



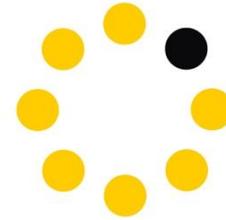
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**28 EU  
Member States**



**50 institutes**



**37 countries**



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# Member States' implementation of new EU audit rules

as of June 2017

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

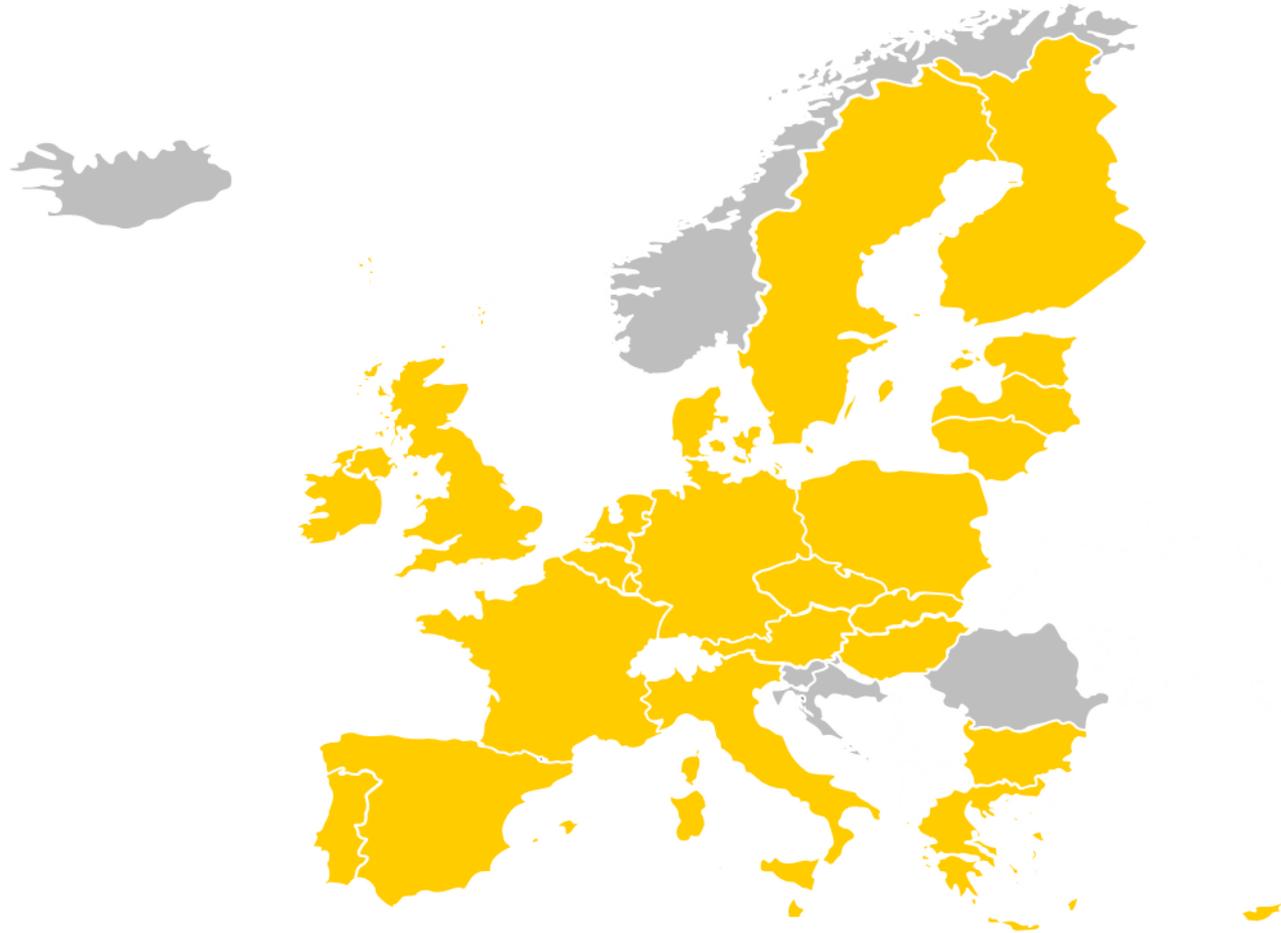
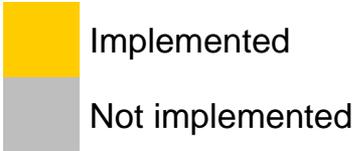
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# Main topics of the new EU audit rules

