



HANDBOOK ON

LIBERALISATION OF PROFESSIONAL SERVICES
THROUGH MUTUAL RECOGNITION IN ASEAN:

ACCOUNTANCY SERVICES



one vision
one identity
one community



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ACCOUNTANCY SERVICES

The ASEAN Secretariat
Jakarta

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DISCLAIMER

This publication was developed with the intention of facilitating the understanding of the liberalisation of professional services through mutual recognition agreements in ASEAN. The publication does not reflect the views of the Parties to the Agreement (ASEAN Member States), the ASEAN Secretariat or AADCP II. As a Handbook, it does not form part of the agreements and does not provide or intend to provide any legal interpretation of the agreements. Neither the ASEAN Secretariat nor AADCP II accepts any liability for any claims, loss or expenses that may arise from the use of information in this publication. To ease understanding, some examples have been provided but these are mere illustrations and do not provide judgment nor constitute commercial advice. Views or conclusions may have also been expressed but these should not be taken as legal or commercial advice.

The information in this Handbook is as of 31 December 2014.

01.

INTRODUCTION

The Handbook “LIBERALISATION OF PROFESSIONAL SERVICES THROUGH MUTUAL RECOGNITION IN ASEAN: ACCOUNTANCY SERVICES” is one of four Handbooks published by the ASEAN Secretariat to provide guidance on the liberalisation of professional services in ASEAN. Three other Handbooks in this series deal respectively with the engineering, architecture and surveying professions.

The Handbook is an important tool to disseminate information and create greater understanding of the liberalisation of the trade in accountancy services within ASEAN.

Through the Handbook, ASEAN accountancy professionals will be able to obtain information on how to qualify and practice as an accountant, either as an employee, through collaborations or through the setting-up of commercial presence, in all ASEAN Member States (AMS).

The ability of accountants to move beyond national borders within ASEAN will assist ASEAN to accelerate the objective of the ASEAN Economic Community (AEC) in 2015. Under the AEC, the ability of accountants to provide services beyond national borders is facilitated by the ASEAN Framework Agreement on Trade in Services (AFAS) 1995¹ and the Mutual Recognition Agreement (MRA) on Accountancy Services 2014. The MRA is one of the important tools to increase the level of liberalisation of cross-border trade in accountancy services in ASEAN.

AFAS, which adopts the core structure and substantive provisions of the General Agreement on Trade in Services (GATS) of the World Trade Organisation (WTO), defines cross-border trade in services as consisting of four modes of supply depending on the territorial presence of the supplier and the consumer at the time of the transaction.

Pursuant to Article I:2 of GATS, the four modes of supply of services featured under AFAS are:

- a. from the territory of one Member into the territory of any other Member (Mode 1 - Cross border trade);
- b. in the territory of one Member to the service consumer of any other Member (Mode 2 – Consumption abroad);
- c. by a service supplier of one Member, through commercial presence, in the territory of any other Member (Mode 3 - Commercial presence); and
- d. by a service supplier of one Member, through the presence of natural persons of a Member in the territory of any other Member (Mode 4 - Presence of natural persons).

¹ As the main legal document facilitating the liberalisation of trade in services among AMS, AFAS aims to (1) enhance cooperation in services among AMS; (2) improve the efficiency and competitiveness of ASEAN services industries, diversify production capacity and supply, and distribution of services; (3) eliminate substantial barriers to trade in services; and (4) liberalise trade in services by expanding the depth and scope of liberalisation beyond those undertaken under the General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO).

Box 1: Examples of Four Modes of Supply

Mode 1: Cross border

A user in country A receives services from abroad through its telecommunications or postal infrastructure. Such supplies may include consultancy or engineering drawings.

Mode 2: Consumption abroad

Nationals of country A go abroad as tourists, students, patients or clients to consume services delivered in country B.

Mode 3: Commercial presence

The service is provided within country A by a locally-established affiliate, subsidiary, or representative office of a foreign-owned company.

Mode 4: Movement of natural persons

A foreign national provides a service within country A on a temporary basis as an independent supplier (e.g., consultant) or employee of a service supplier (e.g. consultancy firm, construction company).

Commercial linkages may exist among all four modes of supply. For example, a foreign company established under mode 3 in country A may employ nationals from country B (mode 4) to export services cross-border into countries B, C etc.

Box 1: Four Modes of Services

To facilitate the movement of individual professional service providers (natural persons) from one AMS to another, AMS entered into the ASEAN Agreement of the Movement of Natural Persons (MNP Agreement) signed on 19 November 2012 in Cambodia.

The MNP Agreement covers temporary entry of skilled workers, professionals and executives. The scope of the MNP Agreement is limited to business visitors, intra-corporate transferees, and contractual service suppliers and is subject to the commitments made in the Schedule of Commitments of individual AMS. The MNP Agreement does not cover professional service providers who seek permanent access to the labour market of another AMS.

The Handbook is arranged in the following manner. Part 2 of the Handbook discusses the definition of mutual recognition and MRAs, models of mutual recognition and MRAs in several jurisdictions, and MRAs on accountancy services at the international and regional levels.

Part 3 of the Handbook provides an overview of the requirements to qualify as an accountant, to set-up an accountancy practice and requirements for foreigners to qualify and practice as an accountant in all AMS.

Part 4 analyses various issues surrounding the liberalisation of accountancy services in ASEAN, with particular attention on the setting-up of accounting firms or commercial presence and employment and movement of foreign accountants.

Part 5 of the Handbook provides several proposals for reform of the liberalisation of accountancy services in ASEAN and offers a few concluding thoughts.

02.

**MUTUAL RECOGNITION
IN THE ACCOUNTANCY
PROFESSION**

2.1. Defining MRAs

An important element of the liberalisation of accountancy services is the ability of qualified accountancy professionals from one jurisdiction (home country) to practice in another jurisdiction (host country). The ability to practice in different jurisdictions may be achieved through several means. These may include the unilateral recognition of qualifications and experience, the harmonisation of qualifications and the mutual recognition of qualifications and experience.

Mutual recognition agreements are contractual arrangements subject to which countries, standards agencies or professional organisations (e.g. licensing bodies) agree to recognise the equivalence of another country's technical regulations (or conformity assessment procedures)², sanitary or phytosanitary³ measures or, in the case of natural persons, their academic or professional qualifications such as the ASEAN Mutual Recognition Agreements on Engineering, Architecture or Accountancy services. Thus MRAs are trade-facilitative instruments negotiated and concluded - often in support of market access commitments - that reduce the costs and time that would otherwise be required to obtain product approvals or certification of professional qualifications.

As a practical matter, MRAs establish the conditions subject to which a body of foreign rules and requirements and the procedures for verifying compliance with them will be recognised as equivalent by the parties to the agreement, for the purpose of assuring market regulators and consumers in the importing (host) country that imported products or service suppliers from another MRA signatory are safe or meet accepted minimum expectations in terms of integrity and quality.

The exporters of such goods and services benefit from the conditional recognition such MRAs provide, while market regulators in the importing state essentially agree to forego any further testing or impose additional compliance requirements on the imported goods' or foreign service suppliers. Put another way, MRAs are the means by which one derogates from the "when in Rome, do as the Romans" principle so that producers and service suppliers do not need to comply with the technical regulations and professional qualification requirements of the country to which they wish to export or provide their services respectively.⁴

With the long-established trend of a shift in the incidence of market access barriers from border measures (such as tariffs and quotas) to behind the border policies (particularly domestic regulation), mutual recognition is increasingly viewed as an important corollary to trade and investment liberalisation in the absence of regulatory harmonisation or marked regulatory convergence. In the wake both of the creation of the WTO's General Agreement on Trade in Services (GATS) and, more importantly still, the post-Uruguay Round explosion of preferential trade agreements concluded at the bilateral and regional levels, MRAs have become an established, albeit arguably still largely underused, instrument of market integration in today's trade policy landscape.

MRAs serve as a substitute for full-blown regulatory harmonisation, allowing for market access commitments to be operationalised for the covered goods and services while preserving "regulatory diversity" and allowing different governments to achieve various policy objectives in accordance

² See for example the Agreement between the European Community and the United States of America on the Mutual Recognition of Certificates of Conformity for Marine Equipment, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:150:0042:0086:EN:PDF> (visited on 15 March 2014).

³ See for example Art. 4.2 of the WTO Agreement on Sanitary and Phytosanitary Measures which states "Members shall, upon request, enter into consultations with the aim of achieving bilateral and multilateral agreements on recognition of the equivalence of specified sanitary and phytosanitary measures".

⁴ Nicolaidis, K. A., & Shaffer, G. (2005). Managed Mutual Recognition Regimes: Governance Without Global Government. *Law and Contemporary Problems*, 3.

with their own priorities and policy objectives⁵. Concluding an MRA does not necessarily imply that the regulations that apply to products or service suppliers (natural persons practicing regulated professions) are to be brought into explicit alignment either upon conclusion of the agreement or at any time in the future, but that instead, the products and service suppliers of the other party or parties to the MRA will be deemed equivalent to the goods or service suppliers of national (domestic) origin.

This section of the Handbook discusses the various issues that arise in connection with MRAs concluded for the purpose of facilitating the free movement of natural persons providing professional services. It also takes up a number of political economy considerations and domestic regulatory frameworks that inevitably create the need for a policy instrument able to fulfill the functions performed by MRAs.

2.1.1. Trade Barriers Affecting the Movement of Natural Persons

MRAs represent a means to reduce the cost of entry into foreign services markets by releasing foreign service suppliers from the - often onerous - burden of re-qualifying in the target market (by meeting additional educational or training requirements) as well as facilitating the means by which they can produce evidence confirming that they fulfill licensing and qualification requirements in the host country market. MRAs are thus a way to reduce transaction costs and represent a flanking measure necessary to operationalise market access commitments usually made in the context of a broader economic integration initiative or drive towards greater trade and investment liberalisation.

Access to many services markets, particularly for foreign service suppliers, is conditioned by policy interventions that are often taken by domestic regulators having little regard for - or even awareness of - the market access implications of their actions, particularly since such regulators will typically be motivated by a wholly different set of policy objectives than those pertaining to trade liberalisation.

In terms of measures impeding the ability of natural persons to provide their services abroad, some of the most common barriers are constituted by immigration or labour market restrictions or a failure by domestic regulatory bodies to recognise, in part or in full, the academic qualifications or professional accreditation of the foreign service supplier in question. Nationality or residency requirements may equally inhibit cross-border trade in professional services, as do measures that restrict the eligibility of service suppliers to contest public tenders (government procurement contracts).⁶ Many of these restrictions stem from concerns by market regulators to protect consumers or achieve other societal or ethical objectives, and will often be rooted in prevailing information asymmetries between suppliers and consumers.

2.1.2. Regulated Professions and Professional Licensing

The core concept underlying MRAs governing the movement of natural persons and their economic freedom to practice their professions (provide services) in a country other than the one in which they obtained their qualifications, is the concept of professional licensing. By the

⁵ Maur, J.-C., & Chauffour, J.-P. (2011). Beyond Market Access. In J.-C. Maur, & J.-P. Chauffour, *Preferential Trade Agreement Policies for Development: A Handbook* (pp. 17-36). The International Bank for Reconstruction and Development / The World Bank, 26.

⁶ Hurford, K. (2003). *Going Global: The case for enhancing global trade in professional services*. Engineers Australia, 13.

same token it is important to recall that not all professions are licensed or subject to regulatory oversight. The extent and societal implications of information asymmetries between service suppliers and consumers play an important role in determining whether a given profession is likely to be licensed or regulated; the idea being that for professions involving a high level of technical complexity, it is essential that some form of organisation operate to certify practitioners who meet minimum standards in terms of theoretical knowledge and practical expertise (the most obvious and commonly cited examples of which are the medical and legal professions), because left to themselves consumers would not otherwise be able to distinguish between good and bad practitioners and the cost (and time) involved in amassing the information required to make such a distinction would be excessive.⁷

Regulated professions are generally distinguished from other forms of professional activity in that they tend to be predicated on a very specific body of intellectual knowledge, usually obtained by means of completing a tertiary academic (or vocational) degree, which is then reinforced with one or more years of practical experience - often as a trainee and under the supervision of a more senior qualified professional - before one is finally certified to practice the profession independently and under one's own liability - i.e. essentially given a license to offer these services on one's own account.

Regulated professions generally have an established path to accreditation that all persons wishing to practice must complete, with admission to the profession (and thus such accreditation) generally administered by a licensing body or professional association to whom powers to regulate the profession have been delegated by the State in pursuit of a generally perceived public interest, or in order to maintain a given set of professional and ethical standards. The range of accredited professions was historically quite narrow, encompassing medicine and law in most countries. The range of regulated professions has grown in conjunction with the observable trends of increased labour-market complexity and specialisation.

There are also a limited number of professions that are generally accredited or regulated across a broad swathe of countries, in such fields as law, accountancy, engineering, surveying, health care, and architecture to name just a few, while other countries leave some professions unregulated where others have recently (i.e. in the last few decades) established licensing or at least regulatory oversight, such as for asset managers, social workers, urban planners or even taxi drivers.⁸ Boiled down to its essence, licensing a profession essentially limits access to anyone not duly authorised to practice it. This may have the effect of limiting supply and thereby lead to upward pressure on prices for the services in question. In turn, this may also create an interest by those already admitted to practice the profession in question to "capture" the licensing agency or process with a view to making admission relatively onerous for new entrants in order to further limit supply. It is precisely for this reason that professional licensing has come under increasing scrutiny when administered in a way that is potentially anti-competitive or protectionist.

The above discussion highlights some of the tensions that are inherent to the process of professional licensing and which involve a balancing act between achieving those legitimate public policy objectives for which licensing was established and the desire to maintain competitive, open and affordable services markets. Looked at from a trade policy

⁷ See in particular Mavroidis, P. C., & Marchetti, J. A. (2012). I now recognise you (and only you) as equal: an anatomy of (mutual) recognition agreements in the GATS. In I. Lianos, & O. Odudu, *Regulating Trade in Services in the EU and the WTO, Trust, Distrust and Economic Integration* (pp. 415-444). Cambridge University Press.

⁸ Some of these examples are taken from Mavroidis, P. C., & Marchetti, J. A. (2012). I now recognise you (and only you) as equal: an anatomy of (mutual) recognition agreements in the GATS. In I. Lianos, & O. Odudu, *Regulating Trade in Services in the EU and the WTO, Trust, Distrust and Economic Integration* (pp. 415-444). Cambridge University Press.

perspective, this is clearly an area where foreign service supply can play an important role, and where MRAs become key policy instruments, in resolving the above tensions.

2.1.3. Trade Rules and MRAs

Rules governing MRAs are addressed by GATS Art. VII (Recognition), which sets out a number of substantive rights and obligations that WTO Members must follow when conferring recognition, whether such recognition is granted autonomously or arises in the context of reciprocal MRAs. One important dimension of Article VII is that it is situated in Part II of the GATS, entitled General Obligations and Disciplines. This means that the rights and obligations under Article VII apply to all WTO Members regardless of whether or not they have scheduled specific commitments in any given (professional) service sector. Equally important is the fact that Article VII constitutes an agreed exception from the GATS' most favored nation treatment principle (found in GATS Article II), such that WTO Members can engage in MRA activity on a selective basis and not extend recognition privileges to all other members immediately and unconditionally. One important obligation set forth in Article VII is found in paragraph 2, which requires a Member to afford adequate opportunity for (any) other interested WTO Members to negotiate accession to an existing MRA it has already concluded covering authorisation, licensing or certification of service suppliers, or to allow other WTO Members to negotiate similar MRAs with it. Such a form of open preferentialism sets Article VII apart from GATS Article V governing the establishment of preferential trade agreements and allowing Parties to them to withhold benefits from third countries.

GATS Article VII:4 sets out a number of procedural obligations requiring WTO Members to notify the Council for Trade in Services of existing recognition measures, of when they intend to initiate negotiations towards an MRA, or when they adopt new recognition measures or amend existing ones. These are important transparency obligations intended to afford broad access to all WTO Members interested in entering into such an MRA with a view towards multilateralising existing recognition arrangements to the greatest extent possible. Finally, Article VII:5 mandates WTO Members to work together towards the "establishment and adoption of international standards for the practice of relevant services trade and professions". To date, this has only been tackled at the WTO level in the area of accountancy services.⁹

The open nature of GATS Article VII has generated relatively little uptake among WTO Members who have preferred to conclude MRAs within the more fully hermetic confines of preferential trade agreements (such as ASEAN's AFAS) subject to the generally weaker disciplines of GATS Article V, thereby largely freeing them from the requirements set forth in Art. VII. In practice, most WTO Members that have entered into MRAs with preferential trade partners have notified such arrangements under GATS Art. V instead of GATS Art. VII. This has allowed them to avoid the requirement to first notify the MRA in question under GATS Art. VII and to subsequently afford other any interested WTO Member the chance to accede to such arrangements or negotiate similar MRAs with the Members in question.¹⁰

⁹ See http://www.wto.org/english/tratop_e/serv_e/accountancy_e/accountancy_e.htm (visited on 20 March 2014).

¹⁰ Some scholars have questioned the legality under WTO provisions of this approach. See in particular Mavroidis, P. C., & Marchetti, J. A. (2012). I now recognise you (and only you) as equal: an anatomy of (mutual) recognition agreements in the GATS. In I. Lianos, & O. Odudu, *Regulating Trade in Services in the EU and the WTO, Trust, Distrust and Economic Integration* (pp. 415-444). Cambridge University Press.

2.1.4. Multilateral Recognition Agreements and Preferential Trade Liberalisation

As noted above, a large number of MRAs have not been notified under GATS Art. VII but rather concluded under GATS Art. V on economic integration agreements. It is now commonplace that preferential trade agreements (PTAs) covering services feature substantive provisions embedding explicit MRA negotiating mandates across various professions.

Preferential Trade Agreements (PTAs) take varying approaches to extending recognition to preferential trading partners. Some of the more ambitious arrangements, such as those between EU Member States or between Australia and New Zealand, contain legally enforceable obligations and provide for deep integration of each country's professional services and labour markets. Others contain little more than best endeavor clauses and an undertaking to conclude arrangements on a sectoral basis at an unspecified date in the future.¹¹

Much of the MRA-relevant treaty language found in PTAs tends to reiterate existing obligations of the contracting parties as WTO Members, such as the obligation not to accord recognition in a manner which would constitute a disguised restriction to trade. Also common are best-endeavour obligations aimed at getting the relevant professional associations and accreditation bodies in each contracting party to exchange information and cooperating with one another, since it is ultimately these bodies that will have to do the bulk of actual technical negotiations on what substantive criteria and procedural requirements will need to be met in order to grant recognition.

This is even truer in countries characterised by federal systems of governance, such as Canada or the United States, where the federal government negotiating trade treaties does not have competence over the regulation of professional services, hence needs to delegate such authority to provincial or state governments who in turn delegate it to professional licensing bodies.

Also common in many PTAs are guidelines or framework provisions that expound a certain number of basic principles that Parties to MRA negotiations should consider in the context of their recognition discussions. Such guidelines are meant to help licensing bodies in their MRA work and typically cover issues such as academic curriculum, training and experience requirements, licensing fees, continuing education requirements, language and other context-specific requirements, scope of practice limitations, bonding requirements for cross-border supply, temporary licensing regimes, ethics regimes, etc.

2.2. Negotiating a Mutual Recognition Agreement

Negotiating an MRA, regardless of the scope or the depth of the recognition envisaged, is always a time-consuming activity requiring a great deal of mutual information sharing, and probably months (or even years) of actual negotiations. For such negotiations to proceed, each party must have a domestic system in place for regulating the profession in question, which will normally be tasked with upholding quality standards, protecting consumers, and ensuring a sufficient number of licensed professionals are operating on the market at any given time (ensuring supply). Even where such domestic licensing systems are well established and operating at an advanced level,

¹¹ See OECD. (2003). *Service Providers on the Move: Mutual Recognition Agreements*. Organization for Economic Cooperation and Development, Working Party of the Trade Committee. OECD.

the job of actually comparing their compatibility, identifying possible lacunae and agreeing on ways to address such lacunae, is not likely to be a straightforward analytics exercise but will inevitably involve value judgments and subjective perceptions and evaluations of equivalency.

When governments try to establish frameworks and guidelines for the negotiation of MRAs, they can often do little more than encourage the professional associations within their territories to enter into such talks and (hopefully) conclude the desired MRAs in a reasonable period of time. Governments have little leverage to force professional associations to comply, except the threat of withdrawing the statutory powers delegated to such bodies. It is ultimately up to the professional associations and their members to decide just how enthusiastically they wish to embrace such talks, and this will depend, more than any other factor, on the offensive and defensive interests of their members.

In professions with a high degree of international mobility and the prospect of employment opportunities overseas, members of professional associations may be more pro-active in seeking to open up potential export markets for their services by concluding MRAs that give them access to those markets. In professions where local members already feel besieged by competition or are well aware of unfavourable prevailing price differentials between their services and those of foreign suppliers, there is likely to be little enthusiasm for negotiating and concluding an MRA that will only exacerbate an already difficult situation for them.

Nevertheless, professional associations clearly have a lot of discretion and leeway in negotiating such agreements, particularly in formulating how incentives are calibrated for foreign entrants. Some market segments or regions of the host country in question may be of little interest to foreign suppliers, such that fears over the competitive threat posed by new entry may often prove excessive. What's more, because entry of foreign skilled professionals is always contingent on parallel (negotiated) decisions to grant temporary access to foreign professionals under Mode 4 commitments, host countries have important means at their disposal to regulate the actual level of foreign entry.

It is important to recall the fact that MRAs are inherently reciprocal in character, hence ultimately aim to promote and facilitate the circularity of two-way movement among communities of professionals, thereby allowing repeat interaction, the building of trust among regulatory agencies, affording enhanced scope for collaborative business ventures among private representatives (including professional associations) and partnerships between those institutions of higher learning that are responsible for training providers of professional services.

The existence of genuine market access opportunities abroad (or the scope of heightened inflows of foreign direct investment consecutive to a trade agreement) will often play a key role in determining how openly and enthusiastically professional licensing bodies embrace the chance to negotiate mutual recognition arrangements to the benefit of their own members, while on the other hand opening up new market access opportunities on their members' domestic market to competition from foreign service suppliers. This requires both an understanding of the potential gains and possible losses (cost-benefits analysis), as well as the ability to formulate negotiating positions that will ultimately translate into compromises that do justice to such an analysis. However, care is needed to temper oft-expressed fears over the potentially dislocating character of liberalised trade in professional services, as foreign professional service firms often resort to partnerships with local firms or professionals in navigating what can be for many of them uncharted territory. MRAs may thus just as well heighten competition as they may offer useful scope for deeper forms of business collaboration between professionals from partner countries.

MRAs can also be harnessed by policymakers as a useful tool to overcome supply-side constraints in domestic services markets where there is a perceivable shortage of trained and qualified

professionals, and can be used to inject much-needed competition and innovation where such markets have otherwise become static or sluggish. MRAs can also be used as a public policy tool to address skills shortages that arise in the face of evolving demographic realities that are otherwise not being addressed by available domestic manpower, such as in the health care professions and the rapidly aging populations in more advanced industrial economies.

Because MRAs involve highly skilled activities, they can afford useful opportunities to each country's education authorities and to institutions of higher learning to collaborate in a range of higher education areas, from curriculum development to faculty and student exchanges as well as the establishment of joint degree programs and joint research endeavours. Such collaboration may also entice prominent foreign investors, who are often important conduits for foreign and local professional service supply, to invest in the creation of academic chairs in specific fields of professional practice.

Summing up, MRAs can generate several benefits to signatories: (i) they can provide enhanced access to the markets for professional services of Parties to the MRA; (ii) provide a way for the importing country to make better use of imported skills and increase its comparative advantage in certain professional fields; (iii) allow the various regulatory bodies involved in granting rights to practice on a case-by-case basis to save time and resources by working together and engaging in a more effective division of labour; and (iv) enhance mutual learning and the transmission of regulatory experience, thus raising professional standards as well as the level of access to professional services among Parties. The process leading to an MRA such as the discussion and negotiations can constitute a stimulus for internal regulatory reform and the necessary adaptation of the professions to changing economic, educational, technological and social circumstances.

2.3. Mutual Recognition Models

There are four main models of mutual recognition of qualifications of professional services: first is the EU Model; second is NAFTA Model, third is the GATS Model and fourth is the Trans-Tasmanian Model.¹²



Figure 1: Models of MRAs

2.3.1. The EU Model

Under the EU model, the MRA normally provides a broad coverage through general recognition and the special recognition systems together with a strong enforcement system for non-compliance by the member states.

The main underlying principles governing the EU MRA is to further enhance the participation of the EU's citizens under the freedom of establishment and freedom to provide services.

¹² Eva Hartmann, The role of qualifications in the global migration regime University of Lausanne GARNET Working Paper No: 39/08 April 2008.

Freedom of establishment relates to Mode 3 whereas freedom to provide services relates to Mode 1 and Mode 4.

Mutual recognition within the EU was first mentioned in the Treaty of Rome in relation to the professional services and the mutual recognition of diplomas in the common market. Article 3(c) of the Treaty of Rome states the need to “the abolition, as between Member States, of obstacles to freedom of movement for persons, services and capital” in order to assist in the creation of the Common Market.

The European Court of Justice (ECJ) applied the mutual recognition principles in the recognition of equivalence in goods such as through the case of *Cassis de Dijon* and others.¹³ The EU Model may be categorised as managed recognition, which is to ensure that “regulatory competition did not lead to consumer confusion and general downgrading of standards.”¹⁴ Managed mutual recognition in the EU does not require extensive prior harmonisation of qualifications across borders. Instead, MRA can involve variations in scope, automaticity and reversibility of access to compensate for existing differences in the ways in which professions are regulated.

