

AUASB 2025-5
(July 2025)

Explanatory Statement

AUASB 2025-5 Amendments to AUASB Standard

Issued by the **Auditing and Assurance Standards Board**



Australian Government

Auditing and Assurance Standards Board

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This Explanatory Statement is available on the Auditing and Assurance Standards Board (AUASB) website: www.auasb.gov.au

Contact Details

Auditing and Assurance Standards Board
Phone: (03) 8080 7400
E-mail: enquiries@auasb.gov.au

Postal Address:
PO Box 204, Collins Street West
Melbourne Victoria 8007
AUSTRALIA

Reasons for Issuing Auditing Standard AUASB 2025-5

The AUASB issues AUASB 2025-5 *Amendments to AUASB Standard* pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB is a non-corporate Commonwealth entity of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*. Under section 336 of the *Corporations Act 2001*, the AUASB may make Auditing Standards for the purposes of the corporations legislation. These Auditing Standards are legislative instruments under the *Legislation Act 2003*.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council, the AUASB is required, *inter alia*, to develop auditing standards that have a clear public interest focus and are of the highest quality.

Purpose of Standard AUASB 2025-5 *Amendments to AUASB Standard*

The purpose of the Standard is to make amendments to ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagement* (issued 16 December 2024). The Accounting Professional & Ethical Standards Board Limited (APESB) has recently issued amendments to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110) for changes to the corresponding International Ethics Standards Board for Accountants' Code relating to taxation advice, with adaptations and additional requirements to suit the Australian environment. The amendments to ASA 102 are made to refer to the amended APES 110 (issued in November 2018 incorporating all amendments to January 2025).

Main Features

This Auditing Standard amends ASA 102 (issued 16 December 2024) to refer to the amended APES 110 (issued in November 2018 incorporating all amendments to January 2025).

Operative Date

AUASB 2025-5 *Amendments to AUASB Standard* is operative in accordance with the operative date of ASA 102, except that any later effective dates and any transitional provisions in the revised APES 110 apply.

Process of making Australian Auditing Standards

The AUASB's Strategic Direction, *inter alia*, provides that the AUASB develop Australian Auditing Standards that:

- have a clear public interest focus and are of the highest quality;
- use the International Standards on Auditing (ISAs) of the International Auditing and Assurance Standards Board (IAASB) as the underlying standards;
- conform with the Australian regulatory environment; and
- are capable of enforcement.

Consultation Process prior to issuing the Standard

AUASB 2025-5 does not require public exposure as the amendments are to adopt the revised APES 110. The revisions to APES 110 were subject to public exposure by the APESB and the International Ethics Standards Board for Accountants. APES 110 already applies to all members of Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants. Those members include almost all registered company auditors to whom the revised ASA 102 applies.

Impact Analysis

A Preliminary Assessment form has been prepared in connection with the preparation of AUASB 2025-5 and lodged with the Office of Impact Analysis (OIA). The OIA advised that an Impact Analysis is not required in relation to the standard.

Exemption from Sunsetting

Auditing Standards promulgated by the AUASB that are legislative instruments are exempt from the sunset provisions of the *Legislation Act 2003* through section 12 of the *Legislation (Exemption and Other Matters) Regulation 2015* (Item 18(a)).

The AUASB's Standards incorporate Standards set by the International Auditing and Assurance Standards Board. The AUASB's Standards are exempt from sunset because a more stringent review process than sunset applies to the Standards. This review process ensures Australia's Auditing Standards regime remains consistent with international standards. Typically, the AUASB Standards are revised at least once within a ten-year period, with most of the Standards subject to revisions much more frequently than that. Each revision follows the stringent review process (which includes the opportunity for public comment) in order to remain consistent with international Standards. It is very unlikely that any AUASB Standard would not have been amended (or else considered for amendment) within a ten-year period through these review processes. Therefore, if it applied, a ten-year sunset regime would have very limited practical application to AUASB Standards. Parliamentary oversight is retained whenever a Standard is replaced or amended since the Standards are disallowable instruments and subject to the normal tabling and scrutiny process as required by the *Legislation Act 2003*.

Effective date of changes to APES 110

The underlying changes to APES 110 covered by the AUASB 2025-5 are effective for tax planning activities and services beginning on or after 1 July 2025. AUASB 2025-5 was made on 9 July 2025. In practice, most assurance engagements covered by AUASB standards will be for twelve month reporting periods and the first engagements will be for 30 June 2026 year ends, and the majority of the assurance work will commence post 9 July 2025. It is unlikely that there will be assurance engagements reported for periods that commenced on 1 July 2025 and ended before 9 July 2025, or that assurance work would be concluded during that period. Further, the revised APES 110 was issued by the APESB in January 2025 and already applies to all members of Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants. As noted earlier, those members include almost all registered company auditors to whom the revised ASA 102 applies. Therefore, the commencement periods are not expected to disadvantage any person.

STATEMENT OF COMPATIBILITY WITH HUMAN RIGHTS

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Legislative Instrument: **AUASB 2025-5 Amendments to AUASB Standard**

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

Background

The AUASB is an independent statutory committee of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*. Under section 336 of the *Corporations Act 2001*, the AUASB may make Auditing Standards for the purposes of the corporations legislation. These Auditing Standards are legislative instruments under the *Legislative Instruments Act 2003*.

Purpose of Auditing Standard AUASB 2025-5

The purpose of AUASB 2025-5 is to amend ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagement* (issued 16 December 2024). The Accounting Professional & Ethical Standards Board Limited has recently issued amendments to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110) for changes to the corresponding International Ethics Standards Board for Accountants' Code relating to taxation advice, with adaptations and additional requirements to suit the Australian environment. The amendments to ASA 102 are made to refer to the amended APES 110 (issued in November 2018 incorporating all amendments to January 2025).

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Human Rights Implications

AUASB 2025-5 was issued by the AUASB in furtherance of the objective of facilitating the Australian economy. The standard does not diminish or limit any of the applicable human rights or freedoms, and thus do not raise any human rights issues.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.