

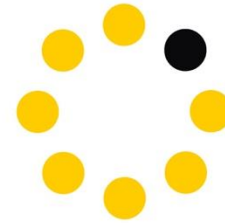
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**Close to 1 million
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**28 EU
Member States**



50 institutes



37 countries



**ACCOUNTANCY
EUROPE.**

Member States' implementation of new EU audit rules

as of December 2017

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

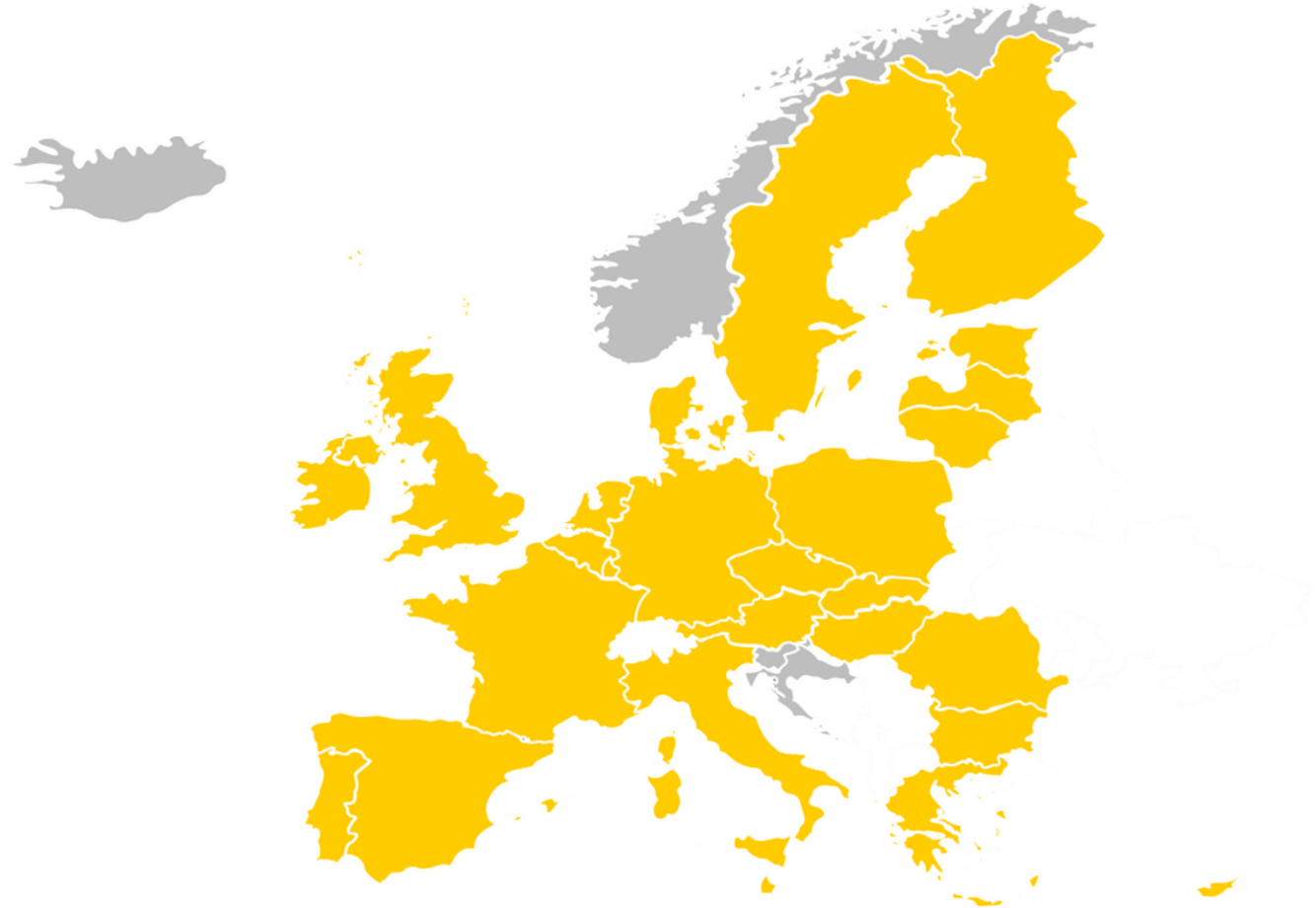
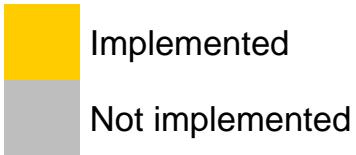
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Main topics of the new EU audit rules

