

ETAF Position Paper

Private equity ownership in tax and accountancy practices: safeguarding professional independence, quality and confidentiality

Introduction

The European Tax Adviser Federation (ETAF) is the European umbrella organisation representing more than 280 000 tax professionals from France, Germany, Belgium, Romania, Hungary, Austria, Croatia, Portugal and Slovenia. At the heart of ETAF's identity and mission is promoting strong and sustainable professional regulation for tax advisers across Europe. A fundamental principle of this regulation is the independence of the profession, essential for providing tax advice and serving the interests of taxpayers, for the proper functioning of the tax system, and for the rule of law.

As private equity (PE) investment rapidly infiltrates tax advisory and accountancy practices, it calls into question how investors' commercial objectives interact with the professional obligations governing regulated tax advisers. While it is claimed that external capital may support investment and growth, these benefits must not come at the expense of professional independence, effective control, or the quality of advice to the disadvantage of the client.

Against this backdrop, this paper outlines the evolving landscape of PE investment in the tax profession, including the different structures through which such investment can enter regulated professional practices. It then sets out the risks that external ownership and influence may pose to professional independence, the quality and confidentiality of tax advice, and examines the safeguards that are needed to preserve effective professional control and professional judgment.

The paper also considers the main arguments advanced in favour of PE investment, while assessing these potential benefits against the need to preserve professional independence and effective control.

I. Private equity ownership in the tax and accountancy profession: a growing investment trend

PE investment in the accountancy and advisory sectors has accelerated significantly in recent years. A common strategy observed on the market is the "buy-and-build" model, whereby a financial investor purchases an existing tax practice as a platform and consolidates a series of smaller practices into it, producing fewer, but larger groups over time. This trend has gained traction since 2020 and the current available research indicates that the acquisition activity typically increases following an initial PE investment, as the newly capitalised platform proceeds to acquire further practices.¹

This development, already well established in the United States and the United Kingdom, is now becoming prevalent in continental Europe. National data and reports by ETAF members show that

¹ Inna Abramova and John M. Barrios, Financializing the Professions: The Rise of Private Equity in Accounting, NBER Working Paper No. 34575, December 2025.

financial investors are increasingly targeting European professional services practices. To illustrate, in a 2026 survey conducted by the French Conseil national de l'Ordre des experts-comptables (CNOEC), to which more than 1,800 chartered accountants responded, 42% of respondents reported having been approached by an investment fund during the previous 12 months, including 33% who had been approached several times.²

This rapid development is taking place in the context of different national requirements governing shareholding, voting rights and management in tax advisory practices among the EU Member States.³ These safeguards do not always take the form of a blanket ban on external ownership. In some Member States, non-professional investment is allowed, while effective control is kept by professionals through voting rights or management requirements.

The issue is therefore not simply whether a PE investor directly owns shares in a tax advisory or accountancy practice, but where effective economic and governance control ultimately lies. In this paper, “effective professional control” means that qualified professionals hold at least a majority of voting rights and management positions,⁴ and that in practice, they make professional decisions without investor influence through contracts, governance, or financing. If the national regulations restrict or ban direct investment by financial investors, cross-border structures can offer an alternative route in which an investor's interest is placed in a company set-up in a Member State with less stringent ownership rules, and that the company then acquires an interest in a regulated professional firm in a Member State with more strict safeguards.

A real life example of such cross-border structures happened under the German legal framework that generally prohibits financial investors from directly owning regulated tax advisory practices, but where the interpretation of the law was unclear concerning PE investment in German tax advisory practices through *foreign* audit firms, until this was clarified by a legislative amendment in June 2026.⁵ ETAF considers this an example of regulatory arbitrage that merits attention at the EU level.

II. The essential role of independence and the risks created by PE ownership

The protection of professional independence is a long-standing priority for ETAF. The 2018 [Charter of Regulated European Tax Advisers](#) recognises that independence, confidentiality and sustainable professional regulation are core features of the regulated tax profession. To be more precise, regulated tax advisers are required to “*practice their profession in due diligence, independently and under their own responsibility*”,⁶ and to “*act without prejudice or pressures from third parties that may influence their judgement or professional activity*”.⁷

Independence is not a professional privilege, but an obligation that regulated tax advisers accept in exchange for the trust placed in them by clients, tax administrations and the public. This is because the obligation derives from the public-interest role the profession assumes.⁸ Regulated tax advisers do not merely provide commercial services. In many Member States they fulfil a

² Conseil national de l'Ordre des experts-comptables (CNOEC) and Observatoire de la profession comptable, survey on the financialisation of the accountancy profession, 2026; results presented at the workshop “*Financiarisation : réglementation, valeur patrimoniale et indépendance*”, 81st Congress of the Ordre des experts-comptables, 17 September 2026.

