

LIBERALISATION OF PROFESSIONAL SERVICES IN ASEAN THROUGH MUTUAL RECOGNITION: ACCOUNTANCY SERVICES

Table of Contents

1.	Introduction	6
2.	Mutual Recognition in the Accountancy Profession.....	9
2.1	Introduction	9
2.2	Mutual Recognition Models	11
2.2.1	The EU Model	11
2.2.2	NAFTA Model.....	14
2.2.3	GATS Model	15
2.3	Mutual Recognition for Accountancy Services.....	16
2.4	Mutual Recognition of Accountancy in ASEAN	17
2.4.1	AFAS Provision	17
2.4.2	Mutual Recognition Agreement for Accountancy.....	19
3.	Qualifying and Practicing as an Accountant in ASEAN Member States.....	22
3.1	Brunei Darussalam.....	22
3.1.1	Law and Governing Body	22
3.1.2	Professional association	23
3.1.3	Qualifying as a Public Accountant	24
3.1.4	Setting-up accountancy practice	25
3.1.5	Specific regulations.....	27
3.2	Cambodia.....	27
3.2.1	Law and Governing Body	27
3.2.2	Professional Association	28
3.2.3	Qualifying as a Public Accountant	29
3.2.4	Setting-up accountancy practice	30
3.2.5	Specific regulations.....	30
3.3	Indonesia	31
3.3.1	Law and Governing Body	31
3.3.2	Professional association	33
3.3.3	Qualifying as Certified Public Accountant	36
3.3.4	Setting-up accountancy practice	37

3.3.5	Specific regulations.....	40
3.4	Lao PDR.....	41
3.4.1	Law and Regulations.....	41
3.4.2	Professional association	43
3.4.3	Qualifying as a Certified Public Accountant	45
3.4.4	Setting-up accountancy practice	46
3.4.5	Specific regulations.....	48
3.5	MALAYSIA	49
3.5.1	Law and Regulations.....	49
3.5.2	Professional association	51
3.5.3	Qualifying as an accountant	52
3.5.4	Setting-up accountancy practice	57
3.5.5	Specific regulations.....	59
3.6	MYANMAR.....	60
3.6.1	Laws and Regulations	60
3.6.2	Professional association	62
3.6.3	Qualifying as an accountant	63
3.6.4	Setting-up accountancy practice	65
3.6.5	Specific regulations.....	66
3.7	THE PHILIPPINES.....	66
3.7.1	Laws and Regulations	66
3.7.2	Professional association	70
3.7.3	Qualifying as an accountant	71
3.7.4	Setting-up accountancy practice	72
3.7.5	Specific regulations.....	76
3.8	SINGAPORE.....	76
3.8.1	Law on accountancy profession	76
3.8.2	Licensing body for accountancy profession.....	79
3.8.3	Professional associations.....	80
3.8.4	Qualifying as an accountant	82
3.8.5	Setting-up Accountancy Practice.....	89
3.8.6	Specific Regulations	91
3.9	THAILAND	92
3.9.1	Law on accountancy profession	92

3.9.2	Licensing body for accountancy profession	93
3.9.3	Professional association	95
3.9.4	Qualifying as an accountant/bookkeeper	97
3.9.5	Setting-up accountancy practice	98
3.9.6	Specific regulations.....	99
3.10	VIETNAM.....	100
3.10.1	Law on accountancy profession.....	100
3.10.2	Licensing body for accountancy profession.....	101
3.10.3	Professional association	102
3.10.4	Qualifying as an accountant	105
3.10.5	Setting-up accountancy practice	107
4	Analysis of the Qualifying and Practice Requirements	112
4.1	Education and professional qualification system	112
4.2	Gaps and shortfalls within the qualification system in AMS	115
4.3	Equal Opportunities.....	118
4.4	Issues affecting Liberalisation of Accountancy in ASEAN	118
5	Proposal for Reform.....	123
6	Conclusion	125
Figure 1:	Scope and Coverage of an MRA	10
Figure 2:	Models of MRAs.....	11
Figure 3:	Basis of EU MRA.....	11
Figure 4:	Reform Proposal.....	123

ABBREVIATIONS

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
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	Vietnam Accounting Association
VACPA	Vietnam Association of Certified Public Accountants

DRAFT-CCS18

1. Introduction

The main objective of the Handbook “LIBERALISATION OF PROFESSIONAL SERVICES IN ASEAN THROUGH MUTUAL RECOGNITION: ACCOUNTANCY SERVICES” is to provide an important tool to disseminate the information and create greater understanding of the liberalisation of the trade in accountancy services within ASEAN as provided for in the ASEAN Framework Agreement on Trade in Services (AFAS).

The Handbook will assist ASEAN accountancy professionals to understand requirements to qualify and to practice as an accountant in all ASEAN Member States (AMS). The Handbook will assist in accelerating movement of service providers who would like to qualify and to practice accountancy profession in another AMS. This will assist AMS in accelerating the objectives of forming the ASEAN Economic Community (AEC) in 2015.

AFAS which was signed in 1995 aims to:

- a. enhance cooperation in services among ASEAN Member States (AMS) to improve the efficiency and competitiveness of ASEAN services industries, diversify production capacity and supply, and distribution of services;
- b. eliminate substantial barriers to trade in services; and
- c. 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).

AFAS adopts the definitions of the services trade in Article I.2 of GATS. The definition of services trade under AFAS, as in GATS, is four-pronged, depending on the territorial presence of the supplier and the consumer at the time of the transaction.¹ Pursuant to Article I:2 of GATS, services trade include services supplied

- a. from the territory of one Member into the territory of any other Member (Mode 1 - Cross border trade);

¹ The above definition is significantly broader than the balance of payments (BOP) concept of services trade. While the BOP focuses on residency rather than nationality – i.e. a service is being exported if it is traded between residents and non-residents – certain transactions falling under the GATS, in particular in the case of mode 3, typically involve only residents of the country concerned.

- 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).

Examples of the four modes of supply are as follows:

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 market research reports, tele-medical advice, distance training, or architectural drawings.

Mode 2: Consumption abroad

Nationals of A have moved abroad as tourists, students, or patients to consume the respective services.

Mode 3: Commercial presence

The service is provided within A by a locally-established affiliate, subsidiary, or representative office of a foreign-owned and – controlled company (bank, hotel group, construction company, etc.)

Mode 4: Movement of natural persons

A foreign national provides a service within A as an independent supplier (e.g., consultant, health worker) or employee of a service supplier (e.g. consultancy firm, hospital, 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. Similarly, business visits into A (mode 4) may prove necessary to complement cross-border supplies into that country (mode 1) or to upgrade the capacity of a locally established office (mode 3).

The ability of ASEAN individual professional service providers to provide the same professional service in another ASEAN member state is facilitated by the ASEAN Agreement of the Movement of Natural Persons (MNP Agreement) signed on 19 November 2012 in Cambodia which came into force 180 days thereafter.

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, business visitors and contractual service suppliers. The agreement does not cover permanent entry to such persons including professionals who seek access to employment market and does not apply to unskilled labours. AMS have made commitments under the agreement in the form of the schedule of commitments.

In addition, liberalisation of investment in the form of commercial presence of Mode 3 of professional service providers may also fall within the scope of liberalisation of investment sectors under the ASEAN Comprehensive Investment Agreement (ACIA).² Liberalized services sectors under ACIA include services incidental to manufacturing; services incidental to agriculture; services incidental to fishery; services incidental to forestry; and services incidental to mining and quarrying.

The Handbook also discusses the “mutual recognition agreement” (MRA) at the international and ASEAN levels. MRA is one of the important tools to increase the level of utilization of the liberalization of cross-border trade in professional services in ASEAN. MRA may be able to facilitate liberalization and increased cross-border trade in services in the sub-sectors as it facilitates recognition of professional qualifications rather than trying to obtain full harmonisation in regulations in professional services throughout all AMS.

Part 2 of the Handbook discusses the various framework of mutual recognition on accountancy services, at the international and regional levels. Part 3 of the Handbooks provides a survey of the qualifications needed to qualify as professional accountants in AMS. Part 3 also discusses the preconditions required to set-up accountancy practices in AMS. Part 4 analyses various issues surrounding the liberalisation of accountancy profession in ASEAN, with particular attention on Mode 3 and Mode 4. Part 5 of the Handbook makes several proposals for reform before Part 6 concludes the Handbook.

² ACIA was signed at the 14th ASEAN Summit in Cha-am, Thailand on 26th May 2009 and came into force on 29th March 2012. ACIA is one of the three pillars of the ASEAN Economic Community (AEC) alongside the ASEAN Trade in Goods Agreement (ATIGA) and the ASEAN Framework Agreement on Trade in Services (AFAS).

2 Mutual Recognition in the Accountancy Profession

2.1 Introduction

One of the important elements for the liberalization of professional services is the ability of qualified professionals to practice from one jurisdiction (home country) to another jurisdiction (host country). In preparing MRA and enhancing the cross-border trade in professional services, ASEAN and AMS may have to look beyond the borders of ASEAN to assist in the policy formulation including the adoption of international best practices and standards.