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

Implementation status

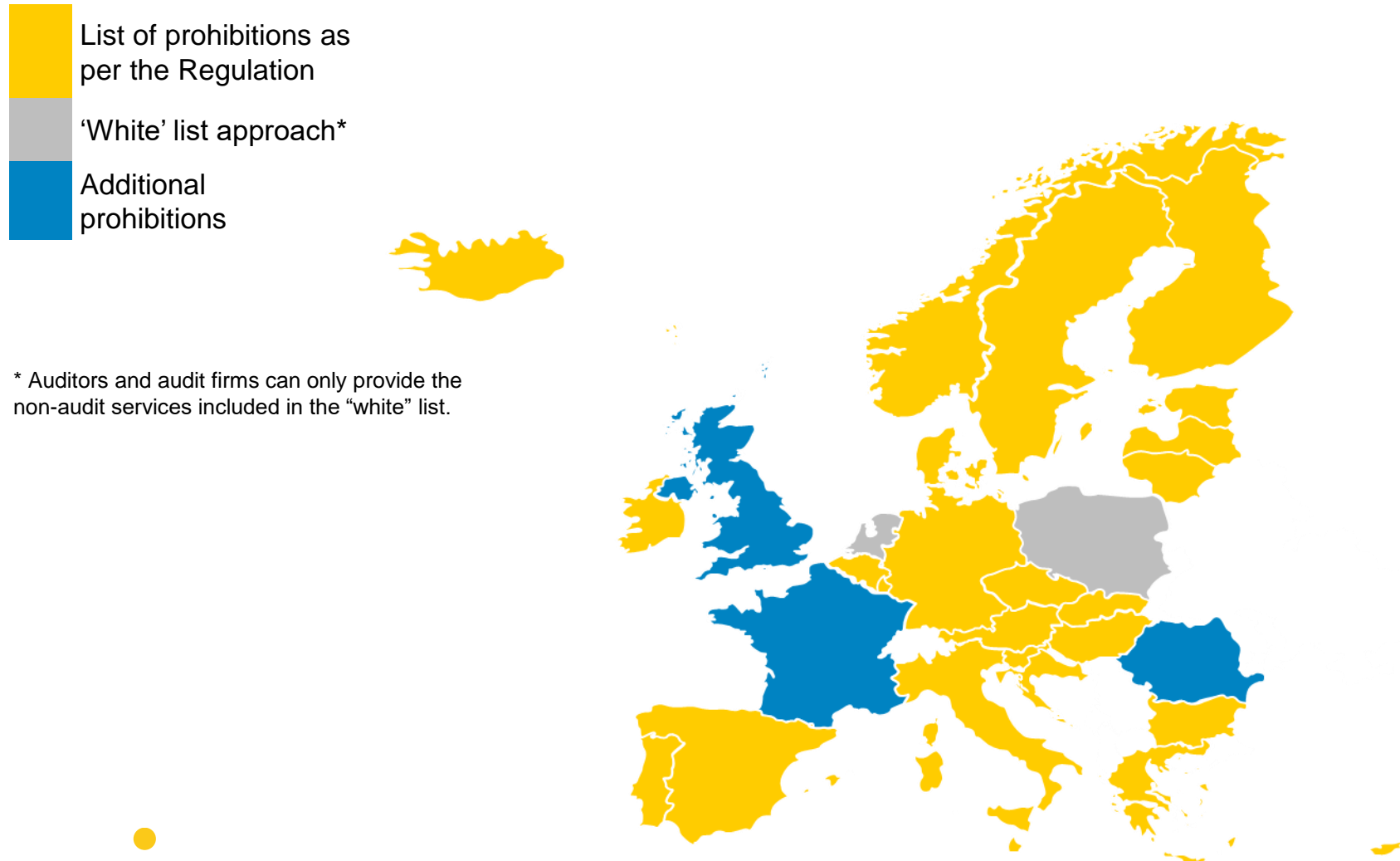
December 2017 Update



Non-audit services

Additional prohibitions