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

# Implementation status

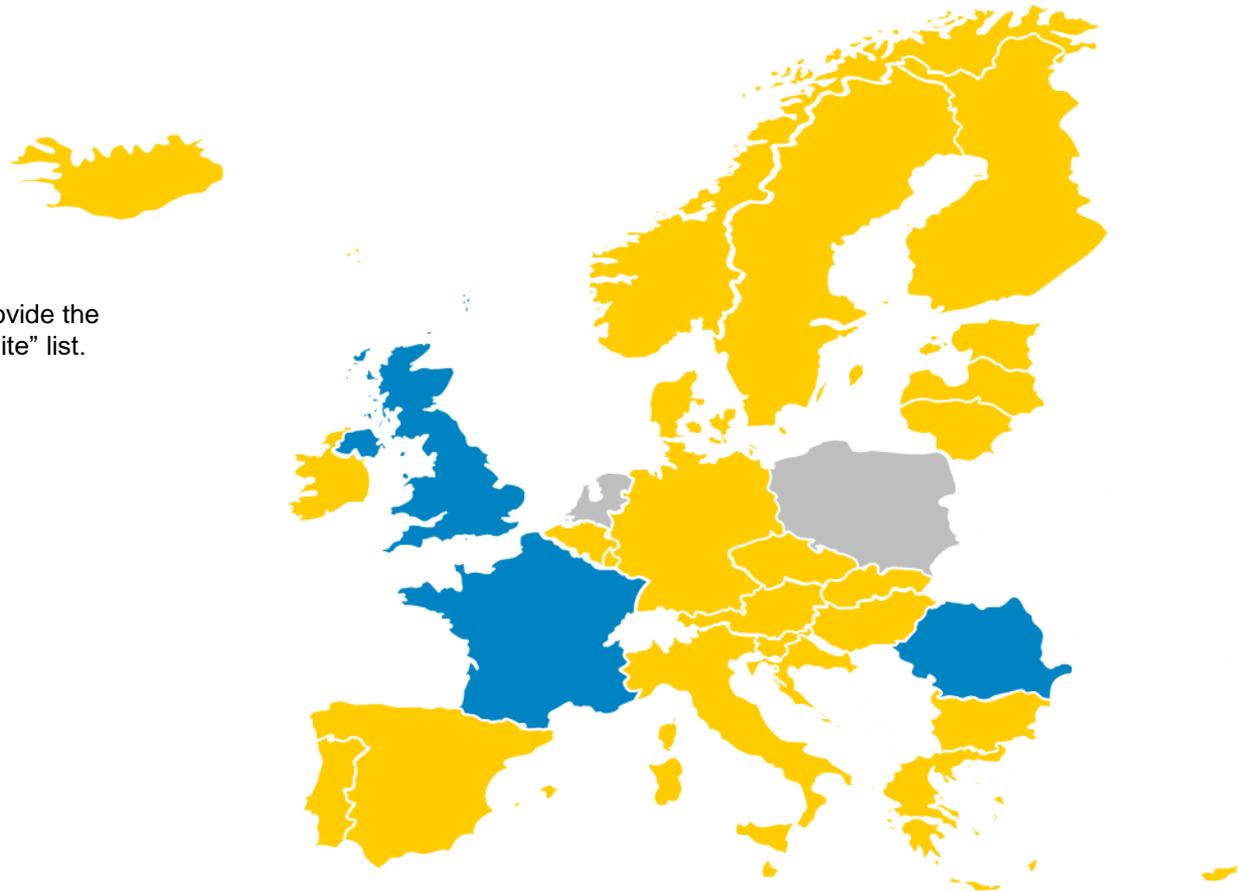
June 2017 Update



# Non-audit services additional