

**Exposure Draft 04/22: Proposed Amendments to the Non-Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)**

Review of Submissions - General Comments  
 Exposure Draft 04/22: Proposed Amendments to the Non-Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)

*Note: Specific comments and confidential comments from regulators relating to Exposure Draft 04/22 are addressed in separate tables. This table excludes minor editorial changes.*

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
1	N/A	BDO	<p><b>PROPOSED AMENDMENTS TO THE NON-ASSURANCE SERVICES RELATED PROVISIONS OF APES 110 CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS (INCLUDING INDEPENDENCE STANDARDS) (APES CODE)</b></p> <p>Dear Board Members</p> <p>The purpose of this submission is to provide the APES Board with BDO Australia's (BDO) comments on exposure draft 04/22. Thank you for the opportunity to comment on the above exposure draft.</p>	No
2	N/A	CA ANZ	<p>Dear Channa</p> <p><b>Proposed Amendments to the Non-Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</b></p> <p>Chartered Accountants Australia and New Zealand ("CA ANZ") appreciates the opportunity to provide comments on the proposed amendments to the non-assurance services ("NAS") provisions of APES 110 <i>Code of Ethics for Professional Accountants (Including Independence Standards)</i> ("APES 110") ("the ED"). As it relates to NAS, auditor independence is a key consideration when it comes to securing public trust and confidence in audit. The package of new measures in relation to NAS is a major step forward in strengthening auditor independence.</p>	No
3	N/A	CPAA	<p>Dear Channa,</p> <p><b>Proposed Amendments to Non-Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</b></p> <p>CPA Australia represents the diverse interests of more than 170,000 members working in over a 100 jurisdictions and regions. We make this submission on behalf of our members and in the broader public interest.</p>	No
4	N/A	Deloitte	<p>Dear Channa,</p>	No

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			<p><b>Exposure Draft 04/22 - Proposed Amendments to Non-Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</b></p> <p>We appreciate the opportunity to comment on Exposure Draft 04/22 Proposed Amendments to the Non-Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Australian Code") issued by the Accounting Professional &amp; Ethical Standards Board (APESB) in July 2022 (the ED).</p>	
5	N/A	EY	<p><b>Exposure Draft 04/22 - Proposed Amendments to the Non-Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</b></p> <p>Dear Channa,</p> <p>EY welcomes the opportunity to comment on ED 04/22.</p>	No
6	N/A	IPA	<p>Dear Channa,</p> <p><b>Re: Exposure Draft 04/22 Proposed Amendments to the Non-Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</b></p> <p>Thank you for the opportunity to comment on Exposure Draft 04/22 Proposed Amendments to the Non-Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (Code).</p>	No
7	N/A	KPMG	<p>Dear Mr Channa Wijesinghe,</p> <p><b>Proposed Amendments to the Non-Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</b></p> <p>KPMG welcomes the opportunity to comment, on the proposed amendments to the non-assurance services ("NAS") provisions of APES 110 Code of Ethics for Professional Accountants (Including Independence Standards) ("APES 110") ("the ED").</p>	No
8	N/A	PWC	<p>Dear Channa,</p>	No

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			Thank you for the opportunity to respond to this consultation regarding the proposed amendments to the Non Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards).	
9	N/A	BDO	BDO places great emphasis on the importance of audit quality to support the audited financial statements provided to businesses, lenders, investors, capital markets and other parties. Auditor independence is fundamental to maintaining public trust and to consistently achieving high audit quality. Accordingly, BDO supports the alignment of the APES Code to mirror changes made internationally by the International Ethics Standards Board for Accountants (IESBA) to the International Code of Ethics for Professional Accountants (IESBA Code) along with appropriate Australian specific deviations within the APES Code to address the specifics of the Australian regulatory environment.	No
10	N/A	BDO	We note that the amendments proposed in Option 1 of the Exposure Draft would result in a deviation from the international standards. Whilst supportive of proposed amendments within the APES Code that are not aligned with the IESBA Code where sufficient evidence and research is made available to support the position, our view is that the proposed amendments suggested in Option 1 of the Exposure Draft and inherent deviation from international requirements is not justified.	No
11	N/A	BDO	BDO supports the changes proposed by Option 2 of the Exposure Draft as this mirrors the changes made internationally by IESBA. We do however encourage the APES Board to provide additional practical guidance to support the required assessment against a sufficiently high threshold in practice.	No
12	N/A	CA ANZ	We support the APESB's proposals to incorporate the revised NAS provisions in the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (" <b>the IESBA Code</b> ") into APES 110. The revised NAS provisions in the IESBA Code substantially raise the bar on auditor independence with a far-reaching prohibition on audit firms from providing a NAS to a PIE audit client that <i>might</i> create a self-review threat.	No
13	N/A	CA ANZ	With respect to tax advisory and tax planning services, we recommend the APESB consider retaining the original form of the IESBA Code to maintain international consistency. However, of the two options presented we believe only proposed Option 2 would be workable – to include guidance to clarify that the phrase "likely to prevail" is indeed a high bar, along with a requirement to document the factors considered and conclusions reached in determining that at least one of the specified conditions has been met. In relation to trans-Tasman harmonisation, we note Option 2 is consistent with the approach taken in New Zealand.	No
14	N/A	CA ANZ	We do not support proposed Option 1 to change the phrase "likely to prevail" to "almost certain to prevail" on the basis that we do not believe that there is sufficient evidence to support Australian specific amendments to the	No