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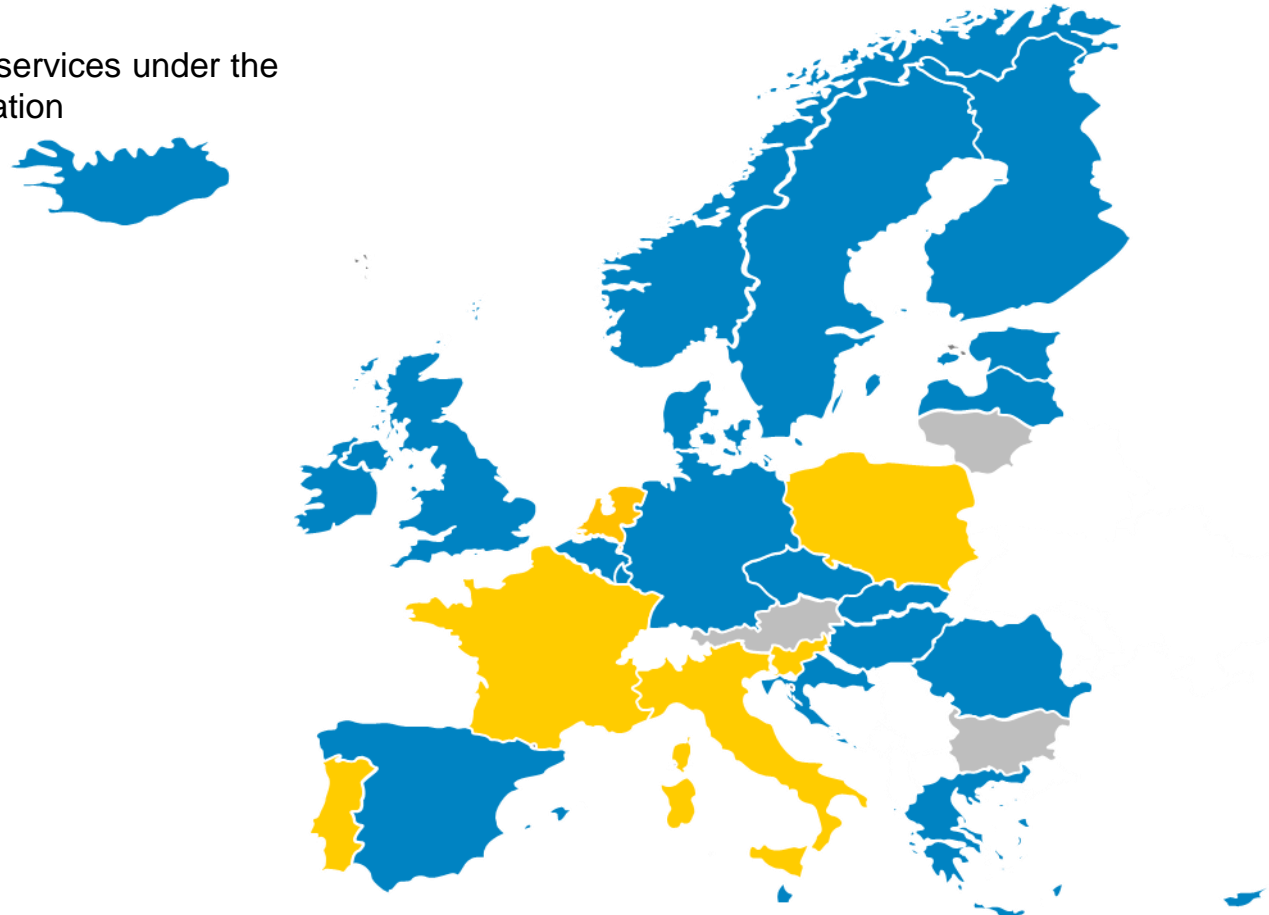
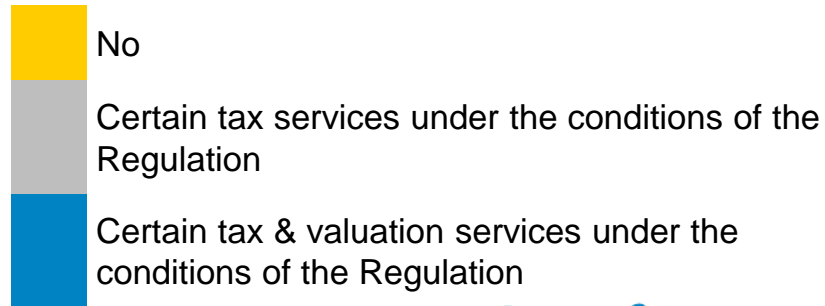


* Auditors and audit firms can only provide the non-audit services included in the "white" list.