prohibitions

June 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

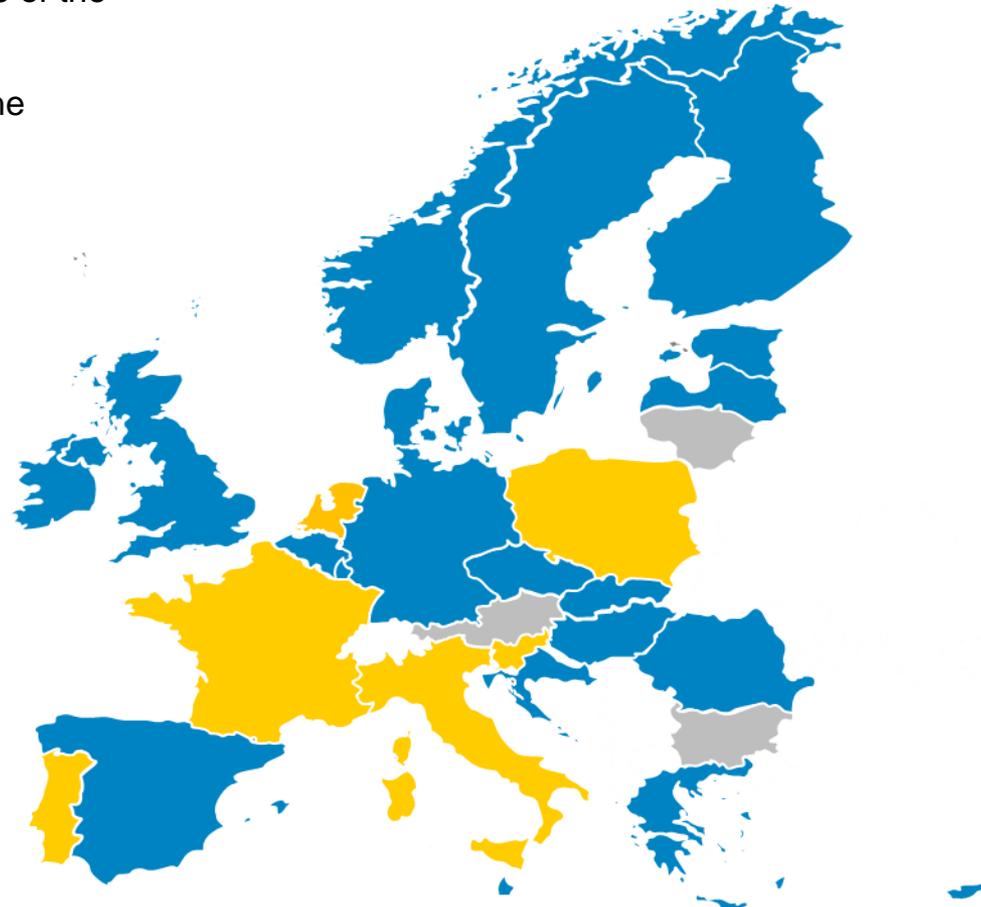
## Derogation of prohibition – Tax & valuation services