The main EU legislation on mutual recognition of qualifications is the Qualifications Directive,¹⁵ which came in force in 2007. The Qualification Directive’s main aims are to encourage free movement of skilled labour around Europe; and to rationalise, simplify, and improve the rules for the recognition of professional qualifications.

The Qualifications Directive streamlined 15 legal instruments which had been in operation since 1970s and covers over 800 professions across Europe, whilst some professions such as the legal profession remain outside its scope. This means that an EU citizen with a professional qualification from one Member State should be able to move and practice in another Member State with relatively little friction.

The Qualifications Directive introduces two levels of recognition system: automatic recognition and general recognition system. The Qualifications Directive allows automatic recognition of qualifications for sectorial professions. One of the shortcomings of the EU system is that the regulators are, in general circumstances, unable to test language competence, request transcripts of training or test knowledge of applicants trained within the EU or EEA, who meet EU requirements for direct entry to the register and check any professional experience since they originally qualified, regardless of how long ago they qualified.

At the same time, the EU recognises that there is still lack of awareness of enterprises and national authorities on the existence of the mutual recognition principle.¹⁶ The EU also recognises that there is a lack of dialogues between competent authorities in different member states. The mutual recognition system is also costing the EU and the competent authorities in certain areas such as information gathering costs, compliance costs and

¹³ Case C-120/78, see also *German Beer Standards*, Case 178/84 (1988) 1 CMLR 780.

¹⁴ Kalypto Nicolaidis and Susanne Schmidt, Mutual Recognition ‘on trial’: the long road to services liberalisation,’ *Journal of European Public Policy* 14:5 August 2007: 717-734.

¹⁵ The Directive 2005/36/EC on recognition of professional qualifications was adopted on 7 September 2005, consolidating 15 Directives, 12 Main (Sectorial) Directives and three General System Directives into a single text.

¹⁶ European Commission, Executive Summary of Impact Assessment, Accompanying document to the Proposal for a Directive of the European Parliament and The Council of Ministers, 3052/95/EC, {COM(2007) 36 final.

conformity assessment costs. It is also found that in the mutual recognition sometime the costs of gaining access to the market of another Member State are nearly twice as high as for big companies as a share of total turnover.¹⁷

2.3.2. NAFTA Model

Under the NAFTA Model, which is implemented in NAFTA countries and countries having PTAs with NAFTA countries, recognition is not included in the main agreement or framework but delegated to the various organisations or professional bodies.

NAFTA provides for the free movement of professional and business persons under Mode 4. Under Chapter 16 of NAFTA, four categories of business persons and professional service providers, such as accountants, architect with credentials, land surveyors and engineers that meet the minimum standard set by NAFTA Countries can enter each member country temporarily to conduct business. The nationals of each country are required to comply with the applicable licensing or certification requirement regarding professions of the host country.

Under NAFTA, professionals are exempt from the job validation process normally imposed on those seeking work. The professional must be a recognised professional, must meet the educational requirements of the occupation, have a pre-arranged employment or contractual agreement with an entity located in the host country; and meet the host country's requirements for temporary entry.

2.3.3. GATS Model

Under the GATS Model the recognition mechanism is delegated to the relevant professional bodies and the countries to adopt. As discussed above, GATS addresses MRA in Article VII, which provides for the right to recognise the education or experience obtained, requirements met, or licences or certifications granted in WTO members. Recognition can be accorded autonomously or can be based upon an agreement or arrangements between members.

Under Article VII.3 of GATS, a Member State must not accord recognition in a manner which constitutes a means of discrimination between the parties of such an agreement when applying its standards or criteria for the authorisation, licensing or certification of service suppliers, or a disguised restriction on trade in services. This means that a Member State will have to apply the same standards to professional service providers from all Member States.

In the event that a Member State enters into an MRA with another Member State, the Member States must afford adequate opportunity for other interested Member States to accede to the MRA or to negotiate comparable ones. Where Member States accord recognition autonomously, they are requested to afford adequate opportunity for any other Member States to demonstrate that education, experience, licences, or certifications obtained or requirements met in that other Member's territory should be recognised.

Article VI.6 requires Member States to provide adequate procedures to verify the competence of professionals of other Member State where they have undertaken specific

¹⁷ European Commission, Executive Summary of Impact Assessment, Accompanying document to the Proposal for a Directive of the European Parliament and The Council of Ministers, 3052/95/EC, (COM(2007) 36 final.

commitments regarding professional services. Article VI.3 requires WTO members to ensure that competent authorities consider the application of a foreign service-provider seeking authorisation within a reasonable time. At the request of the applicant, the competent authorities shall provide information on the status of the application without undue delay. In addition, WTO Member States are required to make remedy available against the decision of their competent authorities.

2.3.4. Trans-Tasmanian Mutual Recognition Agreement

The Trans-Tasmanian Mutual Recognition Agreement or TTMRA was signed between Australia and New Zealand in 1992 and came into effect in 1997. TTMRA requires professionals to pass an 'equivalence test', without the need to spell out common standards and requirements for training.¹⁸

TTMRA contains provisions enabling registration authorities to impose conditions on registration to achieve equivalence between occupations. The relevant registration authority determines what conditions should be imposed based on its assessment of whether the activities authorised to be carried out under registration in the respective jurisdictions are substantially the same. These conditions may comprise the limiting of activities authorised by registration subject to the completion of further relevant training.

TTMRA covers, among others, all registrable occupations, except medicine, which is subject to a different type of arrangement. TTMRA provides that a person registered to practice an occupation in Australia is entitled to practice an equivalent occupation in New Zealand, and vice versa, without the need for further testing or examination but subject to the need to notify the local registration authority.

Under the Australian Mutual Recognition Act, registration is defined as “... *the licensing, approval, admission, certification (including by way of practising certificates), or any other form of authorisation, of a person required by or under legislation for carrying on an occupation.*”¹⁹

To apply for registration under TTMRA, individuals must forward written details of their registration in their home jurisdiction to the registration board in the second jurisdiction and sign a consent form enabling the registration board to undertake reasonable investigations relating to their application. The notice must be accompanied by a person's registration papers or include a copy and a statement certifying that the papers are authentic. The statements and other information contained in the notice must also be verified by statutory declaration.

Registration authorities have one month from the date of lodgement of the notice to formally grant, postpone or refuse registration, failing which the person is entitled to immediate registration. When granted, registration takes effect from the date of lodgement of the notice.

¹⁸ Kalypso Nicolaidis and Susanne Schmidt, 'Mutual Recognition 'on trial': the long road to services liberalisation,' *Journal of European Public Policy* 14:5 August 2007: 717-734.

¹⁹ Mutual Recognition Act 1992, s. 4.1.

A registration authority may impose similar conditions on registration to any that already apply to a person's original registration or which are necessary to achieve equivalence between occupations. Individuals should be advised in writing if conditions on registration are to be imposed. The registration authority is required to advise the person of his or her right to appeal to the relevant Tribunal against the decision. The person may also seek a statement setting out the registration authority's reasons in full.

If a person's initial registration is cancelled, suspended or subject to a condition on disciplinary grounds, or as a result of or in anticipation of criminal, civil or disciplinary proceedings, then the person's registration under TTMRA is affected in the same way. However, a registration body may reinstate any cancelled or suspended registration or waive any conditions if it thinks it appropriate in the circumstances.

2.4. International MRA for Accountancy Services

In 1997, the WTO Council for Trade in Services adopted Guidelines for Mutual Recognition Agreements or Arrangements in Accountancy. Later, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) under the United Nations Committee on Trade and Development (UNCTAD) adopted guidelines for professional accountants in 1999.

A number of mutual recognition agreements have been established between professional or industry associations including the accountancy profession. The arrangements often entails international standards, which are non-binding and considered "good practice" for education and professional skills, guidelines for assessing professional capabilities and competence guidelines for members. The accountancy profession around the world has established MRAs on bilateral and plurilateral basis. For example, The International Federation of Accountants (IFAC) initiates, coordinates, and guides "good practice" to achieve international technical, ethical, and educational guidelines for accountancy. IFAC has developed international standards for education and professional skills, as well as guidelines for assessing professional capabilities and competence.

Several national organisations also undertook MRA with one another. This includes the MRA between:

- a. The Institute of Chartered Accountants in Singapore and the Australian Society of Certified Practising Accountants, the Institute of Chartered Accountants in New Zealand and the Association of Chartered Certified Accountants;
- b. The Institute of Chartered Accountants in Australia and its counterparts in England & Wales, Scotland, Ireland, Canada, South Africa, New Zealand, Zimbabwe, and Hong Kong consider each other's members as eligible to apply for membership without assessment of their qualifications;
- c. The National Association of State Boards of Accountancy (NASBA) and US American Institute of Certified Public Accountants (AICPA) and the Institute of Chartered Accountants in Australia have agreed to recognise each other's examinations as equivalent as long as these examinations have integrated some education and experience requirements outlined in the agreement; and
- d. The Canadian Institute of Chartered Accountants has entered into agreements with its counterparts in Belgium, England & Wales, Hong Kong, Ireland, Japan, Mexico, the Netherlands, New Zealand, Scotland, South Africa, and the United States.

2.5. Mutual Recognition of Accountancy Services in ASEAN

2.5.1. AFAS Provisions

Mutual recognition of qualifications for professional service providers is addressed in Article V.1 of AFAS, which acknowledges the rights of the AMS to recognise the education or experience obtained, requirements met, or licences or certifications granted in an AMS without obliging it to extend the recognition to other AMS. AFAS also provides a framework for the member states to negotiate mutual recognition agreements.

ASEAN Heads of Governments agreed, at the 11th ASEAN Summit, with the decision in the 37th Meeting of ASEAN Economic Ministers (“AEM”) to accelerate the liberalisation of ASEAN trade in services, by bringing forward its implementation from 2020 to 2015. The liberalisation is intended to improve the efficiency and competitiveness, diversity, production capacity, and supply and distribution of services of their services suppliers within and outside ASEAN, beyond those undertaken by AMS under the GATS with the aim to realising a free trade area in services.

The decision of the Declaration of ASEAN Concord II (Bali Concord II) adopted at the Ninth ASEAN Summit on 7th October 2003 in Bali, Indonesia, called for the completion of MRAs for qualifications in major professional services by 2008 to facilitate free movement of professionals/skilled labour/talents in ASEAN.

To achieve the realisation of the AEC, the Summit adopted the Recommendations of the High Level Task Force on ASEAN Economic Integration (“HLTF”) which outlined a number of measures for trade in services, including:

- a. Set clear targets and schedules of liberalisation towards achieving free flow of trade in services earlier than 2020, with accelerated liberalisation of priority sectors by 2010.
- b. Accelerate liberalisation in specific sectors earlier than end-date through the application of ASEAN-X formula.
- c. Complete MRA for major professional services by 2008.

The existence and implementation of the MRAs would enable professional service providers who are registered or certified in signatory AMS to be equally recognised in other signatory AMS, hence facilitating the flow of professional services providers within ASEAN.

The ASEAN Coordinating Committee on Services (CCS) then established an Ad-Hoc Expert Group on Mutual Recognition Arrangements with the objective of realising framework agreements on mutual recognition for identified priority professional services. CCS decided to adopt the sectorial approach in developing mutual recognition arrangements for the identified professional services in ASEAN including accountancy.

2.5.2. Mutual Recognition Agreement for Accountancy

The ASEAN Mutual Recognition Arrangement Framework on Accountancy Services (MRA Framework) was signed on 26 February 2009. The said framework provided the broad principle and framework for negotiations of bilateral and multilateral MRA on accountancy services among AMSs. It did not however provide any structure to the like of the MRA for the engineering and architecture services.

Subsequent to the signing of the MRA Framework, the ASEAN Federation of Accountants (AFA) had been working towards realising the signing of the ASEAN Mutual Recognition Arrangement on Accountancy Services (MRAA), whereby the finalised MRAA was signed by all ten AMS. The MRA has come into force on 13 November 2014.

The objectives of the MRAA are as follows:

- a. to facilitate mobility of accountancy services professionals across AMSs;
- b. to enhance the current regime for the provision of accountancy services in the AMSs; and
- c. to exchange information in order to promote adoption of best practices on standards and qualifications.

Under the MRAA, Accountancy Services refers to the activities covered under Central Product Classification (CPC) 862 of the Provisional CPC of the United Nations, except for signing off the independent auditor's report and other accountancy services that requires domestic licensing in AMSs²⁰. However, the MRAA does not prevent cross-border movement of professional accountants providing external auditing services and other accountancy-related services that require domestic licensing in AMSs through bilateral and/or multilateral MRAs between or among AMSs.

Further, under the MRAA, a Professional Accountant (PA) refers to a natural person who is a national of an AMS, who is assessed by the National Accountancy Body and/or Professional Regulatory Authority as being technically, morally, ethically and legally qualified to undertake independent professional accountancy practice²¹.

The National Accountancy Body and/or Professional Regulatory Authority (NAB and/or PRA) refer to the designated professional accountancy body or designated government agency or its authorised agency in charge of regulating the practice of accountancy services in each AMS.

The MRAA provides for the mechanism to allow PAs of AMSs to practice in another AMS, other than its own (known as a Host Country), as follows:

- a. A PA may apply through the Monitoring Committee (MC) established at his/her Country of Origin to be registered as an ASEAN Chartered Professional Accountant provided that the PA fulfils the qualifications detailed in the MRA²², which includes having completed an accredited accountancy degree or professional accountancy examination recognised by the NAB and/or PRA of the said PA's Country of Origin or the Host Country and has acquired at least three (3) years of relevant practical experience cumulatively within the five (5) years preceding the above-mentioned qualification.
- b. The MC is then responsible to submit the application of the PA to the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) and upon successful acceptance, the PA shall be required to pay the necessary fees and would be registered in the ASEAN Chartered Professional Accountant Register (ACPAR) and would be

²⁰ Article 3.1.

²¹ Article 2.9.

²² Article 4.1.

²³ Article 4.2.

²⁴ Article 4.3.

accorded with the title of ACPA²³.

- c. An ACPA is further eligible to apply to the NAB and/or PRA of a Host Country to be registered as a Foreign Registered Professional Accountant (RFPA), whereby upon successful application, the ACPA will be permitted to work in the Host Country in collaboration with a designated PA in the Host Country; not in independent practice²⁴.

It shall be noted that the RFPA shall be bound by local and international codes of professional conduct in accordance with the policy on ethics and conduct established and enforced by the Country of Origin and also be bound by the domestic regulations of the Host Country.

The NAB and/or PRA of each AMS, where applicable, shall be responsible for the following:²⁵

- a. consider applications from and register ACPAs as RFPAs;
- b. monitor and assess the professional practice of the RFPA and ensuring compliance of such practice with the MRAA;;
- c. report to relevant local and international bodies the developments in the implementation of the MRAA;
- d. maintain high standards of professional and ethical practice in accountancy within the AMS to which they belong;
- e. where the AMS to which the NAB and/or PRA belongs is a Host Country, notify the ACPACC when a RFPA contravenes the MRAA;
- f. where the AMS to which the NAB and/or PRA belongs is a Country of Origin, notify the ACPACC when an ACPA is no longer qualified to practice accountancy, has not complied with the Continuing Professional Development (CPD) policy of that AMS, seriously violated technical, professional or ethical standards either in that AMS or in the Host Country whereby such violation has led to the deregistration or suspension from practice;
- g. promulgate rules and regulations to enable the implementation of the MRAA; and
- h. exchange information regarding laws, practices and prevailing developments in the practice of accountancy within the region with the view to harmonise the practice in accordance with regional and/or international standards.

The MC at each AMS on the other hand, shall undertake to carry out the following²⁶:

- a. ensure that all ACPAs registered by the ACPACC comply with the requirements specified in the MRAA;
- b. ensure that PAs applying to be registered as ACPA provide evidence on compliance with the CPD policy of the Country of Origin;
- c. ensure that ACPAs apply from time to time for renewal of their registration;
- d. ensure the implementation and execution of the amendments made to the MRAA as directed by the ACPACC; and
- e. when required, withdraw and deregister an ACPA from the ACPAR.

²⁵ Article 5.

²⁶ Article 6.4.

03.

**QUALIFYING AND
PRACTICING AS AN
ACCOUNTANT IN ASEAN
MEMBER STATES**

3.1. Introduction

Chapter 2 above discusses the definition, concept and design of mutual recognition in accountancy services in ASEAN and other parts of the world.

In understanding and determining the required qualifications and experience required of the ASEAN accountancy professionals, the Chapter discusses the qualifications and experience required in all AMS for accountancy professionals. In addition, the Chapter also provides an overview of the requirements to set-up accountancy practice in AMS, and what are the requirements for foreign accountants to practice in the relevant AMS.

3.2. Brunei Darussalam

3.2.1. Laws and Regulations

The accountancy profession in Brunei falls under the purview of Ministry of Finance (MOF), and is governed by the Accountants Order (No. S115) 2010 (“AO”) which came into force on 1 November 2012. As of January 2015, there were 18 individuals registered as Public Accountants (PA) under the AO.

Under the AO, “public accountancy services” covers the audit and reporting on financial statements and the doing of such other acts that are required by any written law to be done by a PA. The MOF as the licensing body for the accountancy profession is responsible for the following:

- a. registration and approval of PA;
- b. registration and approval of accounting corporations, accounting firms and limited liability partnership (LLP);
- c. control and regulation of the practice of the profession of accountancy by PA, accounting corporations, accounting firms and accounting LLP.
- d. receiving any complaint against any PA, accounting corporations, accounting firms or accounting LLP;
- e. receiving any information relating to any professional misconduct on the part of any PA, accounting corporations, accounting firms or accounting LLP;
- f. conduct or arrange for the conduct of such examinations as it thinks necessary for the purposes of registering PA;
- g. administer the continuing professional education programmes for PA; and
- h. consult the Brunei Institute of Certified Public Accountants (BICPA) or other person/bodies as appropriate.

The MOF has appointed Public Accountants Oversight Committee (PAOC) to discharge its duties and responsibilities, which includes 2 PAs as members. PAOC is authorised under the AO to act and advise the MOF on areas and issues related to the profession of public accountants.

His Majesty the Sultan of Brunei Darussalam has also appointed the Registrar and Deputy Registrars of Public Accountants to carry out the functions and duties and exercise the powers conferred under the AO such as:

- a. to attend all meetings of the PAOC and record the proceedings;
- b. to conduct correspondence and deal with such matters as may be assigned by the Ministry of Finance or the PAOC;
- c. issue all certificates and notices required to be issued under the law; and
- d. Collect all fees payable under the AO.

3.2.2. Professional Association

BICPA which was established on 6 May 1987 is the main body for the accountancy profession in Brunei. BICPA's main objectives are to support and advance the status and interests of the accountancy profession in Brunei. As of November 2014, BICPA had a total of 87 members comprising of honorary, associate, affiliate and provisional members.

BICPA may confer honorary membership to persons who have rendered service to BICPA, or to persons whom BICPA is of the opinion would entitle them to the distinction, or because of their knowledge and experience in connection with the accountancy profession.

To be admitted as an Associate Member, a person must be at least 21 years of age, and must be a member of one of the following associations of accountants:

- (a) The Institute of Chartered Accountants of Australia, Canada, England and Wales, Ireland, Scotland or New Zealand;
- (b) The Chartered Association of Certified Accountants (ACCA – the Association of Chartered Certified Accountants);
- (c) Australian Society of Accountants (CPA Australia);
- (d) New Zealand Society of Accountants; or
- (e) a member of any other associations of accountants who possess educational qualification and practical experience acceptable to BICPA Council, with such admission to be decided on a case by case basis and on individual merit.

To be admitted as an affiliate member, a person must have a recognised university degree or equivalent in accounting or business and finance of at least degree standard.

Provisional members consist of all other persons involved in the accounting profession but may not qualify as associate or affiliate members. To be admitted as a provisional member, a person must meet the following qualifications:

- (a) Holder of one of the following qualifications in accounting: Higher National Diploma, Higher National Certificate, Ordinary National Diploma, Association of Accounting Technicians, or any other smaller academic qualification in accountancy recognised by and acceptable to the Council.
- (b) Students not less than 16 years of age who are enrolled in and are undergoing a course of study in accountancy.

3.2.3. Qualifying as an Accountant

Any person who fulfils the following criteria may apply for registration as a PA:

- a. has obtained the age of 21 years; and
- b. satisfies the prescribed requirements relating to qualification, practical experience, membership of BICPA and membership of any professional accountancy body or organisation specified other than BICPA.

The recognised accountancy bodies or organisations under the AO are CPA Australia; The Association of Chartered Certified Accountants; The Institute of Chartered Accountants of Australia; The Institute of Chartered Accountants of Canada; The Institute of Chartered Accountants of England and Wales; The Institute of Chartered Accountants of Ireland; The Institute of Chartered Accountants of New Zealand; and The Institute of Chartered Accountants of Scotland.

The Ministry of Finance and PAOC are currently working on the specific requirements for qualification and practical experience. In addition, PAOC may conduct an interview and may refuse to register any applicant who:

- a. is not of good reputation or character,
- b. is engaged in business/occupation inconsistent with integrity of PA,
- c. is unfit to practice as a public accountant,
- d. has had his registration, licence or approval to practice as a public accountant in any other country or territory withdrawn, suspended, cancelled or revoked.

The applicant may have, within 30 days of the notice given, appeal to the Minister of Finance whose decision shall be final.

3.2.4. Setting-up an Accountancy Practice

A PA may practice as an individual or through a company, limited liability partnership (LLP) or a partnership, which may be registered at the Registrar of Companies and Business Names (ROCBN), under the MOF. Unless otherwise provided for, an accounting corporation must meet the following criteria:

- a. having a paid the share capital of not less than B\$20,000;
- b. not less than 2/3 (including the chairman) shall be PA, (but (i) if the company or proposed company has only one director, that director shall be a PA; (ii) if the company or proposed company has only 2 directors, one of those directors shall be a PA;
- c. not less than 2/3 of the voting shares of the company or proposed company shall be owned by corporate practitioners, who is generally a licenced auditor;
- d. only individuals may own any shares of the company or proposed company;
- e. the company or proposed company is or will be covered by professional indemnity insurance, whichever is the higher B\$250,000; a sum equal to the total of B\$150,000 for every corporate practitioner in the accounting corporation or accounting LLP; or where applicable, a sum equal to two and ½ times the gross income of the accounting corporation or accounting LLP in the last completed financial year of the accounting corporation or accounting LLP, subject to a maximum of B\$10,000,000.

To set up an accounting firm by way of partnership, the organisation must meet the following criteria:

- a. at least 2/3 of the partners are PAs, or if the partnership has only 2 partners, one of those partners is a PA; and
- b. the business of the partnership, so far as it relates to the supply of public accountancy services in Brunei Darussalam, will be under the control and management of one or more partners who are PA ordinarily resident in Brunei Darussalam.

Unless otherwise provided by the law, an LLP must comply with the following criteria:

- a. the paid-up capital of the LLP is not less than B\$20,000;
- b. at 2/3 of the partners are PA or, if the partnership has only 2 partners, one of those partners is ordinarily resident in Brunei Darussalam;
- c. the accounting LLP or proposed accounting LLP shall be covered by professional indemnity insurance (requirements are similar to Accounting Corporation as mentioned above); and
- d. the business of the accounting LLP, so far as it relates to the supply of public accountancy services in Brunei Darussalam, will be under the control and management of one or more partners who are ordinarily resident in Brunei Darussalam.

Practitioners are allowed to use international or foreign firms' names but such usage will be subject to the international best practice and rules and regulations laid by the ROCBN. Under the Brunei's commitment for AFAS, it is provided that:

- a. Foreign-based auditors are allowed to audit local accounts provided they are authorised by the Ministry of Finance.
- b. In order to apply to be an authorised auditor, a person must have as minimum qualifications:
 - i. For accounts kept in English Associate membership of one of the following bodies: (a) The Institute of Chartered Accountants (of Australia, Canada, England and Wales, Ireland, New Zealand and Scotland); (b) The Association of Certified Accountants; (c) The Australian Society of Accountants; or (d) The New Zealand Society of Accountants.
 - ii. For accounts kept in language other than English (a) Associate membership of one of the Bodies set out in (i) above; and (b) Evidence of competency in the language concerned.
- c. In order to practice as an authorised auditor, he must have at least 5 years auditing experiences.

3.2.5. Specific Regulations

In order to conduct audit of banks, finance companies, insurance companies and *takaful* operators, an auditor requires approval from *Autoriti Monetari Brunei Darussalam* (AMBD), which acts as the central bank in Brunei Darussalam. Whilst for the audit of mutual funds and security firms, an auditor needs to notify the authority.

As of the date of writing, tax services are not regulated in Brunei, as such, any audit or corporate services firms can provide tax services in Brunei.

Foreign nationals are required to obtain an Employment Visa, which application for an Employment Visa may be lodged either by the sponsor or employer to the Department of Immigration and National Registration in Brunei Darussalam.

3.3. Cambodia

3.3.1. Laws and Regulations

The National Accounting Council (NAC) was established by Law on Corporate Accounts, Their Audit and Accounting profession promulgated by Royal Kram dated on 08 July 2002. The operation of the law is managed and supervised by the Ministry of Economy and Finance (MEF).