Non-audit services

Derogation of prohibition – Tax & valuation services

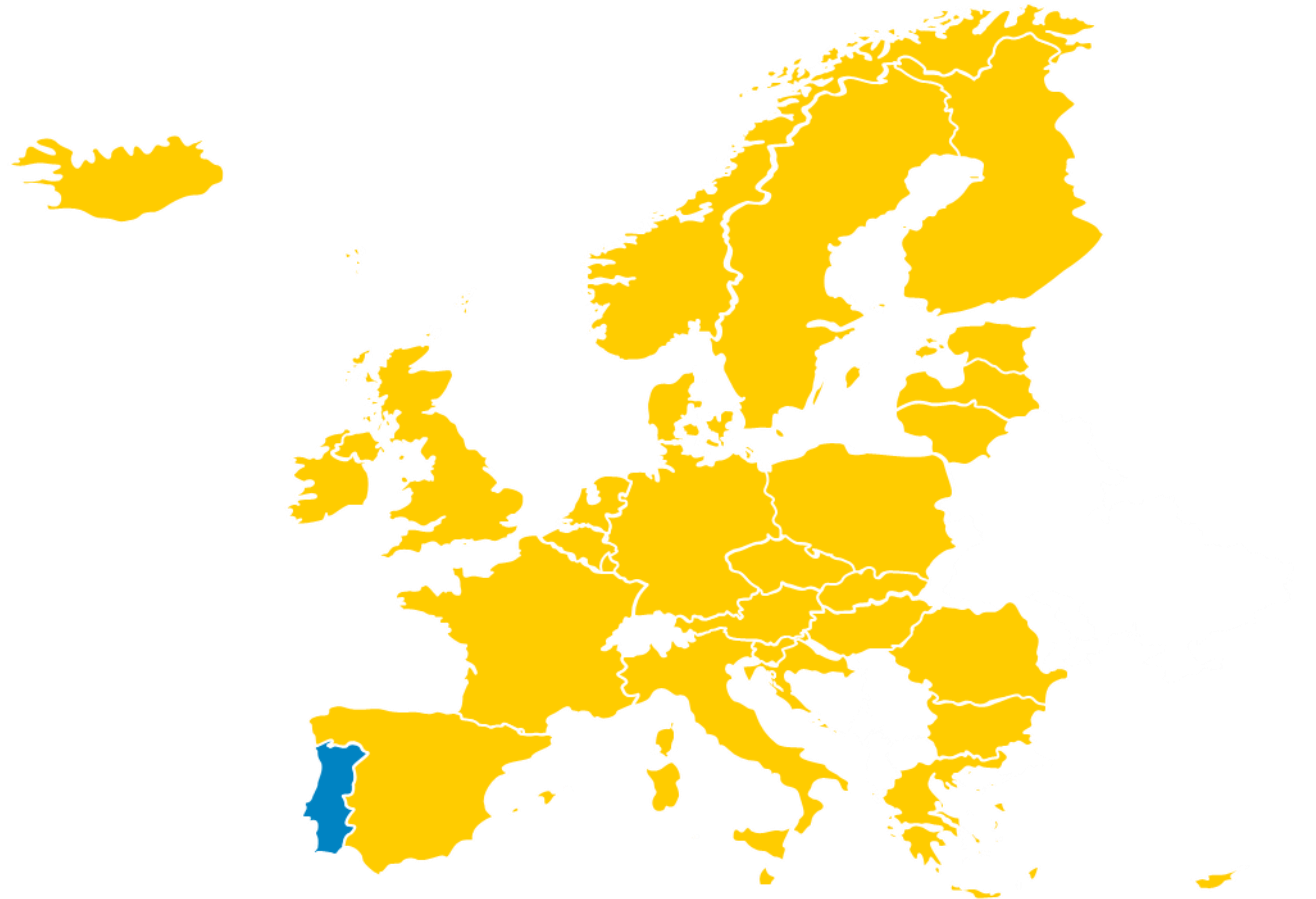
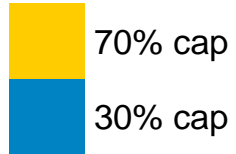
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Non-audit services

Allowed NAS cap

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Non-audit services: our take

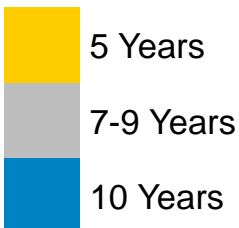
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1. Clear trend to **stick to the list of prohibitions** included in the Regulation
2. The **large majority** of Member States opted for **derogation of prohibition of certain tax and valuation services** within the following conditions of the Regulation:
 - 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 one Member State (Portugal) opted to lower the NAS cap below 70%

