

The ICAEW has a long way to go before it embraces the e...

Published: January 13, 2026, 4:23 am

My long standing blogging friend, Dennis Howlett has drawn my attention [to a blog by Michael Izza, President of the Institute of Chartered Accountants in England and Wales](#) (of which I am a member) on the subject of aggressive tax avoidance. Izza wrote nearly a week ago: matters have been somewhat hectic for me over that period. It's fair to say the ICAEW also sent me a note about it too.

[Like Dennis, I regret I](#) take little comfort from Izza's words. Having noted the schemes referred to by The Times and as used by Jimmy Carr and others he then says:

I believe that there is no place for our profession in the creation or maintenance of these sorts of tax schemes.

As ICAEW Chartered Accountants, our code of ethics, which is the foundation for how we behave, is clear that we must do nothing to bring our profession into disrepute. Any members involved in aggressive tax planning through the sorts of schemes highlighted by The Times are doing exactly that, and are risking the reputation of the vast majority of our members who provide valuable and honest support to businesses and individuals and who want nothing to do with such schemes.

Anyone behind the type of tax schemes outlined in The Times must be aware that what they are dealing with is beyond the bounds of what is reasonable and responsible tax planning — all the more so if the schemes cannot be set out fully in writing or rely on information being conveyed orally.

It is a curious fact that, Mark Lee apart, those ICAEW members commenting below the article do not seem to agree: indeed their comments about Izza are blunt, and consider it was his job to challenge The Times and not criticise tax abuse.

Well, Izza got it right to offer criticism, but his tone and the content of his blog is so typical of the current corporate style apology. Issued after the event, only referring to what has been made public and seeking to suggest that those who have perpetrated the act are the rare rotten apples the tone matches that of all current cliches for CEO confessions. As such it may have irritated those wedded to tax abuse but its a

miserable failure for the ICAEW.

Firstly, Izza implies that the ethical code of the ICAEW is a matter for each member to determine - he asks them to look in the mirror. That's absurd. A tax cheat never sees a tax cheat in the mirror - they'll deny it forever. As a result his suggested sanction - that those involved desist - is wholly inadequate.

Second, he offers no support for measures to stamp out such abuse - and the ICAEW is already on record, as are a great many of its members, as having concern about the scope of the extraordinarily timid general anti-avoidance rule being promoted by the government. That's not walking the talk.

Third, Izza's comments smack of seeking to close this door after the horse has bolted, but Izza needs if he is to suggest leadership on this issue to anticipate where the next problem might arise. So, for example, he should be condemning all those who seek to get round the law - for that is what tax avoidance is. And he should be condemning the use of tax havens to undermine the settlement of obligations due within the spirit of the law in the UK, and all those ICAEW members who service those tax haven operations. And he should not just be condemning those who refuse to commit their tax schemes to writing to avoid the sanction of law but also all those who use offshore trusts, nominee companies and other tax haven structures to also obscure the truth of their transactions, and he should be demanding that not just members of the ICAEW but governments too take action to stop that abuse.

And he should think more widely about those who bring the profession into disrepute. He might begin with why PWC forgot to highlight the risk to Barclays of the LIBOR investigation at that bank that has now cost the jobs of three executives and shattered the share price - but which got the most cursory of attention hidden in a note deep in the accounts. Maybe he should wonder whether that - and the failure suggested by the House of Lords of three of the Big 4 in their bank audits in 2008 also brought the ICAEW into disrepute.

To put it more broadly, Izza can't play the rotten apple card. It's now widely recognised that there's a failure of accountability and transparency in society and that ethical failures, financial abuse and even crime are following in its wake. And it's fair to say that the failure of the accountancy profession to put its house in order over many years - as so expertly catalogued by Prem Sikka is the clearest possible evidence of that.

So mirrors aren't good enough, I'm afraid. More is blowing away a little of the smoke. It's time for the ICAEW to say that anything not clearly within the spirit of the law is unacceptable tax practice according to its ethical code. And it's time for it to demand legislation to back that up. And it's also time for it to say tax havens should be beyond limits from its members, whilst now is the time for it to say that there must be independent firms of auditors who audit and do nothing else if the role of private

sector auditing is to survive. Nothing less will do.

The ICAEW has a long way to go on ethics as yet if it is to match reasonable public expectations. Learning how to make an appropriate apology might be a good place to start.