

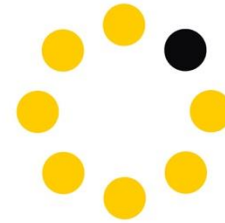
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professionals**



**28 EU
Member States**



50 institutes



37 countries



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Member States' implementation of new EU audit rules

as of March 2017

This pdf has to be considered in full; slides cannot be seen in isolation.

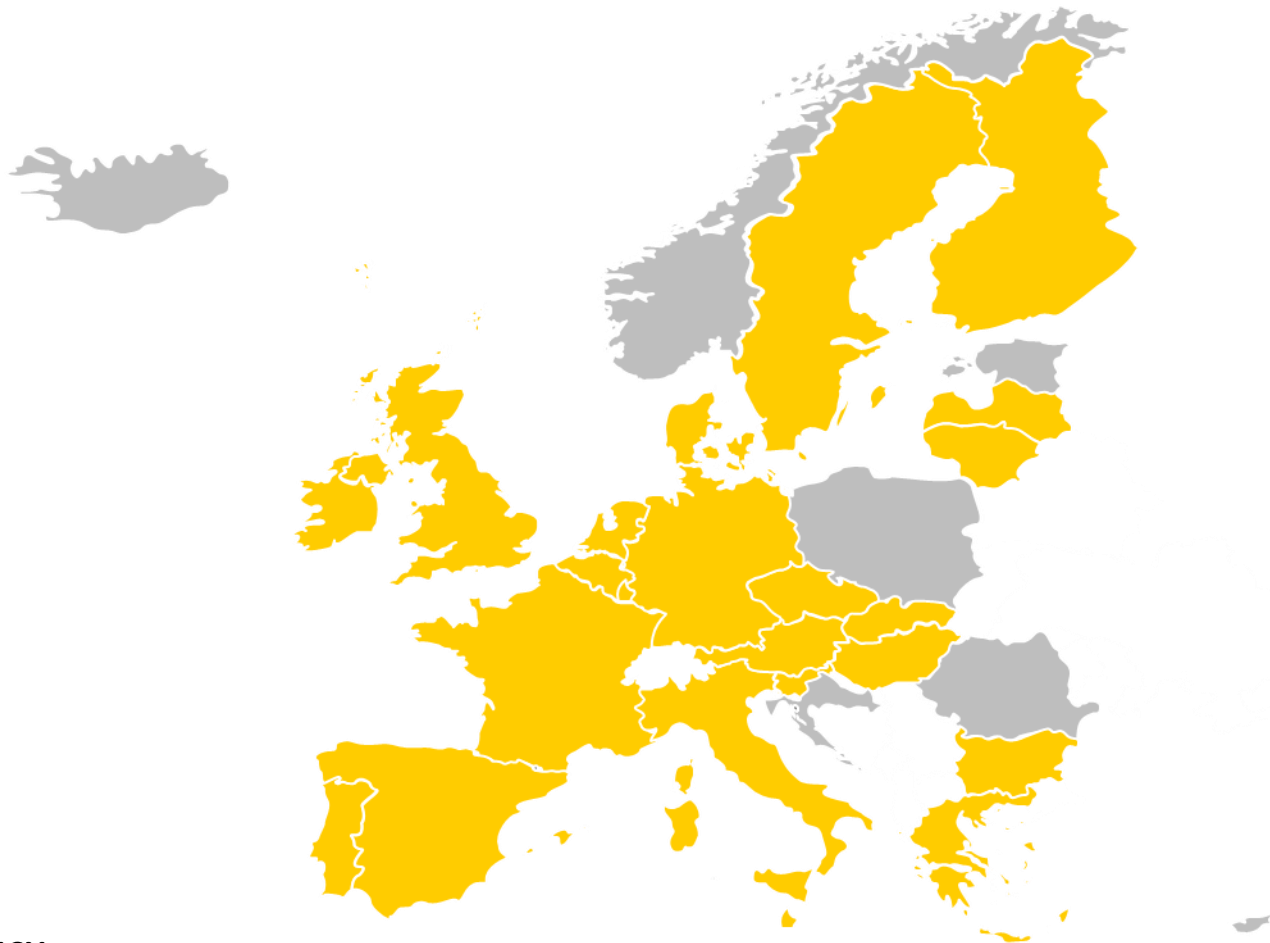
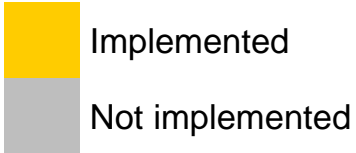
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Main topics of the new EU audit rules