NAC is a Cambodian accounting standard setter body which has functions as below:

- a. To review and provide opinion on all draft laws and regulations relating to accounting work for all enterprises or economic activities;
- b. To develop the conceptual framework and the accounting standards;
- c. To propose measures for the improvement of accounting techniques;
- d. To represent the Cambodia at international organisations' forum and meetings on accounting;
- e. To provide temporary authorisation to auditing firms on behalf of the Ministry of Economy and Finance.

3.3.2. Professional Association

The Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA) is an accounting professional body in Cambodia which was established by Royal Kram dated on 08 July 2002. KICPAA is placed under the supervision of the Ministry of Economy and Finance and it is formed to function as below:

- a. Provide a national professional body to represent its members, to promote and defend the statute and interests of the profession;
- b. Participate as a working member of NAC;
- c. Prepare regulations and duties of the profession and ensure their application;
- d. Organise accounting professional training for Cambodian citizens who wish to enter the profession of CPA or Auditor.

There are 3 categories of membership of KICPAA such as Affiliated, Active, and Student or Trainee member.

- An affiliated member is any person holding university qualifications in accounting, business or finance of standard recognised by and acceptable to the Registration Committee of KICPAA.
- An active member is any affiliated member meeting the requirement to be registered on the list specified in Article 9 of the Anukret on the Organization and Functioning of the KICPAA, on the basis of the level of competency, diploma and aptitude in practicing the profession of this member. The foregoing provisions relating to the admission of active members notwithstanding, the governing council may in its absolute discretion admit to active membership any person whom it deems especially qualified for admission.
- A trainee or student member is any person having accounting and financial knowledge deemed sufficient by the Registration Committee to follow a professional training period or carry out studies leading to the profession of CPA and/ or statutory auditor.

Table 1 below shows the number of KICPAA members by categories (last updated in May 2015).

Individual			Firm	Total
Active	Affiliate	Student		
171	18	33	52	275

Table 1: Accountants in Cambodia

3.3.3. Qualifying as an Accountant

No person shall exercise the profession of certified public accountant unless that person is registered on the list of certified public accountants of KICPAA.

With the exception of the specific provisions set by the internal regulations regarding the admission of foreign professionals, the registration as a certified public accountant on the list maintained at the Institute is subjected to compliance with the following conditions:

1. Be of Cambodian nationality;
2. Be more than twenty five (25) years old on the day of admission as a member of the Institute;
3. Be in full possession of civil rights;
4. Not have been found guilty for any crime or offence witnessed by a clean record delivered by the relevant authorities;

5. Hold the certified public accountant diploma or a diploma deemed equivalent by the Registration Committee of certified public accountants and statutory auditors.

Individuals and/ or entities can be registered on the list of the accounting firms and/ or auditing firms provided that they fulfil the eligible conditions defined by the internal regulations of the Institute. Moreover, article of memorandum of companies/ entities shall be compliance with the internal regulations of KICPAA. In order to guarantee the liability they may incur as a result of their work and activities, they are bound to subscribe a professional insurance contract. Currently, KICPAA is working on development of Membership Admission Policies and Membership rule.

3.3.4. Setting-up an Accountancy Practice

In Cambodia, active members of KICPAA may start up a firm to practice their profession. The conditions and requirement of sole proprietorship must be met as follow:

- Registered with Ministry of Commerce then submit the latest memorandum of article of association and certificate of incorporation to KICPAA;
- Contact tax department to get Value Added Tax (VAT) and Patent; then submit to KICPAA;
- Owner must be active member of KICPAA; and
- The company is recognised as being authorised to practice the profession of public accountant by KICPAA.

The conditions and requirement of Partnership Company must be met as follow:

- Registered with Ministry of Commerce then submit the latest memorandum of article of association and certificate of incorporation to KICPAA;
- Contact tax department to get VAT and Patent; then submit to KICPAA;
- The majority of partners are active members of KICPAA and hold majority of the share capital;
- Chairman, executive director, managers or delegated officers shall be selected among the partners who are active member of KICPAA;
- It is not directly or indirectly under the controlled of any person or group of enterprises whose company objective is not related to accounting; and
- It does not directly or indirectly hold any financial share in industrial enterprises, commercial, agricultural or civil society businesses except for company whose objective related to accounting.

In case of a share company, further conditions shall apply as follows:

- Has the list of the partners and the admission of any new partners shall be subject to prior authorisation from either the board of directors of the company or from the majority of the shareholders; and
- It conveys to the Governing Council of KICPAA the list of the partners as any change to such list, and retains this information similarly available to the public authorities and all concerned third parties.

All types of the company are required to apply for permission from the Ministry of Economy and Finance before practicing auditing services in Cambodia.

3.3.5. Specific Regulations

In order to conduct the audit of banks, microfinance institutions and insurance companies, an auditor requires a special approval from the National Bank of Cambodia (the Central Bank) and Financial Industry General Department of Ministry of Economy and Finance. For the audit of public listed companies, a special approval is needed from Security and Exchange Commission of Cambodia (SECC).

As of March 2013, only Active Members of KICPAA are authorised to act as approved tax agents. Other members are not allowed to act and practice tax compliance work in Cambodia except the companies which have received tax agent certificates from the General Department of Taxation, MEF.

The NAC is also responsible to develop accounting standards in Cambodia, whilst KICPAA is responsible to monitor the implementations of those standards. Cambodia has adopted full IFRS and IFRS for SMEs for companies in Cambodia since 08 January 2009.

Under the new drafted law called “Law on Accounting and Auditing” the NAC will play a role as not only standard setter but also monitoring institution on the implementation of the set IFRS and IFRS for SMEs.

The accounting records, i.e. financial statements, the corresponding ledgers (include a general journal, accounting ledger and inventory book) and documentary evidence, shall be prepared in the Khmer language and expressed in Riels. Foreign enterprises may be authorised to prepare accounting records in English and/or in a currency other than Riels (only in USD) along with the accounting records in the Khmer language and Khmer Riels. However, the financial statements (balance sheet, the income statement, cash flow statement and explanatory notes) shall be prepared in the Khmer language and in Riels.

3.4. Indonesia

3.4.1. Laws and Governing Body

The Use of Accountants Title Law No. 34 of 1954 is the legal foundation of State Registered Accountants (Akuntan or Ak.), while The Public Accountant Act (Law No 5 of 2011) regulates public accountants (Akuntan Publik or AP).

Under Law 34 of 1954, the Ministry of Finance (MOF) is responsible for maintaining “state registry for accountants.” As of May 2013, the Ministry of Finance has issued around 55,000 State Registered Accountants certificates. On 4 February 2014, the Government enacted Finance Minister Regulation No. 25/PMK.01/2014 (hereinafter FMR 25/2014) concerning concerning State Registered Accountants.

FMR 25/2014 aims to provide guidance on pathways to become a professional accountant in Indonesia, to encourage the development of the accountancy profession in Indonesia, and to give mandates and authority to Professional Accountants Organization (PAO) together with Ministry of Finance to regulate all Professional Accountants in Indonesia.

Law No. 34 of 1954 c.q. FMR 25/2014 governs State Registered Accountants (Akuntan or Ak.) who are entitled to offer non-assurance accountancy services to public through an accountancy services office, including but not limited to:

- a. regulations concerning state register of accountants (*Register Negara Akuntan* or RNA), which includes provisions on among others requirements, and procedures of becoming a state-registered accountants (an RNA), professional accountant education/ certification examination, qualifying professional experience and so forth;
- b. regulations concerning accountancy services offices (*Kantor Jasa Akuntansi* or KJA), which includes provisions on among others permissible legal entities, licensing requirements and procedures, scope of services offered by a KJA;
- c. regulations concerning development and supervision of RNAs and KJAs, which includes provisions on among others the rights and obligations of an RNA and a KJA;
- d. regulations concerning development and supervision of RNAs and KJAs, which includes provisions on among others the rights and obligations of an RNA and a KJA, and continuing professional development (CPD);
- e. expert advisory committee on RNA qualification;
- f. government-endorsed professional association of RNAs;
- g. governance of RNA administration by the MoF; and
- h. provisions concerning transitions from previous regulations of RNA.

In a nutshell, FMR 25/2014 regulates the eligibility, rights and obligations of State Registered Accountants. Its core mandate of is that all professional accountants in Indonesia must:

1. be highly competent, through a process of education, professional examination and relevant work experience in the field of accountancy;
2. maintain professional competence through continuing professional education and continuing professional development;
3. be a good standing member of a PAO in Indonesia; and
4. comply with the professional standards and code of conduct.

In practice, the regulation requires that to become a state-registered accountant a person must meet the following requirements:

1. has passed Chartered Accountants Indonesia (CA) examination conducted by the PAO;
2. has had relevant work experience in the field of accounting; and
3. be a good standing member of the PAO.

State Registered Accountant can establish a KJA which can provide accountancy services such as bookkeeping service, accounting system service, consulting service, taxation service, agreed upon procedures service, financial reporting services, and other services related to accountancy. The firms shall not provide assurance services, as referred to in the Indonesian Act No. 5/2011 on Public Accountant.

Following FMR 25/2014, MoF issued Finance Minister Decree No. 263/KMK.01/2014 (hereinafter FMD 263/2014) regarding the recognition of the Indonesian Institute of Accountants (IAI) as the only professional association for State Registered Accountants. IAI is responsible for, among others, developing, maintaining and administering the followings:

- a. professional accountant certification (CA) exam (CA);
- b. continuing professional education;
- c. professional code of ethical conducts and technical standards; and
- d. member discipline and disciplinary system.

Law No. 5 of 2011 governs the public accountant profession including the auditors including:

- a. scope of CPA service;
- b. licensing of CPA and accounting firms;
- c. entitlement, obligation, and prohibition for the CPA and CPA office;
- d. partnership between inter-CPA office and the partnership between local CPA office and foreign CPA office or foreign audit organisation;
- e. professional association of the CPA;

- f. professional CPA Committee;
- g. guidance and supervision by the Minister;
- h. administrative penalty; and
- i. criminal provision.

A bureau under the Ministry of Finance called “the Finance Profession Supervisory Centre” (PPPK) has oversight of the practice of accounting firms and appraisers. PPPK is also a member of the International Forum of Independent Auditor Regulators (IFIAR).

The bureau issues Registered Accountants certificates as well as licences for practising public accountants and has a right to administer sanctions to CAs and CPAs who violate the regulations. PPPK’s main responsibilities are:

- a. collecting, processing and analysing the requirements to be Registered Accountants, CPA and CPA office;
- b. preparation of policy formulation in the field of state registered accountant, public accounting and the public appraisal profession;
- c. development and supervisory of accountancy services firm, public accounting services and public appraisal services; and
- d. presenting information on Registered Accountants, CPA and public appraiser.

PPPK’s functions include:

- a. preparation of materials for the formulation of State registered Accountants, CPA and appraisal profession development, licensing, and development of accounting services and appraisal services;
- b. preparation and implementation of program monitoring and inspection activities of state registered accountant, public accountants and public appraisal; and
- c. presentation of State registered Accountants, CPA and appraisers information.

Some of the authorities are shared with and/or delegated to other institutions, for example:

- Professional Standards/Audit standard-setting and CA/CPA examination are carried out by the professional association of accountants/public accountants.
- Continuing Professional Education Program is carried out jointly by the MOF and or by the professional association of accountants/public accountants.

3.4.2. Professional Associations

The Indonesian Institute of Accountants (IAI), the largest and oldest accounting association in the country, is a member of the International Federation of Accountants and has 20,735 members as of March 2014. These are mostly State Registered Accountants certificate holders. The professional organisation of Indonesia’s statutory auditors is the Indonesian Institute of Public Accountants (IAPI). IAPI was formerly part of the IAI until 2007 when it became an independent organisation.

IAI has a broader membership and includes public sector accountants, public accountants, management accountants, tax accountants, accounting academics and accountants working in the private sector and NGOs whereas IAPI is the organisation for auditors. Indonesia also has an organisation for management accountants named The Indonesian Institute of Management Accountant (IAMI), used to be part of the IAI also, and which currently has about 200 members.

- **Ikatan Akuntan Indonesia/The Institute of Indonesia Chartered Accountants (IAI)**

IAI established in Jakarta on 23 December 1957, is the main accounting professional body for accountants in Indonesia. IAI is a full member of The International Federation of Accountants (IFAC) and founder of the ASEAN Federation of Accountants (AFA). The institute is governed by National Council elected through IAI's Congress every 4 (four) years. Within the Institute there are three compartments (Academics, Public Sector and Tax Accountants). As a self-funded professional accountancy organisation,

IAI provides a wide range of services to its members and to the public. In carrying out its legal responsibilities, some of IAI's main activities are among others:

- a. setting-up professional codes of ethics, professional standards and financial accounting standards;
- b. conducting various certification examinations;
- c. running continuing professional education programs, including Chartered Accountants Indonesia Examination and certification exams for for Sharia Accountants and Public Sector Accountants;
- d. determining the qualifications of persons for admission as members;
- e. maintaining membership disciplinary system; and
- f. developing and promoting interests relevant to the Indonesian accountancy profession, including publishing magazines and other publications, and developing network with the international community.

All the activities and services are established based on IAI's vision is "To be the most advance professional organisation in developing knowledge and accountancy practice, public and business management that focused on ethics and social responsibility, and environment, nationwide and internationally."

In 2006, IAI has also entered into a Mutual Recognition Agreement with the Malaysian Institute of Accountants (MIA) that allows admission of qualified MIA members as members of IAI, and vice versa. FMR 25/2014 stipulates that IAI membership is a requirement prior to registration as RNA. This requirement strengthens IAI's standing in the profession as State Registered Accountant has to become IAI member first.

IAI members originate from all accounting backgrounds, including auditor, management accountants, academics and public sector accountants. The Members of IAI consist of:

1. Full Members, who shall be:
 - a. A person holding State Registered Accountant in accordance with applicable laws and regulations, and/or holding a Chartered Accountants Indonesia Certificate;
 - b. Having relevant practical accountancy experience and/or practicing accountancy profession in the service of a chartered accountant or in accounting practice, education, corporate or public sector;
 - c. Implement and comply with professional standards; and
 - d. Maintain competency through continuing professional education program.
2. Associate Members, who shall be:
 - a. A person having a title of State Registered Accountant in accordance with applicable laws and regulations, but not yet completely meets the minimum practical experience requirements as required for full member category; or
 - b. Minimum graduate of accounting diploma IV or bachelor degree in accountancy or accountancy education program; or
 - c. A person having accountancy certificate conducted and/or approved by the IAI; or
 - d. A member of accountant associations in other countries having a mutual recognition agreement with IAI.

3. Student Members, who shall be students who are studying diploma or bachelor degree in accounting or accountancy education program.

- **Institut Akuntan Publik Indonesia/Indonesian Institute of Certified Public Accountant (IAPI)**

Under the law, a CPA shall be obliged to join the association of professional public accountant of which is set by the Minister. MOF endorsed IAPI as the recognised association for through *Keputusan Menteri Keuangan* (Ministerial Decree) number 443/KMK.01/2011 dated 27 December 2011. The Public Accountants Professional Standards Board (DSPAP), under IAPI's auspices, promulgates generally accepted auditing standards (SPAPs).

IAPI has the following roles and responsibilities:

- a. promoting education, training and research for the accounting professions;
- b. promoting the unity and the integrity of its members and to arrange welfare and assistance among the members;
- c. setting auditing standards and other standards relating to public accounting professions;
- d. prescribing Code of Accounting Profession Ethics;
- e. certifying accounting degrees or certificates of educational institutions as credentials in applying for IAPI membership;
- f. certifying knowledge and expertise in accounting professions;
- g. certifying professional training courses and continuing professional education in all areas of accounting professions; and
- h. regulating the conduct and practices of members and registrants so that they comply with the Code of Accounting Profession Ethics.

IAPI is also authorised to:

- a. arrange and enact Professional Standard of the Public Accountant (SPAP),
- b. conduct the examination of professional public accountant,
- c. conduct the sustainable professional education, and
- d. conduct the quality review for the members.

The members at IAPI can be grouped under these four (4) categories:

- a. Registered CPA;
- b. CPA holders (non CPA) but attached with CPA firms;
- c. CPA holders (non CPA) and not attached with CPA firms; and
- d. Staff working with CPA.

Depending on the category, each group has different criteria and membership fees.

Other scopes of responsibility will be stipulated in the Government Regulation regarding the arrangement and enactment of SPAP, implementation of the professional public accountant examination, and sustainable professional education.

The law permits the Minister to form Professional Public Accountant Committee with the members of thirteen (13) persons by appointing them for a period of three (3) years and could be renewed for the next one (1) period.

The committee members are from the following groups:

- a. Ministry of Finance,
- b. Association of Professional Public Accountant,

- c. Association of Professional Accountant,
- d. Audit Board of the Republic of Indonesia,
- e. Capital Market Authority,
- f. Banking authority,
- g. Accounting academics,
- h. Users of public accountant,
- i. Ministry of National Education,
- j. Financial Accounting Standard Council,
- k. Sharia' Accounting Standard Council,
- l. SPAP Council, and
- m. Government Accounting Standard Council.

The Chairman of Professional Public Accountant Committee shall be appointed from the government group and the Vice-Chairman shall be appointed from the association of professional public accountant.

- **Institut Akuntan Manajemen Indonesia / The Indonesian Institute of Management Accountants**

The Indonesian Institute of Management Accountants or IAMI (Institut Akuntan Manajemen Indonesia) was in existence in Indonesia since 1987 as a Compartment of Management Accountants or IAI-KAM under The Indonesian Institute of Accountants (IAI). In recognition of the profession of management accountants as a key profession to support the process of value creation in business activities, as from 1st April 2008 IAMI was established as a separate professional institution and is the sole Professional Institution of Management Accountants in Indonesia. Our members and our Supervisory, Executive, Advisory and Professional Judicial Boards are consisting of accountants and executives from governmental, public and private sectors.

Our Vision is to be the leading professional institution in the development and education of management accounting and practices in Indonesia. Our Mission is to facilitate the upholding and implementation of highest professional ethics and standards in compliance with national and international best practices in the fields of management accounting, corporate governance, financial management and sustainability management.

In the pursuit of the above Vision and Mission, IAMI regularly organizes various activities:

- a. Conducts the examination for the professional qualification of CPMA (Certified Professional Management Accountants) twice a year.
- b. Conducts, sponsors and participates in seminars, discussion forums and workshops to maintain and enhance the professional standards, qualification and knowledge of members.

3.4.3. Qualifying as a Chartered Accountant

In order to qualifying as Chartered Accountant, a person has to meet the following criteria:

- a. Has passed Chartered Accountant Indonesia Examination conducted by The IAI;
- b. Has a minimum 3 (three) years of relevant practical accounting experience and/ or practicing accountancy profession in the service of a chartered accountant or in accounting practice, education, corporate or public sector; and
- c. Is a good standing member of the IAI.

FMR 25/2014 recognises various pathways of becoming to become chartered accountants. In order to receive the title of Ak. accountant from the MoF (i.e. become an RNA), a person with non-accounting degree must successfully complete the professional accounting education program (*Program Pendidikan Profesi Akuntan* or *PPAk*) conducted by accredited universities. The final examination PPAk is the Chartered Accountants Indonesia Examination conducted by The IAI.

3.4.4. Qualifying as a Certified Public Accountant

Under the law, CPAs shall be persons who have obtained license to provide the service as below:

- a. audit service on the information of historical financial;
- b. review service on the information of historical financial;
- c. other insurance services²⁷.

In order to be a CPA an individual shall:

- a. possess the valid evidence of the pass of professional accountant examination;
- b. possess experience in the practice of providing the service as mentioned in Article 3 of the Law No. 5 of 2011;
- c. be having domicile in the territory of the Republic of Indonesia;
- d. possess Taxpayer Identity (NPWP);
- e. never being subjected administrative penalty in the form of the license removal of the Public Accountant;
- f. never being sentenced of which has been legally enforceable due to the criminal case of which is punishable with the imprisonment 5 (five) years or more;
- g. being the member of the professional accountant association of which is enacted by the Minister; and
- h. not been in a guardianship.

A foreigner practicing as CPA in Indonesia is known as “Foreign Public Accountant” (FPA)

In order to be an FPA, the foreign individual shall:

- a. make an application to become a CPA to the Minister of Finance if there is Mutual Recognition Agreement between the Government of Indonesia and the Government of the Country of the FPA;
- b. have domicile in the territory of the Republic of Indonesia;
- c. possess Taxpayer Identity (NPWP);
- d. never being subjected administrative penalty in the form of the license removal of the Public Accountant in the country of origin;
- e. never being convicted of any criminal offence;
- f. not being in a guardianship (insolvent);
- g. proficiency in Bahasa Indonesia;
- h. possess knowledge of the taxation and commercial law of Indonesia;

²⁷ Other insurance service refers to providing other services of which is related to the account, financial and management in accordance with the law and regulation. These include insurance association other than audit service or review on the historical financial information. Other insurance services include activities such as insurance association to perform evaluation and compliance towards the regulation, evaluation on the effectiveness of internal control, examination on the prospective financial information, and the issuance of comfort letter for the offer.

- i. have experience in practice of the insurance assignment of which is certified in the assessment result by the association of professional CPA;
- j. be physically and mentally healthy as certified by a doctor in Indonesia; and
- k. comply with other provisions of which is in accordance with the mutual recognition agreement between the Government of Indonesia and the Government of the Country of the FPA.

3.4.5. Qualifying and maintaining as a Certified Professional Management Accountant

To be qualified to take the CPMA examination, candidates must have the bachelor degree in accountancy with at least one year's working experience in the field of accounting and finance, or bachelor degree of any faculties with at least two years working experience in the field of accounting and finance.

The primary purposes of the examination are to develop qualified management accountants and the management accounting profession in Indonesia to face the challenge of regionalisation and globalisation in relations to trades and services including accounting services.

We are upholding the principle and requirement of continuous professional development for our members, to keep up to date their knowledge and competency in the fields of management accounting and related practices.

We are actively pursuing mutual recognition and certification opportunities with various international professional institutions with mutual beneficial relationship emphasizing on membership management, professional development and ethics, continuous professional development, quality control, training and professional qualification.

3.4.6. Specific Regulations

A special approval from the Bank Indonesia (central bank) is required to conduct the audit of banks. Similarly, for the audit of State Owned Enterprises and public listed companies, a special approval is needed from Supreme Audit Institution and Indonesian Capital Market & Financial Institution Supervisory Agency respectively.

A CPA must also obtain the required license to perform any kind of services (e.g. act as a liquidator or curator) if such license is required by statutory legislation regulating the service. Being a registered CPA does not permit the individual to act, for example, as approved tax agent for compliance with tax law purpose unless relevant license has been obtained (the Government issues separate license for individual in order for them to provide the tax compliance service).

It has to be noted that other legislations also mention and refer to acceptable financial accounting standards although there is no reference to the definitive standard-setting body. For example, the Companies Law (Law 40 of 27) states that “[The term] *“financial accounting standards”* refers to accounting standards set by an Indonesian professional accountant association recognized by the Government of Republik Indonesia.”

DSAP promulgates professional technical and ethical standards for public accountant in rendering their services (auditing, review, examination, quality assurance etc.). For the accounting standards, the Capital Market Law is the only law that specifically provides the Indonesian Financial Accounting Standards (PSAK) set by the Indonesian Financial Accounting Standards Board (DSAK) under The IAI.

3.5. Lao PDR

3.5.1. Laws and Regulations

As of April 2013, there were approximately 192 Certified Public Accountants (CPA) registered with the Lao Institute of Certified Public Accountants (LICPA), out of which 165 were registered as members in public practice and 27 registered as non-practicing members. There are approximately 60 approved accounting and audit firms operating in the Lao PDR.

The first two laws governing the accounting profession in the Lao PDR were (1) the Accounting Law No. 01/NA dated July 2nd 2007, which came into force in 2009 and replaces the Law on Enterprise Accounting No 12/90/APS dated 29 November 1990; and (2) the Audit Law No. 07/NA dated 3 July 2007.

However, this Accounting Law 2007 was recently replaced by a new amended Accounting Law dated 26th December 2013 and promulgated in January 2014, but does not cover accounting profession. The objective of this law is to determine the accounting principles, rules and measures of the implementing accounting entities for the purpose of strengthening accounting activities to be transparent as tools for financial management of budget entities and enterprises, monitoring in order to raise efficiency of State budget and enterprise management as well as contributing to the sustainable socio-economic development of the Nation.

This law applies to all implementing accounting entities in the public and private sectors, individuals and other organisations related to accounting operations.

The first law governing audit practice is the Audit Law No: 05/NA 2007, which came into force in 2007. The objectives of the Audit Law are to determine the principles, rules and measures related to the conduct of audit aiming at making the management, the use of Government funds, the activities of business entities and not-for-profit entities in compliance with laws and regulations, efficient, economical, and to prevent from negative appearances in public finance and the State Budget, contributing to the reinforcement and the soundness of the State and economic management, encouraging local and foreign investment, and to promote the progressive and sustainable socio-economic development. This law covers the scope under the State audit jurisdiction and independent audit for private owned entities.

Recently, a new law on State Audit No 16/NA was promulgated on July 6th 2012 to be applied by all State Audit-related organisations and individuals, except audit firms. This Law replaces State Audit part of the Law on Audit No: 05/NA. In September 2014, the new law on independent audit for the private sector which covers accounting profession was also promulgated.

Accounting for financial institutions is governed by the Decree on the Accounting of the Bank of Lao PDR and the Financial Institutions under the Authorization of the Bank of Lao

PDR No. 03/PM introduced on January 8th 1996. The purpose of the decree is to focus to ensure that the whole system of the Bank of Lao PDR works properly and efficiently. The Bank of Lao PDR is currently drafting a Decision replacing this Decree to be in line with new Accounting Law.