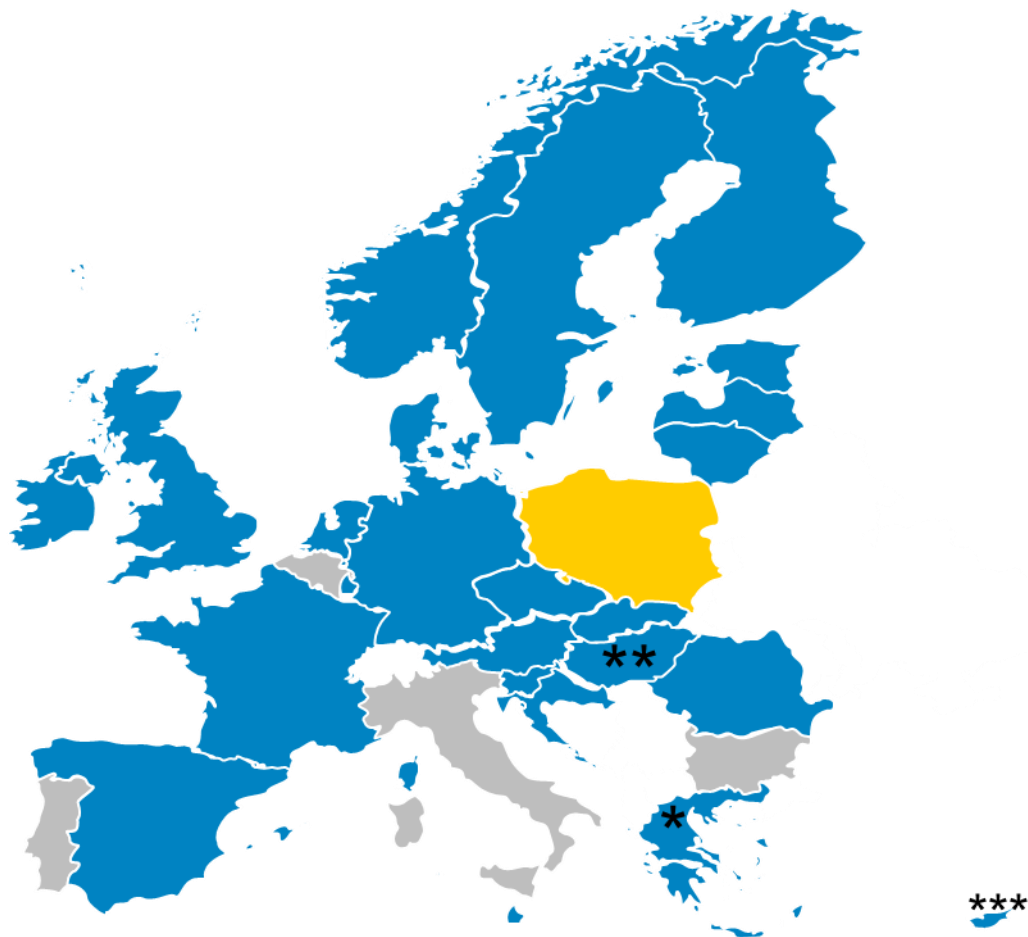
Mandatory audit firm rotation

Initial duration of engagement

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- * 5 years for SIFIs
- ** 8 years for banks
- *** 9 years for banks