- Implementation status
- Prohibition of non-audit services
- Mandatory audit firm rotation
- Public oversight and delegation of tasks to professional bodies

Implementation status

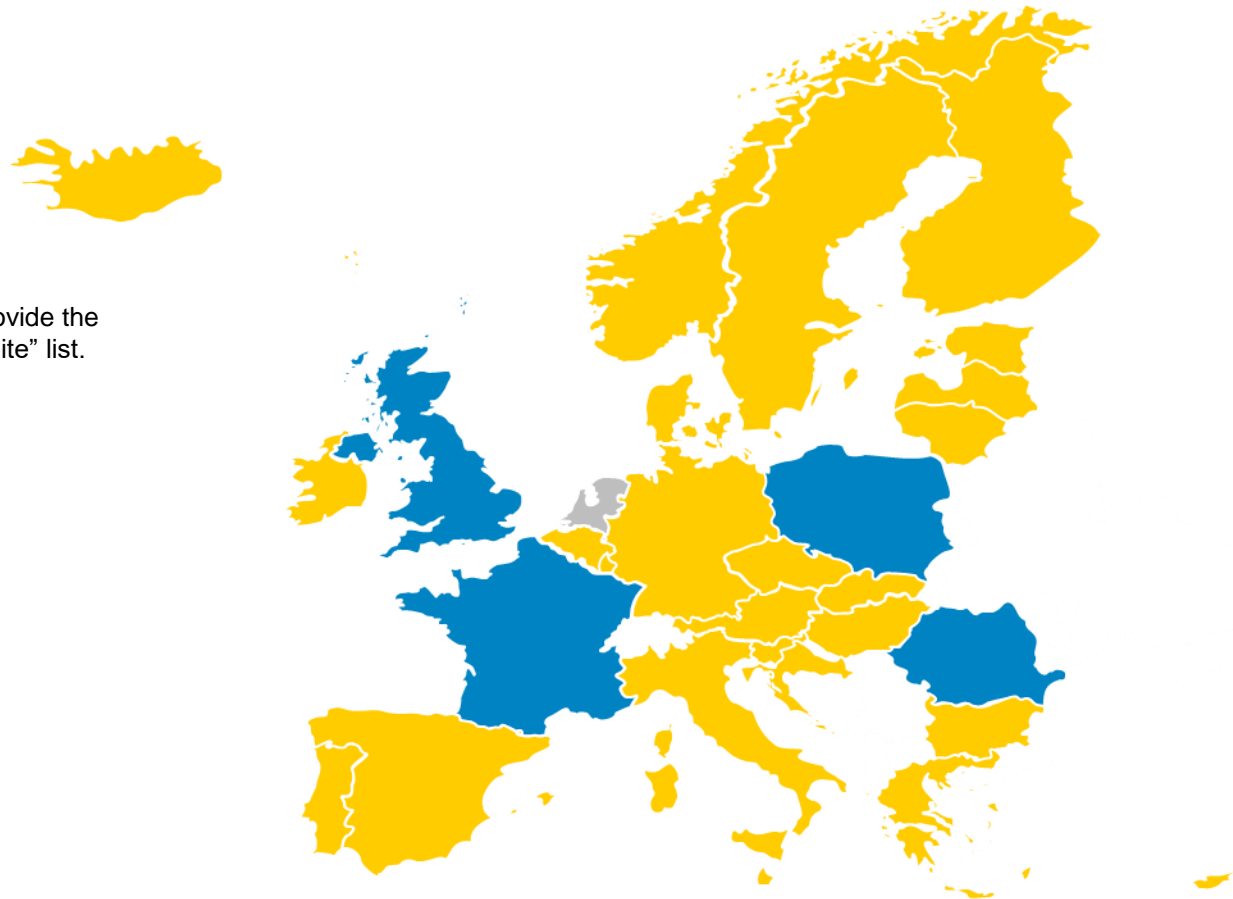
March 2017 Update



Non-audit services additional prohibitions

March 2017 Update

- List of prohibitions as per the Regulation
- 'White' list approach*
- Additional prohibitions



* Auditors and audit firms can only provide the non-audit services included in the "white" list.