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			<p>IESBA Code in this regard. Furthermore, we believe such a change could give rise to several unintended consequences.</p>	
15	N/A	CPAA	<p>In principle, CPA Australia supports adoption of the international Code of Ethics for professional Accountants (and the wording therein), as issued by the International Ethics Standards Board for Accountants (IESBA). However, CPA Australia has concerns about the APESB's proposed amendments to APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> (the "Code") outlined in the aforementioned Exposure Draft (ED), issued in July.</p> <p>These concerns include the:</p> <ul style="list-style-type: none"> <li>• apparent contradictions between Sections 120 and 600 of the Code that are created by the proposed revisions</li> <li>• assumption that readers of an auditor's report understand differences between public interest entities and entities that are not, as well as differences between various types of independence requirements for audits</li> <li>• use of words in the same paragraphs or sections, that appear to be advising members of contradictory actions – e.g., "being confident" and having a "high level of confidence", something being "likely" and something having "a high probability", and members identifying when something "will not" occur and when it "might" (in terms of having the opposite meaning).</li> </ul> <p>Using wording in APES 110 that differs from the wording used in revisions issued by the IESBA, in the international Code, may potentially lead to APES 110 being considered (by IESBA and the International Federation of Accountants (IFAC)) as not being issued in compliance with that international Code. Alternatively, it might be considered that the international Code has not been adopted in Australia. Judgments as to whether the revised wording in APES 110 is as stringent as the wording in the IESBA Code would need to be made to determine that compliance or adoption.</p> <p>Moreover, recent discussions between the APESB and key stakeholders about the wording of the proposed revisions included in this ED (refer paragraphs in Section 604) shows that consideration is being given in Australia to making changes to the wording issued by the IESBA. Discussion has ensued with respect to making changes that will lead to alignment with another/other jurisdictions. Additionally, wording has been proposed in this ED which does not align with any other jurisdiction—that is, Option 1 for proposed paragraph AUST R604.4. It is known that different approaches are being taken by some jurisdictions with respect to the wording of paragraphs in Section 604.</p>	No

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			<p>These are critical considerations for the APESB as it assesses feedback on this ED and as it finalises the publication of revisions to APES 110. As such, we encourage the APESB to give due consideration to whether the wording changes issued by the IESBA, and detailed in this ED, are appropriate.</p> <p>CPA Australia makes the following general observations and comments for consideration by the APESB.</p>	
16	N/A	CPAA	<ul style="list-style-type: none"> <li>It is unfortunate that the IESBA's project on <i>Tax Planning and Related Services</i> is currently still underway, and so will be completed <u>after</u> revisions have been made to the independence requirements that relate directly to the provision of tax planning and related services. This timing issue highlights a major concern that CPA Australia has with IESBA's apparent "auditor independence first" approach to its projects and work on the Code. This means that, as its primary focus, the IESBA continues to revise the International Independence Standards (IIS), which then it uses to inform revisions to other sections of the Code, including, for example, requirements in Part 2 applicable to the ethics requirements for Professional Accountants in Business. Not only has this created a significantly increasing number of pages and requirements in the Code over the last five to seven years, but it has also meant that the Code is becoming ever-increasingly difficult to interpret, understand and implement, especially for those professional accountants who are, work in, or provide services to, small- and medium-sized entities. Monitoring compliance with the Code has also become significantly more challenging.</li> </ul> <p>CPA Australia suggests that the APESB considers these issues and challenges and determines whether adoption of all revisions and changes made by the IESBA are necessary and appropriate in the Australian context. For example, when the aforementioned <i>Tax Planning and Related Services</i> revisions are issued by IESBA—and an additional 17 pages would potentially need to be added to the Code (as currently proposed by IESBA)—the APESB should carefully consider whether to proceed to make conforming changes to APES 110, if the requirements already included in APES 220 <i>Taxation Services</i> are sufficient to address the matters detailed in those IESBA revisions.</p>	No
17	N/A	CPAA	<p><b>Other Comment</b></p> <p>The Tax Practitioners Board (TPB) regulates the provision of tax services in Australia. Its Code of Conduct imposes requirements on tax agents with respect to, for example, the provision of lawful advice. The APESB might consider the provisions within the TPB Code to assist in informing decisions that need to be made as a consequence of this ED. In doing so, an important question to consider is whether it would be appropriate for the APESB to impose</p>	No