Mutual recognition can be defined as the acceptance of regulatory conditions for goods and services required in one country (exporting origin/home country) as equivalent with the conditions necessary in another country (importing country/host country).³ Mutual recognition refers to the situation in which two countries accept the fulfillment of certain qualifications and standards in the other country as equivalent to its own requirements on a mutual and reciprocal basis. Mutual recognition is different from harmonization and standardization of qualifications. Mutual recognition refers to deference to another national regulatory regime, while harmonization and standardization concerns deference to an international regime.⁴

Generally mutual recognition has the following characteristics:⁵

- a. Mutual recognition allows each country to retain its own kind of professional education and training because it is based, not on the process of achieving professional qualifications, but on the nature and quality of the outcome of that process;
- b. Mutual recognition assumes an appropriate process of pre-qualification education and training and encourages dialogue between professional organizations in each country in order to investigate the nature of the professional activities, the professional qualifications and the details of pre- and post-qualification education

³ Kalypto Nicolaïdis, Mutual Recognition of Regulatory Regimes: Some Lessons and Prospects, Jean Monnet Working Paper 7/1997, available at <http://jeanmonnetprogram.org/papers/97/97-07.html>.

⁴ Kalypto Nicolaïdis/Joel Trachtman, 'From Policed Regulation to Managed Recognition in GATS', in: Pierre Sauvé/Robert M. Stern (eds), GATS 2000: New Directions in Service Trade Liberalization (Washington, D.C.: Brookings Institution Press), 1999, 242.

⁵ International Federation of Surveyors, Mutual Recognition of Professional Qualifications, Publication No. 27, 2002.

and training. It therefore concentrates, not on the process of qualification, but on the outcome of that process. In principle, it does not matter how individuals become qualified in their own country; the important fact is that they are qualified.

In the case of accountancy services, the principle of mutual recognition means that registration in accountancy profession in one jurisdiction is sufficient grounds for registration in the equivalent occupation in another jurisdiction. The two or more jurisdictions which agree to the MRA will have to agree on methodologies for the mutual recognition such as the recognised qualifications, the registration procedure and professional practice and employment law issues such as insurance, trust funds and registration fees.⁶

The scope and coverage of an MRA may be illustrated in Figure 1 below:

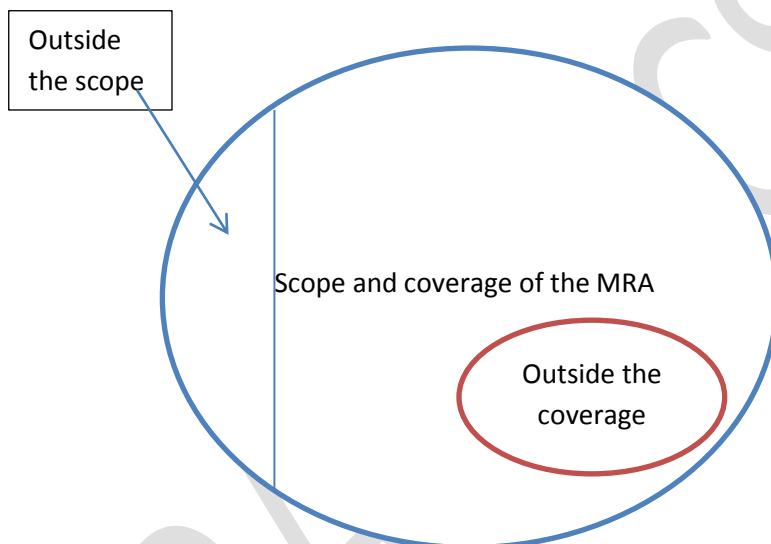


Figure 1: Scope and Coverage of an MRA

To achieve its optimum impact, mutual recognition must be embedded in a process of governance that has three components.⁷

- a. First, mutual recognition can only take place to the extent of satisfactory essential, but not necessarily full harmonisation, to the extent that States can legitimately agree on an appropriate level of regulatory protection.
- b. Second, in conducting mutual recognition, States may have to establish institutional mechanism to reduce the harmful effects of externalization, regulatory competition and discrimination.

⁶ Productivity Commission of Australia, Review of the Mutual Recognition (2003).

⁷ J.P Trachtman, Embedding Mutual Recognition at the WTO, in Susan Schmidt, Mutual Recognition as a New Mode of Governance, Routledge, 2008.

- c. Third, mutual recognition cannot be permitted to leave lower income and the lesser developed countries such as the least developed countries at a disadvantage in international trade in services. Therefore, essential harmonisation must be established in a way that protects these countries. This will require technical assistance, transfer of resources, and accommodation of difference. The liberalism of recognition must be embedded in a redistributive framework.

2.2 Mutual Recognition Models

There are three main models of mutual recognition of qualifications of professional services: one is the European Union (EU Model); another is NAFTA Model and the third is the GATS Model.



Figure 2: Models of MRAs

2.2.1 The EU Model

Under the EU model, the MRA normally covers a broad coverage through general recognition and the special recognition systems; and the parties provide a strong enforcement system in the event of 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. Freedom of establishment relates to Mode 3 whereas freedom to provide services relates to Mode 1 and Mode 4.



Figure 3: Basis of EU MRA

The main EU legislation is the Qualifications Directive, 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. From an EU citizens' perspective it 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 sectoral professions. Accountancy falls under the general recognition system.

The General System allows host Member States to calibrate the academic qualification with the knowledge and skills of incoming professionals and to grant recognition accordingly.

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 recognizes that there is still lack of awareness of enterprises and national authorities on the existence of the mutual recognition principle. The EU also recognizes 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 conformity assessment costs. At the same time, it is found that 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.

TransTasmanian MRA

The Trans-Tasmanian Mutual Recognition Agreement or TTMRA was signed between Australia and New Zealand in 1992 and it adopts the EU Model.

The TTMRA covers, among others, all registrable occupations, except medicine (for doctors trained in Australia and New Zealand mutual recognition-type arrangements already applied prior to the TTMRA).

It 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 MR Act and the TTMRA equivalent, 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. (MR Act, s. 4.1)."

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 authorized to be carried out under registration in the respective jurisdictions are substantially the same. These conditions may comprise the limiting of activities authorized by registration subject to the completion of further relevant training.

In implementing TTMRA, governments recognise that there may be potential differences between the jurisdictional requirements for the registration of occupations, for example educational qualifications. The mutual recognition schemes therefore focus on the activities authorised to be carried out under each registration and whether or not these are substantially the "same," or "equivalent". Mutual recognition does not require, for example, that all practitioners' qualifications be the same. Equivalence can be achieved through the imposition of conditions on registration.

The TTMRA does not affect the operation of laws that regulate the manner of carrying on an occupation such as trust accounts, fees and continuing education.

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.

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 the 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.

2.2.2 NAFTA Model

Under the NAFTA Model which implemented in the NAFTA countries and countries that signed free trade agreements with the 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 free movement of business persons under the Mode 4. Under Chapter 16 of NAFTA, four categories of business persons, including professional service providers, which include accountants, architect with credentials, land surveyors and engineers that meet the minimum standard set by the NAFTA Countries can enter each member country temporarily to conduct business. However, Chapter

16 requires the nationals of each Member country 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 recognized 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.

2.2.3 GATS Model

Under the GATS Model the recognition mechanism is delegated to the relevant professional bodies and the countries adopt the positive list approach. The GATS Model is implemented by many WTO members including ASEAN, Mercosur, and some EFTA and EU free trade agreements,

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. Article VII provides for the establishment of unilateral, bilateral, or plurilateral recognition regimes outside the GATS framework.

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 Members 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 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 members are required to make remedy available against the decision of their competent authorities (Art.VI.2).

In the negotiations on future Disciplines for Domestic Regulations on the basis of Article VI:4 GATS, the concept of recognition also played an important role. A document submitted to the Working Party on Domestic Regulation (WPDR) by Chile, India, Mexico, Pakistan and Thailand makes a number of concrete proposals in this regard, such as the recognition of equivalence of education and diplomas. In addition, Switzerland proposed the general principle of country of origin regarding technical standards in Mode 1 if both the home and the host country pursue the same regulatory objectives.

In the Note by the Chairman of the WPDR of 18 July 2006, members of the WTO discussed about the necessity test. WTO members note that “the role which autonomous and mutual recognition can play in facilitating the process of verification of qualification and/or in establishing equivalency of education, experience or examination requirements.”

2.3 Mutual Recognition 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 organizations 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.

2.4 Mutual Recognition of Accountancy in ASEAN

2.4.1 AFAS Provision

Liberalisation and mutual recognition of professional services, including the accountancy profession, in ASEAN is governed and facilitated by AFAS. 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, including accountancy, 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 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. The AEC Blueprint which was signed on 20th November 2007 also has set for the negotiations for the MRAs on Architect, Accountancy, Surveyors and Medical Practitioners. The Bali Concord II provides for the AEC as the realisation of the end-goal of economic integration as outlined in the ASEAN Vision 2020.