Non-audit services

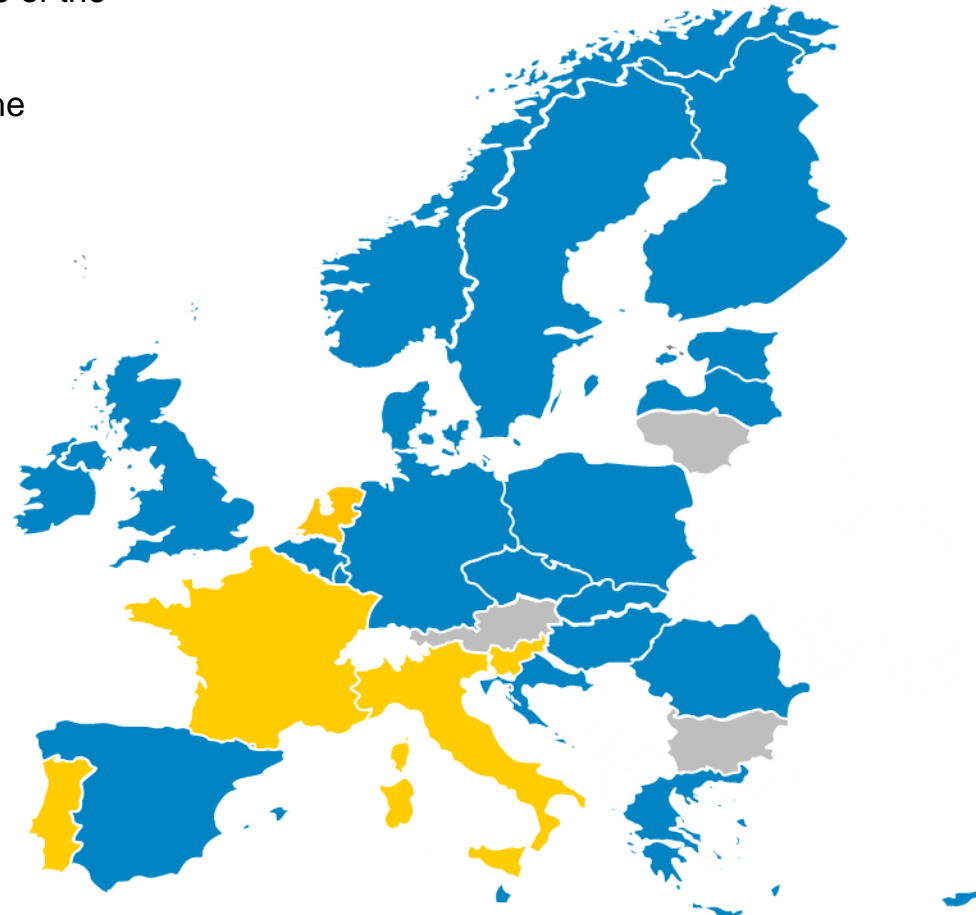
Derogation of prohibition – Tax & valuation services

