

CIOT Guidance on the Updated PCRT issued 1 October 2025

Introduction

The update to PCRT was required because of the issue of the International Ethics Standards Board for Accountants (IESBA) Tax planning code. Whilst CIOT is not required to meet IESBA requirements a number of other author bodies are required to adhere to the IESBA code. As a result the wording of PCRT has been updated to align with the IESBA code.

The CIOT is aware that a number of members are joint members with bodies which do have to adhere to the IESBA code and therefore it makes sense for PCRT to be consistently applied by all bodies. We also see the strength in having one version of PCRT which all the author bodies adhere to.

Members following PCRT should not find that the revisions present significant extra burdens when providing tax advice. Members should also be aware that unless they are a member of another body required to adhere to the IESBA codes then the amendments to PCRT do not imply a general requirement placed on them to meet the requirements of those codes.

In relation to the points updated in PCRT the CIOT felt it would be helpful to issue some clarification on some of the wording included in the document.

Inquiring Mind

Paragraph 2.10 introduces the new concept of a member having an “inquiring mind”. This implies not only a natural curiousness, but also a requirement that advisers should not close their eyes to obvious investigations that would likely affect the tax outcome. However, an inquiring mind does not require members to conduct a detailed audit, indulge in speculative investigations, or to engage in “fishing expeditions” (just in case they might reveal something that could affect the tax outcome). The paragraph also reminds members that they must act only within the scope of their agreed engagement. Members should review their engagement letter terms to ensure that they permit members to meet this new standard.

Lawful

The updated PCRT refers to members obtaining an understanding of relevant tax laws and regulations and advising their clients to comply with relevant laws and regulations.

The CIOT considers this to mean that:

- a. members must check their engagement letter terms to ensure clients have been advised in their standard terms that clients must comply with all UK and foreign tax laws.
- b. members are not expected to understand in detail the tax or other laws applying in all foreign jurisdictions. However, members should:
 - (i) ensure that they are aware which foreign jurisdictions’ tax systems might be relevant (probing the client for information about relevant jurisdictions as appropriate)

- (ii) either:
 - a. check and confirm that the client is already advised by a suitably qualified adviser in those jurisdictions; or
 - b. advise the client to take such advice from a suitably qualified adviser; or
 - c. take advice themselves from such an adviser; and
- (iii) ensure that any knock-on effects on the home-jurisdiction tax position are properly considered.
- (iv) a foreign adviser will be suitably qualified for these purposes if they appear to be suitably qualified and the member has no reason to doubt their competence

Privilege

1.6 of PCRT states that “Nothing in PCRT overrides legal professional privilege.” This principle has not been repeated elsewhere in PCRT but when reading the requirements it is important to ensure that this principle is applied when advising clients.

Conclusion

PCRT is principles based. If members have any queries about the application of PCRT to their particular circumstances then they should email standards@tax.org.uk to contact the Professional Standards team.

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