To achieve 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 liberalization 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 accountancy service providers who are registered or certified in signatory AMS to be equally recognised in other signatory AMS, hence facilitating the flow of accountancy services providers within ASEAN.

The ASEAN Coordinating Committee on Services (CCS) has 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 sectoral approach in developing mutual recognition arrangements for the identified professional services in ASEAN.

2.4.2 Mutual Recognition Agreement for Accountancy

The provisions in the MRA on Accountancy profession (MRAA) have been negotiated by the Expert Group on MRA under the Coordinating Committee on Services (“CCS”) which was established in January 1996, and reports to the ASEAN Economic Ministers (“AEM”) through the Senior Economic Officials Meeting (“SEOM”). The Expert Group consists of government officials and representatives from professional bodies in the field of accountancy from AMS.

The Framework Arrangement for the Mutual Recognition of Accountancy Services (also referred to as the MRAA) was signed in 2009. The MRAA only provides broad principle and framework for negotiations of bilateral and multilateral MRA on accountancy services among AMS. It does not provide any structure to the like of the MRA for the engineering and architecture services. Thus the MRAA acts as a tool to encourage AMS to explore bilateral MRAs in the accountancy sector

The MRAA provides for the exchange of information in order to promote and take into consideration the development of best practices on standards and qualifications in the accountancy profession in AMS. In granting mutual recognition, the AMS will:

- a. recognise that education, licences, demonstration of competencies and experience may be the principal elements for consideration;
- b. take into account the standards and guidelines set out by IFAC; and
- c. take into account the professional competencies and qualifications threshold for the practice of accountancy in AMS, which shall be established, maintained and upheld according to these standards wherever possible, taking into consideration the domestic regulations of each AMS.

In achieving the above objectives, AMS shall be guided by the following principles:

- a. Promoting efficiency and quality of standards of the accountancy profession in AMS;
- b. Enhancing cooperation in the accountancy profession among AMS;

- c. Respecting and conforming with the domestic regulations of the participating AMS without lowering the standards and requirements of the accountancy profession in each ASEAN Member State; and
- d. All negotiations between or among AMS for the conclusion of bilateral or multilateral MRAs on Accountancy Services shall be based on objectivity, fairness and reciprocity.

In negotiating the MRAA, ASEAN Member States have taken into consideration of the national interest in order for it to be competitive, protected and able to benefit from the implementation of the MRA. The MRAA also addressed on the different levels of development of Accountancy Services among the AMS.

The MRA between AMS is being spearheaded by the ASEAN Federation of Accountants (AFA) where they work towards MRAs between all accounting bodies in all AMS by the year 2015.

The following are other salient features of the MRAA:

- a. Under the MRAA, Accountancy Services refers to the activities covered under Central Product Classification 862 of the Provisional CPC of the United Nations as well as other accountancy related services or services incidental to an accountancy services provider.⁸
- b. In addition, Practising Professional Accountant (“PPA”) refers to a natural person who is a national of an ASEAN Member State, who is assessed by the National Accountancy Body and/or Professional Regulatory Authority as being technically, morally, and legally qualified to undertake independent professional accountancy practice and is registered as a member of and/or licensed to practice accountancy by the NAB and/or the PRA AMS may adopt different nomenclatures and requirements in referring to PPAs when negotiating their bilateral or multilateral MRAs on Accountancy Services.⁹ National Accountancy Body and/or Professional Regulatory Authority (“NAB and/or PRA”) refers to the designated professional accountancy body or designated government agency in charge of each ASEAN Member State.

⁸ Article 2.3.

⁹ Article 2.7.

The MRA states that that education, licences, demonstration of competencies and experience may be the principal elements considered in granting mutual recognition.¹⁰ The AMS agree that a PPA of an ASEAN Member State who seeks recognition in another ASEAN Member State should have met the educational requirements in effect in the Country of Origin. Such individual's educational credentials may be accepted as having satisfied the educational requirements of the Host Country's NAB and/ or PRA.

The AMS also agree that where licences are required from governmental or regulatory bodies other than the NAB and/or PRA of each ASEAN Member State, the AMS shall, subject to their domestic regulations, use their best endeavours to facilitate the PPA of the other AMS to obtain the necessary approval. The AMS recognise the need to require the PPA seeking recognition to demonstrate competencies to assure that the PPA has satisfactory knowledge of the domestic regulation of the Host Country. At the same time, a PPA seeking recognition shall meet the experience requirements specified by the Host Country.

AMS are encouraged to take into account the standards and guidelines set out by IFAC. The professional competencies and qualifications threshold for the practice of accountancy in AMS shall be established, maintained and upheld according to these standards taking into consideration the Domestic Regulations of each AMS.

The NAB and/or PRA of each ASEAN Member State, where applicable, shall be responsible for the following:¹¹

- a. Granting recognition to the PPA who applies to work solely or in collaboration with the PPA of the Host Country, subject to Domestic Regulations;
- b. Monitoring the professional practice of the PPA granted recognition to practice Accountancy Services in the Host Country;
- c. Setting and/or maintaining, where applicable, standards of professional and ethical practice in Accountancy Services; and
- d. Exchanging information regarding Domestic Regulations, practices and developments on Accountancy Services in the AMS with the view to harmonise the practice in accordance with regional and/or international standards.

¹⁰ Article III.

¹¹ Article 4.2.

In concluding the bilateral or multilateral MRA, AMS are encouraged to keep to the spirit of the World Trade Organisation (WTO) Guidelines for Mutual Recognition Agreements or Arrangements in the Accountancy Sector. AMS are also urged to keep to the spirit of this MRA Framework when negotiating and concluding bilateral or multilateral MRAs on Accountancy Services.

3 Qualifying and Practicing as an Accountant in ASEAN Member States

3.1 Brunei Darussalam

3.1.1 Law and Governing Body

The accountancy profession in Brunei falls under the purview of Ministry of Finance, and is governed by the Accountants Order (AO) (No. S 115) 2010 (“AO”), which came into force on 1 November 2012. As of March 2013, there were 19 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 Ministry of Finance (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 and Yang Di-Pertuan 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.

3.1.2 Professional association

BICPA which was established on 6 May 1987 is the main professional association 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 August 2013, BICPA has a total of 63 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 the 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.

3.1.3 Qualifying as a Public 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 the BICPA and membership of any professional accountancy body or organization specified other than the BICPA.

The recognized accountancy bodies or organizations 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 PAOC is currently working on the specific requirements for qualification and practical experience.

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.

3.1.4 Setting-up accountancy practice

PA may practice as an individual or through a company, 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, the organisation must meet the following criteria:

- a. at least $\frac{2}{3}$ 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 $\frac{2}{3}$ 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 (d) The New Zealand Society of Accountants B.
- 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.

3.1.5 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.

The Brunei Darussalam Accounting Standards Council (BDASC) has been established since 1st August 2011 with the main functions of developing and formulating statements of standard accounting practice and accounting standards. A directive policy has been issued on 2nd July 2012 that all public accounting entities as defined by International Accounting Standards Board (IASB) must adopt full International Financial Reporting Standards (IFRS) starting 1st of January 2014. The BDASC is currently working on the appropriate accounting standards for Small Medium Enterprises (SMEs).

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. to take up employment in Brunei Darussalam.

3.2 Cambodia

3.2.1 Law and Governing Body

The National Accounting Council (NAC) was established by Law on Corporate Accounts, their audit and accounting profession promulgated by Royal Degree dated on 08 July 2002, and it's under supervision of Ministry of Economy and Finance.

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 organizations' forum and meetings on accounting;
- e. To provide temporary authorization to auditing firms on behalf of the MEF.

3.2.2 Professional Association

The Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA) is an accounting professional body in Cambodia which was established by the ANUKRET dated 19 March 2003. 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 recognized 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 Organisation and Functions, 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.

The table below is the number of KICPAA member by categories (last updated in January 2014).

Individual			Firm	Total
Active	Affiliate	Student		
149	19	34	47	249

3.2.3 Qualifying as a Public 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.

3.2.4 Setting-up 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 VAT and Patent; then submit to KICPAA
- Owner must be active member of KICPAA
- 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;
- 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
- 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.

3.2.5 Specific regulations

In order to conduct audit of banks, microfinance and insurance companies, a special approval from the National Bank of Cambodia (central bank) and Financial Industry Department of Ministry of Economy and Finance is required respectively. 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 those Active Members of KICPAA is authorized to act as approved tax agent. Other members are not allowed to act and practice tax compliance work in Cambodia.

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 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.

3.3 Indonesia

3.3.1 Law and Governing Body

The Use of Academic Title Accountant Law No. 34 of 1954 is the legal foundation of 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 a “state registry for accountants”. As of May 2013, the Ministry of Finance has issued around 55,000 registration certificates.

Law No. 5 of 2011 governs the accountancy 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 organization;

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

The Accountant and Appraiser Supervisory Center (PPAJAP), MOF, is the statutory regulator of the accountancy profession whose authority includes setting the standards and implementation of the law affecting the profession. PPAJP's main responsibilities are:

- a. collecting, processing and analyzing the requirements to be CPA and CPA office;
- b. preparation of policy formulation in the field of public accounting and the public appraisal profession;
- c. development and supervisory of public accounting services and public appraisal services; and
- d. presenting information on CPA and public appraiser.

