EU MEMBER STATES have voted unanimously in favour of reforms that will see listed companies tender their audit every ten years and change their auditor every 20, while auditors have been banned from offering certain non-audit services to their clients.

It is in the area of non-audit work where the EU has veered away from the stance taken in the UK. Non-audit work such as tax advice, and services linked to financial and investment strategy, have been banned altogether.

But practitioners are, as yet, none the wiser about what exactly will be on the so-called 'blacklist' of unpalatable services. As such, firms are unsure about how their pockets will be hit by a cut in non-audit service income.

For instance, in the area of tax services, pushback against the wording has given audit committees the discretion to decide whether work is 'material' to the scope of the audit.

As we have seen in the case of financial reporting, the concept of materiality is open to interpretation. With regards to tax work, does 'material' refer to the audit committee, investors, of its impact on the financial statement or fees? Material will mean different things to each party.

And what will be the detailed break-down of the blacklist? Details are expected later this week. But it will likely contain tax services such as tax computations, payroll and indirect costs, while services linked to financial and investment strategy might include legal services, valuation services and advice around internal controls and risk management.

Whatever the detail there are bound to be some frank discussions between auditors and their clients about whether the two parties are best served by providing an audit or stepping back from the tender process in order to continue providing prohibited, conflicting services.

A harbinger of things to come could be the recent case of Unilever, which under Anglo-Dutch listing rules was forced to replace PwC as its auditor. KPMG won the bid, but, more importantly, EY did not pitch for the audit work because it is already a strategic supplier to the business.

Could this be a case of non-audit, consulting work trumping the value of an audit - and driving market behaviour? If so, expect to see more of this in the future.