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No

Certain tax services under the conditions of the Regulation

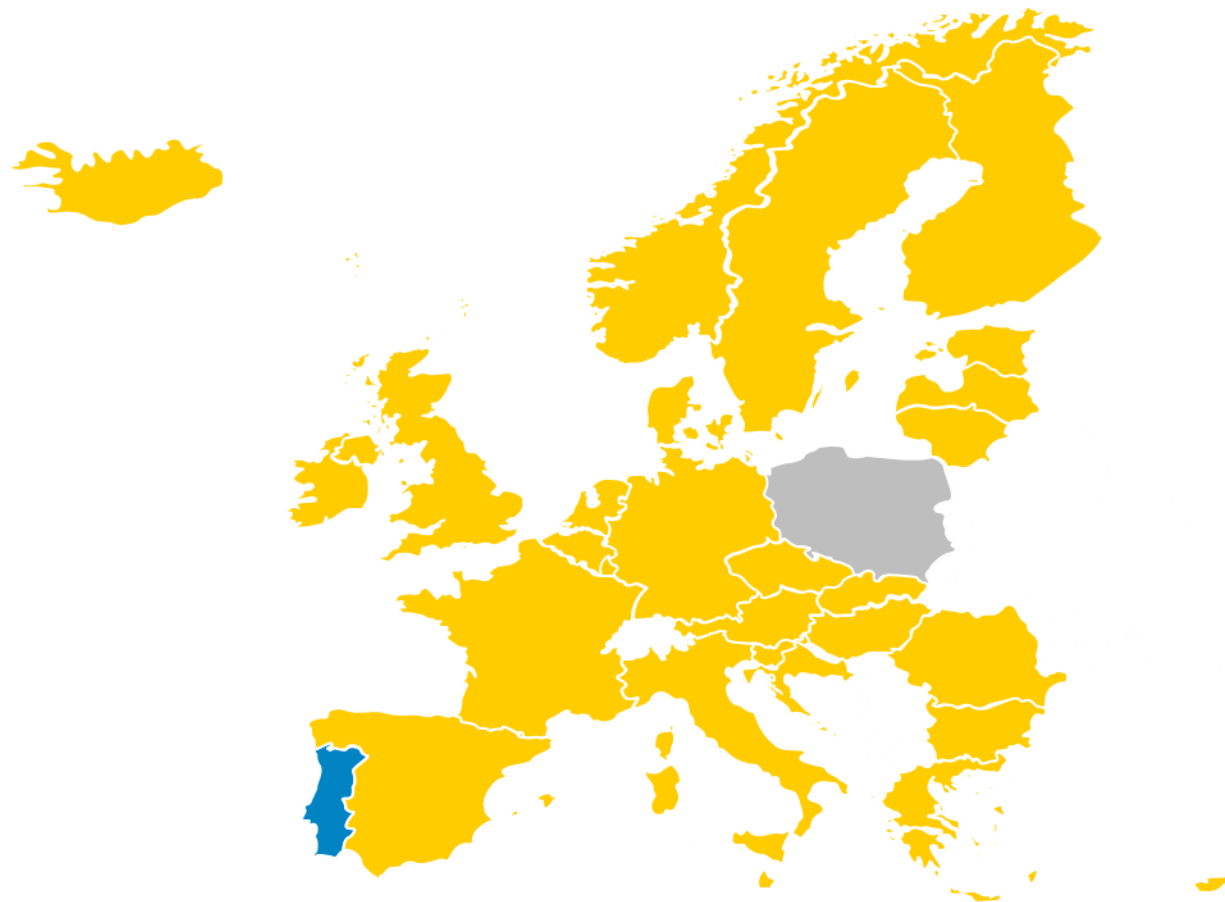
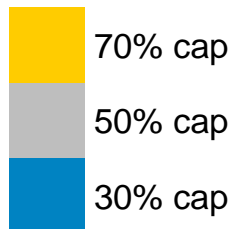
Certain tax & valuation services under the conditions of the Regulation



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Non-audit services allowed NAS cap

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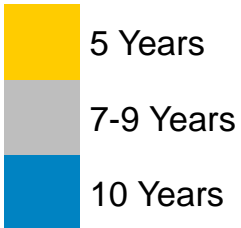


1. Clear trend to **stick to the list of prohibitions** included in the Regulation
2. The **large majority** of Member States opted for **derogation of prohibition of certain tax and valuation services** within the following conditions of the Regulation:
 - Impact on the audited financial statements is immaterial or none,
 - Evaluation of this impact on the financial statements is documented in the additional report to the audit committee
 - Principles of independence, as included in the Directive, are applied by the statutory auditor
3. Only two Member States opted to lower the NAS cap below 70%

