



Suruhanjaya Sekuriti
Securities Commission
Malaysia

Reference No: AOB/IESBA/R&RT/2020-003

2 June 2020

Mr Ken Siong
Senior Technical Director
International Ethics Standards Board for Accountants
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017
USA

Dear Sir

**REQUEST FOR COMMENTS ON IESBA'S EXPOSURE DRAFT ON THE
PROPOSED REVISIONS TO THE NON-ASSURANCE SERVICES PROVISIONS
OF THE CODE**

In relation to the above matter, we are pleased to provide our comments on the proposed revisions to the Code, as attached in **Appendix I** of this letter.

Should you require any further clarification, please do not hesitate to contact me at +603 6204 8816 or at my email alexo@seccom.com.my.

Thank you.

Yours sincerely


Alex Ooi Thiam Poh
Executive Officer
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AUDIT OVERSIGHT BOARD**Comments on
International Ethics Standards Board for Accountants
Exposure Draft*****Proposed Revisions to the Non-Assurance Services Provisions of the Code***

The Audit Oversight Board, Malaysia (AOB) supports the efforts of the International Ethics Standards Board for Accountants (IESBA) in proposing revisions to the non-assurance services (NAS) provisions of the International Independence Standards in the Code to clarify the situations in which firms and network firms may or may not provide a NAS to an audit or assurance client.

In this regard, our comments on the proposed revisions to the Code are as follows:

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

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

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?

Providing Advice and Recommendations

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?

Project on Definitions of Listed Entity and PIE

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.

The AOB is of the view that the current definition of a PIE in the existing Code is adequate.

Materiality

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")?

Yes.

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)?

Yes.

Communication with TCWG

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)?

Yes.

Other Proposed Revisions to General NAS Provisions

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?

Yes.

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?

The AOB supports the proposal to elevate the extant application material relating to the provision of multiple NAS to the same audit client to a requirement.

Proposed Revisions to Subsections

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 actin as a witness in subsection 607, including the new prohibition relating to acting as an expert witness in proposed paragraph R607.6?

The AOB is supportive of the proposed revisions except for paragraph 601.4 A1. The provision of accounting and bookkeeping services should be prohibited for all audit clients.

Proposed Consequential Amendments

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

Yes.

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

No.