

IESBA
New York
USA

Dear Sirs,

Re: Comments ED's Independence standards

We should be glad to respond to the Request for Comments regarding the ED's on independence, published by your Board in January 2020. SRA is an association of some 370 SMP firms, which are based in the Netherlands and which serve more than 60% of the SME's employing personnel in the Netherlands. Taking into account the nature of our members, we have decided to limit our comments to an issue in the ED on Non-Assurance Services (NAS) Provisions in the Code, which is relevant to SMP firms. We agree with the other proposals, relevant to SMP firms, contained in both ED's.

Our comments are as follows:

In Section III B of the Explanatory Memorandum on NAS Provisions it is proposed to withdraw the materiality qualifier for all audit clients for three categories of NAS, specified in par 45 of the Memorandum. The implication of this proposal is that, for non-PIEs, the proposal is more restrictive than the approach in the extant Code.

In our opinion there is no reasonable argument to forbid the provision of these three categories of NAS to non-PIEs, when these services are immaterial. In this regard we would like to point out that the Explanatory Memorandum provides no supporting arguments to substantiate the proposal. It can also be argued that as a result of the proposal two different categories of NAS are created: one with a materiality qualifier and one without this qualifier; the Memorandum does not entail clear cut criteria to differentiate between these two categories.

Based on these arguments SRA strongly opposes the proposed withdrawal of the materiality qualifier.

We should be glad to answer any questions you may have regarding this comment letter.

Yours sincerely,

Paul Dinkgreve,
Chairman Professional Committee SRA