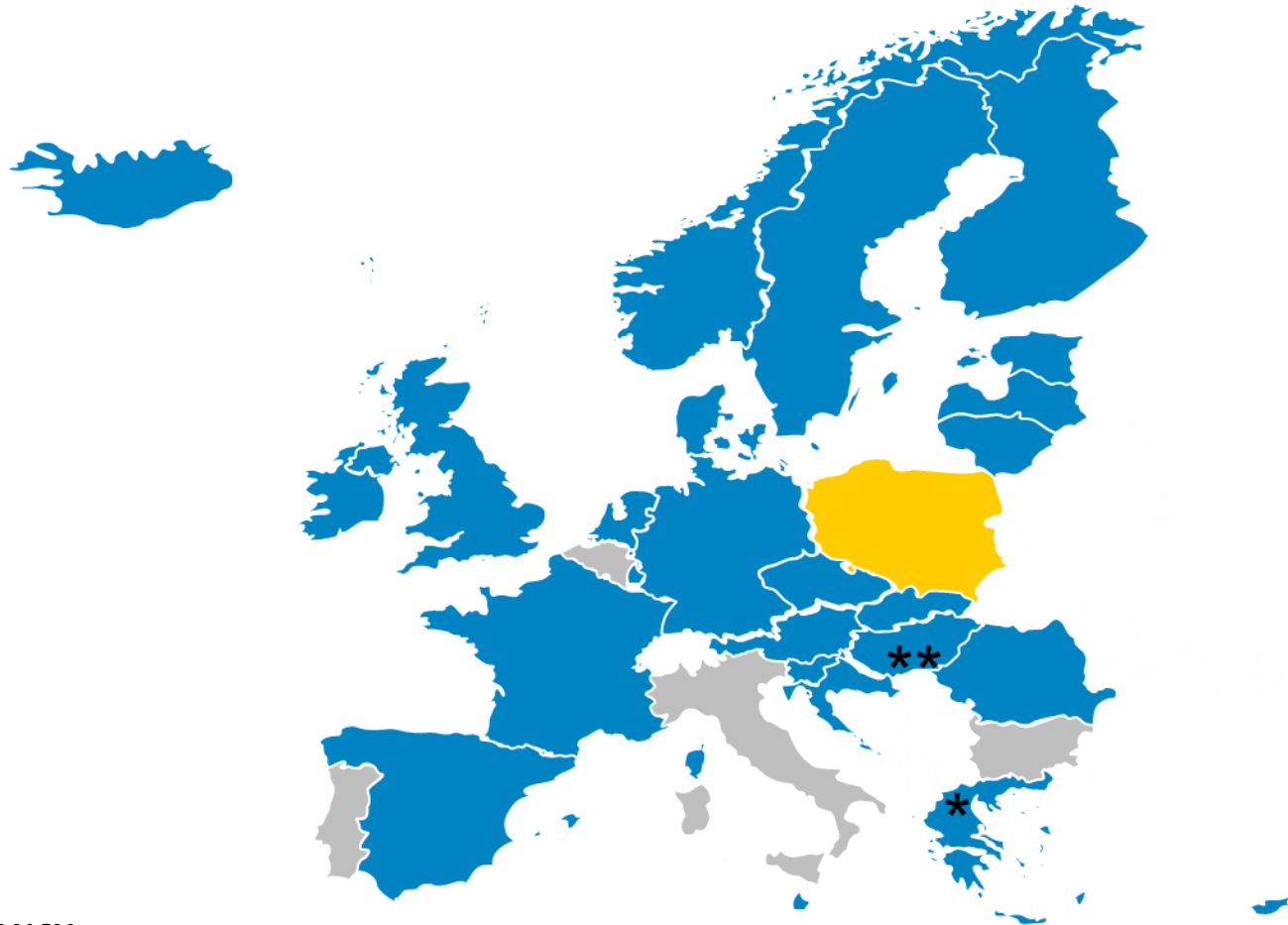
Mandatory audit firm rotation

initial duration of engagement

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* 5 years for SIFIs
** 8 years for banks

