

December 8, 2017

International Ethics Standards Board for Accountants

International Federation of Accountants

529 Fifth Avenue, 6th Floor

New York, NY 10017

Dear Sir or Madam,

The Korean Institute of Certified Public Accountants (KICPA) is pleased to comment on the Exposure Draft (ED) issued by the International Ethics Standards Board for Accountants (IESBA), regarding “Proposed Revisions to the Code Pertaining the Offering and Accepting of Inducements.” KICPA is a strong advocate of IESBA for your relentless efforts to increase the level of ethical standards that professional accountants are expected to perform and to serve the public interest by developing high-quality professional ethical standards.

**<KICPA Comments >***Proposed Section 250*

*Q1. 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?*

We believe the proposals in Section 250 provides a clear-cut clarity of inducements in terms of their concept, articulating the responsibility of PAIBs in relation with inducements that include cases of the offering and accepting of inducements by immediate or close family members.

In particular, the all-out prohibition of offering and accepting of inducements by professional accountants that are made with intent to improperly influence the behavior of the recipients, regardless of whether or not the value is trivial and inconsequential, and the provision of detailed guidance to determine whether there is actual or perceived intent to improperly influence the behavior of the recipient are believed to contribute to commitment to social responsibility demanded to professional accountants.

*Proposed Section 340*

*Q2. 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?*

We support that the proposed provisions in Section 340 relating to inducements for PAPPs should be aligned with the enhanced provisions for PAIBs. It is expected that the alignment ensures PAPPs exercise due care in relation with inducements, compared with those under the extant Code, thereby contributing to increasing objectivity when conducting audit engagements and other engagements.

*Proposed Conforming Amendments to Independence Provisions*

*Q3. Do respondents support the restructuring changes and proposed conforming amendments in proposed Sections 420 and 906?*

We support the restructuring changes and proposed conforming amendments in Sections 420 and 906. In addition to the current proposals in Sections 420 and 906 that articulate compliance with the requirements relating to the offering or accepting of inducements set out in Section 340, it would be necessary to provide detailed explanations as to major

requirements of Section 340 in both of the sections as well to support the understanding of PAPPs performing audit and other assurance engagements.

*Q4. Do respondents believe the IESBA should consider a project in the future to achieve further alignment of Sections 402 and 906 with proposed Section 340? If so, please explain why.*

The proposed provisions in Section 340 are believed to provide sufficient guidance in relation with auditors and assurance practitioners. If what we suggested in the Q3 is reflected, additional project is considered unnecessary, as we believe.

We hope our comments would be useful for IESBA's project that aims to improve the structure of the Code. Please feel free to contact [youdol@kicpa.kr](mailto:youdol@kicpa.kr) for further inquiries.

Thank you.