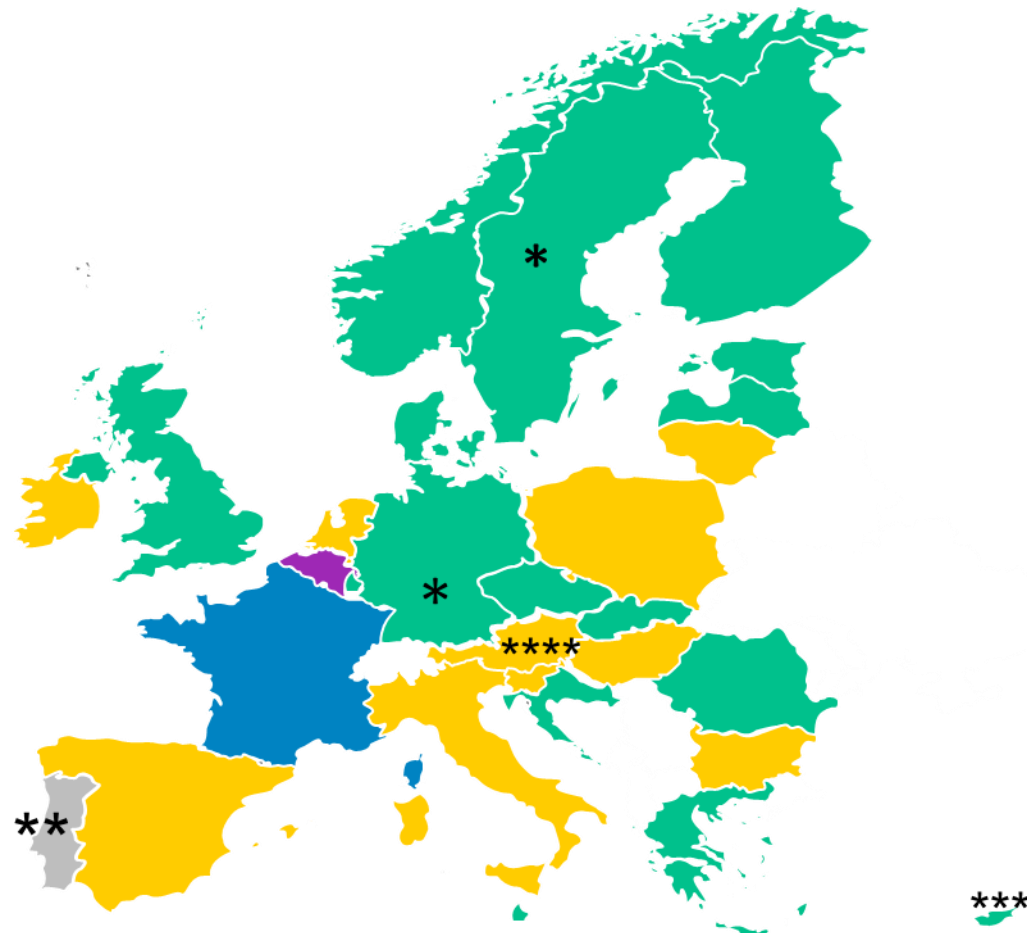
Mandatory audit firm rotation

Tender extension

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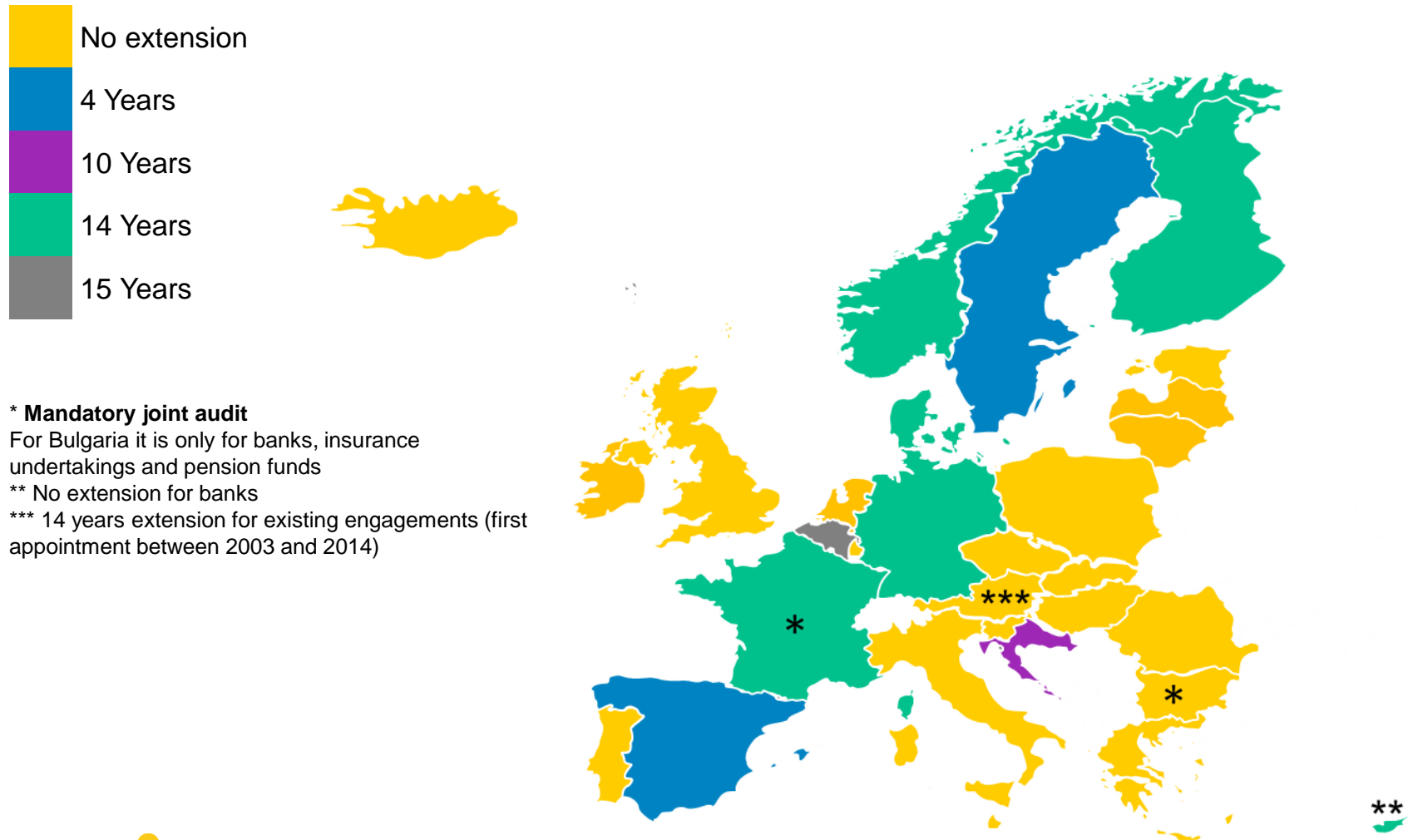
- * Extension of duration not applicable to banks and insurance undertakings
- ** Initial duration of engagement extendable up to 10 years
- *** No extension for banks
- **** 10 years extension for existing engagements (first appointment between 2003 and 2014)



