

27 October 2015

### **APESB issues revised APES 220 *Taxation Services***

Accounting Professional & Ethical Standards Board Limited (APESB) today announced the issue of the revised APES 220 *Taxation Services* (Revised APES 220) to replace the existing APES 220 (Issued March 2011).

Please refer to Appendix 1 of this technical update for details of the revisions. The revised APES 220 will be effective from 1 January 2016 with early adoption permitted.

The revised standard is available from APESB's website: [www.apesb.org.au](http://www.apesb.org.au)

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## Appendix 1

### Revisions to existing APES 220 (March 2011)

Accounting Professional & Ethical Standards Board Limited (APESB) has approved the following revisions to APES 220 *Taxation Services* which was originally issued in October 2007 and revised in March 2011.

Paragraph Reference	Revisions
1.1	<p>The objectives of APES 220 <i>Taxation Services</i> are to specify a Member's professional and ethical obligations in respect of:</p> <ul style="list-style-type: none"> <li>• <u>fundamental responsibilities when the Member performs a Taxation Service for a Client or Employer;</u></li> <li>• <u>preparation and lodgement of returns to Revenue Authorities;</u></li> <li>• <u>association with tax schemes and arrangements;</u></li> <li>• <u>the use of estimates;</u></li> <li>• <u>false and misleading information;</u></li> <li>• <u>professional Engagement matters;</u></li> <li>• <u>Client Monies;</u></li> <li>• <u>professional fees; and</u></li> <li>• <u>documentation.</u></li> </ul>
1.4 2	<p>Accounting Professional &amp; Ethical Standards Board Limited (APESB) has revised professional standard APES 220 <i>Taxation Services</i> (<b>the Standard</b>), which is effective from 1 <del>May 2014</del> <u>January 2016</u> and <u>supersedes APES 220 issued in March 2011</u>. Earlier adoption of this Standard is permitted.</p>
1.2 3	<p>APES 220 sets the standards for Members in the provision of quality and ethical Taxation Services. The mandatory requirements of this Standard are in <b>bold-type</b> type, preceded or followed by discussion or explanations in <del>grey</del> <u>normal</u> type. APES 220 should be read in conjunction with other professional duties of Members, and any legal obligations that may apply.</p>
1.4 5	<p><b>Members practising outside of Australia shall follow the provisions of APES 220 to the extent to which they are not prevented from so doing by specific requirements of local <u>laws</u> <del>regulations</del> and/or <u>regulations</u> <del>laws</del>.</b></p>
1.5 6	<p><b>Members shall be familiar with relevant <del>p</del>Professional <del>s</del>Standards and guidance notes when <u>performing</u> <del>providing</del> Professional Services <u>Activities</u>. All Members shall comply with the fundamental principles outlined in the Code.</b></p>
1.6 7	<p>The Standard is not intended to detract from any responsibilities which may be imposed by law <u>or regulation</u>.</p>
1.7 8	<p>All references to <del>p</del>Professional <del>s</del>Standards, <u>guidance notes and legislation</u> are references to those provisions as amended from time to time.</p>

