



**ASOCIACION INTERAMERICANA DE CONTABILIDAD
INTERAMERICAN ACCOUNTING ASSOCIATION
ASSOCIAÇÃO INTERAMERICANA DE CONTABILIDADE**

Ciudad de Panamá May 4th, 2020

Carta N.º 013/2020 AIC

Members of the Board

International Ethics Standards Board for Accountants® (IESBA®).

529 5th Avenue, 6th Floor
New York, New York 10017

REF: Proposed Revisions to the Non-Assurance Services Provisions of the Code

Dear Members of the Board,

The Inter-American Accounting Association (IAA) (AIC – in Spanish), welcomes the opportunity to comment on the Proposed Revisions to the Non-Assurance Services Provisions of the Code.

This reply summarizes the views of different member countries of the IAA, according to the following due process:

Due process:

The Draft was submitted to the different IAA member, the Inter-American Technical Commissions (ITC) and the Sponsor Organizations (SO), hence all members had the opportunity to participate in the discussion of the Draft.

All comments received from the ITC and SO, were compared and discussed, before preparing a reply which has been approved upon by all members

General comments:

We decisively support the IESBA initiative on this important issue, considering the educational issue as fundamental in the formation and exercise of the accounting and auditing professional.

If you have any questions about our comments, please do not hesitate to contact us.

Sincerely,

Maria Clara Cavalcante B.
PRESIDENT



ASOCIACION INTERAMERICANA DE CONTABILIDAD INTERAMERICAN ACCOUNTING ASSOCIATION ASSOCIAÇÃO INTERAMERICANA DE CONTABILIDADE

Comment Letter of the Interamerican Accounting Association- IAA on the document for public discussion referred to; “Proposed Revisions to the Non-Assurance Services Provisions of the Code”

We have answered the questions of the document in accordance with the provided instructions. Please see our answers and related comments below.

Request for Specific Comments

Prohibition on NAS that Will Create a Self-review Threat for PIEs

Question 1. *Do you support the proposal to establish a self-review threat prohibition in proposed paragraph R600.14?*

Answer 1 Yes, we support. We agree that an accountant, in general, should not provide a non-assurance service to a financial statement audit client that is a public interest entity if his or her performance may create a self-review threat related to such audit.

Question 2 *Does the proposed application material in 600.11 A2 set out clearly the thought process to be undertaken when considering whether the provision of a NAS to an audit client will create a self-review threat? If not, what other factors should be considered?*

Answer 2 We understand that with the application of these proposed modifications other factors may arise that are necessary to consider, however, the material proposed in 600.11 A2 is clear as to the aspects to consider if there is a risk that the results on which the firm will express their opinion for influencing the audited financial statements.

Providing Advice and Recommendations

Question 3 *Is the proposed application material relating to providing advice and recommendations in proposed paragraph 600.12 A1, including with respect to tax advisory and tax planning in proposed paragraph 604.12 A2, sufficiently clear and appropriate, or is additional application material needed?*

Answer 3 Yes, the material provided referring to the provision of advice and a recommendation, including tax advice and tax planning, is sufficiently clear and precise regards the threats that may be posed to a financial statement auditor if they provide non-assurance services to an audit client that constitutes a public interest entity.

Project on Definitions of Listed Entity and PIE

Question 4 *Having regard to the material in section I, D, “Project on Definitions of Listed Entity and PIE,” and the planned scope and approach set out in the approved project proposal, please share your views about what you believe the IESBA should consider in undertaking its project to review the definition of a PIE*

Answer 4 No comment.
We were unable to locate the material in section I. D. "Project on Definitions of Listed Entity and PIE".

Materiality

Question 5 *Do you support the IESBA’s proposals relating to materiality, including the proposal to withdraw the materiality qualifier in relation to certain NAS prohibitions for audit clients that are PIEs (see Section III, B “Materiality”)?*



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Answer 5 Yes, we support the proposals related to materiality in the sense of removing the materiality qualifier in the prohibitions of the following NAS: Tax planning and tax advisory service. Tax services, and Provide corporate finance services with the scope provided in the project, section III. B. Materiality. Otherwise, self-review threats would increase significantly.

Question 6 *Do you support the proposal to prohibit the following NAS for all audit clients, irrespective of materiality?:*

- *Tax planning and tax advisory services provided to an audit client when the effectiveness of the tax advice is dependent on a particular accounting treatment or presentation and the audit team has doubt about the appropriateness of that treatment or presentation (see proposed paragraph R604.13)?*
- *Corporate finance services provided to an audit client when the effectiveness of such advice depends on a particular accounting treatment or presentation and the audit team has doubt about the appropriateness of that treatment or presentation (see proposed paragraph R610.6)?*

Answer 6 Yes, we support the ban on NAS cited in question (Tax Planning and Tax Consulting Services and Corporate Financial Services) when such services are provided to a private audit client deemed to be in the public interest and if the team of The audit has doubts about the incidence of the result of these services in the financial statements under review.