The MOF is the main licensing body for the accountancy profession in Lao PDR.

The Accounting Department of the MOF (according to the Ministerial Decision on the Organization and Activities of the Accounting Department, No: 1135/MoF dated April 29th 2013) is responsible for:

- a. to study, and define the strategic plans and policies, as well as the regulations on the accounting and audit activities under proposal to the Government for its consideration to be complied with the country's socio-economic development and in line with regional and international trends;
- b. to study the government and enterprise accounting standards, and audit standards to gradually comply with IPSAS, IFRS and ISA, respectively, and to develop and to improve the accounting and audit system and other accounting and audit regulations for consideration and approval by the MOF;
- c. to propagate and disseminate the laws and other legislations concerning accounting and audit;
- d. to study other regulations, manuals, and conduct nation-wide training for public and private sector;
- e. to issue license, control, monitor and check accounting software to be used in Lao PDR, and track related fee payments to the State Budget;
- f. to control, manage and, monitor and supervise the application of the laws and other legislation concerning government and enterprise accounting, and audit;
- g. to give advices on accounting and audit to accounting entities and other related parties;
- h. to analyse and make comments on financial statements of the National Treasury in each period, to give guidance and to supervise the Accounting Council and the Association of Accountants and Independent Auditors;
- i. to guide provincial accounting sections at provincial finance departments on professional works;
- j. to supervise and regulate the Lao Institute of Certified Public Accountants trained personnel on accounting work;
- k. to coordinate with related parties to develop accounting and audit syllabus to be complied with IFAC International Education Standards the State organisations and other organisations that are concerned with the accounting activities;
- l. to cooperate with both international and regional accounting organisations in the field of accounting;
- m. to summarise, evaluate and report to the Government on the organisation and implementation of the accounting activities; and
- n. to exert other rights and duties in accordance with the legal provisions.

The Accountancy Advisory Board is a non-permanent organisation under the supervision of the Ministry of Finance. The Board has a role of technical advisor on accounting, financial reporting standards and other accounting related regulations.

3.5.2. Professional Association

The Government established the Lao Institute of Certified Public Accountants (LICPA) on 24 June 1998 under MOF as the key regulatory body for accounting and auditing arrangements. This includes the development of strategies, policies and other issues concerning accounting

and auditing activities. LICPA acts as a professional body representing the accounting and auditing profession in Lao PDR.

The objectives of LICPA aim mainly at mobilising, guiding and gathering professional accountants as well as protecting faithful interests of accountants and auditors in order to practice their profession to be in compliance with laws and regulations, assist the State in promoting, developing and upgrading accounting and audit professions.

The main duties of LICPA are as follows:

- a. to work out the medium and long-term schemes of work;
- b. to define management regulations Certified Public Accountants which contribute into the study on the code of ethics and other related regulations;
- c. to organise professional training courses and continuing professional development to be in compliance with rules regarding syllabus, projects and programs defined by the Ministry of Finance on a regular basis;
- d. to collaborate, consult, exchange ideas and lessons on accounting and audit with its member;
- e. to cooperate with professional accountancy organisations and institutes of other countries within the region and globe with the accordance of the Ministry of Finance;
- f. to monitor the professional activities of its members;
- g. to summarise and report on the activities of the LICPA to the Ministry of Finance and other related authorities on a regular basis;
- h. to perform other rights and duties in accordance with the legal provisions.

The LICPA is a member of the ASEAN Federation of Accountants but is not a member of the International Federation of Accountants (IFAC).

The membership of LICPA is categorised as below:

- i) Honorary Members;
- ii) Primary Members (Practicing Members and Non-Practicing Members); and
- iii) Associate Members.

Honorary Members consist of qualified individual persons with knowledge and experience in accounting and auditing, who are invited to be Honorary Members by the Institute with no registration fee for membership.

Primary Members are divided into Practicing Members and Non-Practicing Members. Practicing Members include individuals and legal entities. Individual members are those providing services in accounting and auditing entities such as accounting and auditing enterprises and state audit organisation; those never been convicted leading to imprisonment; having at least 5 years' experience in accounting; are over 25 years old; and have a Bachelor Degree of Accounting issued by Ministry of Education and Certificate of Professional Accountant issued by the MOF.

Juridical person Legal entities may become a member if they provide services in accounting and auditing; those never been convicted of any serious offence; are registered with commerce, tax authorities, and have authorisation issued by the MOF.

Non-practicing members consist of Accountant Teachers and Inspection Official Staff. These people could apply for membership to LICPA if they are qualified and as Lao national citizen; never been convicted leading to imprisonment; have at least 5 years' experience in accounting; are over 25 years old; have a Bachelor Degree of Accounting and Certificate of Professional Accountant issued by the Ministry of Finance.

Associate Members for foreigners and legal entities with investment in by foreigners who conduct accounting and auditing activities in Lao PDR. They have to be registered with LICPA and must fulfil the following conditions: citizens of country members of the International Accounting Standard Committee; have an equivalent diploma in accounting recognised by the equivalent commission; Lao citizens represent at least 70% of qualified staff, of which one person is a member of LICPA; conduct out of the country training courses for Lao citizen staff for at least 30 hours per year and internal in-house training for 120 hours per year; and observe the Code of Ethics and other rules issued by LICPA.

These membership requirements would be revisited soon by LICPA to be complied with new adopted laws on accounting and audit. LICPA will officially change its name to Lao Chamber of Professional Accountants and Auditors (LCPAA) as defined in the new independent audit Law.

3.5.3. Qualifying as an Accountant

Previously in order to become a Lao CPA, the individual is required to have completed a 6 to 8-month training courses and pass the examination program that includes 10 subjects. The training courses are in the Lao language hence no foreign persons have yet completed the program and obtained LICPA membership.

In order to qualify for the admission of Lao CPA training program, the person must:

- a. Hold a University degree on finance-accounting or economics, or business administration with 2 years working experiences, or vocational education on finance-accounting with 6 years working experiences or be accounting chief who is in charge of consolidating accounts of any business entity or state controllers (tax, finance-accounting inspection);
- b. Be at least 25 years old;
- c. Have not been convicted of and free of the charges for frauds, embezzlement or other intentional infringements;
- d. Of good health;
- e. Ability to speak French or English;
- f. Have passed the required qualifying examination.

In accordance to the new promulgated independent audit law by the President of Lao PDR since September 2014 other requirements are set up such as compulsory practical training with a cumulative period of three years after completing training course. Continuing professional development is also obligated for CPA in public practice and CPA in business working with public interest enterprises.

To become a Lao CPA, individual shall hold a certificate of CPA professional training program completion as well as certificate of CPA practical training completion. Holders of CPA certificate from other countries, those have passed 3 years practical training are exempted from Lao CPA Practical Training, but should pass an aptitude test on Lao relevant legislations.

3.5.4. Setting-up an Accountancy Practice

Under the previous Accounting Law, accounting consultants and accounting experts are allowed to provide advice on accounting, to set up accounting system, to maintain book-keeping, to conduct follow-up, analysis, evaluation and problems solving in accounting of the accounting entity (the budget, technical and administrative entities, public funds, enterprises and not-for-profit organisations who are subjected to the obligation of book-keeping).

Under the Audit Law (No: 05/NA 2007), independent auditor is an accounting consultant or accounting expert who conducts audit engagement and has been registered as members of LICPA and on the registry of the company under the terms of the Enterprise and Tax Laws.

However, the new promulgated Independent Audit Law, replacing those provisions regarding accountancy and audit practices, covers the requirements for establishing accountancy or audit firm.

- **Individual**

An individual CPA practitioner may practice either as an employer or employee in a accountancy or audit firm or in business. An individual local and foreign CPA is not allowed to practice as a liberal profession. He/she must work on behalf of a legal entity only.

In order to have permission to sign auditor's report on behalf of an audit firm, the CPA shall be registered and has a statutory auditor license issued by the Ministry of Finance. To be a statutory auditor, the CPA of the audit firm shall be a partner of its audit firm.

- **Public Accounting firm**

According to the Law on Enterprises No: 11/NA, dated November 9, 2005, Accounting Law 2013 and Independent Audit Law 2014, accountancy firms and audit firms, doing business in accounting and audit services must be approved and have obtained licences issued by the MOF and registered for accounting practice by and with LCPAA.

Individual or legal entity willing to apply for accountancy firm practicing license that could practice non-assurance engagements shall comply with the following principal requirements:

1. Be a Lao Certified Public Accountant or a legally established foreign accountancy firm;
2. Be member of the LCPAA;
3. Is not a government officer, owner, partner or employee of any enterprise;
4. Never been disciplinarily sanctioned or been judged by court for fraud or economic or accounting violations; and
5. Have at least three accounting, finance staffs with high education level and above.

For establishing audit firm that could practice in both assurance and non-assurance engagements, the following criteria should be met:

1. Be a Certified Public Accountant or a legally established foreign audit firm;
2. Be member of the LCPAA;
3. Is not a government officer, owner, partner or employee of any enterprise;
4. Never been disciplinarily sanctioned or been judged by court for fraud or economic or accounting violations;

5. Have at least two CPAs and several staff in case of individual entity;
6. CPAs shall be managers and be shareholders of at least three fifth of all shareholders and if having more than two shareholders several staff shall be employed.

Nevertheless, on a temporary basis when aptitude test could not be organised yet, the Ministry of Finance can authorise foreign CPA to practice as Lao CPAs with the following conditions:-

- a. The foreign CPA is required to provide necessary and continuing professional training to employees of Lao nationality;
- b. The foreign CPA must comply with the ethics required by the Professional Accountancy Body and comply with the rules and obligations similarly to members of the Professional Accountant's Body.

The visa and requirement of professionals are subject to the labor law and regulations of the Ministry of Labor and Social Welfare. Endorsement of the respective departmental authorities is also required.

3.5.5. Specific Regulations

Accountancy professionals will also have to observe the following laws:

- Law on Enterprises No: 46/NA, dated December 26th 2013 and Prime Minister Decision on list of controlled businesses No: 107/PM dated September 7, 2012, and Law on Securities Exchange Law which relates the Securities and Exchange Commission (SEC).
- Decree on Accounting of Bank of Lao PDR, Finance Institutions under Bank of Lao No: 03/PM dated January 8, 1996. A new Decision in order to be complied with the new accounting law is being drafted by the Bank of Lao to replace.
- Law on Insurance No: 06/NA dated December 21, 2011 (Decree on implementation of Insurance Law is being drafted).
- The accounting entries, books of accounts and financial statements must be presented in Lao language and in Kip (Lao currency), except where they are authorised by the Government. In case the financial statements are in foreign currency and language, they should be reported also in Kip and in Lao language in parallel.
- Currently all entities are required to apply Lao accounting regulations. The adoption of financial reporting standards is recently defined in the newly amended Accounting Law in which Public Interest Entities would apply IFRS, the non-public interest entities would apply Lao Financial Reporting Standards adapted from IFRS for SMEs starting from 2017.

3.6. Malaysia

3.6.1. Laws and Regulations

The law governing the profession is the Accountants Act 1967, which was revised in 2001. The accountancy profession in Malaysia is under the purview of Ministry of Finance (MOF). The Malaysian Institute of Accountants (MIA) is entrusted by the MOF to set the auditing and ethics standards; and to monitor the implementation of those standards for the accountants and the profession. The Malaysian Accounting Standard Board (MASB) is responsible to set the Financial Reporting Standards (FRS) for the country.

As of December 2014, there were a total of 31,454 members registered with the MIA. Out of this, 62% hold qualifications from other recognised professional bodies while 37% were from recognised universities and only 1% from MIA Qualifying Examination. The statistic also shows that almost 99% members registered were classified as a Chartered Accountant and the majority of the members (almost 67%) are professional accountants employed in the business sector while 24% of them were in public practice.

The functions of MIA include:

- a. to determine the qualifications of persons for admission as members;
- b. to provide for the training and education by the MIA or any other body, of persons practising or intending to practice accountancy profession;
- c. to approve the MIA Qualifying Examination and to regulate and supervise the conduct of that Examination;
- d. to regulate the practice of the accountancy profession in Malaysia;
- e. to promote, in any manner it thinks fit, the interests of the accountancy profession in Malaysia;
- f. to render pecuniary or other assistance to members or their dependants as it thinks fit with a view to protecting or promoting the welfare of members; and
- g. generally to do such acts as it thinks fit for the purpose of achieving any of the aforesaid objects.

In order to perform its duties under the law, MIA is allowed to create any rules and table it at any general meeting for approval in areas, amongst others, such as:

- a. the regulation of the practice of the profession of accountancy in Malaysia;
- b. the admission of members, the fees payable by members on admission and the manner in which a person shall cease to be a member;
- c. the qualifications of persons for admission as members;
- d. the training or education of candidates for admission as members and the fees payable;
- e. the practical experience required for registration as chartered accountants and the authority of the Council or any Committee thereof to approve places of employment in which the practical experience may be obtained;
- f. the classification from time to time of members;
- g. the election, appointment, resignation and removal of members of the Council;
- h. subject to appointment by the Minister on the advice of the Accountant General, the election, appointment, resignation and removal of the President and the Vice President of the Institute; and
- i. the procedure of the Investigation Committee and the Disciplinary Committee and the procedure relating to any complaint to any such Committee.

There are several MIA rules applicable to the accountancy profession such as:

- a. Membership and Council Rules 2001;
- b. By Laws (On Professional Conduct, Ethics and Practice);
- c. Disciplinary Rules 2002;
- d. Qualifying Examination Rules 2002.

MIA is governed by a Council consisting of its members, which include:

- a. the Accountant General, Malaysia, or his nominee;
- b. not more than five members appointed from the higher educational institutions specified in Part I of the Third Schedule;
- c. the President of the Malaysian Institute of Certified Public Accountants (MICPA);
- d. three members appointed from amongst the Presidents of the local branches of the recognised bodies specified in Part II of the First Schedule of the Act;
- e. one member appointed from amongst the members of the council of the MICPA, other than its President;

- f. not more than nine other members appointed from amongst suitably qualified persons; and
- g. ten members elected by the annual general meeting of the Institute in accordance with the rules of the Institute.

3.6.2. Professional Associations

The MICPA is a member voluntary organisation, has been developing the accounting profession in Malaysia by providing accounting graduates with an avenue to become a Certified Public Accountant, or better known as CPA since 1958. MICPA has the following mission:

- a. to enhance the value and distinctiveness of (CPA) qualification.
- b. to promote high standards of professional conduct and technical competence of members to safeguard public interest.
- c. to provide quality professional education and training thereby creating a competitive advantage for members.

The Principal objective of MICPA as set out in the Memorandum and Articles of Association are as follows:

- a. to advance the theory and practice of accountancy in all its aspects.
- b. to recruit, educate, train and assess by means of examination or otherwise a body of members skilled in these areas.
- c. to preserve at all times the professional independence of accountants in whatever capacities they may be serving.
- d. to maintain high standards of practice and professional conduct by all its members.
- e. to do all such things as may advance the profession of accountancy in relation to public practice, industry, commerce, education and the public service.

MICPA is governed by a Council of 30 elected members, who comprise members of public accounting practice, commerce, industry and the public sector. The role and functions of the MICPA are carried out by a force of 13 Committees and numerous working groups. MICPA has more than 3,100 members and over 500 registered students. Members of MICPA are entitled to the description of “certified public accountant” and to the designation CPA.

3.6.3. Qualifying as an Accountant

In Malaysia, the word ‘accountant’ is protected as provided for under the provisions of the Accountants Act 1967 which states that no one can hold himself out or practice as an accountant unless the person is registered as a Chartered Accountant or Licensed Accountants with MIA. There are 3 classes of members in MIA:

- a. Chartered Accountants;
- b. Licensed Accountants; and
- c. Associate Members.

No person shall be admitted by the Council as a member of the MIA if the person is less than 21 years of age or if in the opinion of the Council the person is not a fit and proper person to be admitted as a member.

- **Chartered Accountants**

In order to qualify as a Chartered Accountant, one has to meet the following criteria:

- a. has passed any of the final examinations specified in Part I of the First Schedule and has not less than three years’ practical accounting experience in the service of

- a. a chartered accountant or in a Government department, bank, insurance company, local authority or other commercial, financial, industrial or professional organisation or other undertaking approved by the Council;
- b. a member of any of the recognised bodies specified in Part II of the First Schedule;
- c. eligible to sit for and has passed the MIA Qualifying Examination and has not less than three years practical accounting experience in the service of a chartered accountant or in a Government department, bank, insurance company, local authority or other commercial, financial, industrial or professional organisation or other undertaking approved by the Council; or
- d. has authority under subsection 8(2) and (6) of the Companies Act 1965 [Act 125] to act as a company auditor without limitation or conditions.

The examinations listed in Part I of the First Schedule are as below:

- a. the final examination of the University of Malaya for the Diploma Perakaunan (Diploma in Accounting);
- b. the final examination of the University of Malaya for the Ijazah Sarjana Muda Perakaunan (Degree of Bachelor of Accounting);
- c. the final examination of the Universiti Kebangsaan Malaysia for the Ijazah Sarjana Muda Perakaunan (Kepujian) [Degree of Bachelor of Accounting (Honours)];
- d. the final examination of the MARA Institute of Technology for the Diploma Lanjutan Perakaunan (Advanced Diploma in Accountancy);
- e. the final examination of the Universiti Teknologi MARA for the Ijazah Sarjana Muda Perakaunan (Degree of Bachelor of Accounting);
- f. the final examination of the Universiti Utara Malaysia for the Ijazah Sarjana Muda Perakaunan (Kepujian) [Degree of Bachelor of Accounting (Honours)];
- g. the final examination of the Universiti Pertanian Malaysia for the Ijazah Bachelor Perakaunan (Kepujian) [Degree of Bachelor of Accounting (Honours)];
- h. the final examination of the Universiti Putra Malaysia for the Ijazah Bachelor Perakaunan (Kepujian) [Degree of Bachelor of Accounting (Honours)];
- i. the final examination of the Universiti Islam Antarabangsa for the Ijazah Sarjana Muda Perakaunan (Kepujian) [Degree of Bachelor of Accounting (Honours)];
- j. the final examination of the Universiti Sains Malaysia for the Ijazah Sarjana Muda Perakaunan (Kepujian) [Degree of Bachelor of Accounting (Honours)];
- k. the final examination of the Universiti Utara Malaysia for the Degree of Bachelor of Accounting (Honours) (Information System), the academic programme for which commenced prior to the academic year 2002/2003;
- l. the final examination of the Universiti Tenaga Nasional for the Degree of Bachelor of Accounting (Honours), the academic programme for which first commenced from the academic year 2002/2003 onwards;
- m. the final examination of the Universiti Multimedia for the Degree of Bachelor of Accounting (Honours), the academic programme for which first commenced from the academic year 2002/2003 onwards;
- n. the final examination of the Universiti Malaysia Terengganu for the Ijazah Sarjana Muda Perakaunan (Kepujian) [Degree of Bachelor of Accounting (Honours)];
- o. the final examination of the Universiti Malaysia Sabah for the Ijazah Sarjana Muda Perakaunan (Kepujian) [Degree of Bachelor of Accounting (Honours)];
- p. the final examination of the Universiti Selangor for the Ijazah Sarjana Muda Perakaunan (Kepujian) [Degree of Bachelor of Accounting (Honours)];
- q. the final examination of the Universiti Sultan Zainal Abidin for the Ijazah Sarjana Muda Perakaunan (Kepujian) [Degree of Bachelor of Accounting (Honours)];
- r. the final examination of the Universiti Islam Sains Malaysia for the Ijazah Sarjana Muda Perakaunan (Kepujian) [Degree of Bachelor of Accounting (Honours)]; and
- s. the final examination of the Universiti Tunku Abdul Rahman for the Ijazah Sarjana Muda Perakaunan (Kepujian) [Degree of Bachelor of Accounting (Honours)].

The recognised bodies in Part II of the First Schedule are:

- a. Malaysian Institute of Certified Public Accountants;
- b. Institute of Chartered Accountants of Scotland;
- c. Institute of Chartered Accountants in England and Wales;
- d. Institute of Chartered Accountants in Ireland;
- e. Association of Chartered Certified Accountants;
- f. Institute of Chartered Accountants in Australia;
- g. Certified Practising Accountants Australia;
- h. New Zealand Institute of Chartered Accountants;
- i. Canadian Institute of Chartered Accountants;
- j. Institute of Chartered Accountants of India; and
- k. Chartered Institute of Management Accountants.

Any member who has been registered as a chartered accountant shall, so long as registered and continues to act as a chartered accountant, can be described as a “Chartered Accountant”, and may use the letters “C.A.(M)” after their name.

Under the law, the Qualifying Examination (QE) of MIA:

- a. shall be conducted by the examination body approved by the Council; and
- b. shall not be conducted without the approval of the Examination Committee.

An individual shall only be eligible to sit for the MIA QE if he possesses:

- a. Qualification should not be lower than a first degree relating to accounting, business or finance recognised by the Public Service Department (JPA) or other qualification recognised by MIA Council; and
- b. The accounting content of the above qualification must not be less than 60% from the total qualification.

- **Licensed Accountants**

A person shall be entitled to be admitted as a member of the MIA as a licensed accountant if:

- a. if the person has been granted limited or conditional approval to act as an auditor of companies under subsection 8(6) of the Companies Act 1965, (or if he has been in public practise as an accountant, a tax consultant or a tax adviser immediately before the coming into operation of this Accountants Act); or
- b. if he is a member of the Malaysian Society of Accountants and has passed any of the final examinations of that body last held in December 1992 and has not less than three years practical accounting experience in the service of a chartered accountant or in a Government department, bank, insurance company, local authority or other commercial, financial, industrial or professional organisation or other undertaking approved by the Council.

Any member who has been registered as a licensed accountant shall, so long as registered, describe himself as a “Licensed Accountant”, and may use the letters “L.A.(M)” after his name.

- **Associate Member**

Any person who applies to be admitted as an associate member shall satisfy the MIA Council that he possesses a first degree or a Masters’ degree or higher, in which he must have a major in accounting for either his first degree or Masters’ degree and he has at least three years’ experience in teaching accountancy or accounting related subjects at an institution of higher learning or equivalent.

An associate member is entitled to all the privileges accorded to a member who is a chartered accountant or a licensed accountant but is not entitled to vote at the meetings of the MIA.

Any person who is registered as an associate member shall, so long as registered, describe himself as an "Associate Member", and may use the letters "A.M (M)" after his name.

- **Accountant Designation**

No person shall unless registered as a chartered accountant and has his principal or only place of residence within Malaysia can:

- a. practise or hold himself out as a chartered accountant, auditor, tax consultant, tax adviser or any other like description;
- b. adopt, use or exhibit the terms "chartered accountant", "auditor", "tax consultant", "tax adviser" or any other term of like description; or
- c. adopt, use or exhibit the term "accountant" or any other term of like description in such circumstances as to indicate or to be likely to lead persons to infer that the person is a chartered accountant or that the person is qualified by any written law to practice the profession of or is in practice as a chartered accountant.

3.6.4. Setting-up an Accountancy Practice

- **Individual**

Public practice is governed by the Act, the Rules and the By-Laws (On Professional Ethics, Conduct and Practice) of MIA. Under the Act, the person must be a member of the MIA, and is prohibited from public practice through a body corporate save where this is allowed by other statutes for limited areas of public practice, such as tax.

Only members registered as Chartered Accountants with valid practising certificate can describe and hold themselves out as Chartered Accountants in public practice and are able to set up firms providing public practice services. Members in public practice may carry out public practice services such as accounting, audit, liquidation, tax and other related services. However, the practice of audit, liquidation and tax are licensed under other legislations i.e. the Companies Act 1965 and the Income Tax Act 1967.

Members also have to have their principal or only place of residence in Malaysia to be in public practice in Malaysia. Members who wish to set up a practice must first obtain the approval of the MIA on the use of the firm's name. It should not be a trade or association name.

To be an auditor a member must be in possession of an audit approval granted by the MOF, pursuant to the Companies Act 1965. The requirements for applying for the audit approval are as follows:

- a. Must be a member of the MIA under the Chartered Accountant category;
- b. Must hold a valid practicing certificate issued by MIA;
- c. Must have attended the Public Practice Programme organised by MIA;
- d. Must possess five years accumulative working experience which can be either Pre & Post MIA membership but:
 - i. At least one year after being a MIA member;
 - ii. At least three years out of five years' experience must be in audit;
 - iii. One year (out of above three years) must be in audit supervisory role. Supervisory

experience is considered as 'taking responsibility for managing an audit, which includes consulting with the audit partner on forming an opinion on the financial reports and being involved in the planning of the audit'.

The member must commence public practice within six months from the date of issuance of the practising certificate and shall practice on a full time basis. The member issued with a practising certificate but is unable to commence practice within the 6 months is to return the practicing certificate to the Institute immediately upon the expiry of the period. The certificate will be renewed automatically on a year to year basis for a period of twelve months each commencing on the first day of July next following, whereupon the annual practising certificate fee shall become due and payable.

Under the MIA By-laws, in respect of an audit of a public interest entity, an individual shall not be a key audit partner for more than five years. After such time, the individual shall not be a member of the engagement team or be a key audit partner for the client for two years. During that period, the individual shall not participate in the audit of the entity, provide quality control for the engagement, consult with the engagement team or the client regarding technical or industry-specific issues, transactions or events or otherwise directly influence the outcome of the engagement.

Under the Securities Commission Act 1993, any person who is an approved company auditor under section 8 of the Companies Act 1965 and who is a signing partner or who performs the function of an engagement quality control reviewer in respect of the preparation of the audited financial statements of a public interest entity must be registered as an individual auditor with the Audit Oversight Board (AOB).