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			a higher or alternative standard on professional accountants providing taxation services, than that imposed by the Australian regulator of tax services.	
18	N/A	Deloitte	Deloitte Australia ("Deloitte") is supportive of the adoption in Australia by the APESB of the International Code of Ethics for Professional Accountants (including International Independence Standards) ("the International Code"). As stated in our correspondence on previous revisions to APES 110, we support the Australian Code reflecting the wording and structure of the International Code, preferably with no changes, unless changes are required for legislative or regulatory reasons.	No
19	N/A	Deloitte	<p><i>Other comments</i></p> <p><i>Effective Date and Transitional Provision</i></p> <p>We note the APESB has amended the effective date and transitional provision for these amendments from 15 December 2022 to 1 July 2023, with earlier adoption permitted. While we appreciate the APESB is looking to provide firms with more time to implement changes, this could create confusion in the market. As a member of an international network of firms, we are required to comply with the 15 December 2022 effective date and transitional provision in the International Code and have been communicating with our PIE audit clients and establishing concurrence processes based on this effective date. The Board could consider including a reference about the Australian Code's departure from the effective date of the International Code.</p> <p><i>Clarity of amendments</i></p> <p>We request that the Board include in, or refer to, a marked-up version of the proposed amendments in future exposure drafts to provide appropriate transparency as well as easier comparability and evaluation of the Board's proposals by the reader. We also request the Board consider specifically highlighting which of the proposed amendments differ from, or are additional to, relevant international pronouncements or amendments.</p>	No

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20	N/A	EY	<p>EY is supportive of the Accounting Professional &amp; Ethical Standards Board's (APESB) efforts to enhance the Non-Assurance Services provisions of APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> (APES 110), aligning with the International Ethics Standards Board for Accountants' (IESBA) amendments. We broadly agree that APESB's proposed changes will reinforce and strengthen auditor independence, and in turn promote increased confidence in financial reporting.</p> <p>EY strongly believes the provision of permissible Non-Assurance Services (NAS) strengthens stakeholder value and can result in improved audit quality – providing such services do not impair, or appear to impair, the objectivity and impartiality of the auditor. We are therefore supportive of APESB's decision not to propose a prohibition on tax services in Exposure Draft 04/22 and agree there is insufficient evidence to support a complete prohibition of tax advisory and tax planning services to PIE audit clients.</p>	No
21	N/A	EY	<p>However, overall, we are concerned there is insufficient evidence that the Australian-specific amendments proposed in both Option 1 and Option 2 are necessary or beneficial to the public interest. We are further concerned these amendments may lead to unintended consequences and require further amendments as IESBA's position evolves. As they stand, whilst Option 2 is EY's preferred approach, we emphasise that retaining IESBA's approach best serves the public interest.</p>	No
22	N/A	EY	<p>We also take this opportunity to request APESB make available marked-up versions of their Exposure Drafts, both from the previous standard and from the IESBA Code (where relevant) to improve stakeholder transparency and understanding of the proposed changes.</p> <p>Finally, where there are Australian-specific amendments to IESBA provisions, we encourage APESB to adopt similar effective dates to IESBA to minimise disruption for firms.</p>	No
23	N/A	IPA	<p>IPA is generally supportive of the range of proposed amendments to the Code to align with the requirements of the IFAC IESBA <i>International Code of Ethics for Professional Accountants (including Independence Standards)</i>.</p>	No
24	N/A	IPA	<p>IPA encourages the APESB to provide a timely compilation of the Code once the proposed amendments are adopted to facilitate useability and comprehension of the Code without the need for users to refer to multiple documents and to minimise the risk of misapplication.</p>	No
25	N/A	KPMG	<p>KPMG is supportive of the APESB's intent of amending APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") to incorporate changes made by the International Ethics Standards Board for Accountants (IESBA) to the International Code of Ethics for Professional Accountants (including International Independence Standards) (the International Code).</p>	No