³ European Commission, *Taking stock of and updating the reform recommendations for regulation in professional services of 2017*, COM(2021) 385 final, 9 July 2021, section II.3 “Accountants and tax advisers”.

⁴ See, for e.g., the Belgian *Loi du 17 mars 2019 relative aux professions d'expert-comptable et de conseiller fiscal*, Art. 24, § 1, 4°–5°, requiring a majority of voting rights and management positions to be held by recognised accounting and tax professionals.

⁵ *Neuntes Gesetz zur Änderung von Vorschriften im Steuerberatungsrecht sowie im Steuerrecht*, 29 June 2026, BGBl. 2026 I Nr. 197. Since 3 July 2026, § 55a of the German Tax Advisers Act (*Steuerberatungsgesetz*, StBerG) provides that audit firms may hold an interest in a tax advisory firm only if they themselves meet the ownership requirements applicable to tax advisory firms.

⁶ ETAF Charter, art. 4 due diligence

⁷ *Ibid.*, art.5 independence and objectivity

⁸ *Ibid.*, section C.3.

recognised function within the administration of tax law and contribute to the proper functioning of tax systems. Their professional independence therefore serves not only taxpayers but also the public interest and the effectiveness of tax administration.

It is also a matter of consumer protection: taxpayers and businesses must be able to rely on objective advice, the protection of confidential information and the absence of conflicts of interest. They should be able to rely on the objectivity of professional advice without needing to investigate the ownership structure or commercial interests of external investors behind a professional practice.

Tax administrations, in turn, rely on the quality and completeness of the profession's work. When independence is compromised, so too are client protection, tax compliance and the proper functioning of the tax system. Any weakening of that independence may therefore have implications extending beyond the adviser-client relationship.

ETAF made this case a decade ago and makes it again today: rules on shareholding requirements and voting rights exist to guarantee the independence of a tax adviser, and external financial ownership without appropriate safeguards in place risks undermining the services rendered to the detriment of the taxpayers.⁹ This is because external and financial influence can affect decisions concerning costs, client selection, staffing, services offered. The financial dependency of tax advisory and accountancy practices may lead them to recommend financing, insurance or other services offered by a company within the investor's portfolio, even where another solution would be more appropriate for the client.

Rules on ownership therefore exist to safeguard independent professional judgement and are not simply an end in themselves. Formal ownership restrictions alone are not sufficient to safeguard independence. Influence can also be exercised through governance rights, financing arrangements or other forms of economic leverage, without the investor directly controlling the professional firm. In [Case Halmer C-295/23](#), the Court of Justice of the European Union (CJEU) recognised that even the threat of withdrawing an investment may suffice to establish an investor's ability to exert influence, and affect professional independence.¹⁰ The ruling further illustrates that investor rights may create the ability to exert indirect influence over the regulated profession and that formal contractual safeguards do not necessarily eliminate that risk.

Effective influence over professional decision-making may arise even where an investor holds a minority participation. Voting arrangements, financing terms, veto rights and governance mechanisms can provide significant leverage irrespective of formal ownership percentages.

Where independence is undermined, external influence in a tax or accountancy practice creates wider risks for the profession, the taxpayers and the tax system. These include:

- [Compromising the quality of tax advice](#): Professional judgement should not be industrialised. Some PE investment models operate within a short investment horizon and seek to increase the value of their investment. This commercial pressure to maximise investor returns may lead to reduced staff time or weaker quality controls, which may ultimately undermine the resources and professional judgement needed to deliver high-quality advice in accordance

⁹ See ETAF, [Statement](#) on current European Commission initiatives concerning tax transparency on the one hand and the Single Market strategy on the other hand, July 2016

¹⁰ Case C-295/23, Halmer Rechtsanwaltsgesellschaft, EU:C:2024:1037, §69-71

with professional standards.¹¹ The rapid growth and use of AI in the profession exacerbates the risk. In tax consultancy firms under pressure to maximise profits for investor returns, this can create an incentive to reduce costs by relying more heavily on AI and on fewer qualified professionals and thereby weakening the tax adviser's duty to exercise independent professional judgement.