Mandatory audit firm rotation

Joint audit extension

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Mandatory audit firm rotation: our take

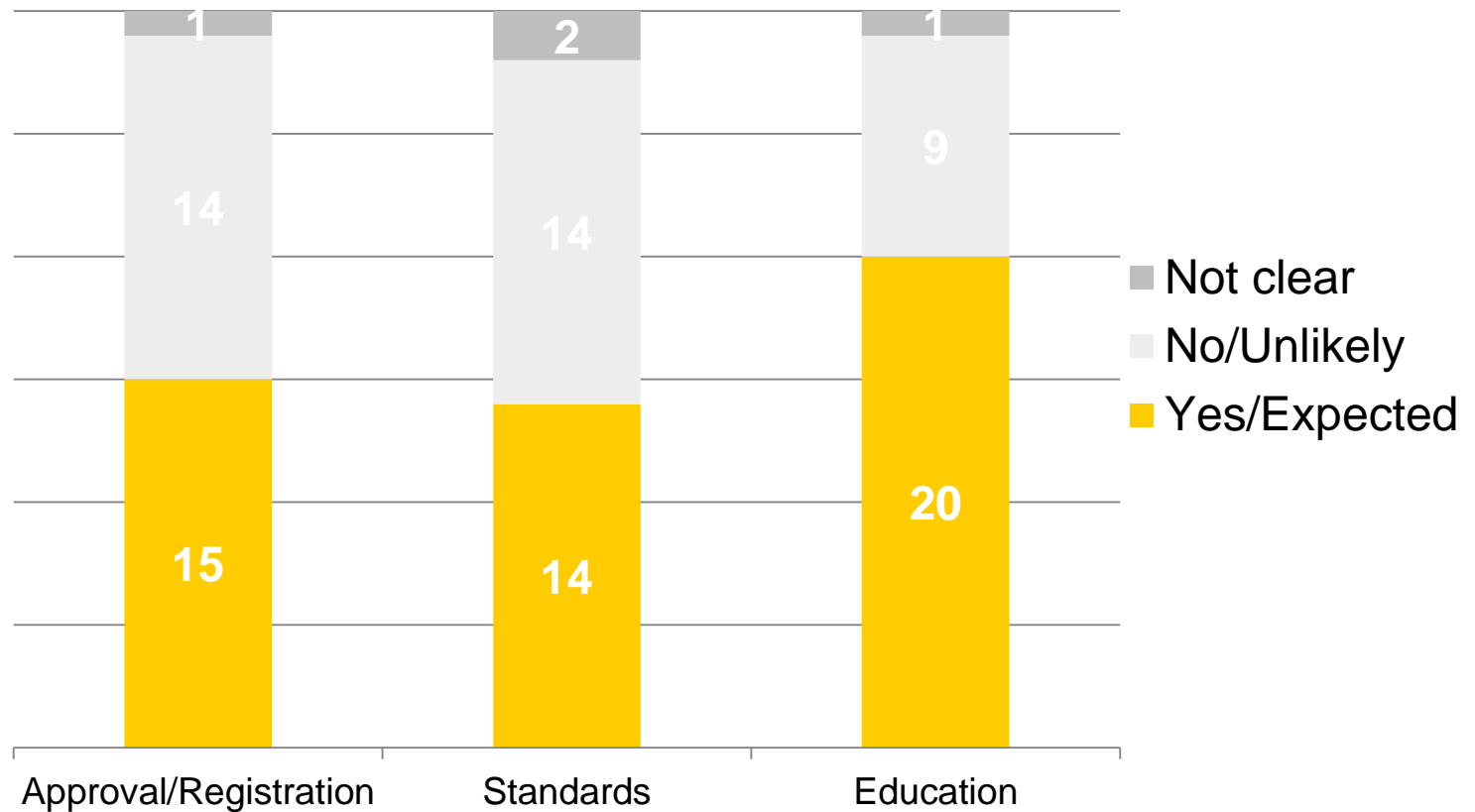
1. **Consistency** in setting the initial duration of engagement period at **10 years**
2. **Damageable divergences** on the duration and the use of the option to allow extensions of the initial duration
 - **Tender**: 18 Member States with 4 different periods
 - **Joint audit** - 9 Member States allow it with 4 different periods
3. Overview: **17 different MAFR regimes** across the European Union