The Bank Negara (central bank) policy document on external auditor states that:

- A financial institution is required to submit an application to the Bank Negara for approval prior to appointing an auditor for each financial year no later than two months before the annual general meeting at which the resolution to appoint the auditor will be tabled.
- He/she must not have served as an engagement partner for a continuous period of more than five years with the same financial institution. An auditor who has been rotated off the audit of a financial institution may resume the role as engagement partner only after a lapse of five years from the last audit engagement with that financial institution.
- **Firm**
A member, in most instances, is allowed to be engaged in public practice as a sole practitioner or in partnership only with another member(s) as the Act and By-Laws prohibits the sharing of profits with non-members. All firms in public practice are described as firms of chartered accountants (or licensed accountants, where applicable). Prior approval from MIA is required on the use of the firm's name.

3.6.5 Specific Regulations

Application for approval to become an auditor must be made to the Accountant General Department, an agency under MOF where applicants need to clear an interview panel to assess their competency. MOF will issue licence to successful candidates. The interview panel members are the Deputy Accountant General (Chair); representative from MIA; representative from the Companies Commission of Malaysia; representative from Bank Negara Malaysia (the Central Bank); and representative from the Securities Commission.

In order to conduct the audit of financial institutions, a special approval from the Bank Negara Malaysia (Central Bank) is required.

Similarly, for the audit of Public Interest Entities, audit firm and individual auditor must register with Audit Oversight Board.

To be a liquidator, an individual has to possess an audit approval for at least one (1) year and have passed an interview conducted by the Interview Panel. Approval is issued by the MOF pursuant to the Companies Act, 1965.

The issuance of an approval to be a tax agent is governed by the Income Tax Act, 1967. An approval is only granted after the applicant has passed an interview conducted by the MOF. The practice of taxation may be carried out under a body corporate. However, it has to be established as a separate entity from that of a public practice and may not be referred to as a tax consultant or tax adviser. Only members who hold themselves out as chartered accountants with valid practicing certificates may use these descriptions under a sole proprietorship or a partnership. A body corporate cannot be described as chartered accountants and it cannot be registered as a member firm of the Institute.

3.7. Myanmar

3.7.1. Laws and Regulations

The law governing accounting profession in Myanmar is The State Law and Order Restoration Council No. 1/94, The Myanmar Accountancy Council Law dated 8th March 1994. Accountancy encompasses functions pertaining to book keeping, accounting, auditing, settling of accounts, financial management and management information systems.

The objectives of this Law are as follows:

- a. augmenting the work force of qualified accountants, who will contribute towards the economic development of the State.;
- b. working for the advancement of Accountancy;
- c. contributing towards the development of accounting principles and practices in government departments and organisations; and
- d. ensuring that Apprentice Accountants, Certified Public Accountants, and Practicing Accountants observe their respective codes of ethics.

The Myanmar Accountancy Council (MAC) is the licensing body for the accountancy profession in Myanmar. MAC also functions to generate qualified accountants; contributing towards the development of accounting profession; and ensuring compliance with the codes of ethics in accounting profession. The MAC is constituted with the following persons:

- a. the Auditor General as the Chairman;
- b. not more than 10 citizen members of the accountancy profession;
- c. not more than 4 suitable citizens; and
- d. a person assigned by the Chairman as the Secretary. At the moment the Office of the Auditor-General acts as the secretariat for the MAC.

Under the law, the MAC has the following duties and powers:

- a. giving advice to government departments and organisations on matters concerning Accountancy, if such advice is sought;
- b. conducting, managing, and supervising training course in Accountancy conferring diplomas and certificates;

- c. arranging for practical training pertaining to Accountancy, prescribing the period of apprentice service and recognising the accountants who can provide training;
- d. scrutinising and recognising certificates and degrees in Accountancy from foreign countries, and stipulating requirements for citizens who hold such certificates or degrees to be registered;
- e. appointing a suitable person as the Registrar and prescribing his duties and responsibilities;
- f. communicating and cooperating with international accounting institutions with a view to promoting development of Accountancy;
- g. forming the Apprenticeship and Training Supervisory Committee with Council members and other suitable citizens;
- h. prescribing and/or altering the list of government departments and organisation which can provide training in Accountancy, and delegating such powers to the Apprenticeship and Training Supervisory Committee;
- i. reviewing as may be necessary whether the training provided at the Accountancy courses conducted under this Law is up to specified standards;
- j. forming necessary committees and boards and prescribing the duties thereof;
- k. scrutinising and allowing the establishment of professional institutions for development of Accountancy profession and providing guidance and supervision thereon;
- l. taking action against the Practicing Accountants who are negligent of their duties or who violate their code of professional ethics;
- m. carrying out measures for successful fulfilment of the objectives of this Law.

As of May 2013, there were 448 individual practicing accountants operating in Myanmar. MAC registers practicing accountants individually and there is no registration as Associate or Firm in Myanmar according to the MAC Law.

3.7.2. Professional Association

Under the supervision of the MAC, Myanmar Institute of certified Public Accountants (MICPA) was formed in 2003. The principle objectives of MICPA are:

- to develop the accounting and auditing knowledge;
- to obtain international recognition for Myanmar professional accountants;
- to encourage members to observe the professional codes of ethics; and
- to develop the technical competence of members.

MICPA, under the Article of Association, has the power to admit any member who has Certified Public Accountants registered with MAC.

MICPA is managed by a committee that consist of not less than fifteen ten (1015) persons, with one third of the committee members retire from office by rotation every alternate year at the general meeting in every subsequent year.

The membership in MICPA can be divided into three (3) categories namely practicing members, non-practicing members and student members. The holder of Practicing Accountant Certificate issued by MAC can register as practicing accountant and pay the prescribed registration fee. The holder of CPA certificate issued by MAC can register as non-practicing accountant and pay the prescribed registration fee. CPA student can register as student member and pay the prescribed registration fee.

3.7.3. Qualifying as an Accountant

Generally, under the law, accountants can be classified as:

- a. Apprentice Accountant; and
- b. Certified Public Accountant

Apprentice Accountant means a person registered as an apprentice with the permission of the Council to qualify as a CPA. To register as Apprentice Accountant, a person who is admitted to the CPA course shall register with the MAC and pay the prescribed registration fees, tuition fees, and examination fees, and shall pursue studies during the period of apprentice service in accordance with the procedures. A certificate of CPA will be issued to any person who, after having passed the CPA examination, has satisfactorily completed his/her practical training during the period of apprentice service.

To register as a CPA, the applicant, who must be a Myanmar citizen, must possess the following qualifications:

- a. holder of a Certified Public Accountant certificate;
- b. passed the Registered Accountant examination, has satisfactorily completed the practical training within the period of articleship;
- c. holds an accountancy certificate or degree conferred by any foreign country and recognised by the MAC;
- d. registered as a Registered Accountant under the Myanmar Accountancy Law, 1972 or a person who is entitled to be so registered.

This CPA certificate course could be attended by Bachelor of Commence (B.Com) or Bachelor of Accounting (B. Act) graduates from the Institute of Economics or Diploma in Accountancy graduates produced by MAC, who obtained satisfactory marks in the final examination.

The CPA training course is a 2-year post graduate program made up of class room teaching and practical training components. In order to be eligible for the CPA Certificate, all trainees (apprentices) are required to pass CPA Part I and CPA Part II examinations, and to complete two years of practical training.

The Non-Practicing CPA and Practicing CPA must obtain the Continuing Professional Education (CPE) hours 90 and 120 respectively within the continuous three years for extend the tenure of the Certificate as a CPA and PA. The person must obtain the prescribed CPE hours in the remaining years of continuous three year(s) if the person did not obtain the yearly CPE hour in early year(s). The CPE hour surplus and shortage can be adjusted to meet the respective prescribed hours within continuous three years and Continuing Professional Education has to be continuous. The minimum CPE hour is 9 hours per calendar year for Non-Practicing CPA and 12 hours for Practicing CPA.

The subjects for the 2-year course for CPAs are as follows:

For Part I course-

- a. Advanced Accounting & Financial Reporting I,
- b. Cost & Management Accounting I,
- c. Practical Auditing I,
- d. Business Mathematics & Statistics,
- e. Financial/Service Regulations,
- f. Commercial Laws.

For Part II course-

- a. Advanced Accounting & Financial Reporting II,
- b. Cost & Management Accounting II,
- c. Practical Auditing II,
- d. Taxation,
- e. Data Processing & System Analysis. From CPA Part II course batch No. 38 which will be opened in August 2013, Data Processing & System Analysis subject will be replaced by Business Analysis and Strategic Information System.
- f. Financial Knowledge & Current Economic Affairs.

3.7.4. Setting-up an Accountancy Practice

No person shall act as an auditor without holding a Certificate of Practice as a Practising Accountant. Any CPA who wishes to practice accountancy as a profession must apply to the MAC for enrolment on the register of Practising Accountants.

In order to register as Practising Accountant, the person shall be the CPA. Under this law, only the citizens of the Union of Myanmar who hold the Certificates of Practice are allowed to practice Professional Auditing. Currently, MAC registers individuals Practising Accountants and the existing law does not allow registration of Accounting/ Auditing Firm.

Public Accountant firm

Business organisations such as partnership firms, and limited companies, which are formed in Myanmar, shall register with the Directorate of Investment and Company Administration.

The rights and obligations of a partnership firm are governed by the partnership agreement and the Partnership Act of 1932. Registration of a partnership firm is optional. However, if registered, it shall have the right to sue and to be sued.

Registration of limited companies is compulsory. The governing laws for the limited companies are the Myanmar Companies Act 1914; Myanmar Companies Rules 1940 Special Company Act 1950; Myanmar Companies (Amendment) Act 1955 and Myanmar Companies Regulations 1957.

Limited companies are classified into Myanmar companies, foreign companies and joint venture companies. Foreign companies are required to apply for a permit, before registration, under section 27A of the Myanmar Companies Act. A joint venture with the participation of the State capital shall be registered under the 1950 Special Company Act and the Myanmar Companies Act.

3.7.5. Specific Regulations

Auditing of the following organisations require special clearance from the respective regulators: Banks, Insurance companies, Cooperatives and Public interest entities.

Joint venture company with the participation of the State capital needs the approval of the Union Auditor General for appointing auditor under Myanmar Companies Act section 145 (a).

Myanmar Accounting Standards (MASs) in line with the IASs have been issued since 2003. MAC MFRS for SMEs on November 4, 2009. The first module of Myanmar Standards on Auditing (MSAs) and the second module of Myanmar Standards on Auditing (MSAs) in

accordance with the ISAs were pronounced on February 13, 2009 and October 14, 2010 respectively. Myanmar Financial Reporting Standards (MFRS) for Public Companies and Financial Institutions were updated by Notification No 1/2010, on 6 May 2010.

3.8. The Philippines

3.8.1. Laws and Regulations

The law governing the practice of accountancy in the Philippine is Republic Act No. 9298 (“Act”) dated 13 May 2004 otherwise known as Philippine Accountancy Act of 2004. The Act mainly provides and governs:

- a. The standardization and regulation of accounting education;
- b. The examination for registration of certified public accountants; and
- c. The supervision, control, and regulation of the practice of accountancy in the Philippines.

The Professional Regulation Commission (PRC) has also issued the following:

- a. Resolution No. 71 Series of 2004 covering the Rules and Regulations Implementing RA 9298 otherwise known as “The Philippine Accountancy Act of 2004”, among others provides for the details of the specific Continuing Professional Education (CPE) requirements as amended by Resolution 59 Series of 2012;
- b. Resolution No. 59 Series of 2012 clarifying and amending the rules and regulations on continuing professional education and accreditation of CPAs in public accountancy and accounting education; and
- c. Resolution No. 668 Series of 2012 providing guidelines in implementing section 7, paragraph (j), (l) and section 16 of the Republic Act no. 8981, known as “PRC Modernization Act of 2000”, and the pertinent provisions of the Professional Regulatory Laws, the General Agreement on Trade in Services and other International Agreements on the Practice of Foreign Professionals in the Philippines.

A Resolution No. 2013-774 (Series 2013) known as the Revised Guidelines on the Continuing Professional Development (CPD) Program for all registered and licence professionals (with Annexes) was approved on 25 July 2013 to provide more detail information and approach on the continuing professional development program for all registered and licensed professionals such as accreditation process of CPD program and for CPD provider.

Under the law, PRC shall form a Board known as The Professional Regulatory Board of Accountancy consisting of a Chairman and six (6) members to be appointed by the President of the Philippines from a list of three (3) recommendees for each position and ranked by the Commission from a list of five (5) nominees for each position submitted by the accredited national professional organization of certified public accountants. The Board shall elect a vice-chairman from among its members for a term of one (1) year.

To be qualified as a member of the Board, the person shall possess the following qualifications:

- a. must be a natural-born citizen and a resident of the Philippines;
- b. must be a duly registered Certified Public Accountant with at least ten (10) years of work experience in any scope of practice of accountancy;
- c. must be a good moral character and must not have been convicted of crimes involving moral turpitude; and
- d. must not have any pecuniary interest, directly or indirectly, in any school, college, university or institution conferring an academic degree necessary for admission to the practice of accountancy or where review classes in preparation for the licensure

examination are being offered or conducted, nor shall he/she be a member of the faculty or administration thereof at a time of his/her appointment to the Board.

The powers, functions and responsibilities of the Board are:

- a. to prescribe and adopt the rules and regulations necessary for carrying out the provisions of RA 9298t;
- b. to supervise the registration, licensure and practice of accountancy in the Philippines;
- c. to administer oaths in connection with the administration of RA 9298;
- d. to issue, suspend, revoke, reinstate the Certificate of Registration for the practice of the accountancy profession;
- e. to adopt an official seal of the Board;
- f. to prescribe and/or adopt a Code of Ethics for the practice of accountancy;
- g. to monitor the conditions affecting the practice of accountancy and adopt such measures, including promulgation of accounting and auditing standards, rules and regulations and best practices as may be deemed proper for the enhancement and maintenance of high professional, ethical, accounting and auditing standards: That domestic accounting and auditing standards rules and regulations shall include the international accounting and auditing standards, and generally accepted best practices;
- h. to conduct an oversight into the quality of audits of financial statements through a review of the quality control measures instituted by auditors in order to ensure compliance with the accounting and auditing standards and practices;
- i. to investigate violations of this act and the rules and regulations promulgated hereunder and for the purpose, to issue summons, subpoena and subpoena ad testificandum and subpoena duces tecum to violator or witness thereof and compel their documents in connection therewith: provided, that the Board upon approval of the Commission may, subject to such rules and regulations that may be promulgated to implement this section, delegate the fact-finding aspect of such investigations to the accredited national professional organization of certified public accountant: Provided, further, That the Board and/or the Commission may adopt their findings of fact as may seem fit;
- j. the Board may, mutopropio in its discretion, may such investigations as it deem necessary to determine whether any person has violated any provisions of this law, any accounting or auditing standard or rules duly promulgated by the Board as part of the rules governing the practice of accountancy;
- k. to issue a cease or desist order to any person, associations, partnership or corporation engaged in violation of any provision of RA 9298t, any accounting or auditing standards or rules of duly promulgated by the Board as part of the rules governing the practice of accountancy in the Philippines;
- l. to punish for contempt of the Board, both direct and indirect, in accordance with the pertinent provision of and penalties prescribed by the Rules of Court;
- m. to prepare, adopt, issue or amend the syllabi of the subjects for examinations in consultation with the academe, determine and prepare questions for the licensure examination which shall strictly be within the scope of the syllabi of the subjects for examinations as well as administer, correct and release the result of the licensure examinations;
- n. to ensure the coordination with the Commission of the Higher Education (CHED) or other authorized government offices that all higher educational instruction and offering of accountancy comply with the policies, standards and requirements of the course prescribed by the CHED or other authorized government offices in the areas of curriculum, faculty, library and facilities; and
- o. to exercise such other powers as may be provided by law as well as those which may be implied from, or which are necessary or incidental to the carrying out of, the express powers granted to the Board to achieve the objectives and purposes of RA 9298t.

The policies resolution, rules and regulations issued or promulgated by the Board shall be subject to review and approval of the PRC. However, the Board's decisions, resolutions or orders rendered in the administrative cases shall be subject to review only if on appeal.

Presently, the Board has undertaken the "Expanding Horizons" initiative which comprises of several projects directed towards enhancing the practice of accountancy in the Philippines.

3.8.2. Professional Association

The Philippine Institute of Certified Accountants (PICPA) which was founded in November 1929 is a voluntary organization by its members. PICPA has the mission to promote, uphold, and maintain high standards in the accountancy profession; to serve the best interest of the members and the stakeholders; and to contribute to the attainment of the national and global goals. As of this date, PICPA is considered as the Accredited Professional Organization (APO) of all CPAs in compliance to Section 30, R.A. No. 9298 and its implementing rules. However, it is not mandatory for all registered CPAs to become members of PICPA.

The ob to promote and maintain high professional and ethical standards among accountants;

- a. to advance the science of accounting;
- b. to develop and improve accountancy education;
- c. to encourage cordial relations among accountants, and
- d. to protect the Certificate of CPA granted by the Republic of the Philippines.

PICPA carried out the integration of the accountancy profession (under PRC Resolution No. 106 dated July 12, 1984 as amended by Resolution No. 142 dated March 4, 1987). In compliance with the said Resolution, PICPA revised its By-laws, and thereafter elected its new set of Board of Directors and Officers on December 2, 1988. Since then, PICPA has also amended its By-laws to be in line with any new laws introduced in the Philippine, latest update was to reflect the changes according to the Accountancy Act of 2004 (Republic Act No. 9298) such as on Continuing Professional Education, sectors and geographical areas.

The PICPA organization consists of the National Office (supported by a national secretariat), the geographical areas, regions, the chapters and the general membership. The National Office is under the management of officers elected by the members of the Board themselves, i.e. the President, the Executive Vice President, the Vice President for Commerce and Industry, Education, Government and Public Practice, the Vice President for Operations, the Secretary, the Assistant Secretary, the Treasurer and the Assistant Treasurer. There are twenty one (21) members in the Board (from the nine (9) regions and four (4) from the sectors). The National Office concentrates its efforts on general management, policy formulation, overall direction and coordination, consolidating financial reports, representation before government and other accounting bodies, and addressing national issues. Other than the Annual National Convention (ANC) and Annual Business Meeting, the National Office does not hold events requiring general membership attendance.

3.8.3 Qualifying as an Accountant

In order to be an accountant, all applicants need to register to complete the CPA examinations conducted by the Board. Any person applying for examination shall establish the following requisites to the satisfaction of the Board as qualifications of applicant for the examinations:

- a. is a citizen of the Philippines;
- b. is of good moral character;
- c. is a holder of the degree of Bachelor of Science in Accountancy conferred by the school,

- college, academy or institute duly recognized and/or accredited by the CHED or other authorized government offices; and
- d. has not been convicted of any criminal offence involving moral turpitude.

The licensure examination for CPA shall cover, but are not limited to, the following subjects:

- a. Theory of Accounts
- b. Business Law and Taxation
- c. Management Services
- d. Auditing Theory
- e. Auditing Problems
- f. Practical Accounting Problem I
- g. Practical Accounting Problem II

The Board, subject to the approval of the PRC, may revise or exclude any of the subjects and their syllabi, and add new ones as the need arises.

3.8.4. Setting-up an Accountancy Practice

Under the law, the practice of accountancy shall include, but not limited to, the following:

- a. Practice of Public Accountancy - shall constitute in a person, be it his/her individual capacity, or as a staff member in an accounting or auditing firm, holding out himself/herself as one skilled in the knowledge, science and practice of accounting, and as a qualified person to render professional services as a certified public accountant; or offering or rendering, or both or more than one client on a fee basis or otherwise, services as such as:
 - i. the audit or verification of financial transaction and accounting records; or
 - ii. the preparation, signing, or certification for clients of reports of audit, balance sheet, and other financial, accounting and related schedules, exhibits, statements or reports which are to be used by stockholders or for publication or for credit purposes, or to be filed with a court or government agency, or to be used for any other purpose; or
 - iii. the design, installation, and revision of accounting systems and controls; or
 - iv. the preparation of income tax returns when related to accounting and auditing procedures; or
 - v. when he/she represent clients before government agencies on tax and other matters relating to accounting or renders professional assistance in matters relating to accounting procedures and the recording and presentation of financial facts or data.
- b. Practice in Commerce and Industry - shall constitute in a person involved in decision making requiring professional knowledge in the science of accounting, as well as the accounting aspects of finance and taxation, or when such employment or position requires that the holder thereof must be a CPA.
- c. Practice in Education/Academe - shall constitute in a person in an educational institution which involve teaching of accounting, auditing, management advisory services, accounting aspect of finance, business law, taxation and other technically related subject: provided, that members of the Integrated Bar of the Philippines may be allowed to teach business law and taxation subjects. Provided, further, that the position of either the dean or the department chairman or its equivalent that supervises the Bachelor of Science in Accountancy program of an educational institution is deemed to be in practice of accountancy in the academe/education and therefore must be occupied only by a duly registered CPA.
- d. Practice in Government - shall constitute in a person who holds, or is appointed to, a position in an accounting professional group in government or in an government-owned and/or controlled corporation, including those performing proprietary functions, where

decision making requires professional knowledge in the science of accounting, or where a civil service eligibility as a certified public accountant is a prerequisite.

Individual (local)

In order to be qualified as having passed the licensure examination for accountants, a candidate must:

- a. obtain a general average of seventy five percent (75%), with no grade lower than sixty-five percent (65%) in any given subject.
- b. in the event a candidate obtains the rating of seventy-five percent (75%) and above in at least a majority of subjects as provided for in this Act, he/she shall receive a conditional credit for the subjects passed: provided, that a candidate shall take an examination in the remaining subjects within two (2) years from preceding examination: provided, further, that if the candidate fails to obtain at least a general average of seventy-five percent (75%) and a rating of at least sixty-five percent (65%) in each of the subjects re-examined, he/she shall be considered as failed in the entire examination.

A certificate of registration shall be issued to examinees who pass the licensure examination subject to payment of fees prescribed by the PRC, indicating that the person named therein is entitled to the practice of the profession with all the privileges appurtenant thereto. A Professional Identification Card bearing the registration number date of issuance, expiry date, duly signed by the chairperson of the PRC, shall likewise be issued to every registrant renewable every three (3) years.

No person shall practice accountancy, or use the title "Certified Public Accountant", ("CPA") or display or use any title, sign, card, advertisement or other device to indicate such person practices or offers to practice accountancy, or is a certified public accountant, unless such person shall have received from the Board a certificate of registration/Professional license and be issued a professional identification card or a valid temporary/special permit duly issued to him/her by the Board and the PRC.

All certified public accountants shall abide by the requirements, rules and regulations on continuing professional education to be promulgated by the Board, subject to the approval of the PRC, in coordination with the accredited national professional organization of certified public accountants or any duly accredited educational institutional. For this purpose, a Continuing Professional Development (CPD) Council is hereby created to implement the CPD program.

Total CPD credit units required for CPA for practice of public accountancy and accounting education is 60 for three years.. 59 in 2012.

Individual (Foreigner)

Subject or citizen of foreign countries may be allowed to practice accountancy in the Philippines in accordance with the provisions of existing laws, international treaty obligations including mutual recognition agreement entered into by the Philippines government with other countries. A person who is not a citizen of the Philippines shall not be allowed to practice accountancy in the Philippines unless he/she can prove, in the manner provided by the Rules of Court that, specific provision of law country of which he/she is a citizen, subject or national admits citizens of the Philippines to the practice of the same profession without restriction. However, as of today, no countries have included Philippines CPA in their approved list of qualification.

Professional practice of foreigners is subject to the PRC law, Section 7(j) of RA No. 8981, and specific provisions of respective professions, namely Section 35 of RA 9298. Special/

temporary permit may be issued by the Board subject to the approval of the Commission and payment of the fees the latter has prescribed and charged thereof to the following persons:

- a. A foreign certified public accountant called for consultation or for specific purpose which, in the judgment of the Board, is essential for the development of the country: Provided, that his/her practice shall be limited only for the particular work that he/she is being engaged: Provided, further, That there is no Filipino certified public accountant qualified for such consultation or specific purposes;
- b. A foreign certified public accountant engaged as professor, lecturer or critic in fields essential to accountancy education in the Philippines and his/her engagement is confined to teaching only; and
- c. A foreign certified public accountant who is an internationally recognized expert or with specialization in any branch of accountancy and his/her service is essential for the advancement of accountancy in the Philippines.

Public Accounting firm

Single practitioners and partnerships for the practice of public accountancy shall be registered certified public accountants in the Philippines provided, that from the effective date of RA 9298, a certificate of accreditation shall be issued to the certified public accountant in public practice only upon showing, in accordance with rules and regulations promulgated by the Board and approved by the PRC, that such registrant has acquired a minimum of three (3) years meaningful experience in any of the areas of public practice including taxation: provided, further, that this requirement shall not apply to those already granted a certificate of accreditation prior to the effectivity of RA 9298. The implementing rules and regulations of RA 9298 provides that meaningful experience shall be considered as satisfactory compliance with the requirements of the law if it is earned in commerce and industry, education, government, as well as public accounting. The Security and Exchange Commission shall not register any public accounting corporation and limited liability partnership for the practice of public accountancy.

Individual practitioners and firms or partnerships in public accountancy, including their partners and staff, are required to be accredited by the PRC and the BOA every three years.