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No

Certain tax services under the conditions of the Regulation

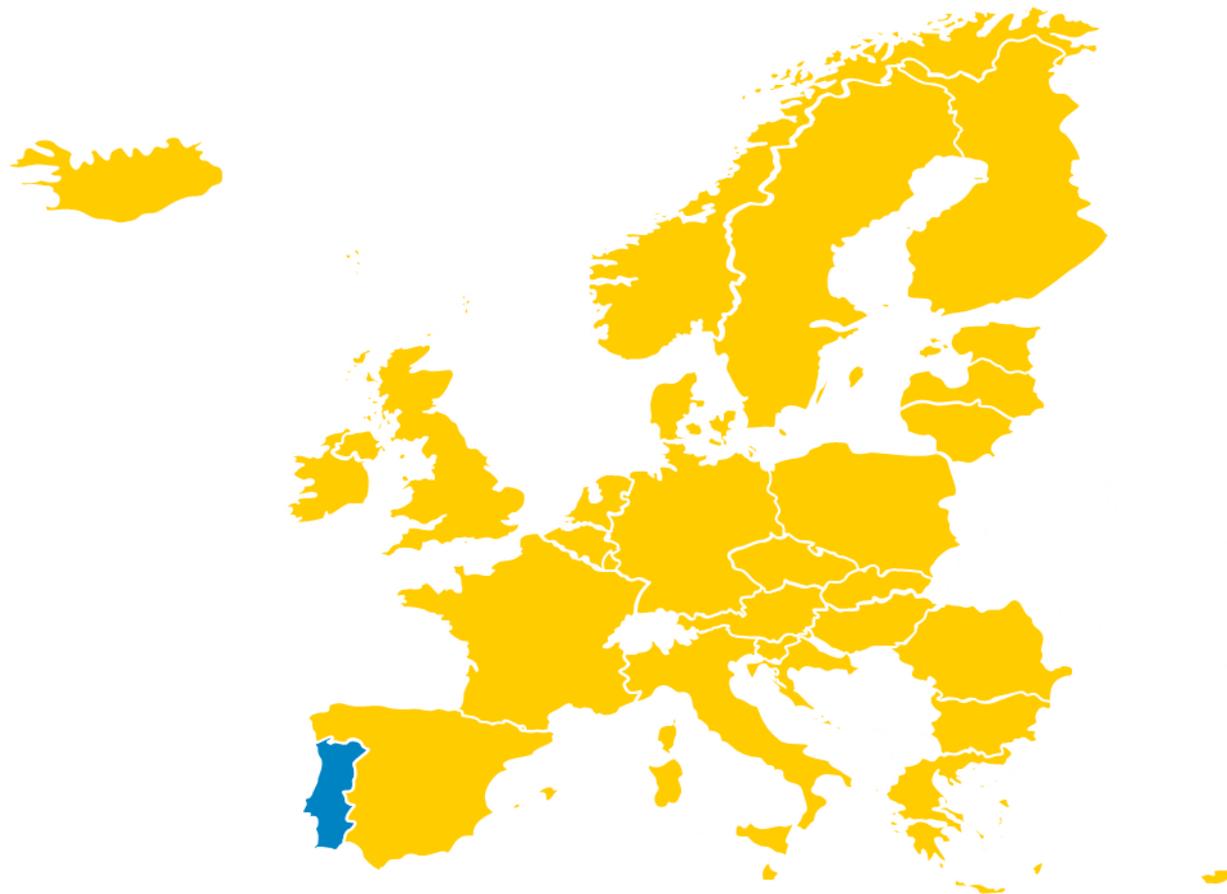
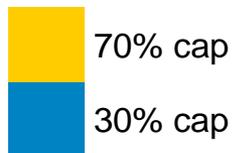
Certain tax & valuation services under the conditions of the Regulation



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# Non-audit services allowed NAS cap

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# Non-audit services: our take

