⁴ Paragraph 380.6 A1

³⁵ Paragraphs R120.5 and 120.5 A9

³⁶ Paragraphs R380.25 to 380.25 A2



Section III: PAIBs only

External Experts

Q26. A PA's employing organization has used an external tax expert to advise the employing organization on a TP arrangement. Does the PA have any responsibility under Section 280 in relation to the external tax expert's advice?

- A.** Yes, to the extent that the PA has a responsibility for the TP arrangement. In such circumstances, the PA should follow Section 280. This will include (a) ensuring that the TP arrangement, incorporating the external expert's advice, has a credible basis in laws and regulations,³⁷ and (b) applying the stand-back consideration.³⁸

[Section 290](#), issued in January 2025, applies to using the work of an external expert. Section 290 is effective as of December 15, 2026, with early adoption permitted and encouraged.

³⁷ Paragraph R280.12

³⁸ Paragraph R280.14

³⁹ Paragraphs R380.14 and 380.19 A1-A5, and R280.14 and 280.19 A1-A5

Section IV: Other Matters

Emerging Trends in Tax Planning

Q27. Technology such as generative artificial intelligence (AI) is increasingly integrated into TP. How should a PA evaluate a TP arrangement involving the use of such technology?

- A.** The use of technology such as generative AI in developing or advising on TP does not obviate the need for the PA to adhere to the principles in Sections 380 and 280. This means that the PA must ensure that any TP arrangement that has leveraged the use of such technology has a credible basis in laws and regulations, and that the PA understands and is able to explain the reasoning behind any output of the technology that underpins that credible basis.

Technological tools built on AI may be adept at innovative ways of TP to meet a client's or employing organization's needs, including utilizing novel interpretations of tax laws or gaps in such laws. It is incumbent on the PA to carefully review the outputs of such tools, and comply with the provisions of Sections 380 and 280, as applicable, including applying the stand-back requirement, and identifying, evaluating and addressing any threats arising from such TP.³⁹

The IESBA's [April 2023](#) release of technology-related revisions to the Code also provides valuable guidance to help PAs navigate the ethical challenges posed by the use of technology.

Application of Sections 380 and 280 by Tax Advisers Other than Professional Accountants

Q28. Tax advisers come from various backgrounds and may not be PAs. Do the provisions in Sections 380 and 280 apply to tax advisers who are not PAs?

- A.** Sections 380 and 280 apply specifically to PAs who are bound by the ethical requirements of the Code.

Although Sections 380 and 280 do not extend to non-PAs, the IESBA strongly encourages non-PAs to follow those sections as the IESBA recognizes that it is in the public interest that all tax advisers adhere to high standards of ethical conduct regardless of their professional or other backgrounds. The IESBA believes that the Code can serve as a global benchmark that can inspire tax advisers other than PAs to adopt higher ethical standards in their practice.

List of Acronyms and Abbreviations

AI	Artificial intelligence
The Code	International Code of Ethics for Professional Accountants (including International Independence Standards)
FAQs	Frequently asked questions
IESSA	International Ethics Standards for Sustainability Assurance (including International Independence Standards)
IESBA	International Ethics Standards Board for Accountants
Q&A	Question and Answer
PA	Professional accountant
PAIB	Professional accountant in business
PAPP	Professional accountant in public practice
SAP	Sustainability assurance practitioner
TCWG	Those charged with governance
TP	Tax planning

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