

File No. PCAOB-2006-02  
Consists of 14 Pages

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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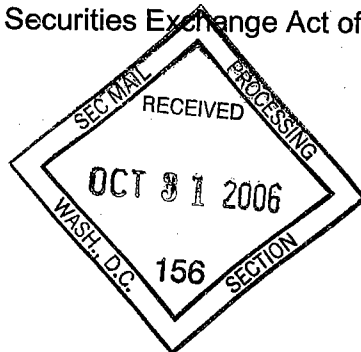
Form 19b-4

Proposed Rule Change

By

Public Company Accounting Oversight Board

In accordance with Rule 19b-4 under the  
Securities Exchange Act of 1934



1. Text of the Proposed Rule

(a) Pursuant to the provisions of Section 107(b) of the Sarbanes-Oxley Act of 2002 (the "Act"), the Public Company Accounting Oversight Board (the "Board" or the "PCAOB") is filing with the Securities and Exchange Commission ("SEC" or "Commission") an adjustment of the implementation schedule for Rule 3523, Tax Services for Persons in Financial Reporting Oversight Roles. The PCAOB is not proposing any textual changes to the Rules of the PCAOB.

(b) As noted above and more fully described below, the proposed rule change will adjust the implementation schedule for Rule 3523, Tax Services for Persons in Financial Reporting Oversight Roles.

(c) PCAOB-2005-02, Ethics and Independence Rules Concerning Independence, Tax Services and Contingent Fees (August 2, 2005); PCAOB-2005-02, Amendment No. 1, Ethics and Independence Rules Concerning Independence, Tax Services, and Contingent Fees (November 23, 2005); PCAOB-2006-01, Amendment No. 2 to Rule Filings with Respect to the PCAOB's Proposed Ethics and Independence Rules Concerning Independence, Tax Services, and Contingent Fees (March 28, 2006).

2. Procedures of the Board

(a) The Board approved the adjustment to the implementation schedule, and authorized it for filing with the SEC, at a meeting on October 31, 2006. No other action by the Board is necessary for the filing of the proposed rule change.

(b) Questions regarding this rule filing may be directed to Gordon Seymour, Deputy General Counsel (202-207-9034; seymourg@pcaobus.org) or Bella Rivshin, Assistant Chief Auditor (202-207-9180; rivshinb@pcaobus.org).

3. Board's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rules

(a) Purpose

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 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 engagement in process on April 19, 2006, provided that such services are completed on or before October 31, 2006.<sup>1/</sup>

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."<sup>2/</sup> Accordingly, the Board has decided to

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<sup>1/</sup> PCAOB Release No. 2006-001(March 28, 2006), at 2-3.

<sup>2/</sup> 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

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.<sup>3/</sup>

The implementation schedule for Rule 3523 as it applies to tax services provided during the professional engagement period remains unchanged.<sup>4/</sup> 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.

(b) Statutory Basis

The statutory basis for the proposed rule change is Title I of the Act.

4. Board's Statement on Burden on Competition

The Board does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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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).

<sup>3/</sup> This will apply whether there is an engagement in process on April 19, 2006 or not.

<sup>4/</sup> PCAOB Release No. 2006-001 (March 28, 2006), at 3.

5. Board's Statement on Comments on the Proposed Rule Received from Members, Participants or Others

The Board did not solicit or receive written comments on this proposed rule change.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) of the Securities Exchange Act

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Securities Exchange Act of 1934 (as incorporated, by reference, into Section 107(b)(4) of the Act) and Rule 19b-4(f)(1) thereunder, in that the proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the PCAOB. As noted above, the proposed rule change will become effective upon the date of this filing, thereby extending to April 30, 2007 the implementation date for this aspect of Rule 3523.

8. Proposed Rules Based on Rules of Another Board or of the Commission

Not applicable.

9. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule for Publication in the Federal Register.