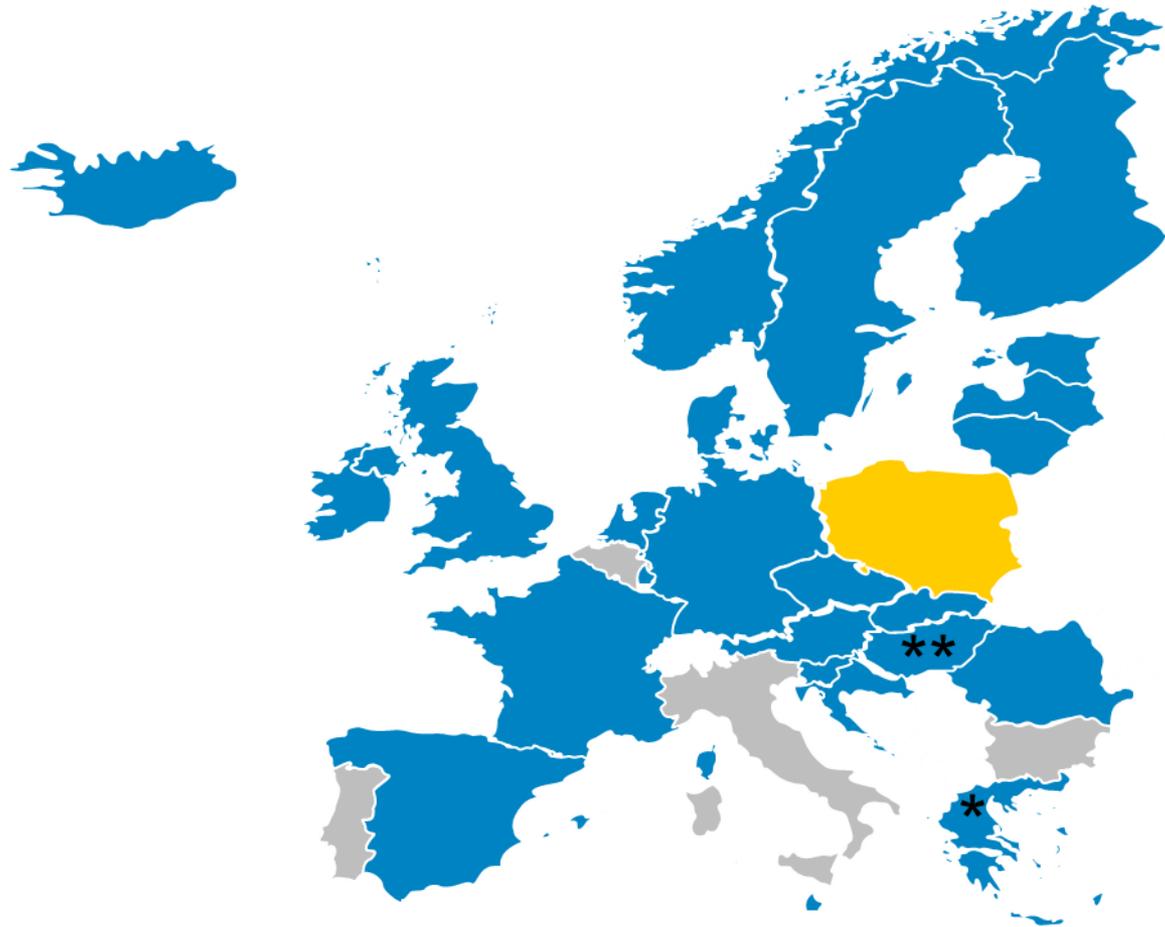
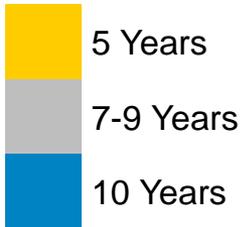
June 2017 Update

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 one Member State (Portugal) 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
- \*\*\* 9 years for banks