PPAJP's functions include:

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

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

- Audit standard-setting and CPA examination are carried out by the professional association of public accountants.
- Accounting standards are set by professional association of registered accountants.
- Accountancy professional education program accreditation is carried out jointly by the MOF and the Ministry of Education.

On 4 February 2014, the Government enacted Finance Minister Regulation number 25/PMK.01/2014 concerning State Registered Accountants. In a nutshell, this PMK regulates the eligibility, rights and obligations of state registered accountants.

3.3.2 Professional association

Currently, there are two (2) members association in Indonesia, the Indonesian Institute of Public Accountant (IAPI) and the Indonesian Institute of Accountant (IAI).

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 recognized 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 accounting standards, auditing standards and other standards relating to 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 authorized 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 President of Professional Public Accountant Committee shall be appointed from the government group and the Vice-President shall be appointed from the association of professional public accountant.

The Indonesia Institute of Accountant

The IAI was established in Jakarta on December 23, 1957, is the accounting professional body for accountants in Indonesia. The body consists of Management Accountant, Education Accountant, Government Accountant and Public Accountant.

IAI is a voluntary organization, funded by the members. Within the by-laws and internal rules, the body has set up a code of ethics, financial accounting standards and running programs for professional education.

IAI provides a wide range of services to its members and to the public, including developing professional standards, establishing continuing professional education (CPE) events, conducting certification exam for syari'ah accountants, publishing magazines and other publications and developing a network with the international community.

The membership in IAI is strictly limited to holders of the "accountant" title as provided under the Law No. 34 of 1954. The IAI members originate from all accounting backgrounds, including auditors, academics and public sector accountants.

IAI is also involved in accounting and auditing standard setting, certification, ethics and discipline, and continuing professional education. 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.

There are four (4) types of memberships with IAI:

- a. Main Member
- b. Associate Member
- c. Junior Member
- d. Honorary Member

Main Members are those who are registered as "Accountant", meet minimum experience and/or practicing accountancy profession in accounting practice, education, corporate or public sector, implement and comply with profession standards, and maintain competency through continued professional education.

The Main Member of IAI is provided with the title of "Chartered Accountant" if they meet the minimum requirements such as relevant working experience and years, and education and competency requirements. Chartered Accountant qualification (including its conferment policy towards IAI's current full member) is under IAI's jurisdiction.

Associate Members are those who have been registered as “Accountant” but not completely meeting the requirements for Main Member category, passed DIII/DIV/S1/S2/S3 programs in accounting or having accounting education background, having accountancy certificate as approved by the IAI and meet minimum experience and/or practicing accountancy profession in accounting practice, education, corporate or public sector, or member of another accounting profession association recognized by IAI.

Junior Members are students who are studying DIII/DIV/S1/S2/S3 accounting programs and accountancy education.

Honorary Members are individual deemed to be of high caliber with respect to contributing to the development of accountancy profession in Indonesia. As of March 2013, the association has accepted approximately eight (8) members under this category.

In 2007, IAI conducted an Extraordinary Congress to change its membership structure by receiving associations as its members.

3.3.3 Qualifying as 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 services.¹²

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);

¹² 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.

- 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 criminally sentenced;
- f. not being in a guardianship;
- g. master Bahasa Indonesia;
- h. possess knowledge of the taxation and commercial law of Indonesia;
- 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.

3.3.4 Setting-up accountancy practice

In Indonesia, according to Law No. 5 of 2011, the provision of public accountant services require license from the MOF. The CPA practice can take the following forms:

- a. individual;
- b. civil partnership;

- c. firm; or
- d. other business forms of which is matching to the characteristic of the profession of AP as set forth in the Law.¹³

Individual (local)

The license to practice as a CPA issued by the Minister is valid for 5 (five) years from the date of issuance, subject to further renewal.

In order to obtain the License of Public Accountant, the person shall meet the following requirements:

- a. Have passed professional accountant examination including Association of Public Accountant or any higher education institution accredited by the Association of Public Accountant;
- b. experienced in the practice of providing the service as mentioned in Article 3 of Law No. 5 of 2011;
- c. having domicile in the territory of the Republic of Indonesia as evidenced with the valid Identity Card, such as KTP (Indonesian Resident identity card) or other identity cards of which is in accordance with the provision of law and regulation;
- d. possessing Taxpayer Identity (NPWP);
- e. never being subjected to 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 Public of which is enacted by the Minister; and
- h. not been in a guardianship.

Public Accountant firm

The business license of Public Accountant firm (KAP) is granted by the MOF. The requirements to obtain business license are as follows:

¹³ It needs to be noted that currently Indonesia's commercial law does not list either "LLP" or "LLC" as recognized/legitimate forms of business entity. Hence, in practice, both entities are currently not allowed.

- a. having office or place to implement business activity of which is domiciled in the territory of the Republic of Indonesia;
- b. having Entity Taxpayer Identity for the KAP whose business form is in the form of civil partnership and firm or Personal Taxpayer Identity for KAP whose business form is in the form of individual business;
- c. having at least 2 (two) professional audit employees in the field of accountancy (professional audit employees in the field of accountancy at least consists of an auditor who holds Bachelor Degree in the accounting and a Diploma III (D-III) in the accounting);
- d. having the system of quality control plan;
- e. making written statement and affixed with appropriate stamp for the personal business, by including at least:
 - i) address of the CPA;
 - ii) name and domicile of the office;
 - iii) purpose and objective the establishment of the office;
 - iv) having deed of establishment of which is made and signed before the notary for business form as set forth in Article by including at least name of the Partner; address of the Partner; business form; name and domicile of the business; purpose and objective of the establishment of the office; rights and responsibilities of the Partner; and dispute settlement in the event the dispute among Partners is occurred.

For civil partnership, KAP is allowed to be established and managed by $\frac{2}{3}$ of the all partners who are CPAs. KAP can only be directed by the a CPA who is an Indonesian citizen which is Partner on the concerned KAP and having domicile in accordance with the domicile of the KAP. In the event that there are Partners who are foreign citizen in the KAP, the number of foreign partners shall not be more than $\frac{1}{5}$ of the overall Partners of KAP.

The law also allows non-CPA to be the partner of the firm if he is registered with the Minister of Finance. The non-CPA is required to hold a degree at least Bachelor Degree (S-1) or equivalent; have an experience of at least 5 (five) years in the field of skill of which is supported by Public Accountant profession; having domicile in the territory of the Republic of Indonesia; possessing NPWP; having been take part in the training of professional ethics of the CPA of which is organized by the association of public accountant profession; and never being sentenced with imprisonment 5 (five) years or more.

The non-CPA partner is not allowed to be a partner in more than one KAP. The non-AP partner must also not be a serving state officer; director or employee on the government institution, state institution, or other institutions that are established using law and regulation; and other position that resulted conflict of interest; signing and issuing the report service provision result through KAP.

Although firms are allowed to engage foreign professionals, the composition of foreign professional employee to be employed in KAP must be no more than 1/10 (one tenth) of all professional employees for each level of position on the concerned KAP.

Subject to Indonesian Labour and Immigration Laws and Regulations, only directors, managers and technical experts/advisors are allowed to stay for two years and could be extended for a maximum two times subject to two years extension each time. Managers and technical experts (intra corporate transfer) are allowed based on an economic needs test. Any foreign natural persons supplying services are subject to charges levied by Governments Labour Laws and Regulations. Any expatriate employed by a joint-venture enterprise, representatives' office, and/or other types of juridical person and/or an individual services provider must hold a valid working permit issued by the Ministry of Manpower and Transmigration.

3.3.5 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).

3.4 Lao PDR

3.4.1 Law and Regulations

As of April 2013, there were approximately 192 Certified Public Accountants (CPA) registered with the Ministry of Finance (MOF), out of which 165 were registered as members in public practice and 27 registered as non-practicing members. There are approximately 59 approved audit firms operating in the Lao PDR.

The law governing the accounting profession in the Lao PDR is the Accounting Law No. 01NA dated 02 July 2007, which came into force in 2009. This Law replaces the Law on Enterprise Accounting No 12/90/APS dated 29 November 1990.

The objective of this law is to determine the principles, rules and measures of book-keeping of budget, administrative and technical entities, public funds, commercial and not-for-profit entities in order to strengthen and develop the accounting activities as tools of financial management and accounting control, serving as a basis for collecting taxes in favour of the State Budget, promoting the production and business, as well as local and foreign investments, and contributing to the mission of building up and development of the Lao PDR.

This law applies to all accounting entities; all entities of accounts controls; and any individual and organization in relation to the accounting and controlling operations of accounts.

The 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 not for private owned entities.

Recently, a new law on State Audit No 16/NA was promulgated on July 6, 2012 to be applied by all State Audit-related organizations and individuals, except audit firms. This Law replaces State Audit part of the Law on Audit No: 05/NA. Lao PDR is also in the process of drafting a new law for independent audit for the private sector.

