

10 August 2018

The Chairman  
Accounting Professional Standards & Ethical Standards Board  
Level 11  
99 William Street  
Melbourne, Victoria 3000

Dear Ms Roxon,

**Exposure Drafts 03/2018 – Proposed Inducement provisions for APES 110 *Code of Ethics for Professional Accountants*.**

Ernst & Young Australia welcomes the opportunity to comment on the Exposure Draft. Further to our comment letter dated 09 August 2018 on *Exposure Draft 02/18 – Proposed Amendments to APES 110 Code of Ethics for Professional Accountants*, we wish to add our response to proposed Inducement provisions for APES 110 *Code of Ethics for Professional Accountants*.

In principle, we support harmonisation of APES 110 with the equivalent international standard. In addition, we fully support all attempts to promote ethical behaviour by professional accountants, whether in business or public practice.

Whilst we concur with the principle that improper inducements should never be offered or accepted, we offer specific comments with respect to assessing intent and the proposed applicability of the Code to immediate or close family members.

We suggest that unless an inducement is clearly trivial or inconsequential, the requirements and application material contained in the conceptual framework should apply in assessing whether there is an actual or perceived intent to improperly influence behaviour.

In addition, with respect to R340.13 A1, we suggest that consideration be given to softening the proposed language, “the accountant shall advise the immediate or close family member not to offer or accept the inducement”. The reason for potentially softening the language is that the accountant only has reason to believe that there is intent to improperly influence the accountant or the counterparty and there may be other facts and circumstances which are unknown to the accountant which would establish that this was not the case.

We would be pleased to discuss our comments with APESB. Should you wish to do so, please contact Kim Morison ([Kim.Morison@au.ey.com](mailto:Kim.Morison@au.ey.com) or on (02) 9248 5466).

Yours sincerely



Kim Morison

Oceania Risk Management Leader