Easy Guide to Setting Up Accountancy Practices in ASEAN Countries

About ACCA

ACCA (the Association of Chartered Certified Accountants) is the largest and fastest-growing global professional accountancy body with 296,000 students and 115,000 members in 170 countries. We aim to offer the first choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

We support our students and members throughout their careers, providing services through a network of nearly 80 offices and centres. We have established more than 50 global accountancy partnerships, through which we deliver qualifications and range of services which promote global standards, benefit the accountancy profession and enhance the value of accountants in the workplace. We work closely with more than 470 registered tuition providers and nearly 8,500 employers of accountants and finance professionals.

We use our expertise and experience to work with governments, donor agencies and professional bodies to develop the accountancy profession. We aim to achieve and promote the highest professional, ethical and governance standards and advance the public interest. ACCA's reputation is grounded in over 100 years of providing accounting and finance qualifications. Our long traditions are complemented by modern thinking, backed by a diverse, global membership.

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All the information contained in this publication is as at 30 November 2007

Foreword

In a knowledge-led society information is king! Global players know this – knowledge of local business is a competitive edge and something market leaders will leverage and apply to their business advantage.

As trade liberalisation advances rapidly across all sectors and services national boundaries continue to be irrelevant, movement of talent becomes easier, and convergence of standards becomes more real – it is very apparent that accessible to information is paramount in the business environment.

Within the region, bilateral relations between member states have been more rapid resulting in greater need for business to become global in outlook – supported by knowledge infrastructures that can transmit information in seconds and services that can apply across national boundaries.

The Big 4 accountancy firms have been the early multinationals to provide services to their clients across the national boundaries. Their knowledge of local legislations, customs, and practices has successfully enabled them to deliver their value propositions successfully.

Public accounting landscape today continues to change across the region. The variety and complexity of business changes in recent years present challenges and opportunities for accounting professionals. Convergence of IFRS compliance, corporate governance requirement and an overall desire to serve clients that have gone regionally are prompting many public accountants to improve their value propositions including new advisory services and adding positions that did not exist five years ago. Businesses are also focused on managing risks and financial reporting activities, internal controls and audits, and financial systems and processes. An increased focus on preventing and detecting corporate fraud is also driving the demand for professional accounting services.

In today's constant shifting business environment, it is imperative that public accountants stay ahead to remain relevant and to become partners in business. Across the region mergers and acquisitions are on the rise; investment expansion and opportunities are widespread. Demand for experienced accounting and auditing work are driving up demand for such professional services.

Public accounting is an integral part of business. That's why people in this business will need to enhance and develop their knowledge and competencies that are demanded of professional accountants so that they effectively serve their clients across the national boundaries.

Thus it is extremely important for public practitioners to be updated of the legislative changes in various emerging capital markets. To deliver value, public accountants must go beyond knowing the national law to become partners in business. They must understand their client business – so that they can advise to help their clients achieve their strategic goals.

The Easy Guide to Setting Up Accountancy Practices in ASEAN Countries is therefore very timely. It is very readable, informative and has wealth of knowledge for those who wish to take up the unique challenges and opportunities to serve their business clients, and it is also relevant to corporate executives to plan their strategies in overseas markets. It provides easy reference for those busy accountants who want quick answers and cross comparisons in their advisory work.

ACCA is proud to assist our public practitioners in their quest to become more global and to turn this knowledge into their competitive advantage. After all, knowledge is power!

Tay Kay Luan
Director, ASEAN & Australasia
ACCA

1.0 Introduction

The global liberalisation process of the professional services sector is well under way, with negotiations at a fairly advanced stage at both the World Trade Organisation (WTO) and ASEAN levels.

At the WTO level, under the General Agreement on Trade in Services (GATS), Member Countries have been requested to table their respective offers on better market access and national treatment to their trading partners. Under The ASEAN Framework Agreement on Services (AFAS), Member Countries will endeavor to offer GATS-plus commitments, with the aim of achieving a free flow of services provided in the ASEAN region earlier than the year 2020.

The liberalisation timeframe will be by year 2010 for the ASEAN-6 (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand) and year 2015 for the CMLV (Cambodia, Myanmar, Laos and Vietnam).

The WTO allows free trade agreements (FTAs) provided that tariffs are eliminated substantially on all trade. One of the important principles of a WTO-consistent FTA is that all parties to the agreement must eliminate duties according to mutually agreed rules and timeframes.

After the establishment of the WTO, trade in services has been included in many FTAs. FTAs will provide the means to achieve quicker and higher levels of liberalisation to create effective market access. This will encourage practitioners that intend to expand services to other countries and facilitate the free flow of services.

