



**The Institute of
Chartered Accountants
of Pakistan**

**CA
PAKISTAN**

HEAD OFFICE

December 07, 2017

(Submitted electronically)

Technical Director
International Ethics Standards Board for Accountants
529, Fifth Avenue, 6th Floor
New York, USA

Comments on Exposure Draft, Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements

The Institute of Chartered Accountants of Pakistan (ICAP) is pleased to comment on the Exposure Draft, Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements (the ED) published by International Ethics Standards Board for Accountants (the IESBA) in September 2017.

Our responses detailed by the questions contained in the ED, are presented in the 'Appendix' to this letter.

We hope our comments are helpful to the IESBA's deliberation on the ED.

Should you require further clarification on our comments, please contact the undersigned at sohail.malik@icap.org.pk

Yours truly

Sohail Malik
Director Technical Services



SPECIFIC COMMENTS

Proposed Section 250

1. Do respondents support the proposals in Section 250? In particular, do respondents support the proposed guidance to determine whether there is an intent to improperly influence behavior, and how it is articulated in the proposals?

ICAP Comment:

We support the proposals covered in section 250 and believe that the proposed provisions will facilitate Professional Accountants in Business (PAIBs) in enhanced understanding and application of conceptual framework to comply with the fundamental principles.

We support the proposed insertion of the "intent" based criteria/test in the proposals. However, we recommend that further guidance is provided on the intent and especially the "perceived intent" mentioned in the proposals.

Proposed Section 340

2. Do respondents agree that the proposed provisions relating to inducements for PAPPs should be aligned with the enhanced provisions for PAIBs in proposed Section 250? If so, do respondents agree that the proposals in Section 340 achieve this objective?

ICAP Comment:

We understand that PAIBs and PAPPs may both encounter the similar circumstances relating to the inducements. Accordingly, both have to ensure that fundamental ethical principles are complied. In consideration of this, we support the IESBA approach to align the provisions relating to inducements for PAPPs (section 340) with the enhanced provisions of PAIBs (section 250).

We note that the proposals use the term "trivial and inconsequential" to provide the basic criteria for determining the professional accountant's response to the inducements. However, the term "trivial and inconsequential" is not defined/ explained under the proposed enhancements. Accordingly, we suggest that definition and/or explanatory guidance is provided regarding the trivial and inconsequential.

Proposed Conforming Amendments to Independence Provisions

3. Do respondents support the restructuring changes and proposed conforming amendments in proposed Sections 420 and 906?

ICAP Comment:

We note that the proposed limited conforming amendments to sections 420 and 906 require further enhancement to achieve the desired linkage with section 340. Though, the explanatory

