

September 10, 2024

Professional Ethics Division  
AICPA  
1211 Avenue of the Americas  
New York, NY 10036-8775

RE: Proposed revised interpretation "Tax Services" (ET sec. 1.295.160)

Via email: [ethics-exposedraft@aicpa.org](mailto:ethics-exposedraft@aicpa.org)

Dear Committee Members:

The North Carolina Association of Certified Public Accountants (NCACPA), representing more than 12,000 members in public practice, industry, government, and education, welcomes the opportunity to respond to the AICPA's Professional Ethics Executive Committee's proposed revisions to the AICPA Code of Professional Conduct section "Tax Services." This response represents the views of the NCACPA Accounting & Attestation Resource Group with input from the Tax Resource Group and NCACPA staff.

Below are our responses to the request for comments posed in the exposure draft.

**1. What are your thoughts on providing attest clients tax advisory or tax planning services and, specifically, on those services that may involve a higher level of uncertainty (as opposed to general tax advisory or tax planning services)?**

Many companies, especially small and mid-sized entities, seek tax advisory and/or tax planning services from firms that also provide their attest services. Company management typically develop long-term professional relationships with a firm that provides the tax services and attest services for the entity. Firms providing both attest and tax advisory services allows for a more streamlined experience for the company. Due to attest services performed, a firm also develops familiarity with the company's operations and its future plans and strategies. Attest firms may have more relevant data, information, and facts than a firm that doesn't provide the attest services for the company, which would allow the attest firm to provide quality tax advisory and tax planning services to the company. In some ways, this may also reduce the level of uncertainty in tax advisory and planning services provided.

**2. Do you agree with the proposal to revise the existing "Tax Services" interpretation to include tax advisory and tax planning services rather than to create a new interpretation?**

Yes.

**3. Do you agree with the addition of the advocacy threat when evaluating tax services for independence?**

Yes.

**4. Do you agree with the proposal to use the more-likely-than-not threshold for independence?**

Yes, this threshold is consistent with PCAOB Rule 3522, *Tax Transactions* and FASB ASC 740, *Incomes Taxes*. However, we recommend that the more-likely-than-not threshold be defined within the standard.

**5. Do you agree that the effective date provides adequate time to implement the proposals?**

Many members of A&A Resource Group and Tax Resource Group expressed concerns regarding the timing of the effective date. Many of the NCACPA's members, especially those that work with small and mid-sized entities, are true trusted business advisors to their clients. Some members were concerned the proposed revisions would prohibit firms from providing tax advisory and tax planning services to attest client or that firms would be significantly restricted or limited in the services they could provide and maintain independence.

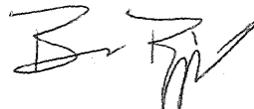
We recommend an effective date of more than one year after the notice is published in the *Journal of Accountancy*. This longer period is necessary to provide adequate time for appropriate education of member firms and to allow adequate time for vendors to update guides, tools, and checklists used by member firms to assist with documentation of independence on attest engagements. We agree that early implementation should be allowed.

Thank you for the opportunity to submit comments on the proposed revisions. Please direct any questions or concerns to NCACPA Director of Advocacy Robert Broome, CAE, at [rbroome@ncacpa.org](mailto:rbroome@ncacpa.org) or (919) 481-5160.

Sincerely,



Melisa F. Galasso, CPA  
Co-Chair  
Accounting & Attestation Resource Group



Benjamin R. Ripple, CPA  
Co-Chair  
Accounting & Attestation Resource Group

cc: NCACPA Board of Directors  
Mark Sotichack, CPA, CGMA, NCACPA CEO