- **Difficulty in identifying conflicts of interest:** portfolio diversification is a standard PE investment strategy, meaning that an investor will typically hold interests in several companies at the same time. This may create conflicts where a portfolio company is, for example, a competitor or counterparty of a tax advisory firm's client. As portfolio companies are acquired and disposed of, these relationships can change continuously and even unconsciously. A conflict that did not exist when a client relationship began may therefore arise later, making potential conflicts more difficult to identify, monitor and manage over time.
- **Reduced access to tax advice for smaller clients:** the "buy-and-build" strategy in PE investment structures usually merges smaller practices into larger units. This creates a risk that smaller, lower-margin clients, usually situated in rural or regional areas, lose access to locally available qualified tax advisers.
- **Undermining professional secrecy and client data security:** Our regulated tax advisers are bound by professional regulation to maintain "*absolute confidentiality*" of information acquired in the exercise of their profession. Conversely, external financial investors are not subject to equivalent professional-secrecy obligation which creates a risk that sensitive client data is used for commercial purposes, such as the promotion of an investor's own products or services. In terms of data security, acquisitions of practices are increasingly driven by access to the client base, which raises further concerns about how investor-owned groups secure, use and transfer this data. In complex ownership structures, such data may also reach investors indirectly, through reporting requirements imposed by investors, data-sharing arrangements or centralised group platforms. Where investors come from third countries, access to data relating, for example, to critical infrastructure, the military sector or R&D-related clients could cause significant damage to the security and competitiveness of the European Union.
- **Strategic interests of third-country investors:** PE investors, especially those from third countries, may pursue strategic objectives beyond dividend payments or capital gains on resale, such as the acquisition of market share. The involvement of such investors may also lead to outsourced services being relocated to third countries, putting previously secure jobs at risk.

III. Potential benefits of private equity and the need for professional safeguards

While external capital may offer practices additional financing options, access to capital does not justify weakening safeguards that protect professional independence, confidentiality, and advice quality. The key question is not just whether external investment brings financial benefits, but whether ownership, governance, and financing arrangements ensure effective professional control and prevent financial interests from influencing professional judgment. There is also no evidence that rules safeguarding professional ownership and control place Member States at a competitive

¹¹ See for example Jing Cui, Tyler J. Kleppe & Trent Krupa, "*Private Equity Ownership in Public Accounting: Enhanced Expertise or a Threat to Auditor Independence?*", 3 April 2026 working paper, SSRN: although focused on US accounting firms, the study finds higher tax-related material misstatements among clients purchasing tax services from PE-owned auditors.

disadvantage: professional practices have continued to invest, innovate and grow under regulatory frameworks designed to preserve professional independence.

The arguments most advanced in favour of PE investment are therefore considered below:

- **Digitalisation and access to capital:** automation and AI require significant investment, and outside funding can help practices secure the resources they need. However, external ownership is not the only option. Practices can also consider other forms of financing e.g. bank loans, public funding programs or enter into a less formal arrangement, such as a silent partnership. Smaller practices may choose to pool resources or use cooperative models to access technology while keeping ownership and control. ETAF believes that investing in technology should not weaken safeguards that protect professional independence and effective oversight. Additionally, investment in AI should support qualified professionals and the professional judgement needed for tax advice, rather than replace them.
- **Branding, marketing and scale:** greater scale can help practices become more efficient and grow by sharing the costs of IT, administration, specialist expertise, and advertisement, while stronger branding and marketing improves market visibility and client acquisition. But these benefits are not limited to practices with external owners. Independent practices can also gain similar advantages by working together, such as through shared-service arrangements. In any event, branding and marketing benefits alone should not be a reason to reduce protections against outside influence on regulated professional work.
- **Succession planning and skills shortages:** PE investment can help with ownership transfers, provide liquidity, and support succession when internal options are limited. Still, it is important to look beyond immediate valuations or exit opportunities and consider the long-term effects on governance, professional independence, and the firm's ability to keep investing in its core activities. The quality of tax advice always relies on the expertise, judgment, and availability of qualified professionals. While outside capital can fund acquisitions, it cannot replace professional skills or solve shortages of qualified tax advisers. Additionally, the objectives of regulated professions are inherently long-term, whereas many PE investment models operate on a comparatively short investment cycle. This mismatch in time horizons may affect decisions regarding staffing, training and service quality.