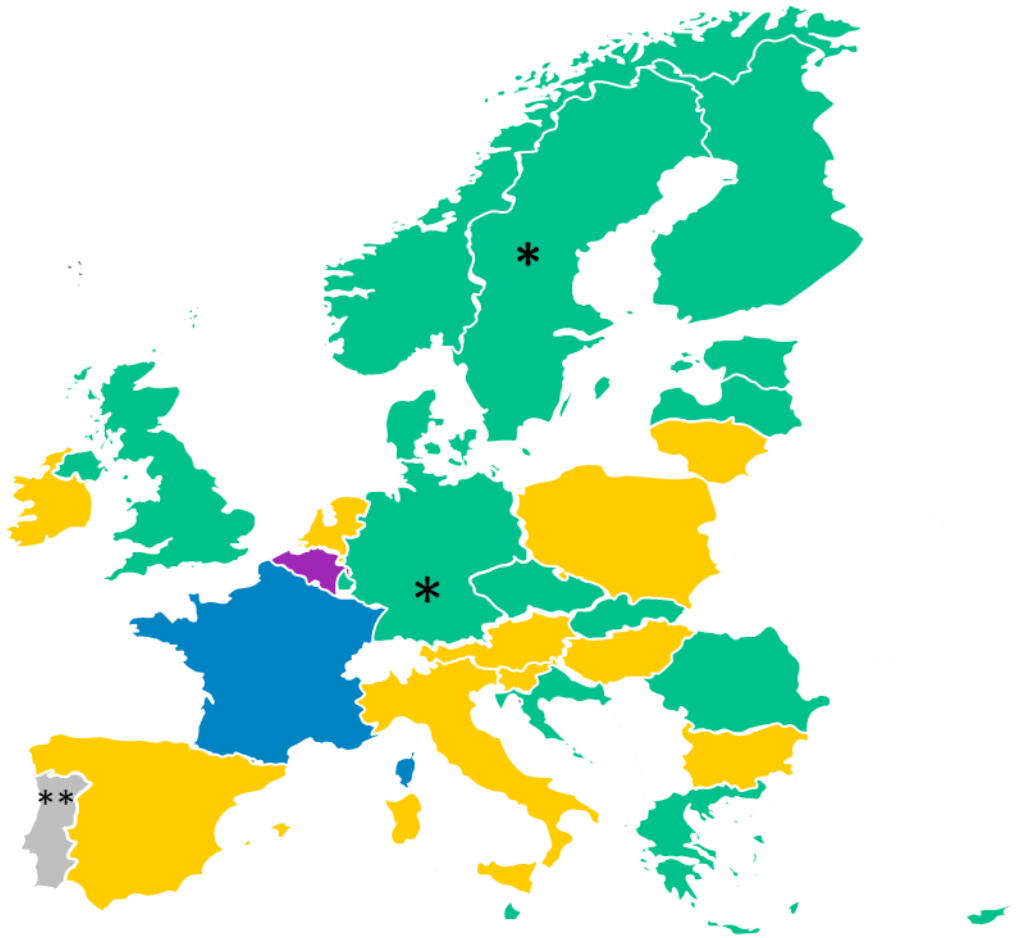


Mandatory audit firm rotation tender extension

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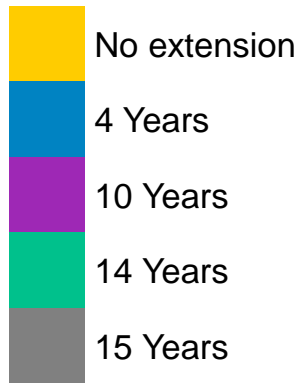


* Extension of duration not applicable to banks and insurance undertakings
** Initial duration of engagement extendable up to 10 years

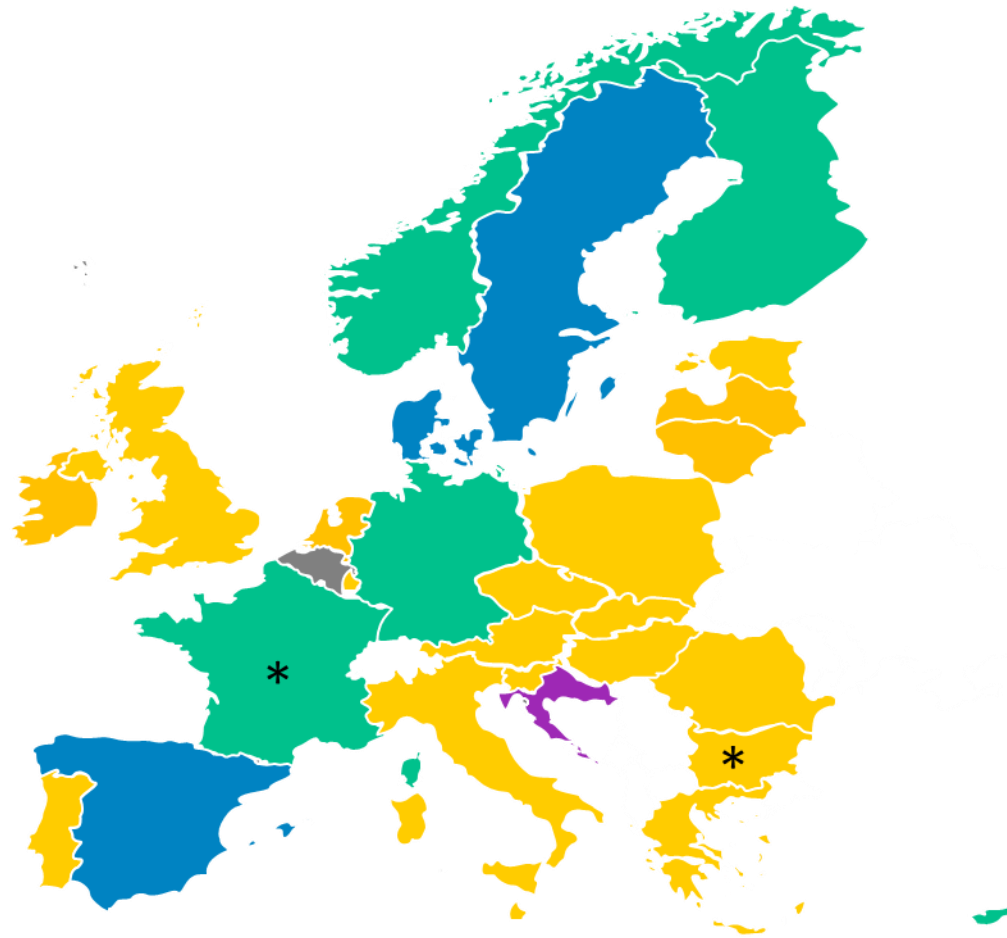


Mandatory audit firm rotation joint audit extension

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* **Mandatory joint audit**
For Bulgaria it is only for banks, insurance undertakings and pension funds



