



## **Professional qualifications and ethics of tax advisers in Europe**

Approved on September 13<sup>th</sup>, 1991 by the General Assembly of the Confédération Fiscale Européenne in Zurich and revised in accordance with the decision of the Council on 29<sup>th</sup> April 2005 in Brussels.

### **Preamble**

Taxation, in its many forms, is a significant consideration in the conduct of business operations and in the financial affairs of most individuals. The provision of sound, practical and relevant tax advice to business enterprises and individuals is an important factor in developing and preserving their financial well-being and future security.

Tax advice includes the preparation and submission of tax returns and supporting statements, the provision of advice and opinions on tax planning, the representation and defence of taxpayers before administrative authorities and tribunals and the provision of other tax advice and related services. The definition of tax advice can be narrower or broader depending on national regulations.

The interest of such taxpayers and the Revenue Authorities require that those who provide professional tax advice for a fee are professionally qualified, act independently, assume personal responsibility for their actions, preserve confidentiality in regard to their clients' affairs and act in the best interest of their clients.

### **Basic principles**

In furtherance of the above requirements, the CFE seeks to establish the liberal profession of "tax adviser" within Europe which is fully recognised, both at Government and public level. Such a recognised and strongly structured profession will provide the best protection for taxpayers, tax advisers in the

pursuit of their profession and the general public in preserving the rule of law. The CFE seeks to strengthen the rights of taxpayers and to eliminate, in so far as possible, obstacles which stand in the way of international cooperation and trade.

The CFE as the association of organisations of tax advisers from European countries therefore recommends that its Member organisations apply the principles set forth in the following paragraphs. The CFE further recommends that in protecting the interests of taxpayers and in improving the relationship with and the standards of reporting to Revenue Authorities, the national governments in Europe should require the application of similar principles from all whom they permit to render tax advice.

#### **Conditions of admission to Member organisations**

1. The Member Organisations of the CFE will ensure that only individuals who satisfy the following conditions are admitted to the Member organisations, i.e. an individual should:
  - a) have undertaken appropriate theoretical training at university degree level or its equivalent;
  - b) have practical experience of at least three years as a trainee in tax matters;
  - c) have passed an examination held by the State or an educational establishment which is recognised by the State, or a Member organisation covering theoretical and practical tax knowledge.

Exceptions to the above conditions may be granted by Member organisations provided such exceptions do not reduce the standards of training set forth in such paragraphs.



2. The examination should be based on national law as modified by European Community legislation and should preferably cover the following subjects:
  - a) tax law (in particular relating to taxes on income, wealth and value added)
  - b) business economics
  - c) principles of accountancy
  - d) business related law
  - e) tax procedures (including appearance before the tax administration and tax courts)
  - f) professional responsibilities and ethics
3. Before any individual is admitted, that individual shall be required to complete and sign an undertaking in writing confirming that he or she will abide by the code of conduct and ethics applicable to the profession.

### **Professional conduct**

A tax adviser is expected to conduct himself at all times in a manner consistent with the principles governing the profession and of the organisation to which he belongs. The following principles apply in particular in the practice of the profession:

1. Independence  
While carrying out his duties, the tax adviser should always have complete moral, intellectual and professional independence. This applies



both to the representation of a client's interests and to the settlement of conflicting interests as between the tax adviser, the client, the Revenue Authorities and any other interested parties.

2. a) Personal responsibility

The tax adviser carries out his professional activity under his own responsibility. He is responsible for his own work and that carried out by those in his employ.

If tax advice is rendered through a company, the company must be responsibly directed by qualified tax advisers and control of the company must be held by qualified tax advisers. If tax advice is rendered through a company which also renders other professional services, one or more qualified tax advisers should have specific responsibility for the tax advice.

b) Personal liability

The tax adviser's risk of liability for damages in respect of professional negligence or arising from any other legally enforceable claim of a similar nature should be covered by adequate professional indemnity insurance.

3. Care and conscientiousness

While practising his profession, the tax adviser must have due regard to legal requirements as well as these of his profession.

This principle calls for independence in all professional dealings and in particular the exercise of objectivity when judging the facts of a case. Similarly great care should be taken with entrusted money and assets which should be maintained separately from the tax adviser's own funds. Before accepting an appointment, the tax adviser should examine carefully and thoroughly whether he is in a position to carry out the engagement with due regard to his obligations and his competence.



4. Confidentiality

The duty to observe confidentiality applies to all information with which the adviser is entrusted by his client or which is brought to his knowledge during or at any time after the carrying out of his assignment. The same rules of confidentiality should be imposed on employees. This duty to observe confidentiality precludes the unauthorized use of professional or business secrets.

5. Compatible and incompatible activities

The tax adviser should undertake only such activities which are permissible and compatible with his profession and which do not endanger observance of his professional obligations.

6. Publicity

Tax advisers are permitted to provide technical information about their professional activities; it should be truthful and accurate.

7. Relations with colleagues

The tax adviser must promote good relations with other members of the profession. This applies in particular when handling the affairs of a client jointly with another tax adviser, or following a transfer of responsibility.

8. Fees

The client should be entitled to be informed of the basis of calculation of fees before taking on an engagement. The tax adviser's fee should have regard to his degree of responsibility and the nature and importance of the work and time devoted to it.

9. Disciplinary sanctions

The Code of Conduct developed by each Member organisation shall be enforceable on the members of the organisation by application of disciplinary sanctions, which shall include a power of exclusion.



10. Post qualification education

The professional tax organisations shall encourage members to maintain their skills and technical knowledge after qualification and shall provide or arrange facilities for the continuation of such professional education.

**Scope**

These guidelines are advisory and Member organisations should review their own professional rules accordingly. Adherence to these principles does not remove the obligation to observe appropriate national legal or professional provisions. While practising in a foreign country the provisions applicable to the practice of the profession in that country shall be respected.

The requirements specified in "Conditions of admission to Member organisations" shall not affect the status of individuals who are members of the Member organisations and were admitted under the conditions for admission to membership prior the time these guidelines became operative.