To help ASEAN accountancy services providers face the challenges and opportunities that accompany liberalisation, ACCA has taken the initiative to develop this guide book for setting up practices in ASEAN countries. This initiative aims to provide an easy reference for public practitioners who intend to expand their services to ASEAN Countries; it also reaffirms ACCA's role to assist public practitioners to face the pressures of the globalisation and liberalisation process and understand the necessary steps to be taken in order to move forward and benefit from progressive liberalisation.

1.1 Overview of the Export of Services

The GATS defines four different ways of providing an international service ("Modes of Supply"). These Modes of Supply are now widely accepted and their applications are not only limited to the GATS negotiations, but also have extended to the regional and bilateral negotiations.

Mode 1 : Cross-border supply
This is defined to cover services flows from the territory of one Member Country into the territory of another Member Country (e.g. accounting services provided via telecommunications, mail or through the internet).

Mode 2 : Consumption Abroad
This refers to a situation where a service consumer moves into another Member Country's territory to obtain a service (e.g. a foreign client having its accounts audited in Malaysia)

Mode 3 : Commercial Presence
This implies that a service supplier of one Member Country establishes a territorial presence, including through ownership or lease of premises, in another Member Country's territory to provide a service (e.g. a Malaysian accounting firm setting up a branch in another country).

Mode 4 : Presence of Natural Persons
This consists of persons of one Member Country (e.g. an accountant) entering the territory of another Member Country to supply a service. The Annex on Movement of Natural Persons specifies, however, that Member Countries remain free to operate measures regarding citizenship, residence or access to the employment market on a permanent basis.

1.1.1 Mutual Recognition Arrangements (MRAs)

For the liberalisation of accountancy services to take place, there is a need for a mechanism where countries would be able to assess and recognise qualifications or licences granted to accountants from other countries before they are allowed to practise in the domestic market. Due to the differences in education and examination standards, experience requirements, regulatory influences and various other matters, implementing recognition on a multilateral basis would be extremely difficult.

The WTO's Council for Trade in Services had adopted the guidelines for MRAs in the accountancy sector. These guidelines will also serve as an effective means for arbitrating disparities between recognition regimes around the world.

The guidelines provide flexibility, i.e. whether to pursue the MRAs based on recognition of qualifications or licensing and registration.

1.1.2 Elements of MRAs

The MRAs would normally cover the following areas:

- **Entry Level**
  MRAs should set out the minimum level of education required, including entry requirements, duration of study and the subjects offered, among others.

- **Practical Experience**
  MRAs should also set the minimum three years of relevant practical experience required for recognition.

- **Mechanism for Entry Eligibility**
  These mechanisms should be transparent.

- **Extent of Recognition**
  MRAs need to set out the limitations on the application of a particular qualification in the host country.

2.0 Executive Summary

This guidebook aims to be an initial point of reference for accounting practitioners who wish to expand their services across national borders. The publication primarily sets out essential information about accounting rules and regulations that accountants should know when planning to expand their services to countries in the ASEAN region.

The methodology adopted involve extracting information from relevant sources and references. The information was reviewed and verified by representatives from accountancy organisations in the regions and the ACCA Malaysia Public Practice Committee.

Five main areas were considered for each country :-

1 Regulation of the Accountancy Profession
2 Commencement of Public Practice
3 Accounting and Audit Regulation
4 Taxation Requirement
5 Mode of Operation and Conduct of Public Practice

Regulation of the Accountancy Profession introduces each country's National Accountancy Body and provides details on types of memberships available and criteria for membership admission. The section also includes general conditions that must be met to attain membership to these accountancy bodies.

The second part on Commencement of Public Practice gives information on rules and requirements to practice as approved company auditors, approved liquidator or approved tax agents in the respective countries. Information includes whether a practising certificate or licence is required and if yes, conditions attached to holding such certificate or licence.

Accounting and Audit Regulation highlights statutory requirements of keeping accounting books and records, how financial statements should be prepared, financial reporting standards used and requirements for statutory audits. The Taxation Requirement section outlines each country's taxation structure and rules.

Finally, Mode of Operations and Conduct of Public Practice provides respective country requirements to set up public practices and to provide professional services.

Overall, the information contained in this publication provides an introductory knowledge and general guidance on accounting rules and regulations in the respective countries and the publication aims to provide a one point easy reference for its users.

3.0 Overview of Accountancy Services Regulation

3.1 Brunei Darussalam

3.1.1 Regulation of the Accountancy Profession

(A) Introduction

The Brunei Darussalam Institute of Certified Public Accountants (BICPA) was established on May 6, 1987 as a non-profit organisation, managed and run through the voluntary service of accountants of Brunei Darussalam.