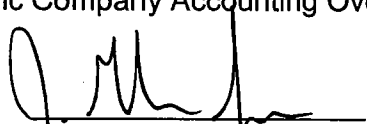
Exhibit 2 – PCAOB Release No. 2006-006

10. Signatures

Pursuant to the requirements of the Act and the Securities Exchange Act of 1934, as amended, the Board has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Public Company Accounting Oversight Board

By:



J. Gordon Seymour  
Deputy General Counsel  
and Secretary

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. PCAOB-2006-02)

[Date]

Public Company Accounting Oversight Board; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Adjusting Implementation Schedule of Rule 3523, Tax Services for Persons in Financial Reporting Oversight Roles

Pursuant to Section 107(b) of the Sarbanes-Oxley Act of 2002 (the "Act"), notice is hereby given that on October 31, 2006, the Public Company Accounting Oversight Board (the "Board" or the "PCAOB") filed with the Securities and Exchange Commission (the "SEC" or "Commission") the proposed rule change described in Items I, II, and III below, which items have been prepared by the Board. The PCAOB has designated the proposed rule change as "constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule" under Section 19(b)(3)(A)(i) of the Securities Exchange Act of 1934 (as incorporated, by reference, into Section 107(b)(4) of the Act) and Rule 19b-4(f)(1) thereunder, which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

I. Board's Statement of the Terms of Substance of the Proposed Rule

The PCAOB is filing with the SEC an adjustment of the implementation schedule for Rule 3523, Tax Services for Persons in Financial Reporting Oversight Roles. 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. The PCAOB is not proposing any textual changes to the Rules of the PCAOB.

II. Board's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule

In its filing with the Commission, the Board included statements concerning the purpose of, and basis for, the proposed rule and discussed any comments it received on the proposed rule. The text of these statements may be examined at the places specified in Item IV below. The Board has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Board's Statement of the Purpose Of, and Statutory Basis for, the Proposed Rule

(a) Purpose

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 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 engagement in process on



April 19, 2006, provided that such services are completed on or before October 31, 2006.<sup>5/</sup>

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."<sup>6/</sup> 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.<sup>7/</sup>

The implementation schedule for Rule 3523 as it applies to tax services provided during the professional engagement period remains unchanged.<sup>8/</sup> Accordingly, as of

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<sup>5/</sup> PCAOB Release No. 2006-001(March 28, 2006), at 2-3.

<sup>6/</sup> 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).

<sup>7/</sup> This will apply whether there is an engagement in process on April 19, 2006 or not.

<sup>8/</sup> PCAOB Release No. 2006-001 (March 28, 2006), at 3.

November 1, 2006, registered public accounting firms must comply with Rule 3523 as it relates to tax services provided during the professional engagement period.

(b) Statutory Basis

The statutory basis for the proposed rule change is Title I of the Act.

B. Board's Statement on Burden on Competition

The Board does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Board's Statement on Comments on the Proposed Rule Received from Members, Participants or Others

The Board did not solicit or receive written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Securities Exchange Act of 1934 (as incorporated, by reference, into Section 107(b)(4) of the Act) and paragraph (f) of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule is consistent with the requirements of Title I of the Act. Persons making written submissions should file six

copies thereof with the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule that are filed with the Commission, and all written communications relating to the proposed rule between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the PCAOB. All submissions should refer to File No. PCAOB-2006-02 and should be submitted within [ ] days.

By the Commission.

Secretary





## RELEASE

engagement in process on April 19, 2006, provided that such services are completed on or before October 31, 2006.<sup>1/</sup>

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."<sup>2/</sup> 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.<sup>3/</sup>

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.

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<sup>1/</sup> PCAOB Release No. 2006-001(March 28, 2006), at 2-3.

<sup>2/</sup> 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).

<sup>3/</sup> This will apply whether there is an engagement in process on April 19, 2006 or not.



PCAOB Release 2006-006  
October 31, 2006  
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## RELEASE

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.

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J. Gordon Seymour  
Secretary

October 31, 2006