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 08 January 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 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 29, 2013) is responsible:

- a. to study, and work out 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 be gradually complied with IPSAS, IFRS and ISA, respectively, and to develop and 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 analyze and comments on financial statements of the National Treasury in each period give guidance and 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 control the Lao Institute of Certified Public Accountants train 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 organizations and other organizations that are concerned with the accounting activities;
- l. to cooperate with international, regional accounting organization as assigned foreign countries in the field of accounting;
- m. to summarize, evaluate and report to the Government on the organization and implementation of the accounting activities; and
- n. to exert other rights and duties in accordance with the legal provisions.

The Accounting Advisory Council is a body under the supervision of the Ministry of Finance and has the role of giving technical opinions to the Ministry of Finance on the accounting activities, carrying out studies and research on the accounting standards and other regulations.

3.4.2 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, including 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 gathering the professional accountants who are certified to provide professional services as accounting experts or accounting consultants in the Lao PDR.

The main duties of LICPA are as follows:

- a. to work out the medium and long-term schemes of work;
- b. to define regulations concerning the management of accounting advisers, accounting experts and accountants of the accounting entities;
- c. to organize professional training courses, to raise the qualification level of accounting professionals and independent auditors;
- d. to protect the independence of professional accountants in the accounting activities and to protect the dignity of the accounting professionals;
- e. to implement measures of discipline against the infringements of the code of ethics, accounting standards and internal rules and procedures of the Association;
- f. to report to the Ministry of Finance on the activities of the Association of Accountants and Independent Auditors;
- g. 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 categorized 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 of the Institute with free registration.

Primary Members are divided into Practicing Members and Non-Practicing Members. Practicing Members include individuals and juridical persons. Individual members are those providing services in accounting and auditing entities such as accounting and auditing enterprises and state audit organization; have never been convicted leading to imprisonment; have 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 persons may become a member if they provide services in accounting and auditing; have never been convicted of any offence leading to imprisonment; 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 persons can apply for membership to LICPA if they are qualified and 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 are foreigners and juridical persons invested in by foreigners who conduct accounting and auditing activities in Lao PDR. They have to be registered with LICPA and must fulfill 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 overseas training courses for Lao staff citizens for at least 30 hours per year and internal in-house training for 120 hours per year; observe the Code of Ethics issued by LICPA; and all documents must be signed by Lao citizens for certification purpose.

3.4.3 Qualifying as a Certified Public Accountant

In order to become a Lao CPA, the individual is required to have completed a 68-month training and examination program that includes 10 subjects. The training program is in the Lao language hence no foreign persons have yet completed the program and obtained LICPA membership.

In order to qualify for the 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; up;
- c. Have not been convicted of be free of the charges of frauds, embezzlement or other intentional infringements;
- d. Of good health;
- e. Ability to speak French or English;
- f. Have passed the required qualifying examination.

3.4.4 Setting-up accountancy practice

Under the 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 organizations 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 mission and has been registered on the list of members of LICPA and on the registry of the company under the terms of the Enterprise and Tax Laws.

Individual

An individual practitioner may practice either an accounting consultant or an accounting expert.¹⁴

¹⁴ According to the accounting law, accounting consultant means a person having a diploma of accounting consultant or an equivalent diploma recognized by the Ministry of Finance while accounting expert is a person having a professional diploma of accounting expert or equivalent diploma recognized by the Ministry of Finance and approved, and has at least two years or working experience.

An individual practitioner as an accounting consultant wishing to conduct a professional practice must satisfy the following conditions:

- a. holds a diploma of accounting consultant or an equivalent diploma recognized by the Ministry of Finance and approved by the Ministry of Education;
- b. to observe the code of ethics and to be loyal in the performance of his/her tasks;
- c. free of the charges of frauds, embezzlement or other intentional infringements;
- d. registered on the list of members of the LICPA;
- e. in good health.

To practice as an accounting expert, individuals must satisfy the above conditions for accounting consultant, and have at least two years of working experience. Practicing Certificates are issued by the MOF and the candidate must have successfully passed the CPA training courses organized jointly by the MOF and LICPA.

Public Accounting firm

According to the Law on Enterprises No: 11/NA, dated November 9, 2005, Enterprise Law, Accounting Law and Audit Law, accounting firms, auditing firms, and sole proprietorships doing business in accounting and auditing services must be approved and have obtained licences issued by the MOF and registered for accounting practice by and with LICPA.

For foreign accountants from ASEAN Member States, Lao PDR commitment under AFAS states that foreign accountants may acquire a license to practice as CPA or Accounting Consultants in Lao PDR if there is a special agreement or contract between Lao PDR and the home country of the FPA.

Nevertheless, on a temporary basis, the Professional Accountants Body can authorise foreigners to practice as CPAs or Accounting Consultants if they belong to professional accountancy bodies which are members of the International Federation of Accountants or with which there is reciprocal agreement with Lao People's Democratic Republic on this matter.

To apply for a license in Lao PDR, foreign professional accountants shall have certification with equivalence of diploma as provided for Lao professional accountants. Such certificates shall be issued with the approval of the Equivalence Qualification Commission.

In addition, other conditions are:

- a. The foreign accountant must employ assistants of Lao nationality in percentage not less than the one provided by the professional sector;
- b. The foreign accountant is required to provide necessary and continuous training to employees of Lao nationality;
- c. The foreign consultant must comply with the ethics required by the Professional Accountant's Body Board and comply with the rules and obligations similarly to members of the Professional Accountant's Body.

It is also provided that only Lao nationals are allowed to issue certification of financial statements. For auditing services, foreign suppliers may audit only private enterprises. At the same time all accounting and bookkeeping must be done by Lao national CPA.

The entry and stay 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.

3.4.5 Specific regulations

Accountancy professionals will also have to observe the following laws:

- Law on Enterprises No: 11/NA, dated November 9, 2005 (Art. 14 of Enterprise Law, and Prime Minister Decision on list of controlled businesses No: 107/PM dated September 7, 2012) 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 decree is being drafted by the Bank of Lao to replace it.
- 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 authorized by the Government.

- Currently all entities are required to apply Lao accounting regulations. The adoption of financial reporting standards is being 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 2015.

3.5 MALAYSIA

3.5.1 Law 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 February 2014, there were a total of 30,548 members registered with the MIA. Out of this, 62% hold qualifications from other recognized professional bodies while 37% were from recognized 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 accountancy profession in Malaysia;
- e. to promote, in any manner it thinks fit, the interests of accountancy profession;

- 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) 2001;

- 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 (see below);
- 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 (so far only the Malaysian Association of Certified Public Accountants is included in Part II of the First Schedule);
- 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.

3.5.2 Professional association

The MICPA is a member voluntary organization, 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.

3.5.3 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 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 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)); and

- q. the final examination of the Universiti Sultan Zainal Abidin for the Ijazah Sarjana Muda Perakaunan (Kepujian) (Degree of Bachelor of Accounting (Honours)).

The recognized 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;
- 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.
- 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 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.

3.5.4 Setting-up 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, namely tax.

Only members registered as Chartered Accountants with valid practicing 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 legislation i.e. the Companies Act, the Bankruptcy Act and the Income Tax Act.

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 audit approval are as follows:

- a. Must be a member of the MIA under the Chartered Accountant category;
- b. Must hold valid practicing certificate issued by MIA;
- c. Must have attended the Public Practice Programme organized 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 MIA member;
 - ii. At least three years out of five years' experience must be in audit;
 - iii. One year (out of above three years) in audit supervisory role. Supervisory experience is consider 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 practicing certificate and shall practice on a full time basis. The member issued with a practicing 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 practicing certificate fee shall become due and payable.

Under the MIA Bye-laws, for public interest entities, the same audit partner must not sign the same account for a continuous period of 5 years. If a person has been the same audit partner for a continuous period of 5 years, the individual shall not be a member of the engagement team or be a key audit partner for the client for two years and has been extended to five years for banks and other financial institutions by Bank Negara Malaysia (the Central Bank of Malaysia).

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.

Foreign accountants are allowed to practice through a locally registered partnership with Malaysian accountants or Malaysian accounting firms and the aggregate foreign interests shall not exceed 51 per cent. At the same time accountancy firms are allowed to engage not more than 8 foreign specialists/experts.

3.5.5 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 Inland Revenue Board (IRB). 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.

Foreign professionals require employment pass or professional visit pass, depending on the circumstances. The Professional Visit Pass is issued to foreigners employed by an overseas company but working with a company in Malaysia. This pass is normally appropriate for technical experts and trainees. The Professional Pass is normally valid for short periods of around six months. An employment pass applies to those seeking to work in Malaysia and who have specific skills, generally in technical or managerial positions. It is usually issued for a minimum period of two years.

3.6 MYANMAR

3.6.1 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. Although accountancy encompasses functions pertaining to book keeping, accounting, auditing, settling of accounts, financial management and management information systems only book keeping, accounting and auditing are regulated by Law.