3.8.5. Specific Regulations

Only individual external auditors and auditing firms that are accredited by the Securities and Exchange Commission (SEC) can perform statutory audits of financial statements of publicly listed SEC registered entities. External auditors of banks or insurance or cooperatives, are required to be accredited with the Bangko Sentral ng Pilipinas, the Insurance Commission and the Cooperative Development Authority of the Philippines, respectively.

A CPA certificate does not automatically permit an individual to act as approved tax agent for compliance with tax law purpose. The individual needs to be accredited by the Bureau of Internal Revenue in order for them to provide any tax compliance service.

3.9. Singapore

3.9.1. Laws and Regulations

The law governing the public accountancy profession in Singapore is the Accountants Act 2004 (which came into effect on 1 April 2004 and revised in 2005). In addition, there are two

other rules under the Accountants Act, namely the Accountants (Public Accountants) Rules dated 1 April 2004 and the Accountants (Accounting Corporations, Accounting Firms and Accounting LLPs) Rules dated 6 October 2006.

The Accountants Act provides for the appointment of Public Accountants Oversight Committee (PAOC) assist ACRA with the regulation of public accountants. ACRA/PAOC's statutory responsibilities in respect of public accountants include:

- a. keeping and maintaining a Register of Public Accountants, a Register of Public Accounting Corporations, a Register of Public Accounting Firms, a Register of Public Accounting Limited Liability Partnerships and any other registers as may be necessary for the purposes of the Accountants Act;
- b. considering all applications for the registration of public accountants;
- c. approving of accounting corporations, accounting firms, and accounting limited liability partnerships;
- d. determining, prescribing and reviewing the requirements to be satisfied by people seeking to be registered as public accountants;
- e. administering the continuing professional education programs for public accountants;
- f. administering the practice monitoring programs under the Act;
- g. determining, prescribing and reviewing the codes of professional conduct and ethics for public accountants and the standards, methods and procedures to be applied by public accountants when providing public accountancy services;
- h. inquiring into any complaint, or information relating to any professional misconduct, against any public accountant, accounting corporation, accounting firm or accounting limited liability partnership, and, if necessary, institute disciplinary proceedings in accordance with the Act; and
- i. advising ACRA on any matter which relates to the profession of public accountancy.

On 15 January 2013 (assented to by the President on 27 February 2013), a new Act known as Singapore Accountancy Commission Act 2013 was passed by the Parliament. The Act has commenced with effect from 1 April 2013. This Act allows the establishment of the Singapore Accountancy Commission (SAC), for the Commission to establish a framework for the growth and development of the accountancy sector and its related fields in Singapore, to provide for the registration of Chartered Accountants in Singapore, and to make consequential amendments to certain other written laws.

Under the law, the SAC has the following functions:

- a. to oversee the strategic direction for, and promote, facilitate and assist in, the growth and development of the accountancy sector and its related fields in Singapore;
- b. to develop, provide for or administer, or facilitate or collaborate on the development, provision or administration of, programmes, qualifications, certifications, specialisations and continuing professional developments relating to the accountancy sector and its related fields in Singapore;
- c. to promote, develop, improve or maintain, or facilitate or collaborate on the promotion, development, improvement or maintenance of, competencies, expertise and professional standards in the accountancy sector and its related fields in Singapore;
- d. to promote, facilitate or collaborate on research and development activities for the advancement of the accountancy sector and its related fields in Singapore;
- e. to develop or manage co-operation and exchange with other persons and organisations, including foreign and international organisations, in respect of matters relating to the accountancy sector and its related fields in Singapore;
- f. to advise the Government on matters relating to the development of the accountancy sector and its related fields in Singapore; and
- g. to perform such other functions as are conferred on the Commission by or under this Act or any other written law.

3.9.2. Licensing Body for accountancy profession

The Accounting and Corporate Regulatory Authority (ACRA) was formed as a statutory board on 1 April 2004, following the merger of the then Registry of Companies and Businesses (RCB), and the Public Accountants' Board (PAB). ACRA is the national regulator of business entities and public accountants in Singapore. ACRA also plays the role of a facilitator for the development of business entities and the public accountancy profession. As of 31 December 2013, there were a total of 1007 public accountants registered with ACRA.

The mission of ACRA is to provide a responsive and trusted regulatory environment for businesses and public accountants. ACRA's role is to achieve synergies between the monitoring of corporate compliance with disclosure requirements and regulation of public accountants performing statutory audit. ACRA is responsible for the following key functions:

- a. to administer the Accounting and Corporate Regulatory Authority Act (Cap 2A), the Accountants Act (Cap 2), the Business Registration Act (Cap 32), the Companies Act (Cap 50), the Limited Liability Partnerships Act (Cap 163A) and the Limited Partnerships Act 2008 (Act 37 of 2008);
- b. to report and make recommendations to, and advise the Government on matters relating to the registration and regulation of business entities and public accountants;
- c. to establish and administer a repository of documents and information relating to business entities and public accountants and to provide access to the public to such documents and information;
- d. to represent the Government internationally in matters relating to the registration and regulation of business entities and public accountants;
- e. to promote public awareness about new business structures, compliance requirements, corporate governance practice and any matter under the purview of the Authority; and
- f. to promote, facilitate and assist in the development of the accountancy sector, including studying, reporting, making recommendations to and advising the Government on all matters relating to the development and promotion of the accountancy sector.

3.9.3 Professional Association

Formerly the Institute of Certified Public Accountants of Singapore, the Institute of Singapore Chartered Accountants ("ISCA") is the national accountancy body of Singapore. Working with government and industry to develop the accounting profession, ISCA's vision is to be a globally recognised professional accountancy body, bringing value to our members, the profession and wider community.

Possessing a Global Mindset, with Asian Insights, ISCA contributes to Singapore's goal to be a global accountancy hub, by promoting and advocating for the interests of our members and the profession.

Established in 1963, ISCA shapes the accountancy landscape through its continual involvement in the profession's development. Working in partnership with diverse stakeholders, including government agencies, global accounting organisations, professional bodies, employers, educators, and the public, we are dedicated to empowering our members to achieve their aspirations.

ISCA is a Designated Entity to confer the Chartered Accountant of Singapore – CA (Singapore) – designation, a prestigious title that is expected to come with global recognition and international portability. As the Administrator of the Singapore Qualification Programme (Singapore QP), ISCA aims to raise the profile of this post-university professional

accountancy qualification programme, helping it to attain international recognition and promoting it as the educational pathway of choice for professional accountants.

As at 31 August 2013, there are over 27,000 ISCA members making their stride in businesses across industries in Singapore and around the world.

ISCA has been officially appointed as the Administrator of the Singapore Qualification Programme (Singapore QP) by the Singapore Accountancy Commission (SAC). The Singapore QP was created as a pathway for both local and regional accounting and non-accounting graduates to attain the “Chartered Accountant of Singapore” professional designation. The three-year programme is designed to be an internationally recognised and portable post-university qualification that furthers the professional development of university graduates. Singapore QP was launched in June 2013. The Singapore QP has 3 components namely academic base, professional programme and practical experience.

There are four types of Membership available with ISCA:

- a. Associate
- b. CA (Singapore)
- c. Fellow Member
- d. Member in Retirement

Associate

Accountancy graduates of the 4 local universities (NTU, NUS, SMU and UniSIM), holders of recognised professional qualifications, or those who have passed the ISCA Professional Examination can apply to be an Associate. This category of members has yet to fulfill certain criteria like relevant work experience and successful completion of the Pre-Admission Course (PAC) to hold the “CA (Singapore)” qualification. An Associate can call himself/herself “Associate (ISCA)”.

CA (Singapore)

CA (Singapore) would have fulfilled all the requirements of an Associate member and additionally must satisfy the following criteria:

- a. acquired relevant work experience (relevant work experience can be in any sector or industry as long as the job scope includes accounting functions),
- b. attended and passed the PAC conducted by ISCA, and
- c. attained proficiency in local laws (including those relating to companies and taxation).

To be a public accountant, a CA (Singapore) must first register with ACRA as a public accountant. Thereafter, ACRA will liaise with ISCA on all successful applications. A CA (Singapore) must fulfil the requirements for registration as a public accountant as set out in the Second Schedule of the Accountants (Public Accountants) Rules, including the requirements on practical experience, professional examination and Continuing Professional Education. See section 3.9.4 for further details on qualifying as a public accountant.

Fellow Member

A CA (Singapore) who has been a member of the Institute for 10 years or more and has not less than 5 years at senior management level or has been in full-time practice as a public accountant is eligible to be advanced to the status of Fellow of the Institute. A Fellow of the Institute shall use the designation “Fellow Chartered Accountant of Singapore” or the designatory letters “FCA (Singapore)”.

Member-in- Retirement

A Member-in-Retirement would be at least 55 years of age, effectively retired and not gainfully employed, i.e. having an earned income of not more than \$24,000 per annum. With effect from 1 January 2015, the age and income ceiling criteria will be raised from age 55 to 62 and S\$24,000 to S\$36,000 per annum respectively.

3.9.4. Qualifying as an Accountant

Under the Accountants Act, anyone who wishes to practice public accountancy must register as a public accountant (PA) with the Accounting and Corporate Regulatory Authority (ACRA), the national regulator of business entities and public accountants in Singapore. A public accountant can provide public accountancy services such as audit and reporting on financial statements, and such other activities (e.g. judicial management) as required by law. Persons who intend to provide only bookkeeping, accounting, taxation or consultancy services i.e. non-audit services do not need to be registered as public accountants.

The requirements for registration as PA are as below:

1. Professional Examination

An applicant must at the time of his application for registration:

- a. have passed the final examination in accountancy of one of the following:
 - a. the Singapore Polytechnic for the professional diploma and for the degree course in accountancy for the years 1961 to 1969;
 - b. the University of Singapore for the degree of Bachelor of Accountancy;
 - c. the Nanyang University of Singapore for the degree of Bachelor of Commerce (Accountancy) or Bachelor of Accountancy;
 - d. the National University of Singapore for the degree of Bachelor of Accountancy or Bachelor of Business Administration (Accountancy);
 - e. the Nanyang Technological Institute for the degree of Bachelor of Accountancy;
 - f. the Institute of Certified Public Accountants of Singapore - Association of Chartered Certified Accountants of the United Kingdom Joint Scheme including passing one of the following examination modules: Paper 10: Accounting and Audit Practice; Paper 3.1: Audit and Assurance Service; or P7 Advanced Audit and Assurance;
 - g. the Nanyang Technological University for the degree of Bachelor of Accountancy or Master of Business Administration (Accountancy);
 - h. the Institute of Singapore Chartered Accountants Professional Examination ;or
 - i. the Singapore Management University for the degree of Bachelor of Accountancy or Master of Professional Accounting;
 - j. SIM University for the degree of Bachelor of Accountancy; or
- b. Have passed the final examination in accountancy of one of the following or its recognised equivalent:
 - a. the Institute of Chartered Accountants of Scotland (ICAS);
 - b. the Institute of Chartered Accountants in England and Wales (ICAEW);
 - c. the Institute of Chartered Accountants in Ireland (ICAI);
 - d. the Association of Chartered Certified Accountants (ACCA) including passing one of the following examination modules: Paper 10: Accounting and Audit Practice; Paper 3.1: Audit and Assurance Service; or P7 Advanced Audit and Assurance;
 - e. the Institute of Chartered Accountants in Australia (ICAA);
 - f. CPA Australia;
 - g. New Zealand Institute of Chartered Accountants (NZICA);
 - h. the Canadian Institute of Chartered Accountants (CICA);
 - i. the American Institute of Certified Public Accountants (AICPA); or
 - j. the Chartered Institute of Management Accountants of the United Kingdom

(CIMA), except that CIMA members shall have passed the following subjects: Financial Reporting Environment; Accounting and Audit Practice; Advanced Taxation; and Company Law and Corporate Governance,

and shall have also passed such other examination and have fulfilled such other requirements as may be determined by the Oversight Committee.

2. Practical experience

I. Current Practical Experience Requirements

At the time of application, the applicant must satisfy the Oversight Committee that he has acquired:

- a. at least 3 years of practical experience consisting of:
 - i. at least one year of structured practical experience acquired before passing the final examination;
 - ii. at least one year of structured practical experience acquired after passing the final examination; and
 - iii. at least one additional year of practical experience (whether structured or unstructured) acquired after passing the final examination;
- b. at least 3 years of practical experience consisting of:
 - i. at least 2 years of structured practical experience acquired after passing the final examination; and
 - ii. at least one additional year of practical experience (whether structured or unstructured) acquired after passing the final examination;
- c. at least 3 years of practical experience consisting of:
 - i. at least one year of practical experience (whether structured or unstructured) acquired in a public accountant's office in Singapore, whether acquired before or after passing the final examination, except that the period of unstructured practical experience shall not exceed 12 months; and
 - ii. qualifying foreign experience as determined by the Oversight Committee; or
- d. at least 6 years (in aggregate) of practical experience (whether structured or unstructured) acquired in a public accountant's office in Singapore, whether acquired before or after passing the final examination, if the Oversight Committee is satisfied that the practical experience obtained is of sufficient depth and breadth and includes practical experience that is sufficiently recent.

II. Future Practical Experience Requirements

From 1 February 2015, applicants will need to have met the practical experience requirements set out below:

a. Period of Experience

Applicants must have gained 2,500 hours of Qualifying Audit Experience (QAE) within 5 years before the application. To ensure that the audit management experience is gained at an appropriately senior level, the 2,500 hours will only count after an applicant has completed their professional accountancy training, as follows:

- i. Members of ISCA will need to have gained the 2,500 hours after qualifying as a full member, which normally takes one to three years of post-qualification experience (i.e. such as after gaining an accountancy degree). Non-ISCA members must demonstrate that they had completed an equivalent amount of post-qualification experience before accumulating their 2,500 hours.
- ii. From 1 January 2019, all applicants to be a public accountant will need to have completed the Singapore Qualification Programme (Singapore QP) or a recognised equivalent professional qualification. Applicants who gain the

Singapore QP or a recognised equivalent professional qualification after 1 January 2019 will need to have gained their 2500 hours of QAE after they have completed the qualification.

b. Nature of experience

QAE is work in an audit management, audit quality review or a senior audit technical role, and in performing this role the applicants should have performed the Key Audit Functions (KAF) of planning, leading the engagement, and forming and reporting conclusions and opinions. Applicants relying on experience in an audit quality review or a senior audit technical role must have at least 1,250 hours of experience in the KAF.

c. Supervision of experience

The applicants, and one or more Audit Principals (AP), must declare that the applicant has completed the 2,500 hours of QAE, and has independently and competently performed the KAF under the supervision of the AP. A minimum of 1,250 hours of QAE should be gained the same firm or with the same AP. This is to ensure that the applicant has a stable period of accumulating experience. Exemptions may be available to applicants who fall just short of this requirement.

An AP must have been a public accountant for 5 years and not have failed an audit inspection with hot review (unless the Public Accountants Oversight Committee allows otherwise) or failed with more serious orders under the Practice Monitoring Programme (PMP).

d. Location of experience

At least 1,250 hours (approximately 1 year) of QAE must be gained in Singapore, i.e. foreign experience of up to 1 year will be recognised. This is the same as the current requirement of 1 year of Singapore experience, and will be subject to similar criteria (such as being gained under audit standards that are equivalent to that of Singapore).

e. Transitional Arrangements

i. Applicants will be able to count their practical experience gained before 1 February 2015 provided that it:

- A. meets the requirements to be counted as Qualifying Audit Experience (QAE) and Key Audit Functions (KAF),
- B. was gained within the five years immediately preceding the application, and
- C. was gained under an Approved Principal as defined under the current requirements that will continue to apply until 31 January 2015.

ii. Audit Principals (i.e. formerly Approved Principals) may sign the declaration supporting experience gained before 1 February 2015 provided that the applicant has adequate records to support the completion of 2,500 hours of QAE, and he knows that the applicant has independently and competently performed the KAF because it was performed under his or her supervision.

3. Continuing Professional Education

A person who submits his application for registration as a public accountant on or after 1st April 2005 must have acquired at least 40 hours of continuing professional education during the period of 12 months immediately preceding the date of his application. The continuing professional education to be acquired by an applicant for registration shall be undertaken in accordance with the continuing professional education syllabus approved by the PAOC and shall consist of at least 30 hours of learning which is specified as structured learning in that syllabus.

4. Course on Ethics and Professional Practice Subjects

An applicant for registration as a public accountant must complete such course of instruction on ethics and professional practice subjects as may be determined by the PAOC from time to time. The PAOC had determined the requisite course to be the Pre-admission Course (Public Practice Programme) conducted by the Institute of Singapore Chartered Accountants (ISCA).

5. Proficiency in Local Laws

An applicant for registration as a public accountant who has not passed any of the final examinations in accountancy must satisfy the Oversight Committee of his proficiency in local laws by passing an examination in Singapore Company Law and Singapore Taxation and Tax Management.

6. Membership in ISCA

The Oversight Committee shall not register any person as a public accountant unless such person is a member of the Institute of Singapore Chartered Accountants (shall not include a provisional member, an honorary member or a member-in-retirement).

7. Age

The applicant must have attained the age of 21 years.

3.9.5. Singapore Qualification Programme

With the official launch of the Singapore QP in June 2013, the new pathway to the CA (Singapore) designation has also commenced. The Singapore QP is made up of 3 components namely academic base, professional programme and practical experience. The requirements under the new pathway are as follows:

1. Academic Base

An applicant must at the time of his application for registration as a Singapore QP Candidate have passed the final examination in accountancy of one of the following:

- a. the National University of Singapore for the degree of Bachelor of Accountancy or Bachelor of Business Administration (Accountancy);
- b. the Nanyang Technological University for the degree of Bachelor of Accountancy;
- c. the Singapore Management University for the degree of Bachelor of Accountancy;
- d. the SIM University for the degree of Bachelor of Accountancy;
- e. the Nanyang Technological University for the degree of Master of Business Administration (Accountancy);
- f. the Singapore Management University for the degree of Master of Professional Accounting; or
- g. Hold a degree recognised as being comparable to a 3-year undergraduate degree using internationally recognised reference sources and complete the Foundation Programme for Singapore QP.

The Foundation Programme provides an alternate pathway into the Singapore QP, for candidates who do not have an accredited accountancy degree. The Foundation Programme covers a set of 6 core syllabus areas:

- Financial Accounting and Reporting;
- Management Accounting;
- Financial Management;
- Audit and Assurance;
- Singapore Law; and
- Singapore Taxation.

Candidates will be assessed on these areas using examinations conducted by a Foundation Programme Provider. Candidates with accounting and business-related qualifications may apply to the SAC with their transcripts for exemptions against one or more areas of the Foundation Programme. Candidates who have successfully completed the Foundation Programme will receive a certificate of completion from their provider.

2. Professional Programme

Entry to the Professional Programme will be conditional upon graduates having demonstrated, through the Academic Base, an excellent command of technical knowledge. The Professional Programme is designed to develop the skills of application and professional judgement as well as work place effectiveness and communication.

The Professional Programme consists of 6 modules, namely:

- Ethics & Professionalism;
- 4 Technical Modules:
 - Assurance;
 - Business Value, Governance and Risk;
 - Financial Reporting;
 - Taxation;
- Integrative Business Solutions

3. Practical Experience

Practical Experience is also another key component of the Singapore QP. It enables Candidates to acquire and manifest the requisite professional knowledge, skills, judgement, attitudes and behaviours required of a CA (Singapore).

Candidates are required to achieve a suite of competencies during their Practical Experience to becoming a Chartered Accountant of Singapore. Candidates will have to complete 3 years of relevant practical work experience, under the supervision of an Approved Mentor, and with a Training Agreement at an Accredited Training Organisation (ATO).

After completion of the Professional Programme and the Practical Experience, Candidates can apply to be a CA (Singapore) with ISCA. To become a PA, the CA (Singapore) will have to fulfil the same annual requirements as that under the old pathway²⁸.

Transitional Arrangements

On 1 April 2013, the transitional arrangements for the introduction of the Singapore Qualification Programme (“Singapore QP”) and the Chartered Accountant of Singapore (“CA (Singapore)”) designation were announced by Ministry of Finance²⁹. ISCA has been appointed as a Designated Entity to confer the CA (Singapore) designation, which is owned by the SAC, and has replaced the current Certified Public Accountant of Singapore (“CPA Singapore”) designation.

The Transitional Arrangements 1 to 15 set out what current students, graduates and professional accountants in Singapore will need to fulfil in order to be designated a CA Singapore, and the timelines within which such persons may benefit from the transitional arrangements, after which all applicants will need to complete the Singapore QP.

²⁸ Old pathway refers to the existing PA registration requirements, before Singapore QP was launched

²⁹ [http://www.sac.gov.sg/content/dam/sac/PDFs/150413-SAC Transitional_Arrangements-Brochure_V10.pdf](http://www.sac.gov.sg/content/dam/sac/PDFs/150413-SAC%20Transitional_Arrangements-Brochure_V10.pdf)

The Transitional Arrangements 16 and 17 were introduced to cater for the future changes to the “Qualifications” requirement for registration as a public accountant with ACRA.

From 1 January 2019, applicants to be registered as a public accountant would need to have completed the Singapore QP or a recognised equivalent professional qualification which is one that has established reciprocity agreements with the Singapore Accountancy Commission and the Institute of Singapore Chartered Accountants.

3.9.6. Setting-up an Accountancy Practice

Public Accounting Firm

Only a public accountant may apply to set up a public accounting firm to provide his public accountancy services to the public. The following requirements will be necessary:

- a. one of the primary objects of the proposed firm must be to provide public accountancy services (audit and reporting on financial statements and such other activities as required by law;
- b. if the public accounting firm is a partnership, at least two-thirds of the partners in the firm must be public accountants. For partnership with only two partners, one of them must be a public accountant; and
- c. the business of the partnership, as far as it relates to the supply of public accountancy services in Singapore will be under the control and management of one or more partners who are public accountants ordinarily resident in Singapore.

Public Accounting Corporation

Only a public accountant may apply to set up a public accounting corporation to provide his public accountancy services to the public. A public accounting corporation, apart from being registered under the Accountants Act, is also registered as a company under the Companies Act.

The requirements for the approval of accounting corporations in the Accountants Act are as follows:

- a. one of the primary objects of the company or proposed company is to provide public accountancy services;
- b. the share capital of the company or proposed company that is paid up or to be paid up is not less than \$50,000 or such other sum as may be prescribed;
- c. the articles of association of the company or proposed company provide that-
 - i. not less than two-thirds, or such other proportion as may be prescribed, of the directors (including the chairman) shall be public accountants, or
 - A. if the company or proposed company has only one director, that that director shall be a public accountant;
 - B. or if the company or proposed company has only 2 directors, that one of those directors shall be a public accountant;
 - ii. not less than two-thirds, or such other proportion as may be prescribed, of the voting shares of the company or proposed company shall be owned by corporate practitioners; and
 - iii. only natural persons may own any shares of the company or proposed company;
- d. the business of the company or proposed company, so far as it relates to the provision of public accountancy services in Singapore, will be under the control and management of one or more directors of the company who are public accountants ordinarily resident in Singapore; and
- e. the company or proposed company is or will be covered by professional indemnity insurance in accordance with section 28 of the Accountants Act and the prescribed

requirements. Specifically, every accounting corporation shall be covered by professional indemnity insurance of not less than one of the following amounts, whichever is the highest:

- i. \$1 million;
- ii. a sum equal to the total of \$500,000 for every corporate practitioner in the accounting corporation;
- iii. where applicable, a sum equal to two and a half times the gross income of the accounting corporation in the last completed financial year of the accounting corporation, subject to a maximum sum of \$50 million.

Accounting Limited Liability Partnership

To be an accounting LLP, the entity would have to be registered as an LLP under the Limited Liability Partnerships Act and obtain approval to be an accounting LLP under the Accountants Act. The requirements are as follows:

- a. One of the primary objects of the limited liability partnership, or proposed limited liability partnership, is to provide public accountancy services;
- b. The capital of the limited liability partnership, or proposed limited liability partnership, that is paid up, or to be paid up, is not less than \$50,000;
- c. At least two-thirds of the partners are public accountants, or if the partnership has only two partners, one of those partners is a public accountant;
- d. The accounting LLP or proposed accounting LLP is, or will be, covered by professional indemnity insurance in accordance with section 28 of the Accountants Act. Specifically, every accounting LLP shall be covered by professional indemnity insurance of not less than one of the following amounts, whichever is the highest:
 - i. \$1 million; a sum equal to the total of \$500,000 for every corporate practitioner in the accounting LLP;
 - ii. where applicable, a sum equal to two and a half times the gross income of the accounting LLP in the last completed financial year of the accounting LLP, subject to a maximum sum of \$50 million.
- e. The business of the accounting LLP, so far as it relates to the supply of public accountancy services in Singapore, will be under the control and management of one or more partners who are public accountants ordinarily resident in Singapore.

3.9.7. Specific Regulations

With the introduction of Singapore Accountancy Commission Act 2013, the transitional arrangements announced on 1 April 2013 for three main groups of stakeholders are highlighted as below:

- i). Existing ISCA (formerly ICPAS) members who were previously designated as CPA Singapore: All former CPA Singapore holders were automatically converted to the CA (Singapore) designation in July 2013. This timing coincides with the enrolment of the first batch of Singapore QP candidates.
- ii). Students who are either enrolled to commence or are currently in the midst of taking accountancy degree programmes at four local universities: Students who have matriculated in 2012 or earlier will be given until 31 December 2016 to complete their degree and the ISCA PAC and until 31 December 2019 to satisfy the relevant work experience in order to qualify for the CA (Singapore) designation. Students who are unable to meet the 31 December 2016 deadline will be required to complete the Singapore QP to qualify for the CA (Singapore) designation. An exception is granted for male Singaporeans who have been accepted into the accountancy degree programmes and are currently serving their full-time National Service. They will be given an additional 2 years until 31 December 2018 to complete their degrees and the ISCA PAC and until

31 December 2021 to satisfy the relevant work experience, so as to ensure that they are not disadvantaged as compared to their female peers.