One of the objectives is to support and advance the status and interests of the accountancy profession in line with the aims and objectives of the Government of His Majesty the Sultan and Yang Di-Pertuan, Negara Brunei Darussalam.

(B) Membership Admission and Types of Membership

The membership of the Institute will fall under the following categories:

(i) Honorary Members
(ii) Associate Members
(iii) Affiliate Members
(iv) Provisional Members

(i) Membership as Honorary Members

Honorary Members, who shall consist of persons not being members of the Institute who have rendered such service to the Institute as would in the opinion of the Council entitle them to the distinction, or upon whom the Council desires to confer such distinction because of their knowledge and experience in connection with the profession of accountancy, may be admitted by the Council as Honorary Members and their names shall thereupon be entered in the Register of Members on the Honorary Membership List.

(ii) Membership as Associate Members

Associate Members shall not be less than 21 years of age, and must be a member of one of the following associations of accountants:

- The Institute of Chartered Accountants of:
  - Australia
  - Canada
  - England and Wales
  - Ireland
  - Scotland
  - New Zealand
- The Chartered Association of Certified Accountants;
- Australian Society of Accountants;
- New Zealand Society of Accountants; or
- Members of any other associations of accountants who, in the opinion of the Council, are of a standard in educational qualification and practical experience acceptable to the Council, with such admission to be decided on a case by case basis and on individual merit. An Associate Member shall not be entitled to sign audit reports on accounts of limited liability companies unless he is a Brunei Darussalam Registered Auditor.

The foregoing provisions relating to the admission of Associates notwithstanding, the Council of the Institute may in its absolute discretion admit to Associate Membership any person whom it deems especially qualified for admission.

(iii) Membership as Affiliate Member

Affiliate Members shall consist of persons who have academic qualifications in accounting or business and finance of at least degree standard recognised by and acceptable to the Council. Provisional members who hold an Higher National Diploma majoring in business and finance or who are members of the Association of Accounting Technicians and have at least 3 years appropriate work experience are eligible to apply to be affiliate members of the Institute.

(iv) Membership as Provisional Member

Provisional Members shall consist of all other persons involved in the profession of accounting but who do not qualify as Associate or Affiliate Members, including the following:

- Persons who have 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.
- Students not less than 16 years of age who are enrolled in and are undergoing a course of study in accountancy.

(C) Other general conditions applicable for all categories of memberships

None

3.1.2 Commencement of Public Practice

(A) Practicing Certificate
None

(B) Criteria for Applying for the Practicing Certificate
None

(C) Conditions for Holding a Practicing Certificate
None

(D) Renewal
None

(E) Cessation
None

(F) Conditions to Practice as Authorised Company Auditor
Should be a member of any of the nine professional institutes mentioned in 3.1.1 sub B (ii) and also meets the requirements of the Ministry of Finance for audit experience and residency.

(G) Conditions to Practice as Approved Tax Agent
None

(H) Conditions to Practice as Approved Liquidator
Same requirement as Authorised Auditors in 3.1.4

(I) Conditions to Practice as Others
None

(J) Compliance with Legislation
Compliance with the Brunei Companies Act is mandatory to all limited companies. Auditors are required to qualify their report for those companies not in compliance with IAS.

3.1.3 Accounting and Audit Regulation

The Ministry of Finance is reviewing the current generally accepted accounting policies and auditing standards with a view to replacing them with international standards.

All Brunei Darussalam incorporated companies, whether private or public must appoint Brunei Darussalam Authorised Auditors who are approved by the Sultan in Council to practise in Brunei.

These authorised auditors have a duty to report to the shareholders whether they have obtained all the information and explanations required and whether the Balance Sheet submitted to the Annual General Meeting of the shareholders gives a true and fair view. The disclosure requirements set out in the Companies Act are minimal with the format and manner of accounts presentation not prescribed.

Branches of foreign companies would be required to prepare branch accounts which are not required to be audited but are required, however, to support the tax computation.

Private limited companies which are incorporated in Brunei, other than public companies, are not required to file their annual accounts with the Registrar of Companies. However, most business organisations are required to submit accounting data annually to the Economic Planning Unit for statistical purposes.

3.1.4 Taxation Requirement

Sole proprietorships and partnerships are not subject to tax in Brunei and must be registered with the Registrar of Business Names unless the full name of all individuals concerned is used for the business.

Registration approval is generally not granted to foreigners. A partnership may consist of individuals, local companies and branches of foreign companies, but the number of partners must not exceed twenty.

All corporations whether incorporated locally or registered as a branch of a foreign company, are taxed at the rate of 30% on income accrued in, derived from, or received in Brunei Darussalam.

