

Table of Contents

Introduction	1
The Practice of Public Accounting	1
National Reforms and State Regulation.....	2
Introduction Review Questions	5
Chapter 1 The AICPA’s Code of Professional Conduct	7
Introduction.....	7
Application of the AICPA Code.....	8
The Principles of Professional Conduct.....	8
The First Principle: Responsibilities	8
The Second Principle: The Public Interest	9
The Third Principle: Integrity	9
The Fourth Principle: Objectivity and Independence.....	10
The Fifth Principle: Due Care.....	10
The Sixth Principle: Scope and Nature of Services	11
The Conceptual Frameworks.....	13
Rules of Professional Conduct	14
The Integrity and Objectivity Rule	14
The Independence Rule	16
The General Standards Rule.....	17
The Compliance With Standards Rule.....	17
Applicable Standards.....	17
The Accounting Principles Rule.....	18
The Acts Discreditable Rule.....	19
The Contingent Fees and Commissions and Referral Fees Rule.....	21
The Advertising and Other Forms of Solicitation Rule	22
The Confidential Client Information Rule	22
The Form of Organization and Name Rule	23
Chapter 1 Review Questions	25
Chapter 2 Independence	27
Introduction.....	27
Covered Members and Covered Persons	28
Additional Circumstances Impairing Independence	29
Financial Restrictions Affecting Covered Members/Persons	29
Independence Rules Applicable to Covered Member’s/Person’s Immediate Family	30
Independence Rules Applicable to Covered Member’s/Person’s Close Family	32
Subsequent Employment With the Audit Client.....	33
“Cooling Off” Period.....	34
Nonattest Services	34
The SEC.....	35
The PCAOB.....	35
The AICPA.....	38
Miscellaneous Compensation Matters.....	40
Contingent Fees and Commissions	40
Unpaid Fees	41
Partner Compensation.....	41
Partner Rotation	41
Chapter 2 Review Questions	43

Chapter 3 Ethical Guidance for Tax Professionals	45
Introduction	45
Circular 230	45
Section 10.20: Information to be Furnished	45
Section 10.21: Knowledge of Client’s Omission.....	46
Section 10.22: Diligence as to Accuracy	46
Section 10.27: Contingent Fees	47
Section 10.28: Return of Client’s Records	48
Section 10.29: Conflicting Interests	48
Section 10.30: Solicitation	49
Section 10.31: Negotiation of Taxpayer Checks	50
Section 10.33: Best Practices for Tax Advisors.....	50
Section 10.34: Standards with Respect to Tax Returns and Documents, Affidavits and Other Papers	51
Tax Returns.....	51
Documents, affidavits and other papers.....	51
Advising Clients on Potential Penalties.....	52
Relying on Information furnished by Clients	52
Section 10.35: Competence.....	52
Section 10.36: Procedures to Ensure Compliance.....	53
Section 10.37: Requirements for Written Advice	53
IRS Penalties for the Unauthorized Disclosure or Use of Tax Return Information	55
Definitions.....	55
Permissible Disclosures Or Uses Without Taxpayer Consent.....	58
Disclosures or Uses Between Tax Preparers	59
Adequate Data Protection Safeguard	62
Disclosures to Contractors.....	62
Corporate Fiduciaries.....	63
Taxpayer’s Fiduciary	63
Disclosures by Attorneys and Accountants.....	63
Lists for Solicitation of Tax Return Preparation Business	65
Producing Statistical Information in Connection with Tax Return Preparation Business.....	66
Disclosure or Use of Information for Quality, Peer, or Conflict Reviews.....	68
Taxpayer Consent	68
Chapter 3 Review Questions	77
Review Question Answers	81
Glossary	87
Index	95
Final Examination	97