- iii). Holders of recognised professional qualifications, including full members of Association of Chartered Certified Accountants (ACCA) and CPA Australia: This group of stakeholders will have until 31 December 2016 to complete the ISCA PAC, satisfy the proficiency in local law and taxation and relevant work experience in order to qualify for the CA (Singapore) designation.
- iv). ISCA associates who are graduates of ISCA PE candidates, but have yet to fulfill certain criteria such as relevant work experience and successful completion of the PAC will have until 31 March 2014 to complete the PAC and until 31 December 2016 to satisfy the relevant work experience in order to qualify for the CA (Singapore) designation. ISCA PE will cease receiving new candidate applications with effect from 1st April 2014. All ISCA PE candidates will have until 31 December 2018 to complete their ISCA PE and the ISCA PAC, as well as to satisfy the relevant work experience in order to qualify for the CA (Singapore) designation.

3.10. Thailand

3.10.1. Laws on Accountancy Profession

Currently, services provided by accountancy professionals are regulated by law relating to bookkeeping under the Accounting Act. B.E. 2543 (2000).

In Thailand, under the law, accountants are described as bookkeepers. A “Bookkeeper” is defined as “a person responsible for the bookkeeping of the person having the duty to keep accounts, whether it is undertaken in the capacity of an employee of the person having the duty to keep accounts.” Bookkeepers are regulated by Department of Business Development (DBD), Ministry of Commerce.

Accounting profession which includes profession in bookkeeping, auditing, managerial accounting, accounting system, tax accounting, accounting education and technology, or other accounting services prescribed by the ministerial regulations are regulated by the Accounting Professions Act B.E. 2547 (2004) (“Act”) and professionally self-regulated by the Federation of Accounting Professions (FAP). Under the law, only a certified public accountant is allowed to apply for an auditor’s license from the FAP.

However, under this Act, the Professional Accounting Supervisory Commission, authority, has been set up to supervise all activities of the FAP according to the Act.

The Act stipulates the authority, role and objectives in the following areas:

- a. The Federation of Accounting Professions;
- b. Members of the Federation of Accounting Professions;
- c. The Committee of the Federation of Accounting Professions;
- d. The Committee on Accounting Standard-setting;
- e. The Supervision of Auditing Professions;
- f. The Supervision of Bookkeeping Professions;
- g. The Code of Accounting Profession Ethics;
- h. Oversight on accounting professions; and
- i. Penalties.

3.10.2. Licensing Body for Accountancy Profession

The DBD is responsible to support and promote accounting practices and good governance. Their main responsibilities include:

- a. Supervising business financial statements, accounting practices and accounting professional under the Accounting Act B.E. 2543 (2000) and the Accounting Professions Act B.E. 2547 (2004) (“Act”);
- b. Acting as a secretariat of the Accounting Professions Supervision Commission to oversee FAP under the Act;
- c. Registering and supervising accountants;
- d. Formulating laws and regulations for accounting professions and practices;
- e. Cooperating with other accounting professional agencies to develop Thai Accounting Standard;
- f. Participating in Accounting experts groups at Domestic and International levels to enhance Thai accounting standards and practices;
- g. Organising professional seminars and meetings for accountants; and
- h. Promoting good governance practices in SMEs.

The FAP has the responsibility in issuing license to Certified Public Accountants and registering all accounting service firms. Under the Act, FAP has the following authorities and duties:

- a. Promoting education, training and research with respect to accounting professions;
- b. Promoting the unity and the integrity of its members and to arrange welfare and assistance among the members;
- c. Setting accounting standards, auditing standards and other standards relating to accounting professions;
- d. Prescribing Code of Accounting Profession Ethics;
- e. Registering accounting professionals, issuing, suspending or revoking licenses of accounting practitioners;
- f. Certifying accounting degrees or certificates of educational institutions as credentials in applying for FAP membership;
- g. Certifying knowledge and expertise in accounting professions;
- h. Certifying professional training courses and continuing professional education in all areas of accounting professions; and
- i. Regulating the conduct and practices of members and registrants so that they comply with the Code of Accounting Profession Ethics.

3.10.3. Professional Associations

FAP is a statutory body established in accordance with The Accounting Professions Acts B.E. 2547 (2004) (“Act”), which was enacted on 23rd October 2004. FAP is the center for accounting professions in Thailand. There are four types of membership of the FAP namely:

- a. Ordinary Member;
- b. Extraordinary Member;
- c. Associate Member; and
- d. Honorable Member.

Ordinary Member

An Ordinary Member shall have the following qualifications and characteristics:

- 1) Being not younger than 20 years old;
- 2) Having Thai nationality;

- 3) Having at least a bachelor's degree in accountancy or holding a certificate in accountancy or other degrees equivalent to a bachelor's degree in accountancy accredited by FAP, or other degrees as prescribed by FAP;
- 4) Not being a person of delinquent morals posing discredit to accounting professions as prescribed in the regulations of FAP;
- 5) Never having been imprisoned by a final court judgment for an offence on delinquent morals posing discredit to accounting professions as prescribed in the regulations of FAP; and
- 6) Not being incompetent or quasi-incompetent or having any disease as prescribed in the regulations of FAP.

As an Ordinary Member, the member shall have the following rights and duties:

- 1) Presenting opinions in a general meeting;
- 2) Casting a vote in a general meeting;
- 3) Electing, being elected or being appointed as the committee member or to other positions relating to the activities of FAP in accordance with this Act;
- 4) Paying membership dues and fees as prescribed in the regulations of FAP;
- 5) Preserving the integrity of the accounting professions and complying with the provisions of this Act; and
- 6) Other rights and duties as prescribed by FAP.

Ordinary members may request for an extraordinary meeting to be convened in accordance with the criteria and procedures prescribed in the regulations of FAP. In such case, the Federation's President shall summon an extraordinary meeting within thirty (30) days after receiving a written request. There shall be not less than two hundred (200) ordinary members to constitute a quorum at a general meeting.

Extraordinary Member and Associate Member

An extraordinary member and an associate member shall be a Thai national, have the qualifications and shall have no prohibited characteristics as prescribed in the regulations of FAP.

The above provision shall not be applied to a person who is not a Thai national but who has a nationality of a country which permits Thai nationals to practice auditing, and who intends to apply for an extraordinary membership. Nevertheless such person shall have the qualifications and shall not have the prohibited characteristics as prescribed for Ordinary Member.

Extraordinary Members are those with at least a Bachelor's Degree in other area e.g. Business Administration, Commerce, Economics, or other degrees as prescribed by FAP.

Associate Member is someone with education lower than a Bachelor's Degree but higher than certificate in high-level vocational schooling (in accountancy) or diploma in accountancy or studying in undergraduate level in accountancy or related fields.

Honorary Member

An honorary member is a learned person invited to be a member by a resolution of the Committee of FAP.

An extraordinary member, an associate member and an honorable member shall have the rights and duties in accordance with items (1), (4), (5) and (6) of the rights and duties of an ordinary member as stated above. As of December 2013, there were approximately total 66,543 individual registered as a member of FAP and approximately 2,207 registered accounting and audit firms.

3.10.4 Qualifying as an Accountant/ Book-keeper

To become a Bookkeeper, a person must first apply to be a member of FAP or register with FAP. After becoming a FAP member or registering with FAP, the person can register with the DBD to be a bookkeeper. The DBD will verify whether or not the person has met the minimum requirements such as education.

In order to be a qualified public accountant in Thailand, the individual must be a member of FAP and complete the Certified Public Accountant (CPA) examination as governed and conducted by the FAP. The basic requirements are:

- i) Having professional education (e.g. shall be university/higher education degree, post-graduate education etc). A member of FAP must have related degree in accountancy (normally 4 years of study).
- ii) Passing 7 subjects within 4 years (*6 subjects from 1 January 2014 onwards*). Each subject passed remains valid for only 4 years if a CPA applicant has not yet passed the whole examinations.
- iii) Completing 3,000 hours of practical experience continually by 3 years and no later than 5 years as pre-qualifications before becoming the CPA.

The examinations are in Thai language.

For an individual to apply for a license of a certified public accountant, the following qualifications and criteria have to be met:

- i) Being an ordinary member or an extraordinary member of FAP. In the case of an extraordinary member is a foreigner, the person shall be proficient in Thai (to be able to audit and to prepare a report in Thai) and shall have domicile in Thailand. After obtaining a license, the person shall obtain a work permit in accordance with the law on aliens' work;
- ii) Having passed an examination, training, or apprentice or having practiced in accounting professions as prescribed by the regulations of FAP;
- iii) Never having been imprisoned by a court's judgment for offences under Section 269 and Section 3233, or offences related to property except offences on loss of property and trespassing under Criminal Code, offences under accounting law, auditing law, or corporate liability law as limited to offences relating to fault or untrue certification of financial statements, accounts or reports, or offences under Chapter 5 and Chapter 6 of the Act unless the individual has been released for not less than five years;
- iv) Not being a bankrupt; and
- v) Minimum age of 20 years old.

The FAP shall issue a license to the applicant not later than ninety days from the date of submission of the application (if the applicant is qualified). FAP has the powers and duties to register and issue licenses to auditors, to suspend or revoke auditors' licenses, to prescribe rules and procedures relating to the administration of auditor licenses, and to consult with the universities or other institutions relating to the curriculum for auditing profession. It is empowered to form sub-committees to do any business or any investigation within its powers.

The application, approval, and issuance of a license of a certified public accountant shall be in accordance with forms and criteria as prescribed in the regulations of the FAP.

Both bookkeepers and auditors (both practicing and non-practicing) are required to obtain 27 CPD hours within 3 years (*12 hours in each year from 1 January 2015 onwards*) for bookkeepers and 12 hours (*18 hours from 1 January 2014 onwards*) in each year for auditors.

3.10.5. Setting-up an Accountancy Practice

Individual

An individual is authorised to sign the audit report and providing audit opinion only if the individual is a Certified Public Accountant (CPA) or if has been authorised by the competent authority to do so.

Foreigners

There are several positions that foreigners cannot legally occupy when seeking employment in Thailand whether to work or be employed as Accountants. Foreigners are not permitted to practice accounting Thailand but can manage or act as heads of firms. Foreigners need to obtain a work permit in order to work at any company in Thailand and obtaining that work permit is subject to approval by the Labor Department of Thailand.

To form a Public Accountant firm

An accounting or auditing firm has to be registered with FAP in accordance with Section 11 of the Act. The registration fee is 2,000 Baht for a 3-year period.

The firm is allowed to use foreign firms names however approval from the DBD under the Foreign Business Act B.E. 2542 (1999) is required.

All practitioners need to have their principal or place of residence in Thailand in order to practise in the country.

3.10.6. Specific Regulations

Auditors involved in auditing certain organisations need specific clearance from those regulatory bodies as below:

- i) Securities and Exchange Commission (SEC) permits only CPA who passes its approval process to audit listed companies (under Securities and Exchange Act B.E.2535);
- ii) Office of Insurance Commission (OIC) monitors CPA works performed in the audit of insurance companies;
- iii) DBD supervises the filing of financial statements of juristic persons (under Accounting Act B.E. 2543);
- iv) Department of Cooperative Auditing, Ministry of Agriculture and Cooperatives monitors CPA works performed in the audit of cooperatives (under Cooperative Societies Act of BE 2511 (1968));
- v) Department of Revenue allows the auditing of financial statements of small entities performed by tax auditors; however CPA can perform those works as tax auditors (under the revenue Code); and
- vi) Bank of Thailand supervises financial statements of the financial sector (under Commercial Banking Act B.E. 2505).

Under the law, the bookkeeper must enter particulars in the accounts in the Thai language, or in a foreign language accompanied by the Thai language, or in accounting code provided the translation thereof in the Thai language.

3.11. Viet Nam

3.11.1. Laws and Regulations

As of December 2014, there were 402 individuals registered as Practicing Accountant, approximately 3048 individual as licensed auditor, and approximately 140 approved audit firms operating in Viet Nam.

The law governing the accounting profession is the Law on Accounting No. 03/2003/QH11 on June 17, 2003. The Law is supplemented by the Decree No. 129/2004/ND-CP on 31 May 2004, detailing and guiding the implementation of a number of articles of the Law on Accounting applicable to business.

The law governing audit practice is the Law on Independent Auditing No. 67/2011/QH12 29 March 2011 and came into force on 1 January 2012. This law effectively replaced all other laws and decrees issued previously pertaining to auditing profession. This law regulates the principles, conditions, scope and operational forms of independent auditing and the rights and obligations of practicing auditors' enterprises, of branches of foreign auditing enterprises in Viet Nam and of audited entities.

Subsequently, the government issued a decree, i.e. Decree No. 17/2012/ND-CP on 31 March 2012, detailing and guiding the implementation of a number of articles of the Law on Independent audit and Decree No. 105/2013/ND-CP on 16 September 2013 providing the provisions of Handling administrative violations in domains of accounting and independent audit.

Under the law, the Accounting and Auditing Policy Department in Ministry of Finance is the body to regulate the accountancy profession. There are 2 divisions formed within this Department, one for audit profession and another department for accounting profession.

3.11.2. Licensing Body for Accountancy Profession

Under the law, the Ministry of Finance is responsible before the Government to exercise State administration of independent auditing activities, with the following duties and powers:

- i) formulation of, and submission to the competent State authority for promulgation or promulgation in accordance with its own authority, of legal instruments on independent auditing;
- ii) formulation of strategies and policies for development of independent auditing activities and submission of same to the Government for decision;
- iii) providing regulations on conditions for sitting exams, and holding exams for issuance of auditor's certificates, and revocation and management of auditor's certificates;
- iv) providing regulations on the standard form Certificate of satisfaction of conditions for auditing practice business, and issuance, re-issuance, amendment and revocation of such Certificates;
- v) suspension of auditing services business;
- vi) check and inspections, resolution of complaints and denunciations, and dealing with breaches of the Law on independent auditing;
- vii) checks and inspections of activities of Professional Auditing Associations in the independent auditing sector;
- viii) providing regulations on updating knowledge of auditors and of practising auditors;
- ix) providing regulations on registration management of auditing practice; and public

announcement of a list of auditing enterprise, branches of foreign auditing enterprises in Viet Nam, and practising auditors;

- x) providing regulations on quality control of auditing services;
- xi) providing overall results assessing independent auditing activities and applying measures to assist the development of independent auditing activities; and
- xii) conducting international co-operation on auditing.

The State's auditor and accountant examination board (the Board of examiners) are established with the roles to hold the exams for auditors and accountants as prescribed by the Ministry of Finance. In each exam, the President of the Board of examiners shall establish the Examination Development Board, Invigilation board, the Grading board, Grade review board (if necessary). The Board of Examiners is established by the Minister of Finance at the proposal of the Director of the Department of Audit and Accounting Regulation, and the Director of the Department of Officer Organization.

3.11.3 Professional Association

The Viet Nam Accounting Association (VAA) was formed in 1994 representing the accounting and auditing profession in Viet Nam. The Viet Nam Association of Certified Public Accountants (VACPA) was established on 15 April 2005 to represent practicing auditors in Viet Nam.

VACPA had been a member organisation of VAA and from 25 July 2014, VACPA is an independent organisation. VACPA is subject to State management in respect of the accounting and auditing profession exerted by the Ministry of Finance (MOF). VAA was admitted as a member of IFAC in May 1998, and also as a member of the ASEAN Federation of Accountants (AFA) at the same time. The objectives of VACPA are to:

- i) maintain and develop the accountancy profession,
- ii) improve the quality of accounting, auditing and financial advisory services of Viet Nam through training technical update courses, professional ethics and service quality control, and information exchange for its members.

VACPA is organised under the principle of centralism from the Central Executive Board directly to each member, comprising:

- i) Nationwide Congress held once every 4-5 years;
- ii) Executive Board;
- iii) Standing Board;
- iv) Inspection Board;
- v) Technical Committees: Training Committee, Advisory Committee, Quality Review Committee, External Affairs Committee, Member Committee and Auditing Standard Committee;
- vi) Research and Consulting Center for CPAs;
- vii) Head Office in Hanoi and Representative Office in Ho Chi Minh City.

The rights and obligations of VACPA are:

- i) to assemble, unite and encourage its members to continuously improve their technical skills, credit and ethics; to provide technical updates, exchange the information and professional experiences; to assist its members by developing the processes, training manuals, and guidance on finance, accounting and auditing.
- ii) to represent and protect legitimate rights and benefits of its members.
- iii) to offer opinions to the State bodies in developing, appending, amending the financial, accounting and auditing system and policies, to develop guidance notes on technical matters to its members.

- iv) to set up and enforce the commitments upon its members with regard to professional qualification, professional ethics, service quality; create a fair business environment among auditing firms, to support and protect the members in upholding credit, promote the members' reputation and image, protect and develop the independent auditing profession in Viet Nam.
- v) to establish and develop professional network and cooperation among its members, to listen and find suitable solutions to disputes among members in order to minimise unhealthy competition in providing accounting, auditing and consulting services.
- vi) to promote international cooperation in accordance with laws and regulations, contributing to integration with regional and international community.
- vii) to improve knowledge for auditors, practicing auditors and perform other duties in relation to independent auditing prescribed by the government. To disseminate the policies and regulations of finance, accounting, auditing. To provide CPD courses professional advice, professional information and experience sharing to the members.
- viii) to manage central lists of members. To carry out inspection and monitoring of the compliance with laws and regulations on accounting and auditing, the quality of services provided by the members and auditing firms. To report non-compliances with laws and regulations to authorised State bodies for further action.
- ix) to report on annual basis to the Ministry of Finance on the performance and results of implementing the duties as per authorisation by authorised state bodies.
- x) to apply emulation, reward and discipline in accordance with the Association's Charter and laws and regulations. To carry out summation, experience exchange of auditing practice in the country. To submit to the Ministry of Finance the annual report on the independent auditing activities, the Association's resolutions, decisions in accordance with laws and on request.

VACPA memberships are divided into Full members, Associate members and Honorary members. Full members consist of:

- i) Vietnamese certified public accountants who have CPA certificate awarded by the Minister of Finance and are working in independent auditing organisations in Viet Nam;
- ii) Vietnamese certified public accountants who have CPA certificate awarded by the Minister of Finance but are not working in the independent auditing organisations in Viet Nam and wish to join VACPA as full members.
- iii) Lecturers, researchers, and management officers in the accounting and auditing area who have positive influence on the Association's activities and wish to join the Association as full members.

Associate members consist of:

- i) Vietnamese certified public accountants who have CPA certificate awarded by the Minister of Finance but are not working in independent auditing organisations in Viet Nam and wish to join VACPA as associate members;
- ii) Vietnamese citizens who have been awarded foreign CPA certificate and wish to join VACPA as associate members;
- iii) Vietnamese academic professors, lecturers, researchers, accounting or auditing professionals of management level with positive influence on the operations of VACPA who wish to join VACPA as associate members;
- iv) Auditing firms established and operating in Viet Nam who wish to join VACPA as associate members.

Honorary members are Vietnamese citizens with credit and competency in accounting and auditing, being recognised by Members as great contributors to the development of the Association. Associate members and Honorary members are not eligible to participate, be nominated or elected in VACPA Executive Board nor to vote on any issue of the Association.

3.11.4. Qualifying as an Accountant

Candidates for the Accounting practitioner certificates are required to meet the following requirements:

- i) professionally ethical, honest, upright, and law-abiding;
- ii) having Bachelor's Degrees or above in finance, accounting, or audit;
- iii) having worked in finance, accounting, or audit for at least 60 months as from the month of graduation written on the higher education decision at the time of examination registration;
- iv) submitted the examination application and fee as prescribed in the rules;
- v) not being persons banned from practicing accountancy as per Clause 1 and Clause 2 Article 51 of the Law on Accounting, such as person banned due to legal implications.

Candidates for the Audit practitioner certificates are required to meet the following conditions:

- i) professionally ethical, honest, upright, and law-abiding;
- ii) having Bachelor's degree or higher in finance, banking, accounting, audit; or having the Bachelor's degree in other professions, and the number of credits (or sessions) of the subject of the following subjects: finance, accounting, audit, financial analysis, taxation, must account for at least over 7% of the total course credits; or having the Bachelor's degree in other profession, and the certificate or qualification in the courses issued by the professional organisations of the accounting and audit, that comply with the Article 9 of Circular On The Exams For And Issuance Of The Audit Practitioner Certificates And Accounting Practitioner Certificates;
- iii) having worked in finance or accounting for at least 60 months from the month of graduation written on the higher education graduation decision at the time of examination registration; or having worked as an audit assistant in an audit enterprise for at least 48 months from the month of graduation written on the higher education graduation decision at the time of examination registration;
- iv) have submitted the examination application and fee as prescribed in the rules.

The candidates for Accounting practitioner certificates must take the tests on the following subjects:

- i) Economic law and the Law on Enterprise;
- ii) Advanced finance and financial management;
- iii) Advanced tax and tax administration;
- iv) Advanced administrative accounting, financial accounting;
- v) Advanced audit and guarantee services;
- vi) Advanced financial analysis;
- vii) C-Level qualification in one of the following foreign languages: English, Russian, French, Chinese, German.

Those having Accounting practitioner certificates applying for Audit practitioner certificates must take the following subjects:

- i) Advance audit and guarantee services;
- ii) Advanced financial analysis;
- iii) C-level qualification in one of the following foreign languages; English, Russian, French, Chinese, German.

If the Audit practitioner certificates or Accounting practitioner are issued by competent State agencies (not professional organisations), the candidates must be official members of professional organisations of accounting or audit; and such professional organisations must be members of IFAC.

The courses and exams for Accounting expert certificates or practitioner certificates must be equivalent to or higher than that specified in Article 6 of the Circular On The Exams For And Issuance Of The Audit Practitioner Certificates And Accounting Practitioner Certificates.

Foreign candidates for audit practitioner certificates or accounting expert certificates must meet the following conditions:

- v) Candidates having Accounting expert certificates or Audit practitioner certificates, issued by foreign professional organisations that are accredited by the Ministry of Finance of Viet Nam, must take the test on Viet Nam's laws.

Foreign professional organisations accredited by the Ministry of Finance of Viet Nam must be a member of IFAC and having the courses and exams for Accounting expert certificates or Audit practitioner certificates equivalent to or higher than that specified in Article 6 of the Circular On The Exams For And Issuance Of The Audit Practitioner Certificates And Accounting Practitioner Certificates.

Foreign professional organisations of which the Accounting expert certificates or Audit practitioner certificates are recognised by the Ministry of Finance in Viet Nam include

- a) The Association of Chartered Certified Accountants (ACCA);
- b) Certified Practising Accountants Australia (CPA Australia).

Foreign professional organisations not being listed as above shall have their Accounting expert certificates and Audit practitioner certificates accredited by the Ministry of Finance certain conditions on IFAC and examination requirements as above are satisfied.

Eligible people that have taken and passed the cooperation exams held in cooperation by the Ministry of Finance in Viet Nam and ACCA shall be exempted from Economic law and the Law on Enterprise and Advanced tax and tax administration. The language used in the test is Vietnamese.

3.11.5. Setting-up an Accountancy Practice

Under the law, auditor means a person issued with an auditor's certificate in accordance with law, or a person with a foreign certificate recognised by the Ministry of Finance and who passes an examination on the law of Viet Nam. Practising auditor means an auditor issued with a certificate of registration of auditing practice.

Individual

Individual accountancy practitioners must have accountancy certificates granted by competent State bodies and must have the accountancy service business registration. In order to be granted the accountancy practice certificates, Vietnamese citizens must certify the following criteria and conditions:

- i) possessing professional ethics, being honest, incorruptible, having the sense of law observance; and being other than those persons banned from practicing accountancy as per Clause 1 and Clause 2 Article 51 of the Law on Accounting, such as person banned due to legal implications;
- ii) having professional financial and accounting qualifications of university or higher degree and having actually performed financial and accounting work for five years or more;
- iii) passing recruitment exams organised by competent State bodies.

A person who satisfied all the following conditions shall be permitted to register auditing practice:

- i) being an auditor;
- ii) having conducted auditing work for a full thirty-six (36) months or more;
- iii) fully participates in the program to update knowledge.

A certificate of registration of auditing practice shall only be valid when the person issued with the certificate has a labour contract to work all of the time for auditing enterprise [or] one branch of a foreign auditing enterprise in Viet Nam.

To be granted the accountancy practice certificates, foreigners must satisfy the following criteria and conditions;

- i) being permitted to reside in Viet Nam;
- ii) having the accountancy specialist's certificates or accountancy certificates granted by foreign or international organisations and recognised by the Vietnamese Ministry of Finance;
- iii) passing the test on the finance and accounting legislation of Viet Nam, organised by competent State bodies.

The Ministry of Finance shall prescribe the training programs, examination councils, procedures and competence for granting and revoking the accountancy practice certificates according to the provisions of this Law and other relevant law provision.

Organisation

Organisations dealing in accounting services must set up accounting service enterprise according to law provisions. The managers of accounting services enterprises must have the accountancy practice certificates granted by competent State bodies. The organisations to conduct audit practices can be formed in the following manners:

- i) Multiple member limited liability companies;
- ii) Partnerships;
- iii) Private enterprises.