There is no export tax, sales tax, personal income tax or manufacturing tax in Brunei Darussalam.

3.1.5 Mode of Operation and Conduct of Public Practice

Although sole proprietorships and partnerships are not subject to tax, they are required to register with the Registrar of Business Names. Approval for business registration may not be given when proprietors are not citizens or permanent residents of Brunei.

Every foreign company which establishes a place of business in Brunei but does not incorporate locally is required to register as a branch of a foreign company.

(A) Professional Services
None

(B) Others
None

3.2 Cambodia

3.2.1 Regulation of the Accountancy Profession

(A) Introduction

Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA), has assumed the authority empowered by law to manifest itself as the authoritative body regulating the accounting profession. Anukret (a sub-decree adopted by the Prime Minister and counter-signed by the interested Minister) will determine the organisation and functions of the KICPAA as well as the conditions regulating the profession of Certified Public Accountant and Statutory Auditor exercising in the Kingdom of Cambodia, whose functions are:

- to provide a national professional body to represent its members, and to participate in promoting and defending the statute and interests of the profession;
- to participate as a working member of the National Accounting Council (the Council);
- to prepare the regulations and duties of the profession and ensure their application; and
- to organise accounting professional training for Khmer citizens who wish to enter the profession of Certified Public Accountant or Auditor.

The Council is thereby mandated to be a consultative body which will:

- review and give its opinion on all draft laws and regulations which consist of provisions pertaining to the preparation of accounting work for all enterprises or economic activities;
- develop the conceptual framework and the Accounting Standards, their audit and the accounting profession;
- propose measures for the improvement of accounting techniques; and
- be a representative of the Kingdom of Cambodia at international organisations' forums and meetings and in debating on accounting.

KICPAA represents its members, and promotes and defends the statute and interests of the profession. As a member of the Council, KICPAA prepares the regulations, ensures their application and organises accounting training.

(B) Membership Admission and Types of Membership

The members of the Institute shall be classified as:

(i) Affiliated Member
(ii) Active Member
(iii) Trainee Member

(i) Membership as Affiliated Member

An Affiliated Member is any person holding university qualifications in accounting, business or finance of a standard recognised by and acceptable to the Registration Committee.

(ii) Membership as Active Member

An Active Member is any Affiliated Member meeting the requirements to be registered on the list specified in Article 9 of the Anukret on Organisation and Function. This Article states the Registration Committee of Certified Public Accountants and Registered Auditors shall have the powers to establish the list of Certified Public Accountants and the list of Statutory Auditors who are members of the Institute, practicing either individually or within a firm. Both lists shall make the official register of the Institute and shall be supplied on a free basis to the various categories of members and State Institutions.

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.

(iii) Membership as Trainee Member

A Trainee 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 Certified Public Accountant and/ or Statutory Auditor. A Trainee Member shall not practice as a Certified Public Accountant and/ or Statutory Auditor. A Trainee Member shall have a voting right without being eligible to be elected.

(C) Other general conditions applicable for all categories of membership

- The functions of the Institute members practicing the profession of Certified Public Accountant or Statutory Auditor shall be incompatible with any occupation or action likely to impair his independence. It is forbidden for members of the Institute to hold a salaried occupation, except with another member of the Institute or in a Certified Public

Accounting and/ or auditing firm which is a member of the Institute. Members of the Institute shall however be entitled to accept engagements as experts which they are entrusted with by decision of justice, and/ or by state institutions to fulfill the functions as an arbitrator or a university lecturer.

- The membership of the Institute is open to professionals registered on at least one of the lists described under Article 9 of the Anukret on Organisation and Function. These lists shall be regularly updated and brought to the attention of the Supervising ministry and the public by the courtesy of the Governing Council.
- The rights allocated to and obligations imposed upon members of the Institute extend to the firms registered on the Institute's list of Certified Public Accountants except for the right to vote and eligibility to run for office.

3.2.2 Commencement of Public Practice

(A) Practicing Certificate

(i) The Profession of Certified Public Accountant

A Certified Public Accountant (CPA) means a person in public practice who has the usual profession to offer to his clients to whom he is not bound by an employment contract and services in relation to the preparation of the accounts. A CPA shall also be entitled to certify the fair presentation of financial statements. No person shall exercise the profession of CPA unless that person is registered on the list of CPAs of the Institute.

Natural and/ or legal persons can be registered on the list of the accounting firms provided that they fulfill the eligible conditions defined by the internal regulations of the Institute. Moreover, the provisions of companies' statutes shall be in compliance with those of the internal regulations.