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 organizations;
- 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 generating qualified accountants; contributing for the development of accounting profession; and ensuring compliance with the codes of ethics in accounting profession.

The MAC constitutes 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 organizations 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 recognizing the accountants who can provide training;
- d. scrutinizing and recognizing 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 organization 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. scrutinizing 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 fulfillment 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.

3.6.2 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 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 ten (10) persons, with one third of the committee members retire from office at the general meeting in every subsequent year.

The membership at 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.

3.6.3 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 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 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 recognized 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 Commerce (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 continuous three year(s) is adjustment for CPE hour surplus or shortage and Continuing Professional Education have to be continuing. 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 Economics Affairs.

3.6.4 Setting-up accountancy practice

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

In order to register as Practicing 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 at the Company Administration Department of 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; 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.

3.6.5 Specific regulations

Auditing of the following organizations 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 need the approval from 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 is working to improve the existing MASs in keeping with the latest IASs and full IFRSs for public listed companies.

MAC recently approved MASs for non-publicly accountable entities (NPAEs) on November 4, March 30, 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 was pronounced on February 13, 2009 and October 14, 2010.

3.7 THE PHILIPPINES

3.7.1 Laws and Regulations

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

- a. standardization and regulation of accounting education;
- b. the examination of 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 resolutions:

- a. Resolution No. 71 in 2004 otherwise known as the Implementing Rules and Regulations of the RA 9298 “The Philippine Accountancy Act of 2004. Resolution No. 71 provides for the details of the specific Continuing Professional Education (CPE) requirements as amended by Resolution 59 of 2012;

- b. Resolution No. 59 in 2012 on clarifications and amendments on the rules and regulations on continuing professional education and accreditation of CPAs in public accountancy and accounting education; and
- c. Resolution No. 668 in 2012 on guidelines in implementing section 7, paragraph (j), (l) and section 16 of the Republic Act no. 8981, called “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) 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 has formed a Board known as The Professional Regulatory Board of Accountancy (Board). Further, under the law, the Board shall be composed 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 each member 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 as below:

- a. to prescribe and adopt the rules and regulations necessary for carrying out the provisions of this Act;
- b. to supervise the registration, licensure and practice of accountancy in the Philippines;
- c. to administer oaths in connection with the administration of this Act;
- 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 be seems fit;

- j. the Board may, *mutuo proprio* 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 this Act, 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 this Act.

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.

3.7.2 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.

The objectives of PICPA are as below:

- a. to promote and maintain high professional and ethical standards among accountants;
- b. to advance the science of accounting;
- c. to develop and improve accountancy education;
- d. to encourage cordial relations among accountants, and
- e. 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.

The PICPA recognizes the four (4) sectors by which a CPA may be in practice namely

- a. Public Practice,
- b. Commerce and Industry,
- c. Education / Academe; and
- d. Government.

3.7.3 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

There are 4 membership categories of CPAs:

- a. CPAs in public practice (practicing CPAs);
- b. CPAs in commerce and industry (accountants of organizations);
- c. CPAs in public sector (working with government); and
- d. CPAs in education (involved in academic world).

3.7.4 Setting-up 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.

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 certified public accountant.

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.

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, provided that a minimum of 15 credit units is earned each year. However, the implementation of this is suspended under the BOA Resolution No. 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 the Act, a certificate of accreditation shall be issued to 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: provide, further, that this requirement shall not apply to those already granted a certificate of accreditation prior to the effectiveness of this Act. 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.

3.7.5 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. Those who are auditing 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.

Being a CPA does not permit the 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.

3.8 SINGAPORE

3.8.1 Law on accountancy profession

The law governing the public accountancy profession in Singapore is the Accountants Act 2004 (which came into effect on 1st April 2004 and revised in 2005.) In addition, there are two other rules under the Accountants Act, namely the Accountants (Public Accountants) Rules dated 1st April 2004 and the Accountants (Accounting Corporations, Accounting Firms and Accounting LLPs) Rules dated 6th October 2006.

The Singapore Accountancy Commission Act 2013 (SAC Act) establishes a framework for the growth and development of the accountancy sector and its related fields in Singapore and provides for the registration of chartered accountants in Singapore, and for matters connected therewith.

The Accountants Act provides for the appointment of Public Accountants Oversight Committee (PAOC) to promote audit quality and protect the public interest through functions such as the registering of public accountants, the determining of standards and other professional requirements, as well as the administering of the Practice Monitoring

Programme (PMP), complaints and disciplinary procedures. The PAOC meets on a monthly basis.

The PAOC assists The Accounting and Corporate Regulatory Authority (ACRA), the national regulator of business entities and public accountants in Singapore, in:

- a. considering all applications for the registration of public accountants;
- b. approving of accounting corporations, accounting firms, and accounting limited liability partnerships;
- c. determining, prescribing and reviewing the requirements to be satisfied by people seeking to be registered as public accountants;
- d. administering the continuing professional education programs for public accountants;
- e. administering the practice monitoring programs under the Act;
- f. 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;
- g. 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
- h. advising ACRA on any matter which relates to the profession of public accountancy.

Under the law, the PAOC has the following functions and powers:

- a. keep and maintain 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. consider and, as appropriate, grant (whether unconditionally or subject to such conditions as it thinks fit) or reject all applications for registration as public accountants and approval of accounting corporations, firms and LLPs;

- c. assist the Authority in determining, prescribing and reviewing the requirements to be satisfied by persons seeking to be registered as public accountants;
- d. conduct or arrange for the conduct of such examinations as it thinks necessary for the purposes of registering public accountants;
- e. administer the continuing professional education programs for public accountants;
- f. administer the practice monitoring programs;
- g. assist the Authority in 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. inquire into any complaint against any public accountant, accounting corporation, accounting firm or accounting LLP; or any information relating to any professional misconduct on the part of any public accountant, accounting corporation, accounting firm or accounting LLP, and, if necessary, institute disciplinary proceedings;
- i. advise the Authority on any matter which relates to the profession of public accountancy; and
- j. generally do all such acts, matters and things as are necessary to be carried out, or which the Oversight Committee is authorised to carry out, under the Accountants Act.

On 15th January 2013 (assented to by the President on 27th February 2013), a new act known as Singapore Accountancy Commission Act 2013 was passed by the Parliament. The act will commence from 1st April 2013 onwards. 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.

3.8.2 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 2012, there were a total of 992 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 develop a responsive and trusted pro-enterprise environment through 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.

3.8.3 Professional associations

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 recognized 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, the CA (Singapore) must first register with ACRA as a Public Accountant. Thereafter, ACRA will liaise with ISCA on all successful applications. He/She must fulfill requirements like the practical experience requirements and the Continuing Professional Education requirements for practicing members and for registration as a public accountant under the Accountants Act.

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.

3.8.4 Qualifying as an accountant

Under the law, a public accountant (PA) means a person who is registered or deemed to be registered in accordance with the Accountants Act (Chapter 2) as a public accountant. Public

accountancy services means 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 public accountant.

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 (subject to Transitional Arrangements); or
 - i. the Singapore Management University for the degree of Bachelor of Accountancy or Master of Professional Accounting; or

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

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.

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 Oversight

Committee 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 the Public Practice Programme conducted by the Institute of Singapore Chartered Accountants before he submits his application.

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.

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 pathway.

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 Finance. 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 16 and 17 were introduced to cater for the future changes to the "Qualifications" requirement for registration as a public accountant with ACRA. ACRA intends to require applicants to have completed the Singapore QP, or a recognised equivalent professional qualification, which is one that has established reciprocity agreements with the SAC and ISCA. Setting-up accountancy practice

3.8.5 Setting-up 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 that are required by any written law to be done by a public accountant);
- 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 if the company or proposed company has only one director, that that director shall be a public accountant;
 - ii. or if the company or proposed company has only 2 directors, that one of those directors shall be a public accountant;
 - iii. 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
 - iv. 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.

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;
 - ii. a sum equal to the total of \$500,000 for every corporate practitioner in the accounting LLP;
 - iii. 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.

3.8.6 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.

3.9 THAILAND

3.9.1 Law 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 supervised 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.

In addition, under this Act, the Accounting Professions Supervising Commission was set up to oversee the activities of the FAP according to the Act.

This 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.

3.9.2 Licensing body for accountancy profession

The DBD plays a crucial role in supporting and promoting 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. Organizing professional seminars and meetings for accountants;
- h. Promoting good governance practices in SMEs.

The FAP has the responsibility in issuing license to Certified Public Accountants and registering all the 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.

3.9.3 Professional association

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 became 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
 - d. Honorable Member
- i) 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 days after receiving a written request. There shall be not less than two hundred ordinary members to constitute a quorum at a general meeting.

ii) 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.

iii) 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 (1), (4), (5) and (6).

As of December 2013, there were approximately total 57,000 individual registered as a member of FAP and approximately 2,100 registered accounting and audit firms.

3.9.4 Qualifying as an accountant/bookkeeper

Practitioners, both bookkeepers and auditors, must be members of FAP or registered with FAP. For a bookkeeper, the person must register as a member of FAP first and then to register as a bookkeeper with the DBD within 60 days. 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 should 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 CPD: 27 hours within 3 years for bookkeepers and 12 hours within a year for auditors (*18 hours from 1 January 2014 onwards*).