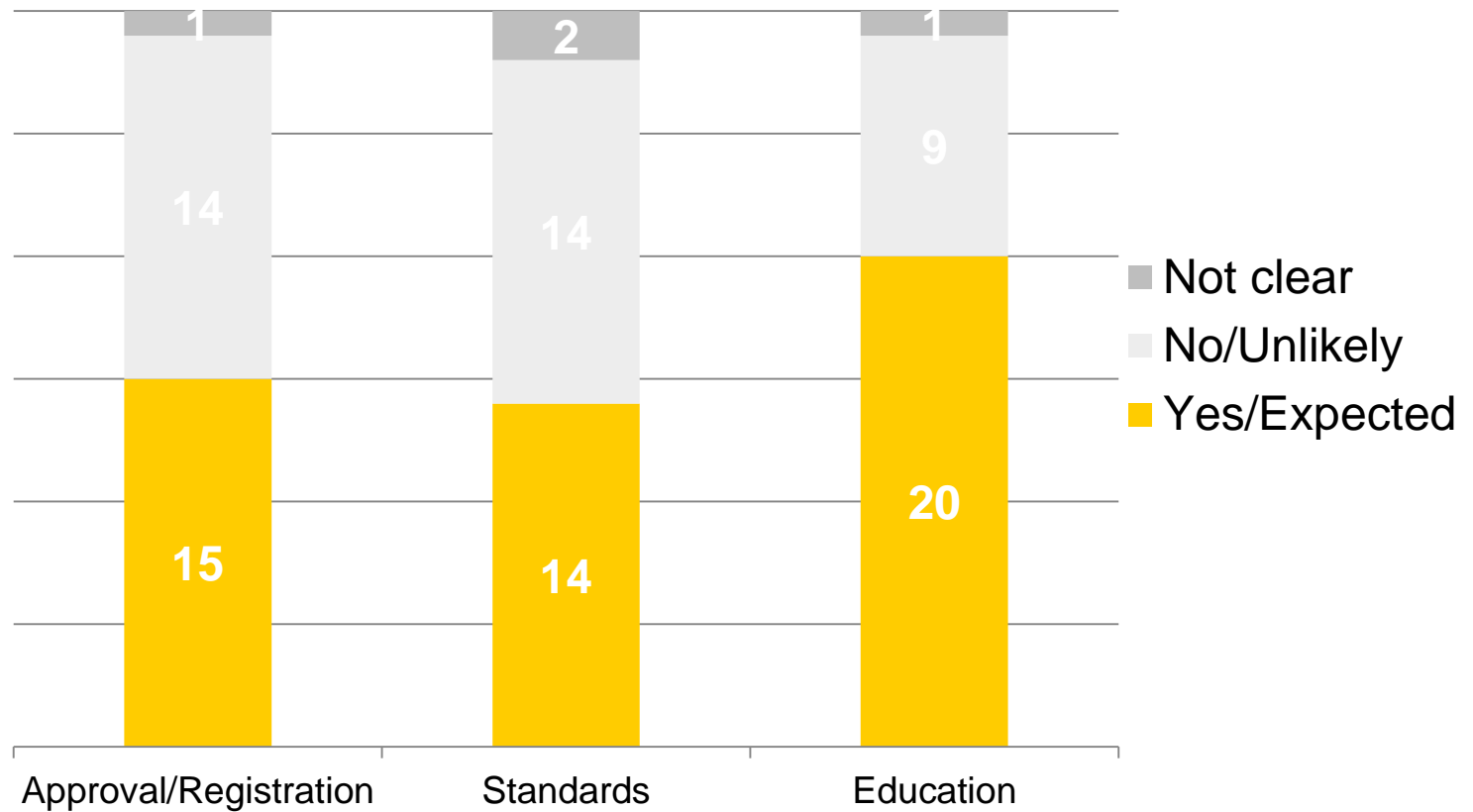
Mandatory audit firm rotation: our take

1. **Consistency** in setting the initial duration of engagement period at **10 years**
2. **Damageable divergences** on the duration and the use of the option to allow extensions of the initial duration
 - **Tender**: 18 Member States with 4 different periods
 - **Joint audit** - 9 Member States allow it with 4 different periods
3. Overview: **16 different MAFR regimes** across the European Union