CPAs registered with the Institute shall be required, under the conditions to be set out in the internal regulations of the Institute, to take in charge Trainee Accountants and to provide for their professional training.

(ii) The Profession as Statutory Auditor

A Statutory Auditor shall be the person who in his own name and under his own responsibility certifies the true and fair presentation of the accounts of natural and legal persons which have entrusted him with this engagement as a result of regulatory provisions in force or a contractual agreement.

No person shall exercise the profession of Statutory Auditor, unless that person is registered on the list of Statutory Auditors of the Institute. Registration as Statutory Auditor on the list of the Institute shall be governed by observance of the same criteria as those defined in the Profession as CPA.

(B) Criteria for Applying for the Practicing Certificate

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

- be of Cambodian nationality;
- be more than twenty five (25) years old on the day of admission as a member of the Institute;
- be in full possession of civil rights;
- has not been found guilty of any crime or offence witnessed by a clean record delivered by the relevant authorities; and
- holds the CPA diploma or a diploma deemed equivalent by the Registration Committee of CPA and Statutory Auditors.

(C) Renewal

To renew, each member shall pay annual fee.

(D) Cessation

Membership shall be lost in case of a:

- Voluntary resignation
- Death
- Suspension or exclusion pronounced by the Disciplinary Committee
- Criminal conviction leading to imprisonment with no remission of the Institute's member

Except in the event of exclusion decided by the Disciplinary Committee, a member who has resigned or been suspended is entitled to apply for his/ her re-admission on the list of members. The admission procedure shall be the procedure as for the first application.

(E) Conditions to Practice as Approved Auditor

An Affiliated and Active Member registered on the list provided for in Article 9 of the Anukret on Organisation and Function is considered as a Certified Public Accountant or an Auditor and as such is entitled to use the acronym CPA (Certified Public Accountant/ Auditor) following his or her name. This title is mandatory to practice the profession of Certified Public Accountants or Auditors in the territory of the Kingdom of Cambodia.

Natural and/ or legal persons can be registered on the list of the accounting firms provided that they fulfill the eligible conditions defined by the internal regulations of the Institute. Moreover, the provisions of companies' statutes shall be in compliance with those of the internal regulations.

(F) Conditions to Practice as Approved Tax License

Nothing mentioned at this stage

(G) Conditions to Practice as Approved Liquidator

Nothing mentioned at this stage

(H) Conditions to Practice as Others

Nothing mentioned at this stage

(I) Compliance with Legislation

The Law on Corporate Accounts, Audit and the Accounting Profession, which is adopted by the National Assembly of the second legislature and entirely approved by the Senate on its form and legal concepts.

The accounting records referred to in Article 12 of the Anukret shall be prepared in the Khmer language and expressed in Riels.

3.2.3 Accounting and Audit Requirement

The Cambodian government also inaugurated in early 2003 the process for full implementation of a single set of high-quality accounting standards for both domestic and cross-border financial reporting.

Article 1 of the Prakas of the Ministry of Finance: "In accordance with Article 16 of the Law on Corporate Accounts, their Audit and the Accounting Profession, all enterprise, natural persons and legal entities with Khmer or foreign nationality, domiciled in the Kingdom of Cambodia that meet two of the following criteria have an obligation to submit for audit by independent auditors registered in the statutory auditor list of the KICPAA their annual financial statements:

- Criterion 1 : Annual turnover of three billion Riels and above.
- Criterion 2 : Total assets of two billion Riels and above, based on the average value of assets held during the year subject to audit.
- Criterion 3 : Number of employees of hundred and above, based on the average number of employees employed during the year subject to audit.

The Ministry of Economy and Finance asked the World Bank for technical assistance to develop the Cambodian Accounting Standards (CAS) based on International Accounting Standards and, as a result, 15 CAS and 10 Cambodian Standards on Auditing (CSA) were developed and finally approved by the NAC on April 11, 2003.

Article 3 of The Law on Corporate Accounts, The Audit and The Accounting Profession stated that in compliance with current laws, all enterprises, whether natural or legal entities, are required to keep books and accounts and have them audited in accordance with the terms and conditions provided for under this Law.

Article 4 requires enterprises to prepare financial statements on a yearly basis that are in compliance with both the conceptual framework and Cambodian Accounting Standards, the principles of which are set out by Prakas proclaimed by the Minister of the Ministry of Economy and Finance and in line with the International Accounting Standards.

The financial statements shall include the balance sheet, the income statement, the cash flow statement and explanatory notes. They shall be considered as an integral part of the financial statements.

According to Article 9 of this Anukret, the accounting records shall be prepared in the Khmer language and expressed in Riels. Enterprises carrying out business with foreign countries or which are subsidiaries of foreign companies 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. This must be compliance with the conditions set out by the Ministry of Economy and Finance. However, the financial statements referred to in Article 4 shall be prepared in the Khmer language and in Riels.

