

Professional Conduct in Relation to Taxation (PCRT)

November 2025



What we'll be covering

- Introductions
- What is PCRT?
- What does PCRT say?
 - The Fundamental Principles
 - The Standards for Tax Planning
- Why has PCRT been updated?
- What are the key changes?
- What future changes are planned?

Your presenters – Lindsey Wicks

- Senior Technical manager, Tax Policy, ICAEW Tax Faculty
- FCA and CTA
- Experience:
 - Worked in tax for over 25 years
 - Part of Grant Thornton's technical team for 12 years
 - Tax writer and editor
 - Joined ICAEW as a technical editor in 2019 and moved into a tax policy role in 2023



Your presenters – Jane Mellor

- Head of Professional Standards at CIOT & ATT
- CIOT and ATT Member
- Experience:
 - Trained at KPMG and worked in personal tax teams in practice for over 20 years
 - Joined the CIOT & ATT as a Professional Standards Officer in 2015 and became Head of Professional Standards in 2022



What is PCRT?

- ‘Professional Conduct in Relation to Taxation’
- First published jointly by ICAEW & CIOT in 1995
- PCRT sets out how members should apply ethical behaviour in a tax context and adherence is compulsory
- Seven professional bodies have signed up – AAT, ACCA, ATT, CIOT, ICAEW, ICAS, and STEP
- Supplemented by each body’s own regulations, guidance and other Codes of Practice/Ethics
- PCRT is endorsed by HMRC

Evolution of PCRT

- PCRT has been revised several times – significant changes in 2017 introduced the Standards for Tax Planning
- The current format that separated out the help sheets was adopted in 2019. This means that PCRT:
 - has regulatory effect for the professional bodies
 - is written in mandatory terms

What does PCRT say?

- Five Fundamental Principles
 - Integrity
 - Objectivity
 - Professional competence and due care
 - Confidentiality
 - Professional behaviour
- Five Standards for Tax Planning
 - Client specific
 - Lawful
 - Disclosure and transparency
 - Tax planning arrangements
 - Professional judgement and appropriate documentation

Why has PCRT been updated?

- Developments in ethical standards
- April 2024: The International Ethics Standards Board for Accountants (IESBA) issued revisions to the IESBA Code of Ethics covering tax planning and related services
- Four PCRT bodies are members of the International Federation of Accountants (IFAC) and reflect the IESBA Code of Ethics in their own ethical codes and guidance
- Desire to maintain primacy of PCRT

Key differences in application and approach

PCRT	IESBA
All tax work	Tax planning and related services
Written to apply to all members working in tax	Distinguishes between members working in business and members working in practice
Splits the requirements (in the main document) from the guidance (the help sheets)	Contains both the regulatory requirements (the 'R' paragraphs) and the guidance (the 'A' paragraphs or application material)

Key changes

- No change in structure:
 - Five Fundamental Principles
 - Five Standards for Tax Planning
- Clarification in the introduction:
 - PCRT applies to all members working in tax
 - How to interpret PCRT as an employee

Key changes - Fundamental principles (1)

- Alignment with changes to ethical codes since the last PCRT update
- Objectivity
 - If a client engages a member to advise on a tax planning arrangement developed by a third party, the member must inform the client of any professional or business relationship the member has with the third-party provider.
 - If a member recommends or refers a client to a third-party provider of tax planning services, the member must inform the client of any professional or business relationship the member has with the third-party provider.

Key changes - Fundamental principles (2)

- Professional competence and due care
 - A member is expected to have an inquiring mind and exercise professional judgement when considering the specific facts and circumstances relating to the engagement.
 - A member might be engaged to provide a second opinion on a tax planning arrangement. PCRT applies in such circumstances.

Key changes – The Standards for Tax Planning – Client Specific

- The member must obtain an understanding of the nature of the engagement, including:
 - Knowledge and understanding of the client, its owners, management and those charged with governance, and its business activities;
 - The purpose, facts and circumstances of the tax planning arrangement; and
 - The relevant tax laws and regulations.

Key changes – The Standards for Tax Planning – Lawful (1)

- At all times members must act lawfully and with integrity and **must advise their clients to comply with the relevant tax laws and regulations, and ensure that they draw attention to any anti-avoidance rules or other rules that limit or prohibit certain tax planning arrangements.**
- Tax planning must be based on a realistic assessment of the facts and on a credible view of the law (**together forming a credible basis**).
- **Members must obtain an understanding of the relevant tax laws (including any anti-avoidance rules) and draw their clients' attention to them, including** where the law is materially uncertain, for example because the relevant revenue authority is known to take a different view of the law.

Key changes – The Standards for Tax Planning – Lawful (2)

- Members should consider taking further advice appropriate to the risks and circumstances of the particular case, for example where litigation is likely **or where the advice required is outside their area of expertise (for example dealing with overseas jurisdictions).**
- **Members must reassess their view of the facts and law if, during the course of the engagement, they become aware of circumstances that might impact their previous assessment.**

Key changes – The Standards for Tax Planning – Lawful – Disagreement (1)

- If the member disagrees that a tax planning arrangement that a client would like to pursue has a credible basis, the member must:
 - Inform the client of the basis of the member's assessment;
 - Communicate to the client the potential consequences of pursuing the arrangement; and
 - Advise the client not to pursue the arrangement.

Key changes – The Standards for Tax Planning – Lawful – Disagreement (2)

- If the client decides to pursue the tax planning arrangement despite the member's advice to the contrary, the member must advise the client to:
 - Communicate internally to the appropriate level of management the details of the arrangement and the difference of views;
 - Consider making full disclosure of the arrangement to the relevant tax authorities (where this is not in any event already required); and
 - Consider communicating the details of the arrangement and the difference of views to the external auditor, if any.

Key changes – The Standards for Tax Planning – Lawful – Disagreement (3)

- In light of the client's response to the member's advice, the member must consider whether there is a need to withdraw from the engagement and the professional relationship.
- Where the disagreement relates to an arrangement where the relationship is one of employee and employer, the member, might also consider whether there is a need to resign from the employer.

Key changes – The Standards for Tax Planning – Advising on tax planning arrangements

- Where a member has a genuine and reasonable uncertainty as to whether particular planning is in breach of this Standard, the member **must**:
 - **discuss the uncertainty with the client or, where a member is an employee, the management ...**

Key changes – The Standards for Tax Planning – Professional judgement and appropriate documentation

- Members must consider the reputational, commercial and wider economic consequences that could arise from the way stakeholders might view the arrangement. If, having considered this, a member decides not to recommend or otherwise advise on a tax planning arrangement that the client would like to pursue, the member must inform the client and explain the basis for their conclusion.

Future developments

- Topical guidance
 - R&D
 - AI
 - Making tax digital for income tax
- Help sheets

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Thank you

Please contact your professional body for further support