IV. ETAF's message and principles for consideration

While the regulation of tax advisers remains primarily a matter for Member States, the European Commission has on several occasions, as part of its Single Market policy, scrutinised national rules on how professional practices are organised, such as rules on shareholding, voting rights, and management for accountants and tax advisers. In its 2025 Single Market Strategy, the Commission identified restrictive and differing national rules on services as a main barrier to the Single Market, specifically mentioning legal, accounting, and tax advisory services.¹²

Single market initiatives should align with EU tax policy, which requires tax advisers to help ensure tax compliance, transparency, and the prevention of tax abuse. Reducing the safeguards that let regulated tax advisers exercise their responsibilities independently would harm both the Single Market and efforts to prevent abuse.

ETAF believes that rules on professional regulation requirements, such as restrictions and prohibitions on external ownership in professional practices, should not be seen as obstacles to

¹² European Commission, *The Single Market: our European home market in an uncertain world - A Strategy for making the Single Market simple, seamless and strong*, COM(2025) 500 final, 21 May 2025, p.18-19.

the Single Market just because they limit external investment. In Case *Halmer* C-295/23, the CJEU confirmed that EU law does not preclude national rules prohibiting purely financial investors from acquiring shares in law firms, as such rules are justified by the need to safeguard professional independence and prevent conflicts of interest.¹³ ETAF considers that the same reasoning applies to regulated tax advisers, who are bound by comparable duties of independence and confidentiality.

With this in mind, ETAF presents the following guiding principles and considerations for the European Commission, the European Parliament, the Council, and EU Member States:

- **Professional independence is essential for protecting the public interest:** ETAF urges policymakers to recognise how national rules for regulated professional services help safeguard taxpayers and Member States' revenues. Efforts to encourage investment and competitiveness should not weaken the independence of regulated tax advisers. When evaluating external investment structures, it is important to look beyond ownership percentages and consider whether professionals retain effective control over professional judgement and the conditions under which professional services are provided. This is at risk due to financial dependencies.
- **Ultimate professional oversight must remain with qualified tax advisers:** ultimate professional oversight and control of regulated tax advisory activities must, under all circumstances, remain with tax advisers who possess the appropriate qualifications and bear professional and disciplinary responsibility, regardless of the ownership structure, financing arrangements or structure of the corporate group.
- **Professional control must work in practice, not just on paper:** Ownership and voting rights should be reviewed alongside governance and financing arrangements, along with any contractual rights that could influence professional decisions. It is especially important to identify who truly influences key decisions, such as strategy, appointments, professional standards, staffing and client matters.
- **Professional regulators must have sufficient transparency to review governance structures:** competent professional bodies should be able to look at the ownership, shareholder agreements, and governance if these could affect independence and effective professional control of a practice. Meeting capital or voting rules on paper should not prevent regulators from being able to check contractual arrangements and financial dependencies that might give external influences effective influence.
- **Single Market objectives should match the responsibilities placed on regulated professions:** EU tax policy places obligations on tax advisers and other intermediaries to support tax transparency and the prevention of tax abuse.¹⁴ Efforts to encourage investment and remove regulatory barriers should not weaken the safeguards that let tax advisers do their jobs independently.
- **Cross-border structures should not weaken national safeguards:** EU policy should not facilitate ownership structures in other Member States that make national professional regulation ineffective. ETAF asks policymakers to consider de facto influence, including the risk of regulatory arbitrage through cross-border structures, when reviewing ownership and control rules.

¹³ Case C-295/23, *Halmer Rechtsanwaltsgesellschaft*, EU:C:2024:1037, §§ 64-74 and 80.

¹⁴ See for e.g., Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements (DAC 6); see also Regulation (EU) 2024/1624 of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

Final remarks

In discussions on PE investment in tax advisory and accountancy practices, professional independence should always come first. While external capital can help with investment, digitalization, growth, or succession, these advantages should never undermine professional judgement, confidentiality, quality, or the ability of tax advisers to carry out their activities independently.

ETAF considers that ownership and governance structures should be assessed by how they work in practice, not just by their legal design. Tax advisers should always be guided by their professional duties, their client's interests, and the fair administration of tax justice, rather than the financial goals of external investors.

Professional independence should be more than just a rule on paper; it needs to be protected in everyday practice.

Notes

For further information on this position paper, please contact: info@etaf.tax

About ETAF

The European Tax Adviser Federation (ETAF) is a European umbrella organisation for tax professionals whose activities are regulated by law. It is established as an international not-for-profit organisation (AISBL) governed by Belgian law, based in Brussels and was launched on 15 December 2015. It represents more than 280 000 tax professionals from France, Germany, Belgium, Romania, Hungary, Austria, Croatia, Portugal and Slovenia. ETAF is a registered organisation in the EU Transparency Register, with the register identification number 760084520382-92.