3.9.5 Setting-up 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 in the Kingdom of 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 order to practise in Thailand.

3.9.6 Specific regulations

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

- i) SEC grants license to CPA who wants to audit listed companies (under Securities and Exchange Act B.E.2535),
- ii) Department of Insurance monitors audit of insurance companies,
- iii) DBD is responsible for supervising financial statements of juristic persons (under Accounting Act B.E. 2543),
- iv) Department of Cooperative Auditing, Ministry of Agriculture and Cooperatives monitors audit of cooperatives (under Cooperative Societies Act of BE 2511 (1968)),
- v) Department of Revenue supervises financial statements of small businesses & monitors tax auditors (under the revenue Code),

- 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.

FAP issues the Accounting Standard pronouncements which correlate very closely to the International Accounting Standards (IAS). Stock Exchange of Thailand also cooperates with the FAP on this development. All of the accounting pronouncement publications are in Thai. Currently (as of 1 January 2014), there are a total of 32 accounting standards effective. In addition, there are seventeen accounting standards interpretations.

3.10 VIETNAM

3.10.1 Law on accountancy profession

As of April 2013, there were approximately 160 individuals registered as Practicing Accountant, approximately 1,600 individual as licensed auditor, and approximately 160 approved audit firms operating in Vietnam.

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 Vietnam 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.

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.

3.10.2 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 Vietnam, 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;
- 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.

3.10.3 Professional association

The Vietnam Accounting Association (VAA) was formed in 1994 representing the accounting and auditing profession in Vietnam. The Vietnam Association of Certified Public Accountants (VACPA) was established on 15 April 2005 to represent practicing auditors in Vietnam. VACPA is a member organisation of VAA and 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 Vietnam through training technical update courses, professional ethics and service quality control, and information exchange for its members.

VACPA is organized 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 Vietnam.
- 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 minimize 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 authorized 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 authorization by authorized 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 organizations in Vietnam;
- ii) Vietnamese certified public accountants who have CPA certificate awarded by the Minister of Finance but are not working in the independent auditing organizations in Vietnam 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 organizations in Vietnam 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 Vietnam who wish to join VACPA as associate members.

Honorary members are Vietnamese citizens with credit and competency in accounting and auditing, being recognized 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.

3.10.4 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 exam registration;
- iv) submitted the exam 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 organizations 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 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 higher education graduation decision at the time of exam registration;
- iv) have submitted the exam 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 organizations), the candidates must be official members of professional organizations of accounting or audit; and such professional organizations 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:

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

Foreign professional organizations accredited by the Ministry of Finance of Vietnam 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 organizations of which the Accounting expert certificates or Audit practitioner certificates are recognized by the Ministry of Finance in Vietnam include

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

Foreign professional organizations 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 Vietnam 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.

3.10.5 Setting-up 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 recognized by the Ministry of Finance and who passes an examination on the law of Vietnam. 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 organized 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 Vietnam.

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

- i) being permitted to reside in Vietnam;
- ii) having the accountancy specialist's certificates or accountancy certificates granted by foreign or international organizations and recognized by the Vietnamese Ministry of Finance;
- iii) passing the test on the finance and accounting legislation of Vietnam, organized 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.

Organization

Organizations 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 organizations 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 organization must not exceed the limit stipulated in Government regulations. The representative of a member being an organization 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 organization:

- i) the member being an organization 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 organizations contributing in capital, the total capital contributed by these organizations shall be at maximum 35% of the charter capital of the limited liability company with two or more members.
- ii) the member being an organization shall appoint one person as its representative in the Members' Council. The representative of member being an organization must be an

auditor and register for auditing practice in the audit firm to which the organization contributes its capital.

- iii) a practicing auditor who is representative of member being an organization 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 Vietnam 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 Vietnam;
- 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 Vietnam;
- 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 Vietnam 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 Vietnam and the allocated capital of branches of foreign audit firms in Vietnam.

- i) the foreign audit firm which requesting for granting of the Certificate of satisfaction of auditing business conditions to its branches in Vietnam 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 Vietnam 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 Vietnam 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.

4 Analysis of the Qualifying and Practice Requirements

4.1 Education and professional qualification system

Based on the field work and the survey conducted in all the ASEAN Member States, it is observed that all Member States have a structured tertiary and professional education system in accountancy. Most member states recognise similar foreign qualifications such as the Australian and the British qualifications to be similar to their domestic systems.

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 do offer continuous professional development programmes for registered professionals in the relevant country.

Brunei	<p>Acceptance of professional qualification 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>Obtain CPA Diploma or a diploma deemed equivalent by the Registration Committee of CPA and statutory auditors. Also, university qualifications in accounting, business or finance. (Currently, KICPAA has not issued any approved list for foreign accountancy qualification).</p> <p>In practice, KICPAA recognizes foreign professional accountancy qualifications such as from The Association of Chartered Certified Accountants (ACCA). In addition, certification from other accountancy professional bodies such as Australia, England and Wales and New Zealand are also accepted.</p>

Indonesia	<p>Availability of higher education institution of which is accredited by the Association of Public Accountant to run the education of 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	<p>Have 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). Certificate of Professional Accountant issued by the Ministry of Finance.</p>
Malaysia	<p>There are 17 recognised local educational institutions to provide accounting education. In addition, almost 11 professional certifications from Malaysia, Australia, UK, New Zealand, Canada and India are recognised.</p> <p>Qualifying Examination (QE) is also available and conducted by MIA.</p> <p>At least 3 years of practical experience.</p>
Myanmar	<p>Bachelor of Commence (B.Com) or Bachelor of Accounting (B.Act) graduates produced by the Institute of Economics. Diploma in Accountancy graduates produced 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.</p>

	<p>Registered Accountant examination is also available together with Certified Public Accountant certificate by MAC.</p> <p>The law also recognise an accountancy certificate or degree conferred by any foreign country (need to be recognized by the MAC).</p>
The Philippines	<p>Degree of Bachelor of Science in Accountancy conferred by the school, college, academy or institute duly recognized and/or accredited by the Commission of the Higher Education (CHED) or other authorized government offices.</p> <p>Certificate of Certified Public Accountant granted by the Republic of the Philippines.</p>
Singapore	<p>There are 9 recognised local educational programs from the local institutions to provide accounting education. In addition, almost 10 professional certifications from US, Australia, UK, New Zealand and Canada are recognised.</p> <p>Qualifying Programme (Singapore QP) is also available and conducted by ISCA.</p> <p>At least 3 years of practical experience.</p>
Thailand	<p>Bachelor's degree in accountancy or holding a certificate in accountancy or other degrees equivalent to a bachelor's degree in accountancy accredited by the Federation of Accounting Professions.</p> <p>Professional examination (CPA) by FAP. Accountants are required to complete 3,000 hours of practical experiences within 3 years.</p>
Vietnam	<p>Bachelor's Degrees or above in finance, accounting, or audit. Also accepting foreign professional certification namely The Association</p>

	<p>of Chartered Certificated Accountants (ACCA) and Certified Practicing Accountants Australia (CPA Australia).</p> <p>Vietnamese certified public accountants (CPA) certificate awarded by the Minister of Finance. Candidates must show work experience in finance, accounting, or audit for at least 60 months.</p>
--	--

4.2 Gaps and shortfalls within the qualification system in AMS

The following Table shows the analysis on the gaps in the accountancy profession in ASEAN Member States.

<p>Authority</p>	<p>Association in some countries are part of statutory body formed under the law with specific legal authority however in some countries, it is member voluntary organizations, except for Malaysia and Singapore, there is a distinction between the statutory body and association.</p> <p><u>Statutory Body</u></p> <p>Cambodia - The Kampuchea Institute of Certified Public Accountants (KICPAA) a professional body placed under the trusteeship of the Ministry of Economy and Finance</p> <p>Laos - Lao Institute of Certified Public Accountants (LICPA)</p> <p>Thailand - The Federation of Accounting Professions (FAP)</p> <p>Malaysia – Malaysian Institute of Accountants (MIA)</p> <p>Singapore - Accounting and Corporate Regulatory Authority (ACRA)</p> <p><u>Members Association</u></p> <p>Indonesia - Institute of Accountant for all & Institute of Public Accountant for PA only</p> <p>Malaysia - Malaysian Institute of Certified Public Accountants (MICPA)</p> <p>Vietnam - The Vietnam Accounting Association (VAA) and The Vietnam Association of Certified Public Accountants (VACPA)</p>
------------------	---

