



MALAYSIAN INSTITUTE  
OF ACCOUNTANTS

24 November 2017

Ken Siong  
Technical Director  
The International Ethics Standards Board for Accountants  
545 5<sup>th</sup> Avenue, 14<sup>th</sup> Floor  
New York, NY 10017

Dear Sir,

**COMMENTS ON THE EXPOSURE DRAFT “PROPOSED REVISIONS TO THE CODE PERTAINING TO THE OFFERING AND ACCEPTING OF INDUCEMENTS”**

The Malaysian Institute of Accountants (“MIA”) appreciates the opportunity to provide comments on the Exposure Draft “Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements”. We thank the International Ethics Standards Board for Accountants (“IESBA”) for the effort to improve the extant Code of Ethics for Professional Accountants (“the Code”) in dealing with evolving ethics issues.

Our comments on the Exposure Draft are provided below:

**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 behaviour, and how it is articulated in the proposals?**

In general, we support the proposals in Section 250 as well as the proposed guidance to determine whether there is an intent to improperly influence behaviour and how it is articulated in the proposals.

However, in order to enhance the clarity of the definition for ‘inducement’, we propose that Paragraph 250.4 A1 be presented as follows:

*“An inducement:*

- is an object, situation or action that is used as a means to influence another individual’s behavior;*
- is not necessarily used with the intent to improperly influence an individual’s behavior; and*
- can range from minor acts of hospitality between business colleagues to acts that result in non-compliance with laws and regulations.*

*An inducement can take many different forms, for example:*

- Gifts.*
- Hospitality.*

- *Entertainment.*
- *Political or charitable donations.*
- *Appeals to friendship and loyalty.*
- *Employment opportunities.*
- *Preferential treatment.*
- *Facilitation payments.”*

In addition, we believe that Paragraph 250.10 A1 should be a requirement instead of an application material. Although a professional accountant believes that there is no actual or perceived intent to improperly influence behaviour, he shall apply the requirements and application material set out in the conceptual framework when an inducement is significant and consequential. The same applies to Paragraph 340.10 A1.

### **Proposed Section 340**

- 2. Do respondents agree that the proposed provisions relating to inducements for professional accountants in public practice (“PAPPs”) should be aligned with the enhanced provisions for professional accountants in business (“PAIBs”) in proposed Section 250? If so, do respondents agree that the proposals in Section 340 achieve this objective?**

We agree that the proposed provisions relating to inducements for PAPPs should be aligned with the enhanced provisions for PAIBs in proposed Section 250.

In addition, we agree with the proposals in Section 340 except for Paragraphs 340.10 A1. For details, please see our response in Question 1 above.

### **Proposed Conforming Amendments to Independence Provisions**

- 3. 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 to proposed Sections 420 and 906.

- 4. Do respondents believe that the IESBA should consider a project in the future to achieve further alignment of Sections 420 and 906 with proposed Section 340? If so, please explain why.**

We believe that the amendments in proposed Sections 420 and 906 are well aligned with proposed Section 340. In the event that the IESBA undertakes a project on further alignment of Sections 420 and 906 with proposed Section 340, it should only be carried out after the Structure of the Code project is completed.

We trust the above comments is helpful in your final deliberations. The MIA looks forward to strengthening the dialogue between both organisations.

Thank you.

Yours faithfully,

**MALAYSIAN INSTITUTE OF ACCOUNTANTS**



**DR NURMAZILAH DATO' MAHZAN**  
Chief Executive Officer