Public oversight

Delegation of tasks for audits of PIEs

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Number of countries

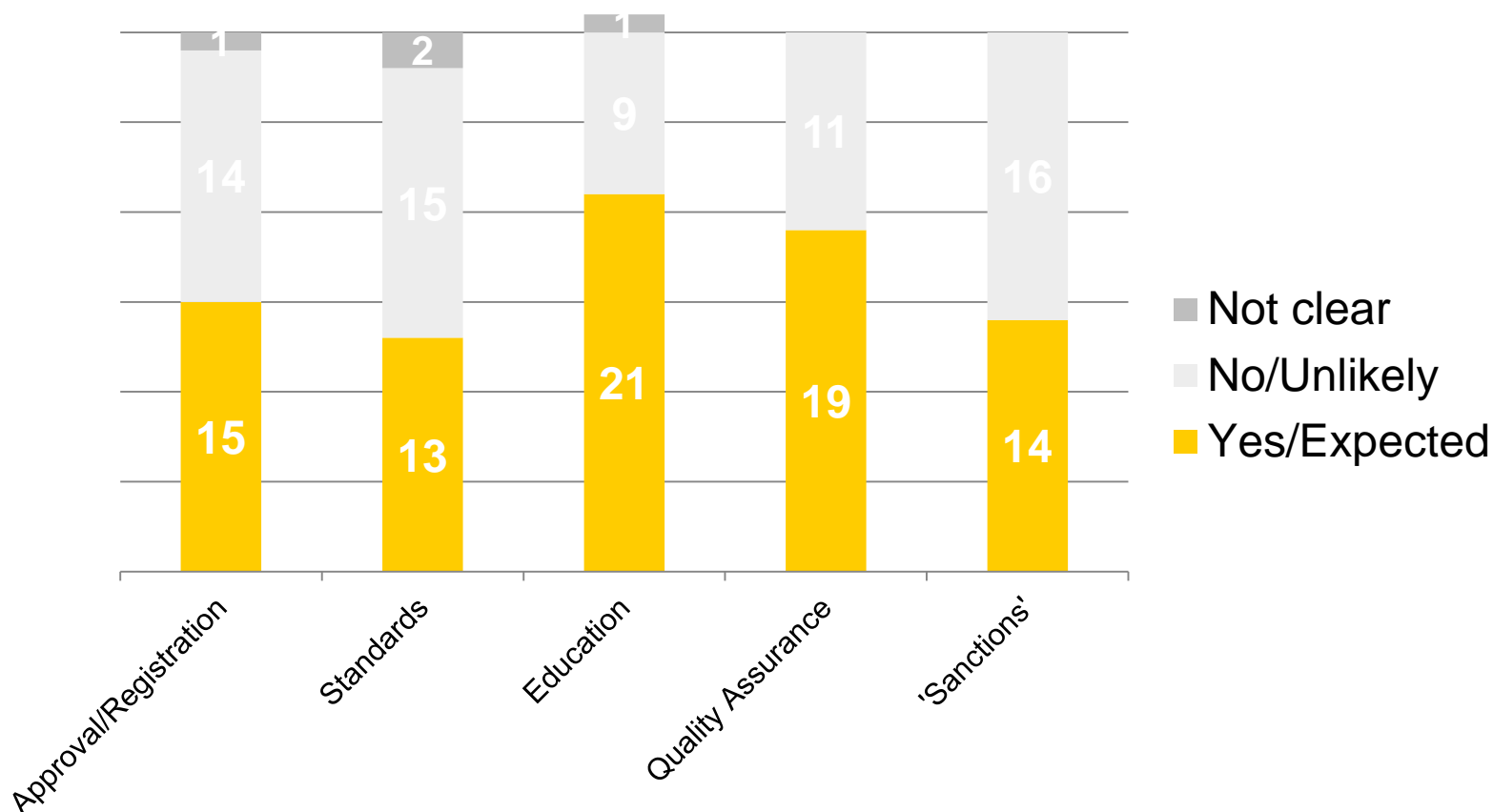


Public oversight

Delegation of tasks for audits of non-PIEs

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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