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			The revised NAS provisions in the IESBA Code help raise the bar on auditor independence with a new prohibition on audit firms providing a NAS to a Public Interest Entity (PIE) audit client that <i>might</i> create a self-review threat.	
26	N/A	KPMG	With respect to tax advisory and tax planning services, we are not supportive of APESB's proposed Option 1 or Option 2. Instead, KPMG's preference is that APESB maintain consistency with IESBA. <b>Attachment A</b> provides our responses to the specific questions raised in the ED.	No
27	N/A	BDO	We have included further reasons for this position in Appendix 1, along with comments in response to the specific questions and options raised.  Please do not hesitate to contact us should you require further clarification on any of the matters discussed.	No
28	N/A	CA ANZ	<b>Appendix A</b> provides our responses to the specific questions raised in the ED. <b>Appendix B</b> provides more information about CA ANZ. Should you have any questions about the matters raised in this submission or wish to discuss them further, please contact Zowie Pateman FCA, Deputy Leader – Reporting and Assurance at <a href="mailto:zowie.pateman@charteredaccountantsanz.com">zowie.pateman@charteredaccountantsanz.com</a> .	No
29	N/A	CPA	Responses to specific questions asked in the ED are included in the <b>Attachment</b> to this letter.  If you have any queries about this submission, please don't hesitate to contact Ms. Melissa Read, Senior Manager, Professional Standards, Professional Standards and Business Support on <a href="mailto:melissa.read@cpaaustralia.com.au">melissa.read@cpaaustralia.com.au</a> or +61 (0) 481 476 275 or me on <a href="mailto:gary.pflugrath@cpaaustralia.com.au">gary.pflugrath@cpaaustralia.com.au</a> or +613 9606 9941.	No
30	N/A	Deloitte	We would be pleased to discuss our comments with you. If you wish to do so, please feel free to contact me at (02) 9322 5258.	No
31	N/A	EY	Detailed responses to the specific questions posed by APESB are provided in Appendix 1.  We would be pleased to discuss our comments with the Board and with technical staff. Should you wish to do so, please contact me at <a href="mailto:leigh.walker@au.ey.com">leigh.walker@au.ey.com</a> or on 03 9288 8454.	No
32	N/A	IPA	Our response to the request for specific comments are included in the Attachment.  If you have any queries with respect to our comments or require further information, please do not hesitate to contact me at <a href="mailto:vicki.stylianou@publicaccountants.org.au">vicki.stylianou@publicaccountants.org.au</a> or on mobile 0419 942 733.	No



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33	N/A	KPMG	We would be pleased to discuss our comments with you. If you wish to do so, please contact me on (02) 9335 7487, or Andrew Bryant on (03) 9288 6036.	No
34	N/A	PWC	Should you require any further information, please do not hesitate to contact our Head of Independence Daniel Bryant on <a href="mailto:daniel.bryant@pwc.com">daniel.bryant@pwc.com</a> or on +61 402 451 697.	No
35	N/A	BDO	BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee, is a member of BDO International Ltd, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.	No
36	N/A	CA ANZ	<p><b>Appendix B</b></p> <p><b>About Chartered Accountants Australia and New Zealand</b></p> <p>Chartered Accountants Australia and New Zealand (CA ANZ) represents 131,673 financial professionals, supporting them to make a difference to the businesses, organisations and communities in which they work and live. Chartered Accountants are known as Difference Makers. The depth and breadth of their expertise helps them to see the big picture and chart the best course of action.</p> <p>CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.</p> <p>Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with mentored practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.</p> <p>We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate boldly in the public good. Our thought leadership promotes prosperity in Australia and New Zealand.</p> <p>Our support of the profession extends to affiliations with international accounting organisations. We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 15</p>	No

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			<p>chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.</p> <p>We have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.</p> <p>We employ more than 500 talented people across Australia, New Zealand, Singapore, Malaysia, Hong Kong and the United Kingdom.</p>	
37	N/A	Deloitte	<p>Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see <a href="http://www.deloitte.com/about">www.deloitte.com/about</a> to learn more.</p> <p>Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organisation” serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 312,000 people make an impact that matters at <a href="http://www.deloitte.com">www.deloitte.com</a>.</p> <p>Liability limited by a scheme approved under Professional Standards Legislation.</p> <p>Member of Deloitte Asia Pacific Limited and the Deloitte organisation.</p>	No
38	N/A	EY	<p>A member firm of Ernst &amp; Young Global Limited</p> <p>Liability limited by a scheme approved under Professional Standards Legislation</p>	No
39	N/A	IPA	<b>About the IPA</b>	No

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			The IPA is one of the professional accounting bodies in Australia with over 47,000 members and students across 80 countries. Approximately three-quarters of our members either work in or are advisers to the small business and SME sectors. Since merging with the Institute of Financial Accountants UK, the IPA Group has become the largest SME and SMP focused accounting body in the world.	
40	N/A	KPMG	©2022 KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.	No

## RESPONDENTS

1	BDO	BDO Australia Ltd
2	CA ANZ	Chartered Accountants Australia and New Zealand
3	CPAA	CPA Australia
4	Deloitte	Deloitte Touche Tohmatsu
5	EY	Ernst & Young
6	IPA	Institute of Public Accountants
7	KPMG	KPMG
8	PWC	PricewaterhouseCoopers