

Accounting, tax and ethics

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According to [Accountancy Age](#):

Accounting and professional services institutes require a better definition of 'public interest' if they are going to take a greater lead in tackling tax avoidance as the government hopes.

I [offered a whole Code of Conduct](#) to provide clarity on this issue back in 2007. Not much has changed since, but let me summarise it. Those parts that directly related to the profession said:

Accounting

- a. Transparent recording of the structure of all taxable entities is available on public record;
- b. The accounts of all material entities are available on public record;
- c. Taxable transactions are recorded where their economic benefit can be best determined to arise.

Planning

- a. Tax planning seeks to comply with the spirit as well as the letter of the law;
- b. Tax planning seeks to reflect the economic substance of the transactions undertaken;
- c. No steps are put into a transaction solely or mainly to secure a tax advantage.

Reporting

- a. Tax planning will be consistently disclosed to all tax authorities affected by it;
- b. Data on a transaction will be consistently reported to all tax authorities affected by it;

c. Taxation reporting will reflect the whole economic substance and not just the form of transactions.

Or in summary, the public interest as far as tax professionals is concerned requires them to be:

Open

Honest

Accountable

That wasn't hard, was it? The principles are easily stated

And for the record these things are not in the public interest, by definition:

Opaque accounting, whether in tax havens, group accounts or abbreviated accounts, even if permitted by law

Tax avoidance schemes as they misstate the nature of transactions undertaken or do not reflect the spirit of the law

Almost all tax haven activity as it artificially relocates the place in which transactions are recorded

I could add more, but let's start with reforming these issues and then move on from there.

Again, it was not hard, and now there is an action plan for reform.

What else are the profession finding hard about this, apart from fearing that the fee income of some may go down?