1.8 <u>9</u>	In applying the requirements outlined in APES 220, Members should be guided not merely by the words but also by the spirit of <u>this the Standard and the Code.</u>
1.10	In this Standard, unless otherwise specified, words in the singular include <u>the plural and vice versa, words of one gender include another gender, and words referring to persons include corporations or organisations, whether incorporated or not.</u>
2	<p><b>Client</b> means an individual, Firm, entity or organisation to whom or to which <del>Taxation Services</del> <u>Professional Activities</u> are provided by a Member in Public Practice in respect of Engagements of either a recurring or demand nature.</p> <p><b>Client Monies</b> means <u>any monies (in whatever form) coming into the control of a Member in Public Practice or any of the Member's personnel which are the property of a Client and includes monies to which the Member or the Member's personnel have no present entitlement. "Control" means where a Member or any of the Member's personnel, acting either solely or in conjunction with one or more people, can authorise the transacting of Client Monies.</u></p> <p><b>Member</b> means a member of a <del>p</del>Professional <del>b</del>Body that has adopted this Standard as applicable to their membership, as defined by that <del>p</del>Professional <del>b</del>Body.</p> <p><b>Member in Public Practice</b> means a Member, irrespective of functional classification (e.g., audit, tax or consulting) in a Firm that provides Professional Services. <del>The</del> <u>This</u> term is also used to refer to a Firm of Members in Public Practice and means a practice entity <u>and a participant in that practice entity</u> as defined by the applicable <del>p</del>Professional <del>b</del>Body.</p> <p><b>Professional Activity</b> means <u>an activity requiring accountancy or related skills undertaken by a Member, including accounting, auditing, taxation, management consulting, and financial management.</u></p> <p><b>Professional Bodies</b> means <u>Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants.</u></p> <p><b>Professional Services</b> means <del>services requiring accountancy or related skills</del> <u>Professional Activities performed for Clients by a professional accountant including accounting, auditing, taxation, management consulting and financial management services.</u></p> <p><b>Professional Standards</b> means <u>all standards issued by Accounting Professional &amp; Ethical Standards Board Limited and all professional and ethical requirements of the applicable Professional Body.</u></p> <p><b>Taxation Services</b> means <u>any Professional Activities services performed by a Member relating to ascertaining a Client's or Employer's tax liabilities or entitlements or satisfying their obligations under a Taxation Law, provided under circumstances where they can reasonably expect to rely on the services Professional Activities.</u> This includes:</p> <ul style="list-style-type: none"> <li>• preparation of a return, notice, statement, application or other document for lodgement with a Revenue Authority, and responding on behalf of a Client or Employer to <u>the Revenue Authority's</u> requests for further information <del>from a Revenue Authority;</del></li> <li>• preparation of tax calculations to be used as the basis for the accounting entries in the financial statements;</li> <li>• provision of tax planning and other tax advisory services; and</li> <li>• assisting a Client or Employer in the resolution of tax disputes.</li> </ul>

3.2	In accordance with Section 100-4 <u>Introduction and Fundamental Principles</u> of the Code, Members shall observe and comply with their public interest obligations when they provide Taxation Services.
3.6	In accordance with Section 140 <u>Confidentiality</u> of the Code, a Member who acquires confidential information in the course of <u>performing professional work a Taxation Service</u> for a Client or Employer shall not use that information for any purpose other than the proper performance of professional work for that Client or Employer.
3.12	Competent Professional <u>Taxation Service</u> requires the exercise of sound judgement in applying professional knowledge and skill in the performance of such <del>service</del> <u>Professional Activities</u> . Due care imposes the obligation of acting diligently in accordance with applicable technical and <del>p</del> <u>Professional s</u> Standards when providing a <u>Professional Taxation Service</u> .
3.13	Members should therefore refrain from performing any <u>Taxation s</u> Services which they are not competent to carry out, unless expert advice and assistance is obtained to ensure that the <del>services</del> <u>Professional Activities</u> are performed to a standard agreed with the Client or Employer or as required by law.
4.2	Where appropriate, a Member may accept a Client's or Employer's information, and is not responsible for its veracity. However, within the agreed scope of work a Member should obtain information which is sufficient to allow the Member to form a view as to the application of the law to that information and to be able to recommend the options available to the Client or Employer on how the information provided by them may be reflected in the relevant return or other document to be lodged. Where a Member reasonably believes that the information provided by the Client or Employer may be incomplete, false or misleading, the Member should have regard to the provisions of paragraph 7.3 of this Standard and the law.
5.4	<b>A Member shall not promote, or assist in the promotion of, or otherwise encourage any tax schemes or arrangements where the dominant purpose is to derive a tax benefit and it is not reasonably arguable that the tax benefit is available under Taxation Law. Accordingly, a Member shall not provide advice on such a scheme or arrangement to a Client or Employer other than to advise that in the Member's opinion it is not effective at law.</b>
6.3	<b>The A Member shall consider whether the use of an estimate is reasonable in the particular circumstance. Where a Member has reason to believe an estimate is not reasonable, the Member shall advise the Client or Employer of the risks and consequences of using the relevant estimate in the return or submission to be lodged with the Revenue Authorities.</b>
8	<b>Professional e</b> Engagement matters
9	<b>Client m</b> Monies
9.1	<b>A Member in Public Practice shall ensure prompt transmission of <u>Client m</u>Monies received on behalf of a Client from Revenue Authorities to the Client in accordance with the requirements of APES 310 <u>Dealing with Client Monies</u>.</b>

9.3	Where funds are to be banked by a Member in Public Practice on behalf of a Client, a Member shall use a separate bank account designated as a trust account and maintained in accordance with the requirements of <del>the professional body to which the Member belongs</del> <b><u>APES 310 Dealing with Client Monies.</u></b>
<b>Appendix 1</b>	Summary of revisions to the previous APES 220 (Issued March 2011) – Amended