3.2.4 Taxation Requirement

(A) Basis of Taxation

The Law on Taxation of 1997 (amendments 2003) governs taxation in Cambodia. Taxpayers are categorised into three main regimes, i.e. the real regime, simplified and estimate regime. Legal persons, defined as "an enterprise or organisation carrying on a business whether or not officially organised by the competent authority."

Legal persons are resident of Cambodia if they are organised or managed in Cambodia, or have their principal place of business, or a permanent establishment (PE) in Cambodia. For non-residents, the term "legal persons" means any permanent establishment or a fixed place of business, the branch of a foreign company or an agent resident in Cambodia through which the non-resident person carries on business.

Resident legal persons are subject to tax on worldwide income, whereas non-resident legal persons are subject to tax only on Cambodian source income. Resident individuals are liable for personal income tax on income from Cambodian sources and foreign sources. Non-resident persons are liable for income tax on income from Cambodian source only and subject to the withholding tax at a flat rate of 20%.

(B) Value Added Tax

Value Added Tax (VAT) is chargeable on a wide range of goods/ services supplied in Cambodia and on importation of goods. Taxable supplies attract VAT at either the standard rate of 10% or at the zero rate. Zero rating applies to export of goods and services, and certain charges in relation to international transportation of people and goods. Exempt supplies are not subject to VAT, including postal services, hospitals/ medical services, insurance and financial services.

VAT registration must be made at the commencement of business operations or within 30 days in which the taxpayer becomes a taxable person. VAT returns and payment are due to be filed and paid to the Tax Department by the 20th day of the following month.

VAT is payable at 10% on imports by reference to the value of the import, including any customs duty, insurance and freight charges.

When a tax officer has been led to carry out a tax adjustment relating to a firm audited by a Certified Public Auditor, the Tax Authorities are entitled to forward a report mentioning the findings having induced them to operate such adjustment to the Supervising Committee after ascertaining that the Certified Public Auditor may have had the knowledge of tax irregularities in the performance of his/ her auditing work.

3.2.5 Mode of Operation and Conduct of Public Practice

The Statutory Auditors registered with the Institute shall be entitled to form limited companies in accordance with the internal regulations and the provisions of the laws currently in force. Certified Public Accountants who are members of the Institute shall be entitled to incorporate as legal entities to practice their profession on two conditions:

- all the partners are individually members of the Institute; and
- the companies thus incorporated are recognised as being authorised to practice the profession of public accountant by the Institute and are on the list referred to in Article 9 of the Anukret.

In order to practice their profession, CPAs shall also be allowed to incorporate limited liability firms if such firms meet the following requirements:

- their purpose is to practice the profession of certified public accountant;
- they establish that the partners, members of the Institute, are a majority numerically and hold the majority of corporate share capital;
- they choose their chairman, executive director, managers and delegated officers from among partners that are members of the Institute;
- in the case of share companies, their shares must be non-negotiable and, in all cases, admission of any new partner shall be subject to prior authorisation from either the board of directors of the firm or from the majority of shareholders;
- they convey to the Institute's Governing Council the list of their partners, as well as any change to such list, make this information similarly available to the public authorities and all concerned third parties. The Institute's Governing Council may withdraw its approval if it deems that the conditions for admission are no longer being fulfilled;
- they are not controlled, even indirectly, by any special interest person or group;

- they do not hold, directly or indirectly, any financial share in industrial, commercial, agricultural, banking or civil society businesses except for firms whose corporate purpose is related to accountancy or auditing; and
- they are recognised as being authorised to practice the public accountant profession and are on the list referred to in Article 9 of the Anukret.

Foreign nationals may also be authorised to practice the profession of CPA in Cambodia if an agreement or treaty to such effect has been entered into with the professional organisation of the country they come from.

In order to be authorised to practice in Cambodia, foreign professionals shall be on the list referred to in Article 9 of the Anukret and meet any applicable requirements stipulated in the laws and regulations in force governing the profession.

The rights assigned to and the obligations imposed upon Institute members shall extend to foreign firms and professionals. Firms in which foreign nationals, personally or through another party, hold the majority of the firms' share capital or who choose from among these either their chairperson, executive director or the majority of their managers or delegated officers are subject to the provisions of the Article herewith.

(A) Professional Services

Not mentioned

(B) Others

(i) Advertising

Members of the Institute are prohibited from any personal advertising. They shall be entitled to display only credentials or diplomas issued by the state, or local and foreign institutions.