The conditions for issuance of Certificates of satisfaction of conditions for auditing practice business:

- i) have a business registration certificate, enterprise registration certificate or investment certificate in accordance with law;
- ii) have at least five (5) practising auditors including a minimum of two capital contributing members who are practising auditors;
- iii) the legal representative and director or general director of the company must be practising auditors;
- iv) ensure it has the full amount of legal capital required by Government regulations;
- v) the capital contribution portion of a member being an organisation must not exceed the limit stipulated in Government regulations. The representative of a member being an organisation must be a practising auditor.

Legal capital for the Limited liability company shall be 3 (three) billion Vietnamese dong, as from January 01, 2015, the legal capital shall be 5 (five) billion Vietnamese dong. During its operation, the limited liability company must keep the equity in balance sheet not less than the legal capital. The audit firm must supplement its capital if the equity in balance sheet is less than the legal capital in the period of 03 (three) months as from the end of the fiscal year.

The member of limited liability company with two or more members in case such member is an organisation:

- i) the member being an organisation are entitled to contribute at maximum 35% of the charter capital of the audit limit liability company with two or more members. In case there are many organisations contributing in capital, the total capital contributed by these organisations shall be at maximum 35% of the charter capital of the limited liability company with two or more members.
- ii) the member being an organisation shall appoint one person as its representative in the Members' Council. The representative of member being an organisation must be an auditor and register for auditing practice in the audit firm to which the organisation contributes its capital.
- iii) a practicing auditor who is representative of member being an organisation shall not be permitted to contribute capital to such audit firm with individual status.

The auditing limited liability company must have at least 2 (two) limited partners who are auditors having registered for their auditing practice in the company. Capital contributed by practicing auditors must account for over 50% of the company's charter capital. The practicing auditor shall not be permitted to be the member of two or more audit firms at the same time.

A partnership must satisfy all the following conditions when applying for issuance of an SC Certificate:

- i) have a business registration certificate, enterprise registration certificate or investment certificate in accordance with law;
- ii) have at least five (5) practising auditors including a minimum of two partners who are practising auditors;
- iii) the legal representative and director or general director of the partnership must be practising auditors.

A private enterprise must satisfy all the following conditions when applying for issuance of an SC Certificate:

- i) have a business registration certificate, enterprise registration certificate or investment certificate in accordance with law;
- ii) have at least five (5) practising auditors including the owner of the enterprise who is a practising auditor;
- iii) the owner of the enterprise is concurrently the director of the enterprise.

A branch of a foreign auditing enterprise in Viet Nam must satisfy all the following conditions when applying for issuance of an SC Certificate:

- i) the foreign auditing enterprise must be permitted to provide independent auditing services pursuant to the law of the country where such enterprise has its headquarters;
- ii) having at least two practising auditors, including the director or general director of the branch who is a practising auditor;
- iii) the director or general director of the branch of the foreign auditing enterprise must not hold a position as manager or executive of another enterprise in Viet Nam;
- iv) the foreign auditing enterprise must forward a letter to the Ministry of Finance undertaking to accept liability for all obligations and undertakings of the branch of the foreign auditing enterprise in Viet Nam;
- v) the foreign auditing enterprise must ensure it maintains its level of legal capital at no less than the level stipulated by Government regulations.

If an auditing enterprise or a branch of a foreign auditing enterprise in Viet Nam is not issued with an SC Certificate within six (6) months from the date of registration of its auditing

services business, then such enterprise or branch must conduct procedures to cancel its business line of auditing services business.

The minimum capital for foreign audit firms establishing branches in Viet Nam and the allocated capital of branches of foreign audit firms in Viet Nam.

- i) the foreign audit firm which requesting for granting of the Certificate of satisfaction of auditing business conditions to its branches in Viet Nam must have the equity in balance sheet being at least equal to 500,000 (five hundred thousand) US dollars at the time point of ending the fiscal year nearest time point of requesting.
- ii) allocated capital of the branch of foreign audit firms in Viet Nam must not be less than the legal capital applicable to the limited liability company.
- iii) during its operation, the foreign audit firm must keep the equity in the balance sheet and the allocated capital of its branch in Viet Nam not less than the capital stipulated. The foreign audit firm, branches of the foreign audit firm must supplement their capital if their equity in balance sheet is lower than the capital levels stipulated in the period of 03 (three) month as from the end date of the fiscal year.

04.

**ANALYSIS OF
THE QUALIFYING
AND PRACTICE
REQUIREMENTS**

4.1. Introduction

Chapter 3 shows that each AMS imposes different requirements and conditions to qualify as accountancy professionals; to set-up accountancy; and to employ foreign accountants. Each AMS has different tertiary education system for those aspiring to become an accountant. The Chapter will provide detail discussion on the differences and gaps, including any gender bias, in the qualifying system for the accountancy profession in ASEAN.

4.2. Education and Professional Qualification

From the authors' the field work and the survey conducted in all AMS, it is observed that all AMS have a structured tertiary and professional education system in accountancy. Most AMS recognise foreign qualifications such as the Australian and the British qualifications for those aspiring to become professional accountants.

The differences and similarities in the education and professional qualification system are shown in the Table below. The Table shows that most ASEAN Member States take into account the core competencies and the professional requirement at the higher education and professional level for accountancy professions. Professional regulatory authorities and professional associations also provide continuous professional development programmes for registered professionals in the relevant country.

Brunei Darussalam	<p>Brunei Darussalam recognises foreign professional qualifications such as from (i) The Institute of Chartered Accountants of Australia, Canada, England and Wales, Ireland, Scotland and New Zealand, (ii) The Chartered Association of Certified Accountants (ACCA), (iii) CPA Australia, and (iv) New Zealand Society of Accountants.</p> <p>The PAOC is currently working on the specific requirements for qualification and practical experience.</p>
Cambodia	<p>University qualifications in accounting, business or finance and a CPA Diploma or a diploma are deemed equivalent by the Registration Committee of CPA and statutory auditors. Currently, KICPAA has not issued any approved list for foreign accountancy qualification.</p> <p>In practice, KICPAA recognises foreign professional accountancy qualifications such as from The Association of Chartered Certified Accountants (ACCA). In addition, KICPAA accepts certification from other accountancy professional bodies such as Australia, England and Wales and New Zealand.</p>
Indonesia	<p>There are many institutions of higher education institution accredited by the Association of Public Accountant to run education program in professional Public Accountant. Those who is eligible to take education of professional Public Accountant shall be anyone who possess education at least bachelor degree (S-1), diploma IV (D-IV) or its equivalent. IAPI conducts examination of professional public accountant.</p>

Lao PDR	Lao PDR requires candidates to a graduate in finance-accounting or economics, or business administration with 2 years working experiences, or vocational education in finance-accounting with 6 years working experiences or be accounting chief who is in charge of consolidating accounts of any business entity or State controllers (tax, finance-accounting inspection). The Certificate of Professional Accountant is issued by the Ministry of Finance.
Malaysia	<p>There are 15 recognised local educational institutions which provide accounting education in Malaysia. In addition, Malaysia recognises 11 professional certifications from Malaysia, Australia, UK, New Zealand, Canada and India. The MIA also conducts Qualifying Examination (QE).</p> <p>All applicants for a CPA must have at least 3 years of practical experience.</p>
Myanmar	<p>Myanmar accepts Bachelor of Commence (B.Com) or Bachelor of Accounting (B.Act) from the Institute of Economics and the Diploma in Accountancy by MAC.</p> <p>The CPA training course is a 2-year post graduate program made up of class room teaching and practical training components. MAC conducts Registered Accountant examination and courses leading to the Certified Public Accountant certificate by MAC.</p> <p>Myanmar also recognises MAC-accredited accountancy certificate or degree conferred by any foreign country (need to be recognised by the MAC).</p>
The Philippines	The Philippines recognises the Degree of Bachelor of Science in Accountancy conferred by school, college, academy or institute duly recognised and/or accredited by the Commission of the Higher Education (CHED) or other authorised government offices.
Singapore	The professional examination requirement for registration as a public accountant currently recognises 10 local educational programs from local institutions. In addition, Singapore also recognises 10 professional certifications from US, Australia, UK, New Zealand and Canada. From 1 January 2019, all applicants to be registered as a public accountant will need to have completed the Singapore Qualification Programme (Singapore QP) or a recognised equivalent professional qualification. Applicants who passed a currently recognised final examination before 1 January 2019, or who was designated a CA Singapore under the transitional arrangements, will be deemed to have met this criterion.

<p>Thailand</p>	<p>Thailand accepts Bachelor's degree in accountancy or holders of a certificate in accountancy or other degrees equivalent to a bachelor's degree in accountancy accredited by the Federation of Accounting Professions (FAP).</p> <p>FAP conducts professional examination for CPA. In addition accountants are required to complete 3,000 hours of practical experiences within 3 years.</p>
<p>Viet Nam</p>	<p>Viet Nam recognise Bachelor's Degrees or higher in finance, accounting, or audit. Viet Nam also accepts foreign professional certification from The Association of Chartered Certified Accountants (ACCA) and Certified Practising Accountants Australia (CPA Australia).</p> <p>The candidates for the CPA must have the Bachelor's degree or higher in finance, banking, accounting, audit; or having the Bachelor's degree in other professions, and the number of credits (or sessions) of the subject of the following subjects: finance, accounting, audit, financial analysis, taxation, must account for at least over 7% of the total course credits.</p> <p>The candidates for the CPA must also have practical experiences in finance or accounting area for at least 60 months from the month of graduation written on the education graduation or post-graduation decision at the time of exam registration; or having worked as an audit assistant in an audit enterprise for at least 48 months from the month of graduation written on the education graduation or post-graduation decision at the time of exam registration.</p>

Table 2: Accountancy Qualifications in ASEAN

4.3. Gaps and Shortfalls in Qualification System

In analysing gaps and shortfalls in the accountancy qualification system, the study finds that most countries accept both local and foreign qualifications. These are particularly true in the case of Brunei, Malaysia, Singapore and Viet Nam. Although some countries do not clearly provide for acceptance of foreign qualifications, in practice those qualifications are accepted and recognised by the professional regulatory authorities. For example, Indonesia requires a minimum education at least bachelor degree (S-1), diploma IV (D-IV) or its equivalent, which could be through a foreign qualification. In addition Lao PDR and Cambodia would also accept foreign qualification despite no express provision in the Law or Regulations to that effect.

It is also found that most of the AMS designate professional accountants as CPA. However, Malaysia and Singapore uses the title Chartered Accountants and Indonesia recognises the accountancy professionals as either Public Accountants or Registered Accountants.

Most AMS require the professional accountancy examinations to be conducted in the national language. Only Brunei, Malaysia and Singapore allow examinations to be conducted in the English language.

4.4. Equal Opportunities

The result of the survey and field works finds that none of the AMS professional accountancy education and qualification system systematically discriminates against any gender or any race or ethnic group. The membership of the professional organisations is open to all races and genders and no AMS have any measures that discriminate any gender or race from entering the profession.

4.5. Issues affecting Liberalisation of Accountancy Services

Based on the aforementioned discussion and analysis, ASEAN and AMS will need to address several issues in order to ensure success in the liberalisation of the engineering profession.

a. Relationship between MRA, Commercial Presence and Movement of Natural Persons

In the context of professional service providers in ASEAN, MRA enables the qualifications of services suppliers recognised by the relevant authorities in their home country to be mutually recognised by other signatory AMS. This promotes the flow of professional services providers within ASEAN, in accordance with relevant domestic rules and regulations. In addition, simple, harmonised and standardised trade instruments including MRAs are expected to reduce transaction costs. However, based on the survey, especially the AMS Schedules of Commitments under AFAS, AMS need to address issues relating to commercial presence (Mode 3) such equity ownership and board of director requirement and cross-border movement of the professional engineers under Mode 4.

In an ideal liberalisation scenario, recognised providers of accountancy services should be able to move between AMS under Modes 3 and 4. The increase in commercial presence under Mode 3 and the movement of natural persons under Mode 4 in accountancy services may result in an increase in intra-ASEAN investment in services, which will enhance ASEAN's attractiveness as an investment destination. An increase in intra-ASEAN investment in professional services may in turn lead to higher investment by professional service providers from outside ASEAN as a result of increased professionalism and confidence in the transparency and good governance attributes of the rules relating to professional service providers in ASEAN.

At the same time, increased liberalisation under Mode 4 will allow greater mobility of accountants to work across ASEAN. This will assist ASEAN to deploy talents within the region and will assist AMS facing shortage of talents to recruit accountants from neighbouring AMS.

It is found that ASEAN Member States are generally well disposed towards freedom in trade in services under Modes 1 (cross-border supply) and 2 (consumption abroad). However, AMS are more cautious with regard to commercial presence under Mode 3 and the temporary movement of natural persons under Mode 4.

However, AMS are more cautious with regard to commercial presence under Mode 3 and the temporary movement of natural persons under Mode 4. In commercial presence or Mode 3, many AMS require commercial entities of professional service providers to have a minimum of 51% shares owned by the national or permanent resident of the Member State.

At the same time, there is a need to have a minimum number of members of the board or executive committee members, who must be registered professionals in the AMS concerned. Many of the laws, rules and regulations in AMS do not provide clear guidance on the rights of accountants to provide services under Mode 4, and this lack of clarity may play to the disadvantage of foreign professional service providers and deter use of agreed MRAs.

On the other hand, many of the regulators and members of the professional service providers met during the field work welcome working together with their counterparts from other AMS. Such co-operation and collaboration lead to liberalisation in Mode 1 and higher liberalisation of Mode 4, but will have less liberalising effect on commercial presence (mode 3).

b. Immigration rules and MNP Commitments

Movement of natural persons under Mode 4 could be facilitated under the MNP Agreement. For the time being, although a foreign engineering service provider may participate in the equity of a firm, this does not automatically entitle the equity holder to obtain the necessary immigration clearance to work in the host AMS.

However, at the time of writing, the MNP agreement only deals with business travellers and intra-corporate transferees, leaving those who seek employment having to go through the normal immigration and work permit process.

In addition, business travellers and intra-corporate transferees will have to understand different levels of commitment made by AMS under the MNP Agreement. For example, Brunei allows entry for intra-corporate transferees up to a three year period that may be extended for up to two additional years for a total term not to exceed 5 years. There is no special commitment on the engineering profession.

In Cambodia, intra-corporate transferees are required to obtain temporary residency and work permit. Such permits are issued for 2 years and may be renewed annually up to a maximum of total 5 years. Lao PDR on the other hand imposes labour quota, where a firm may employ foreign engineers but not more than 20% of the total staff. An establishment may request for a higher quota.

In Indonesia, intra-corporate transferees namely Executive, Manager and Specialist may be granted stays for up to 2 years which can be extended for a maximum of 2 times, with each extension being up to 2 years. Any foreign natural persons supplying services are subject to charges levied by the Government. Economic needs test applies to temporary stay of manager and specialist.

Unless otherwise provided, Lao PDR imposes labour quota where total number of skilled foreign natural persons of any establishment shall not exceed 20% of the total staff. An establishment may request for a higher quota. Foreign skilled workers are required to obtain working permit from the Lao Government in accordance with the Labor Law and Decree on Immigration-Migration Management. Foreign workers are also required to comply with Law on Taxation. Business Visitors including those who come to Laos for the purpose of establishing an investment or setting up a commercial presence, for the juridical person in the territory of another Member State; will be granted maximum 30 days duration of stay, renewable twice.

Intra-corporate transferee employed by a juridical person outside Laos for a period of not less than 1 year preceding the application, either entering Laos by way of commercial establishment of that juridical person in the Lao PDR, either as an Executive, Manager or Specialist may be issued with Visa, Stay Permit (ID) and Working Permit (WP) from competent authorities. They will be granted Visa for one month at first entry and then renewable for multiple visas for three months, six months and 1 year by the Consular Affairs Department, Ministry of Foreign Affairs. Stay Permit of the same period will be issued by the Ministry of National Security and the Working Permit of the same period will be issued by the Ministry of Labor and Social Welfare (MoLSW).

Under accounting, auditing and bookkeeping services (CPC 862), the number of foreign employees allowed to be employed by a registered accounting and auditing firm the number of foreign employees must not exceed 30% of total employees as indicated in the LICPA's By-Law. Laos does not make any commitment for taxation services.

Under Malaysia's MNP Commitments, accounting, auditing and bookkeeping services are allowed to engage 8 specialists/experts in each organisation. The specialists/ experts are required to sit for the qualifying examination which is in English language, to determine the competence and ability to supply the service for the purposes of registration with the MIA.

Subject to the Union of Myanmar Foreign Investment Law, Myanmar Immigration (Emergency Provisions) Act 1947, The Foreigners Act 1846, The Registration of Foreigners Act 1940, The Registration of Foreigners Rules 1948 and Immigration rules and regulations, Myanmar does not make any commitment in accounting services.

The Philippines seeks reciprocity in order to allow foreign professionals to be employed or practice in the country. It provides that foreign accountants may be allowed entry and practice accountancy if they are subjects/citizens of foreign countries may be allowed to practice accountancy in the Philippines either in accordance to existing laws, international treaty organisations (MRAs) and where the foreign country The Philippines does not make any commitment for book-keeping services.

Thailand on the other hand only allows intra-corporate transferees and does not make any commitments on any of the sub-sectors of the Project. Brunei allows entry for intra-corporate transferees and limits the stay a three year period that may be extended for up to two additional years for a total term not to exceed 5 years.

Singapore generally allows intra-corporate transferees to stay to a two year period that may be extended for up to three additional years each time for a total term not exceeding eight years. Singapore does make any specific sectoral commitments.

For intra-corporate transferees, managers, executives and specialists, Viet Nam grants entry and a stay permit for an initial period of three years which may be extended subject to the term of operation of those entities in Viet Nam.

Viet Nam imposes conditions that at least 20% of the total number of managers, executives and specialists shall be Vietnamese nationals. However, a minimum of 3 non-Vietnamese managers, executives and specialists shall be permitted per enterprise.

Foreign auditors are allowed to provide auditing services in Viet Nam under the following conditions: legally resident in Viet Nam for at least 1 year; possess auditor certificate granted by Viet Nam Ministry of Finance or accountant/auditor certificate issued by foreign institution recognised by Viet Nam Ministry of Finance and pass an examination on Viet Nam laws and regulations; registered in the list of practicing auditors managed by Viet Nam Ministry of Finance or Viet Nam Association of Certified Public Accountants (VACPA); and have the employment contract with an auditing firm being established and operating under the laws of Viet Nam.

c. Different Levels of Development/Readiness

The different level of development between AMS may affect potential uptake in mutual recognition and the readiness of accountants in undertaking cross border services.

It could be argued that the accountants in the more advanced AMS will be more ready to undertake cross-border services within ASEAN thus will be more likely to seek mutual recognition for their qualifications as compared to professional service providers from the less advanced AMS. Based on the field work and the desktop survey, we found that the newer AMS such as Cambodia, Viet Nam and Lao PDR are in the midst of updating their domestic regulations in various professions, including in accountancy.

05.

**PRACTICAL
RECOMMENDATIONS
AND CONCLUSIONS**

Based on the above discussion, we make the following recommendations:

- a. ASEAN and AMS will need to find the best model to further enhance the movement of professional service providers within ASEAN. This Handbook discussed four different models of mutual recognition and the best practices could be compared with the practices in the EU/TTMRA and NAFTA models. The EU Model, on which the TTMRA is modelled, may not be suitable for ASEAN due to the disparity and gap in the economic readiness and the competency levels of professionals across ASEAN. The TTMRA involves Australia and New Zealand, two countries sharing much the same heritage, culture, language and educational systems. The EU also involves legally binding provisions in a closely integrated market where the twin freedoms of establishment and of service provision are enshrined in a treaty that is subject to the binding decisions of a supranational court of justice.
- b. ASEAN Member States are arguably closer to the model developed by Parties to the NAFTA, which groups together countries that display greater contextual heterogeneity. The NAFTA-type MRA model is already reflected in the ASEAN MRAs which adopt a sectoral approach rather than the generic approach pursued in the EU. In emulating the NAFTA model, AMS will have to allow recognised professionals to obtain work visas so long as they can first land a service contract in another AMS or work via an established presence in another AMS and possess recognised qualifications. This means that the recognition of qualifications would lead to freedom of movement under the MNP Agreement if one can find a temporary work contract in another ASEAN Member State. Thus, visa and temporary work-related arrangements should be automatic and not a hindrance to the movement of natural persons under Mode 4.
- c. To encourage intra-ASEAN investment, the provision of the accountancy could be linked to the liberalisation of investment under the ASEAN Comprehensive Investment Agreement (ACIA). ACIA liberalises investment in five sectors and the incidental services related to the five sectors namely manufacturing, agriculture, fishery, forestry, mining and quarrying. Accountancy professionals could be allowed degree of freedom in terms of ownership and other guarantees offered by ACIA under Mode 3 in order to enhance cross-border trade in services within ASEAN.
- d. Liberalisation efforts under AFAS, through the MRA and under the ACIA should be further encouraged. Member States should further liberalise Mode 3 participation by liberalising, either through ACIA, AFAS or through autonomous liberalisation, to enhance intra-ASEAN joint ventures, merger and acquisition and commercial collaboration. Most AMS encourage collaborations but this could be enhanced by creating ASEAN-wide firms consist of ASEAN professional service providers, owned by ASEAN professional service providers. This could be in the form of single profession or multi-practice firm.
- e. Foreign ownership of the professional firms in the ASEAN Member States should be re-classified in order to enhance Mode 3 investment and Mode 4 movement. There could be another category of ownership or equity categorised as “ASEAN citizens” where the firms could have a higher percentage of ASEAN citizen equity in the firms as compared to non-ASEAN ownership.
- f. ASEAN and AMS may want to work on the harmonisation of education systems such as the curriculum, work experience, basic training requirement, requirement for commercial presence for professional service providers and the harmonisation of the immigration rules in issuing work permits for professional service providers.
- g. The more developed AMS may want to deliver technical assistance to other AMS that require such assistance in the field of domestic regulations and providing proper curriculum for some

of the professional services. There is a need to amend the law to allow other nationalities within AMS for certain professions such as in relation to accountancy. The professional regulatory authorities would also need to consider streamlining of local and foreign education requirements, both for CPA entry and admission to the association as main member.

- h. Accountancy regulators and the professional associations within ASEAN and AMS may want to consider enhanced collaboration among their members. A closer collaboration may lead to a higher degree of liberalisation in the future.
- i. There could also be a special post created at the ASEAN Secretariat to monitor the implementation of the MRAs and to offer solutions to any issues arising from the implementation of the MRAs.

Based on the above discussion, we could conclude that ASEAN Member States are working towards a higher level of integration and liberalisation of the trade in accountancy services. This is evidenced by the fact that AMS are increasing the level of transparency in the domestic regulations affecting the profession.

A higher level of integration and liberalisation may also be achieved through closer collaborations between the AMS, especially in encouraging collaborations among the relevant professionals through Mode 1 and Mode 4. At the same time, AMS should also be encouraged to increase the participation of intra-ASEAN market access and investment in the professional services through Mode 3. An improvement in the Mode 3 and Mode 4 market access will enhance the availability of technology, expertise and capital among ASEAN professionals in order to allow them to compete with other professionals from other parts of the world such as those from Australia, China, New Zealand, the United States and the European Union.

The drive and the passion showed by the accountancy profession to achieve a higher level of integration and liberalisation in ASEAN will assist ASEAN and the AMS to achieve the ASEAN Economic Community status in 2015, which could be the beginning of a more meaningful ASEAN-wide economic integration.

Abbreviations

Abbreviation	Full Name
ACCA	The Association of Chartered Certified Accountants
ACRA	The Accounting and Corporate Regulatory Authority of Singapore
AFAS	The ASEAN Framework Agreement on Trade in Services
ASEAN	The Association of Southeast Asian Nations
AO	Accountants Order (AO) (No. S 115) 2010 of Brunei Darussalam
BICPA	Brunei Institute of Certified Public Accountants
CPA	Certified Public Accountant(s)
CPD	Continuous Professional Development
DBD	Department of Business Development, Ministry of Commerce, Thailand
FAP	Federation of Accounting Profession, Thailand
FPA	Foreign Public Accountant
FRS	Financial Reporting Standards
IAI	The Indonesian Institute of Accountant
IAPI	The Indonesian Institute of Public Accountant
IASB	International Accounting Standard Board
ISCA	Institute of Singapore Chartered Accountants
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
KICPAA	The Institute of Khmer Certified Public Accountants and Auditors
Lao PDR	Lao Peoples' Democratic Republic
LICPA	Lao Institute of Certified Public Accountants
LLP	Limited Liability Partnership
MAC	Myanmar Accountancy Council
MASB	Malaysian Accounting Standard Board
MIA	Malaysian Institute of Accountants
MICPA	Malaysian Institute of Certified Public Accountants Myanmar Institute of Certified Public Accountants
MEF	Ministry of Economic of Finance
MOF	Ministry of Finance

NA	National Assembly of the Lao PDR
NAC	The National Accounting Council of Cambodia
NPWP	Taxpayer's Identity Number (as in Indonesia)
PA	Public Accountant(s)
PAOC	Public Accountants Oversight Committee of Brunei Darussalam Public Accountants Oversight Committee of Singapore
PICPA	Philippine Institute of Certified Accountants
PPAJAP	The Accountant and Appraiser Supervisory Center of Indonesia
PRC	Professional Regulation Commission
PTA	Preferential Trade Agreements
ROCBN	Registrar of Companies and Business Names, Brunei Darussalam
SAC	Singapore Accountancy Commission
SEC	Securities and Exchange Commission
SME	Small and medium enterprises
SPAP	Professional Standard of the Public Accountant of Indonesia
VAA	Viet Nam Accounting Association
VACPA	Viet Nam Association of Certified Public Accountants



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