

PCAOB

Public Company Accounting Oversight Board

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IMPLEMENTATION SCHEDULE FOR CERTAIN
ETHICS AND INDEPENDENCE RULES
CONCERNING INDEPENDENCE, TAX
SERVICES, AND CONTINGENT FEES

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) PCAOB Release No. 2006-006
) October 31, 2006
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) PCAOB Rulemaking
) Docket Matter No. 017
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Summary: The Public Company Accounting Oversight Board ("PCAOB" or "Board") is adjusting the implementation schedule for one part of Rule 3523, Tax Services for Persons in Financial Reporting Oversight Roles. The Board adopted Rule 3523 on July 26, 2005 and the rule was approved by the Securities and Exchange Commission on April 19, 2006.

Board

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On July 26, 2005, the Board adopted certain rules related to registered public accounting firms' provision of tax services to public company audit clients. The rules were designed to address certain concerns related to auditor independence when auditors become involved in marketing or otherwise opining in favor of aggressive tax shelter schemes or in selling personal tax services to individuals who play a direct role in preparing the financial statements of public company audit clients. As part of this rulemaking, the Board adopted Rule 3523 to prohibit registered public accounting firms from providing any tax services to persons in a financial reporting oversight role at an audit client. Rule 3523 was approved by the Securities and Exchange Commission ("SEC") on April 19, 2006. Under the current implementation schedule set by the Board, Rule 3523 will not apply to tax services being provided pursuant to an

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engagement in process on April 19, 2006, provided that such services are completed on or before October 31, 2006.^{1/}

Rule 3523 applies to all tax services performed for persons in a financial reporting oversight role during the "audit and professional engagement period." The Board intends to revisit the application of Rule 3523 to tax services provided during the period before a registered public accounting firm becomes auditor of record for an audit client – that is, during only the "audit period."^{2/} Accordingly, the Board has decided to adjust the implementation schedule for Rule 3523, as it applies to tax services provided during the "audit period," while it revisits this aspect of the rule. Specifically the Board will not apply Rule 3523 to tax services provided on or before April 30, 2007, when those services are provided during the audit period and are completed before the professional engagement period begins.^{3/}

The PCAOB has filed this adjustment to the implementation schedule with the SEC as an immediately effective proposed rule change. The rule change became effective upon its filing with the SEC, thereby extending to April 30, 2007 the implementation date for this aspect of Rule 3523. The adjustment to the implementation schedule and related rule filing will not result in any textual changes to the Rules of the PCAOB.

^{1/} PCAOB Release No. 2006-001(March 28, 2006), at 2-3.

^{2/} Consistent with the SEC's independence rules, 17 C.F.R. § 210.2-01(f)(5), the phrase "audit and professional engagement period" is defined to include two discrete periods of time. The "audit period" is the period covered by any financial statements being audited or reviewed. Rule 3501(a)(iii)(1). The "professional engagement period" is the period beginning when the accounting firm either signs the initial engagement letter or begins audit procedures and ends when the audit client or the accounting firm notifies the SEC that the client is no longer that firm's audit client. Rule 3501(a)(iii)(2).

^{3/} This will apply whether there is an engagement in process on April 19, 2006 or not.

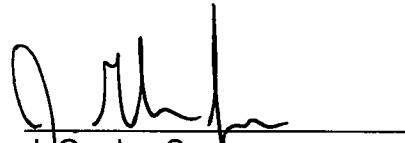
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The implementation schedule for Rule 3523 as it applies to tax services provided during the professional engagement period remains unchanged. Accordingly, as of November 1, 2006, registered public accounting firms must comply with Rule 3523 as it relates to tax services provided during the professional engagement period.

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On the 31 day of October, in the year 2006, the foregoing was, in accordance with the bylaws of the Public Company Accounting Oversight Board,

ADOPTED BY THE BOARD.



J. Gordon Seymour
Secretary

October 31, 2006