However, the Governing Council of the Institute shall be entitled to perform or to authorise any collective advertising as it may deem beneficial to the profession. The details and implementation procedures of this Article are determined in the code of professional ethics.

3.3 Indonesia

3.3.1 Regulation of the Accountancy Profession

(A) Introduction

The Indonesian Institute of Accountants (IAI) was established in Jakarta on December 23, 1957, and is the only professional accountancy body in Indonesia acknowledged by the Ministry of Finance.

The IAI is also a founder of the ASEAN Federation of Accountants and a full member of the International Federation of Accountants (IFAC) which steers the development of the accounting profession towards the needs of the private sector as well as the Indonesian community. It works towards its objective by providing training programmes and research related to Indonesia's accounting system.

As a self-funded accountants' professional body, IAI is responsible for setting up a code of ethics, accounting and auditing standards, conducting exams for Certified Public Accountants (CPA), and running programs for professional education. Membership in IAI is strictly limited to holders of the "accountant" title. The IAI members originate from all accounting backgrounds, including auditors, academics and public sector accountants.

The Public Accountants Professional Standards Board (DSPAP), under IAPI auspices, promulgates generally accepted auditing standards (SPAPs). Indonesian private sector accounting and auditing practices and standards are largely consistent with international best practice.

The current oversight responsibilities are divided among various agencies:

- Ministry of Finance (MOF) supervises public accountants and accounting firms.
- Bapepam (Securities Commission) registers and supervises public accountants and public accounting firms engaged in capital market activities.
- Bank Indonesia registers public accountants and public accounting firms for financial sector audits and supervises their activities.
- IAI is involved in accounting and auditing standard setting, certification, ethics and discipline, and continuing professional education.

(B) Membership Admission and Types of Membership

The Accountant Title Law sets forth the requirements for becoming an accountant and for licensing public accountants. Only those who graduate in accounting and undertake the Professional Education Program may earn an "accountant designation" and obtain a State Registered Accountant (SRA) Certificate.

The IAI requires public accountants to attend minimum credit hours of continuing professional education (CPE) every three years. Of those required credits, 30 percent of those credit hours can be claimed from training providers other than the IAI, but only if the IAI and/or MOF recognise the training providers.

The MOF, Bapepam, and Bank Indonesia also have similar requirements for continuing professional education. At the beginning of every year, all public accountants receive notification about the standing of their CPE credit hours.

The IAI requires CPE-non-compliant members to fulfill any shortfall of credit hours in the next year. Monitoring of non-compliance and sanction measures are also set out by the MOF and Bapepam.

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 to be members of IAI.

There are two types of memberships:
(i) Associate member
(ii) Honorary member

(i) Membership as Associate Member

Requirements:
- Passed from university degree in accounting; or
- Passed the final exam of accounting bodies.

(ii) Membership as Honorary Member

Requirements:
- Indonesia citizens who contributes significantly to the development of accounting profession in Indonesia.

(C) Other general conditions applicable for all categories of membership

Not mentioned

3.3.2 Commencement of Public Practice

(A) Audit Licensing

Only SRA holders are eligible for the CPA exam, which is administered by the IAI twice a year. The CPA exam is mandatory to get an Auditor License from the MOF and become an auditor member of the Institute. The CPA Board of Examiners was established by the IAI and the IAI National Council appoints the Board's members. The Directorate of Accountants under the Directorate General of Financial Institutions in the Ministry of Finance will grant an Audit License when requirements are met.

(B) Criteria for Applying as Practicing Certificate

In order to qualify as an accountant or full member, Public Accountant (PA) need to meet the following criteria:

(i) Qualification

- Registered as accountants in the State Registered administered by MOF; or
- Passed the final examination of accounting bodies recognised by IAI.

(ii) Work experience

- Working experience is not required to become a member.

(C) Renewal

Not mentioned

(D) Cessation

Not mentioned

(E) Conditions to Practice as Tax Agent

PA need to be in possession of Tax License granted by the Tax Office in order to practise as Tax Agent in Indonesia.

(F) Conditions to Practice as Liquidator

To be as a liquidator, PA must be in possession of Liquidator License granted by the Ministry of Justice and Human Rights.

(G) Conditions to Practice as Other

In order to render services in capital market and banking industry, PA must be registered with Bapepam and Bank Indonesia (Central Bank).

(H) Compliance with Legislation

The Indonesian Financial Accounting Standards Board (DSAK), which is under the auspices of the IAI, is the accounting standard setter. The Indonesian Financial Accounting Standards Board has been setting accounting standards since 1973.

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. In addition, the law authorises Bapepam to establish accounting regulations with respect to capital markets when necessary.

