

2 June 2020

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**Ken Siong**  
**IESBA Senior Technical Director**  
**International Ethics Standards Board for Accountants**  
**New York, USA**

Dear Sir,

**RE: ICPAR COMMENTS ON PROPOSED REVISIONS TO THE NON-ASSURANCE SERVICES PROVISIONS OF THE CODE**

The Institute of Certified Public Accountants of Rwanda (ICPAR) is delighted to submit comments on the Proposed Revisions to the Non-Assurance Services Provisions of the Code of Ethics.

Our responses to the request for specific and general comments are provided below:

**1. REQUEST FOR SPECIFIC COMMENTS**

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

**Question One**

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

**Response:**

Yes. ICPAR supports the proposal to establish a self-review threat prohibition in the proposed paragraph R.600.14.

**Question Two**

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?

**Response:**

Yes. 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.

*Providing Advice and Recommendations***Question Three**

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?

**Response:**

Yes. 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 is sufficiently clear and appropriate.

*Project on Definitions of Listed Entity and PIE***Question Four**

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.

**Response:**

ICPAR recommends that in addition to the original definition of PIE in the existing Code as (a) A listed entity; or (b) An entity (i) Defined by regulation or legislation as a PIE; or (ii) For which the audit is required by regulation or legislation to be conducted in compliance with the same independence requirements that apply to the audit of listed entities where such regulation might be promulgated by any relevant regulator, including an audit regulator; IESBA should facilitate the harmonisation of PIE definition by different jurisdictions to include companies/organisations other than those listed entities that generally might be viewed as public interest entities such as utilities companies etc.



For instance, ICPAR issued a [Circular](#) in 2019 which defined PIE in Rwanda as 1) Listed entities; 2) Regulated financial institutions (banks and Insurance companies); 3) Investment banks; and 4) Regulated fund management companies. The Circular is reviewed and updated annually and it is expected to take other form of companies including the government business enterprises (GBEs) among others in the future.

### *Materiality*

#### **Question Five**

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")?

#### **Response:**

Yes. ICPAR supports 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.

#### **Question Six**

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)?

#### **Response:**

Yes. ICPAR supports proposal to prohibit the following NAS for all audit clients, irrespective of materiality relating to 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.

- 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)?

**Response:**

Yes. ICPAR supports proposal to prohibit the following NAS for all audit clients, irrespective of materiality relating to 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.

*Communication with TCWG*

**Question Seven**

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)?

**Response:**

Yes. We support the proposals for improved firm communication with TCWG (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.

*Other Proposed Revisions to General NAS Provisions*

**Question Eight**

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?

**Response:**

Yes. We 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.



## **Question Nine**

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?

### **Response:**

Yes. We support the proposal to elevate the extant application material relating to the provision of multiple NAS to the same audit client to a requirement in paragraph R600.10 and confirm that the related application material in paragraph 600.10 A1 is helpful to implement the new requirement.

### *Proposed Revisions to Subsections*

## **Question Ten**

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 favour 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?

### **Response:**

Yes. We support all the above proposed revisions to subsections 601 to 610.

## *Proposed Consequential Amendments*

### **Question Eleven**

Do you support the proposed consequential amendments to Section 950?

#### **Response:**

Yes. We support the proposed consequential amendments to Section 950.

### **Question Twelve**

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

#### **Response:**

We did not identify any other sections of the Code that warrant a conforming change as a result of the NAS project.

## **2. 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:

**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.

**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.

#### **Response:**

ICPAR, as the regulator of the accountancy profession in Rwanda appreciates the proposed revisions to the Non-Assurance Services Provisions of the Code. However, some challenges we can foresee in its implementation include the following among others.

- 1) It is a common practice in Rwanda to have an audit firm providing audit and related tax services including PIEs and this is also permitted by the Rwanda Revenue Authority (Tax Administrator). While implementing the proposed changes to the Code, the Institute will work with Rwanda Revenue Authority (RRA) to ensure that new proposed changes are adopted as appropriate.
- 2) ICPAR will build awareness, train and mobilise its members in regard to the proposed changes to the Code. However, an additional monitoring aspect will be needed to ensure compliance and this may require additional resources.



**Felicien Muvunyi**

**Chair – ICPAR Professional Standards Committee**

CC: - ICPAR CEO

- ICPAR President