Communication with TCWG

Question 7 Do you support the proposals for improved firm communication with TCWG (see proposed paragraphs R600.18 to 600.19 A1), including the requirement to obtain concurrence from TCWG for the provision of a NAS to an audit client that is a PIE (see proposed paragraph R600.19)?

Answer 7 Yes, we support. Actually the matter of communication not only with TCWG but with any person responsible for the governance of the entity is relevant. Especially the examples cited in paragraph 600.18 A1, including the caveats of paragraph 600.19, are relevant as a guide, mainly for those less experienced auditors with clients of public interest.

Other Proposed Revisions to General NAS Provisions

Question 8 *Do you support the proposal to move the provisions relating to assuming management responsibility from Section 600 to Section 400, and from Section 950 to Section 900?*

Answer 8 Yes, we support the idea of transferring both the provisions of Section 600 to 400 and 950 to 900. We did not find any aspect that could be considered negative to the proposed transfer of sections. Furthermore, we understand that the proposal would improve the order of presentation of the sections of the Code.

Question 9 Do you support the proposal to elevate the extant application material relating to the provision of multiple NAS to the same audit client to a requirement (see proposed paragraph R600.10)? Is the related application material in paragraph 600.10 A1 helpful to implement the new requirement?

Answer 9 No. We do not support the proposal to elevate the current application material related to the provision of multiple NAS services to the same client to a regulatory requirement, as we consider that its change of position could be considered by many users of the Code as withdrawn, since it has occurred with various international auditing standards. On the other hand, the application material is an integral part of the Code, for which its non-observance or non-compliance can be observed by the supervisory bodies of the profession, generally unions, and demand its compliance.



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Regarding the factors incorporated in paragraph 600.10 A1 as a complement to the provisions of paragraph 600.9 A2, we understand that they are relevant, not precisely as requirements but even as application material if the proposal of paragraph is maintained as it is currently in application material. 600.10.

Proposed Revisions to Subsections

Question 10 *Do you support the proposed revisions to subsections 601 to 610, including:*

- *The concluding paragraph relating to the provision of services that are “routine or mechanical” in proposed paragraph 601.4 A1?*
- *The withdrawal of the exemption in [extant paragraph R601.7](#) that permits firms and network firms to provide accounting and bookkeeping services for divisions and related entities of a PIE if certain conditions are met?*
- *The prohibition on the provision of a tax service or recommending a tax transaction if the service or transaction relates to marketing, planning or opining in favor of a tax treatment, and a significant purpose of the tax treatment or transaction is tax avoidance (see proposed paragraph R604.4)?*
- *The new provisions relating to acting as a witness in subsection 607, including the new prohibition relating to acting as an expert witness in proposed paragraph R607.6?*

Answer 10 We do support. We believe the 10 subsections proposed are very clarifying, analytical and concrete.
We understand that the exceptions contemplated are appropriate.

Proposed Consequential Amendments

Question 11 *Do you support the proposed consequential amendments to Section 950?*

Answer 11 Yes, we support because we understand that they are necessary and adequate.

Question 12 *Are there any other sections of the Code that warrant a conforming change as a result of the NAS project?*

Answer 12 There is no doubt that there will be some relevant aspect not covered in this proposed amendments. However, this is inevitable. Furthermore, the changes proposed as a result of the NAS project are substantial and complete.

Request for General Comments

In addition to the request for specific comments above, the IESBA is also seeking comments on the matters set out below:

Question *Those Charged with Governance, including Audit Committee Members – The IESBA invites comments regarding any aspect of the proposals from individuals with responsibilities for governance and financial reporting oversight responsibilities. This includes small businesses where a single owner manages the entity and also has a governance role.*

Answer It is not for us to comment.

Question *Small- and Medium-Sized Entities (SMEs) and Small and Medium Practices (SMPs) – The IESBA invites comments regarding any aspect of the proposals from SMEs and SMPs.*

Answer We understand that the IESBA proposal is very important, although we believe that small and medium-sized practices will have difficulties in their application due to the scarce resources they have, in particular the difficulties they face in having the material in their mother language



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- **Question** *Regulators and Audit Oversight Bodies – The IESBA invites comments on the proposals from an enforcement perspective from members of the regulatory and audit oversight communities.*

Answer It is not for us to comment.

- **Question** *Developing Nations – Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposals, and in particular on any foreseeable difficulties in applying them in their environment.*

Answer The developing nations have tremendous difficulties in the application of the International Code of Ethics for Professional Accountants, for various reasons, among which are the limited access to the updated Code in force due to the poor communication it has (internet), the cost to acquire , the lack of companies that sell in these countries and the problem of natural language, English, the Code and translation (see next comment) are very onerous.

- **Question** *Translations – Recognizing that many respondents may intend to translate the final changes for adoption in their own environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposals.*

Answer In Latin America we have tremendous difficulties with the translations of the English language, typical language of the documents issued by the IESBA into our language, mostly Spanish, official, for this reason we understand that a great pending task of the Council is to have its own translation to facilitate the application of the Code in the native language of each country that uses it and of those who, although they are not using it, have an interest in doing so but who encounter the inconvenience of translation