

PROVIDING ACCOUNTING SERVICES TO THE PUBLIC – TAXATION SERVICES

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As a CPA, you want to make sure you are complying with your professional obligations – for yourself and your clients.

Whether you work in an accounting firm or in industry, it is important to understand CPA Ontario’s By-laws and Regulations regarding taxation services.

Are taxation services considered “providing accounting services to the public”?

If you are asked to provide taxation services to an individual or an organization, you will need to determine whether these services fall under CPA Ontario [By-law 11.53](#), which defines “providing accounting services to the public”. If your services fall under this definition, you must obtain professional liability insurance and register your practice with CPA Ontario to comply with the By-laws¹ and Regulations.

[By-law 11.53.3](#) provides a complete definition of “providing accounting services to the public” in relation to taxation services, which includes “taxation, insofar as it involves advice and counselling in an expert capacity” and **excludes** the mechanical processing of returns.

If you are providing taxation services that require you to apply professional judgment based on knowledge of tax laws and regulations, then you are providing accounting services to the public.

The requirement to register a practice with CPA Ontario does not apply if you are providing taxation advice to an organization or its related entities as an employee, because you are not providing those services to third party clients. However, if you are working as an employee of an organization, then you still need to consider the guidance below under “Associating with a corporation that is not registered with CPA Ontario”.

Below is a non-exhaustive list of examples of taxation services that fall under “providing accounting services to the public”.

CPA Ontario By-Law (By-law):

- 11.53, providing accounting services to the public
- 10.1, prohibitions on practice

Relevant CPA Ontario Regulations (Regulation):

- [Regulation 10-1](#), Firms
- [Regulation 14-1](#), Professional Liability Insurance

Relevant rules in the CPA Code of Professional Conduct (CPA Code):

- Rule 409, Practice of public accounting in corporate form

¹ By-law 10.1.1 does not allow a CPA or student to engage in the practice of public accounting or in providing accounting services to the public except through a firm that is registered with CPA Ontario.



Providing accounting services to the public

- providing tax preparation, advisory and planning services in relation to income tax returns (personal, corporate, trust, etc.)
- providing advice on personal tax returns that include business income, such as a Statement of Real Estate Rentals or a Statement of Business or Professional Activities
- making an interpretation or exercising professional judgment, such as whether a certain expense qualifies as a tax-deductible expense
- discussing the return and explaining the reasons why certain deductions have not been claimed (e.g. medical expenses, donations, transit costs)
- providing professional tax advice regardless of whether any fees are charged
- assisting with tax-related queries such as objections, appeals and voluntary disclosures, and dealing with various government agencies
- providing taxation services to a registered firm on a sub-contract or consulting basis
- providing professional advice on payroll withholding tax, commodity tax, transfer pricing, international tax, SR&ED, and GST/HST and PST compliance, which requires knowledge of and expertise in tax laws and regulations

Mechanical processing of returns

Mechanical processing of returns is interpreted narrowly. There are limited circumstances where the taxation services you provide would be considered under the exemption of mechanical processing of returns. Generally, mechanical processing of returns only involves inputting a few tax slips and performing very simple calculations without exercising professional judgement and providing advice.

Most individuals will seek your services to receive advice and counselling that will require your professional judgment, expertise and knowledge of the Income Tax Act (ITA). Because you are required to have expert

knowledge of the ITA, tax deductions, filing deadlines and tax instalment calculations, preparing corporate and trust returns are considered “providing accounting services to the public” in virtually every case, and would require your practice to be registered with CPA Ontario.

Registering your practice and the requirement for a public accounting licence

Under [Regulation 10-1](#), when you are registering your practice with CPA Ontario please note that only sole proprietorships, partnerships, limited liability partnerships and professional corporations are permissible practice structures. Also, before you register your practice you are required to obtain professional liability insurance in accordance with [Regulation 14-1](#). For more information on how to register a public accounting practice with CPA Ontario, visit our [website](#).

It is also important to be aware that if you are providing taxation services only, you do not need a public accounting licence (PAL), unless you are providing other services where a PAL is required. For more information, please refer to our [website](#).



Associating with a corporation not registered with CPA Ontario

Rule 409, *Practice of public accounting in corporate form* of the [CPA Code](#), states that you or your firm may not associate in any way with any corporation that practises public accounting or provides accounting services to the public except through a firm registered with CPA Ontario. Therefore, if you work for an unregistered organization that practises public accounting or provides accounting services to the public, you are in breach of [Rule 409](#) – with only one exception. [Rule 409\(b\)](#) allows you to associate with such corporations when taxation services that fall under “providing accounting services to the public” are only a small part of the corporation’s activities.

For further clarification, paragraph 5 of the Guidance to [Rule 216](#) states: “*Rule 409 exempts taxation advice provided on an incidental basis from regulated services, provided certain conditions are met. These conditions are primarily applicable to members working for larger financial institutions such as banks or investment dealers. Members who provide taxation services incidental to wealth management services, who meet the conditions set out in Rule 409, may not be considered to be providing accounting services to the public.*”

As no two situations are identical, you are responsible for ensuring that your own situation complies with the [CPA Code of Professional Conduct, By-law and Regulations](#). Please note that this article is considered to be non-authoritative guidance only.

Have a question? Our Professional Advisory Services team is here to help, making first point of contact within 24 hours.

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