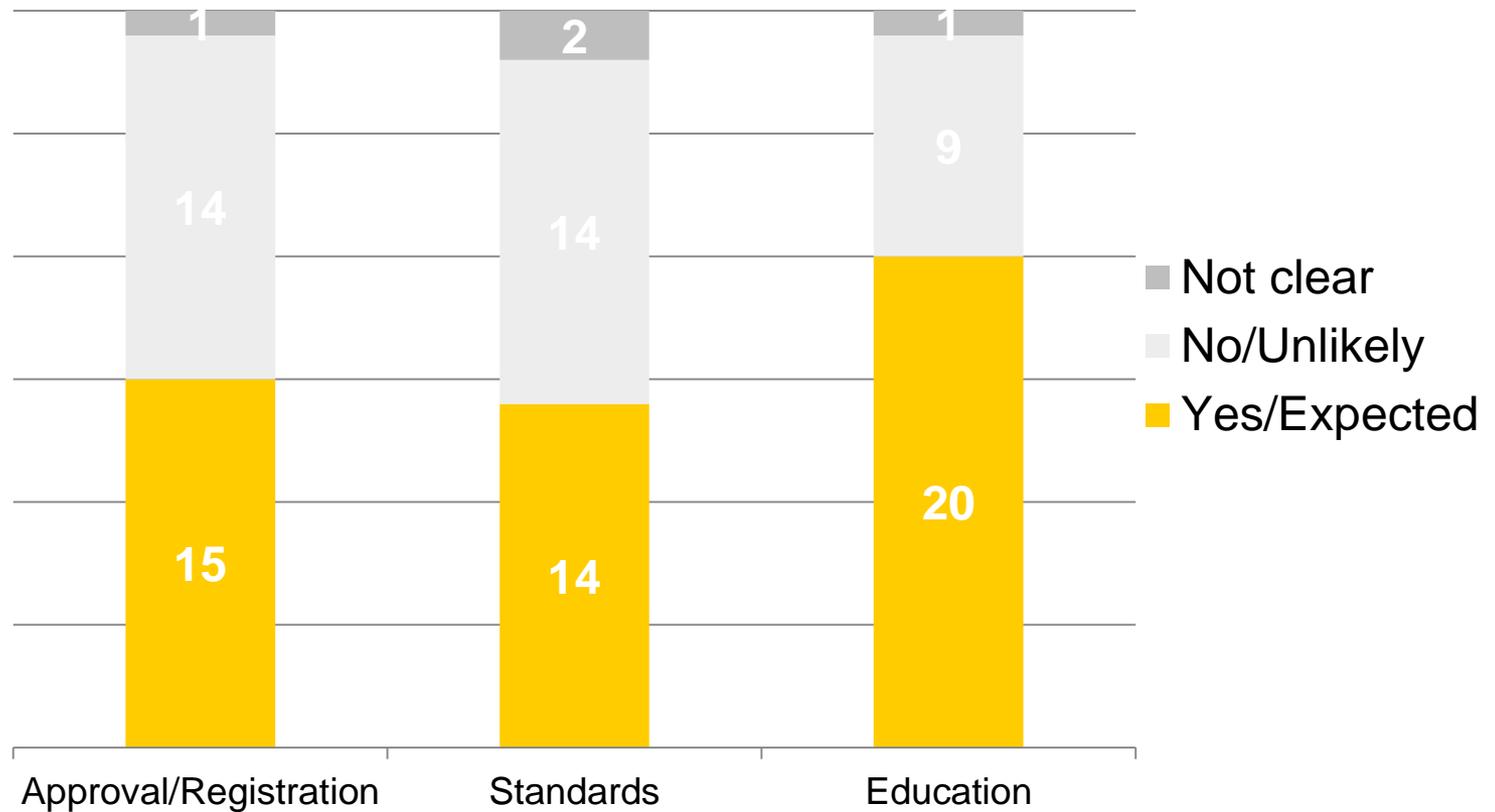
# Mandatory audit firm rotation: our take

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: **17 different MAFR regimes** across the European Union