Public oversight

Delegation of tasks for audits of PIEs

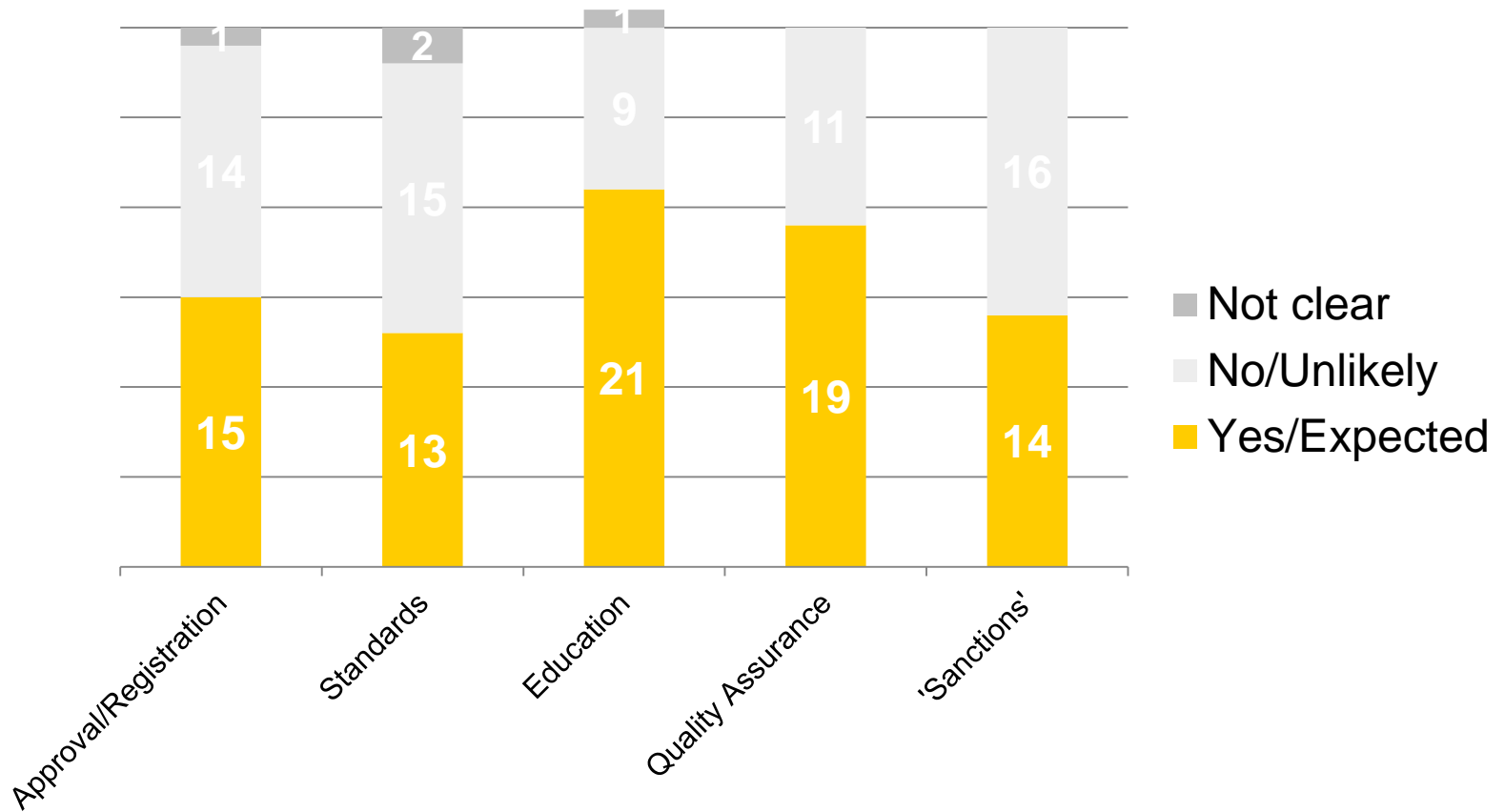
Number of countries



Public oversight

Delegation of tasks for audits of non-PIEs

Number of countries



Public oversight: our take

1. Many Member States rely on a certain degree of delegation to professional accountancy bodies
2. **Education**, both for audit of Public-interest entities (PIEs) and non-PIEs, and **Quality assurance for non-PIEs** have been delegated by the majority of Member States
3. **Approval/registration**, both for PIEs and non-PIEs, have been delegated in half of the Member States
4. **Professional accountancy bodies will continue to play an important role** in this area working together with national competent authorities to enhance audit quality