

Statement of Chairman of Public Company Accounting Oversight Board
on IRS initiative regarding executive stock options

“The settlement initiative announced today by the Internal Revenue Service reflects serious questions about abusive tax practices,” said PCAOB Chairman William J. McDonough. “The Board will continue to monitor the IRS’ efforts and consider their impact on the Board’s mandate to assure the ethics and independence of registered public accounting firms. Close coordination among regulators should help bolster the confidence of investors and the public.”

The Public Company Accounting Oversight Board proposed rules in December in an effort to ensure the independence and ethical behavior of auditors who provide tax services to audit clients and audit client executives involved in a financial reporting role. The Board’s proposed rules were based, in part, on questions prompted by a number of IRS actions against accounting firms in connection with those firms’ marketing of tax shelter products.

The PCAOB is a private-sector, non-profit corporation, created by the Sarbanes-Oxley Act of 2002, to oversee the auditors of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, fair, and independent audit reports.