	<p>Singapore - Formerly known as the Institute of Certified Public Accountants of Singapore (ICPAS), the Institute of Singapore Chartered Accountants (“ISCA”) is the national accountancy body of Singapore.</p> <p>Philippines - The Philippine Institute of Certified Accountants (PICPA)</p> <p>Brunei - Brunei Darussalam Institute of Certified Public Accountants (BICPA)</p> <p>Myanmar - Under the supervision of the MAC, Myanmar Institute of certified Public Accountants (MICPA) was formed.</p> <p>However, most CPAs are issued by the statutory bodies except for Malaysia and Singapore.</p>
Basic High Education	<p>Acceptance of Local vs Foreign Qualification</p> <p><u>Accepting only local qualification</u></p> <p>Indonesia - education at least bachelor degree (S-1), diploma IV (D-IV) or its equivalent.</p> <p>Laos - Bachelor Degree of Accounting issued by Ministry of Education and Certificate of Professional Accountant issued by the Ministry of Finance.</p> <p>Thailand - professional education (e.g. shall be university/higher education degree, post-graduate education etc). A member of FAP must have related degree in accountancy.</p> <p>Myanmar - Bachelor of Commence (B.Com) or Bachelor of Accounting (B.Act) graduates produced by the Institute of Economics or Diploma in Accountancy graduates produced by MAC.</p> <p>The Philippines - Degree of Bachelor of Science in Accountancy</p>

	<p>conferred by the school, college, academy or institute duly recognized and/or accredited by the CHED or other authorized government offices.</p> <p><u>Accepting foreign qualification (in addition to the local qualification)</u></p> <p>Cambodia – not written but in practice accepting the Association of Chartered Certified Accountants (ACCA), United Kingdom, CPAs of Australia, England and Wales and New Zealand.</p> <p>Malaysia – CA (Scotland), ICAEW, CA (Ireland), ACCA, CA (Australia), CPA (Australia), CA (New Zealand), CA (Canada), CA (India) and CIMA.</p> <p>Vietnam – written in the law are ACCA and CPA (Australia), others can be considered.</p> <p>Singapore – CA (Scotland), ICAEW, CA (Ireland), ACCA, CA (Australia), CPA (Australia), CA (New Zealand), CA (Canada), AICPA, CIMA.</p> <p>Brunei - CPA (Australia), ACCA, CA (Australia), CA (Canada), ICAEW, CA (Ireland), CA (New Zealand), CA (Scotland).</p>
Designation	Majority countries are using CPA, two countries using Chartered Accountants (Malaysia and Singapore), Public Accountants & Registered Accountants (Indonesia)
Language limitation	Vietnam - Accounting/Audit expert certificates issued by foreign professional organizations (accredited by the MoF) must take the test on Vietnam’s laws, the language used in the test is Vietnamese language.

	<p>Thailand - Thai language skills (to be able to audit and to prepare a report in Thai).</p> <p>For other countries, the language requirement was not written in the law however the CPA test is conducted in local language such as for Lao CPA in Lao language, Indonesian CPA in Indonesia language and other countries too, except for Singapore and Malaysia where the test is in English.</p>
--	--

4.3 Equal Opportunities

The result of our survey and field works find that no ASEAN Member States' professional 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. Generally, the study finds that, in most AMS, women entering the university or colleges and taking up courses which can lead to the relevant professional qualifications are higher than the actual number entering the profession upon graduation.

We are not in the position to ascertain the actual reasons for the disparity in the number of the student bodies and the number of those entering and remain in the profession upon graduation.

4.4 Issues affecting Liberalisation of Accountancy in ASEAN

Based on the desktop and field surveys, we found several key issues which are important in ensuring the success of the liberalization of trade in accounting services.

- a. Different approaches taken by the MRAs may affect the process of integration.

Based on the discussion above, the MRA for accountancy only provides a framework of broad principles for further bilateral and multilateral negotiations among the AMS. This differs from the MRA for engineers and architects that provide a coordinating mechanism. For architectural services and the engineering service, various steps have been taken

including the establishment of the relevant councils, secretariat and the operation and action of the AAC and the ACPEC.

b. 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 including MRAs are expected to reduce transaction costs. However, based on the survey, especially the AMS Schedules of Commitments under AFAS, there are other issues which need to be addressed such as equity ownership and board of director requirement.

The recognized service provider will have to be able to move between AMS under Mode 3 and Mode 4. The increase in the movement of natural persons under Mode 4 may result in the increase in the intra-ASEAN investment in services, which will lead ASEAN to become an attractive destination for accounting services. The increase in the intra-ASEAN investment in professional services will lead to higher investment by professional service providers from outside ASEAN as a result of increased professionalism and confidence in the transparency, governance and professionalism in the rules relating to professional service providers in ASEAN.

Based on our survey of literature, study on the Schedules of Commitments under the ASEAN Framework Agreement on Trade in Services 1995 (AFAS) and the interview conducted with the regulators and professional associations in the AMS, we found that AMS would be happy to offer freedom in trade in services in Mode 1 (temporary presence of foreign service provides under the consumption at home) or under Mode 2 (Consumption abroad, which member states may not be able to impose any conditions. However, AMS are more careful with the commercial presence under Mode 3 and temporary movement of natural persons under Mode 4.

Many of the regulators and members of the professional service providers met by our consultants welcome collaborations with their counterparts from other AMS instead of a highly liberalised Mode 3.

Those who wish to have commercial presence through firms or companies in the AMS will also have to comply with the relevant laws such as the Companies laws and the Business Registration laws. The laws also provide for the minimum number of local partners or directors. At the same time the professional service providers will have to check on the minimum capital (paid-up or registered capital, depending on the term used in the relevant AMS).

c. Immigration rules and MNP Commitments

Although a professional 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 country under the Mode 4. A professional service provider will have to comply with the various requirements and conditions imposed by the host country and these requirements differ from one country to another.

However, AMS have made commitments under the MNP Agreement for Mode 4 intra-corporate transferees. Job seekers and direct employers will have to go through normal immigration and labour requirements.

A study on the Schedule of Commitments to the MNP Agreement shows that different AMS imposes different level of flexibility for intra-corporate transferees in the sub-sectors of the Project.

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.

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. In Cambodia intra-Corporate Transferees require temporary residency and work permit. Such permits are issued for two years and may be renewed annually up to maximum of total five years.

Unless otherwise provides, 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 for request for a higher quota. Foreign skilled worker 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 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.

Indonesia allows intra- corporate transferee a stay for up to 2 (two) years and may be extended for a maximum of 2 (two) times, with each extension being up to 2 (two) 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.

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.

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, Vietnam 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.

Vietnam 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 Vietnam.

d. Different Level of Development/ Readiness

Another important area where AMS pay particular attention is the different level of development between different member states which may affect the potential uptake in the mutual recognition and the readiness of the professional service providers in undertaking cross border services.

It could be argued that the professional service providers in the more advanced ASEAN member states will have a higher state of readiness and development to move into other ASEAN member states to provide the services and thus will seek mutual recognition for their

qualifications as compared to the professional service providers from the less advanced ASEAN member states.

It is also found that to meet the development agenda, newer AMS such as Lao PDR, Cambodia, Myanmar and Viet Nam continue to improve their domestic regulations system in order to provide clear and transparent regulations to the relevant professional service providers.

5 Proposal for Reform

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



Figure 4: Reform Proposal

- a. ASEAN and AMS would need to find the best model to further enhance the movement of accountancy service providers within ASEAN. The report discusses three different models of mutual recognition and the best practices could be compared with the practices in the EU model and the NAFTA model. The EU Model including the TTMRA may not be suitable for ASEAN due to the disparity and gap in the economic, readiness and the competency level of professionals in ASEAN. TTMRA involves Australia and New Zealand, two homogenous countries sharing almost the same heritage, culture, languages and education system. The EU also involves the legally binding provision in a closely integrated region involving freedom of establishment and freedom of service providers.
- b. ASEAN on the other hand is closer to the NAFTA Model, where the NAFTA countries do not all share common heritage, language and education system. The NAFTA model is already reflected in the ASEAN MRAs which adopt the sectoral approach rather than the general blanket approach as in the EU Model. Thus, to emulate the NAFTA model means that AMS will have allow recognised professionals to obtain work visa so long as they could find an employer or having an establishment in the other AMS and that they have a

recognised qualifications. This means that recognition of qualifications would lead to freedom of movement under Mode 4 if one can find an employment in another ASEAN Member State. Thus, visa and employment pass should be automatic and not a hindrance to 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 liberalizing, either through ACIA, AFAS or through autonomous liberalization, 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. The 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 categorized 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. ASEAN and ASEAN Member States may also want to consider having the same model of MRA across professions. At the moment different professions adopt different modes of MRA, resulting in the different pace of implementation. In this regard ASEAN could adopt the EU Model of general recognition system. Accountancy profession could adopt the structure offered by the engineering and architecture MRAs where there are more advanced collaboration by creating ASEAN wide designation (such as the creation ASEAN CPA) and the creation of secretariats to look into MRA implementation.
- j. 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.

6 Conclusion

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.

Nevertheless, there is a need for improved implementations of the MRA on accountancy profession. The organisational structure, recognition arrangement and the creation of the ASEAN designations for the Architects and Engineers through the relevant ASEAN-wide organisations could offer a good precedent on how the accountancy professionals could benefit from these two professions. In addition, harmonisation of training, education and capacity building could also be organised within ASEAN.

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.

DRAFT-CCS18