# Public oversight

## Delegation of tasks for audits of PIEs

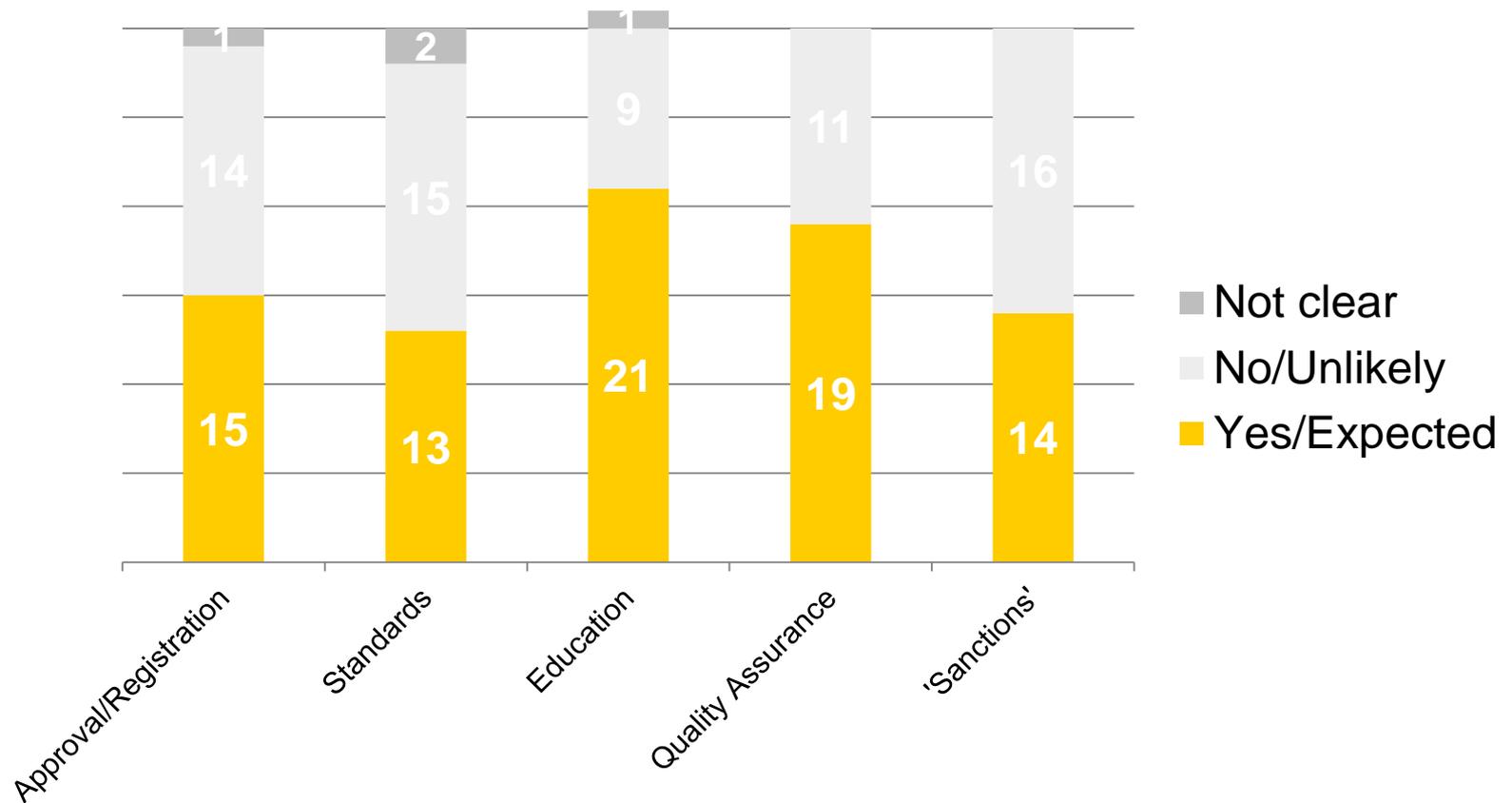
Number of countries



# 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