The Capital Market Law requires all public accountants to submit a report to Bapepam under certain circumstances. The report must be submitted confidentially within three working days after a public accountant discovers either:

(a) any violation of the Capital Market Law and/or regulation in the capital market; or
(b) any matter which may jeopardize the financial condition of the public companies, securities exchanges, clearing guarantee companies, central securities depository, and other persons engaged in capital market.

The Supreme Audit Agency (BPK) is required by law to perform compliance audits for all state-owned enterprises, both listed and unlisted. A public accountant who audits financial statements of a state-owned enterprise should also conduct a compliance audit of laws/regulations and internal controls. This is to ensure that the state-owned enterprises are complying with the various laws and regulations. Listed state-owned enterprises have to follow the requirements in Capital Market Law regarding financial reporting as well as other state financial laws.

To qualify as an accountant in Indonesia, the regulatory bodies are Ministry of Finance, Directorate of Accountants and Appraisals Supervision and IAI. Others relevant legislations are:

- Accountants Law 1954
- Ministry of Finance Decree No. 423/KMK.06/2002 and No. 359/KMK.06/2003
- IAI's rules and regulations:
  - By Laws 2003
  - Code of Ethics 1998
  - Public Accountants Rules 2004
  - Disciplinary Rules 2004

- Other relevant laws:
  - Companies Law

3.3.3 Accounting and Audit Regulation

Indonesian accounting pronouncements are issued by the Indonesian Accounting Standards Board (abbreviated DSAK in Indonesian) of the Indonesian Institute of Accountants.

The Law on Limited Liability Companies (No.1) 1995 (PT Law) requires that financial statements must be prepared in compliance with PSAKs. Non-compliance must be disclosed and the reasons for non-compliance should be provided. The PT Law 1995 requires that the financial statements of the following types of companies be audited by a public accountant:

- Companies in a field connected with the mobilisation of funds from the public (i.e. banks, investment funds and insurance companies).
- Companies that have issued debt instruments.
- Publicly held companies.

This regulation requires the following companies to file audited financial statements:

- those incorporated under the PT Law 1995
- those that accumulate funds from the public
- those that issue debt instruments
- those that have total or net assets exceeding Rp 25 billion.

In accordance with the regulation:

- Audited financial statements, comprising a balance sheet, income statement, cash flow statement, statement of changes in equity, and notes to the financial statements (including a list of liabilities and capital participation) must be reported.
- Information is more easily available, including through the Internet and in hard copy at local Company Registry Offices.

3.3.4 Taxation Requirement

Article 14 (2) of the Income Tax Act (Law No. 10 of 1994) allows taxpayers whose gross business income is less than Rp 600 million a year not to keep complete accounts, but the taxpayers should make a report on the projection of its Net Income in accordance with the Net Income Calculation Standards stipulated by the Minister of Finance.

Article 28 (1) and 28 (4) require the taxpayer to have adequate systems of accounts which allows easy calculation of profits or the acquisition price of goods and services, records of cash in bank, a list of accounts payable and receivables, and inventory. A Balance Sheet and Profit and Loss Statement must also be presented.

The law does not clearly require certification by an auditor. Accounts should be based on the Indonesia accounting principles promulgated by the IAI. For purposes of Article 28 (4), an auditor's report or certification of accounts will be adequate proof of the fulfillment of the requirement.

(A) Basis of Taxation

A corporation, for tax purposes, is classified as "resident" or "non-resident". Residency is determined on the basis of place of incorporation. A corporation is therefore considered "resident" if incorporated in Indonesia and non-resident if otherwise.

Resident corporations are taxed on their worldwide income. Tax credits are allowed for income that was taxed outside the country. Non-residents are taxed only on income derived from Indonesian sources, subject to any relief available under double taxation agreements. Income attributable to a PE of a company that is resident of a treaty country should refer to the relevant treaty.

For individual taxpayers, both resident and non-resident taxpayers are subject to national income tax (Indonesia has neither federal nor state income tax). Residents are taxed on their worldwide income and are generally allowed a credit for taxes paid abroad, whereas non-residents are taxed only on their Indonesian-source income.

(B) Value Added Tax

VAT is imposed on most goods and services at a rate of 10%. Government regulations can adjust the rate to as low as 5% and as high as 15%. The tax is generally collected by "VAT-able firms" (entities which deliver taxable goods or services). These firms are required to submit VAT returns monthly. There are goods and services, however, which are exempt from VAT.

Primary production companies and small businesses (corporations or individuals) with annual sales of less than Rp. 180 million for services and Rp. 360 million for goods have the option to be exempted from imposing VAT.

(C) Tax Administration

Most Indonesian companies adopt the calendar year as their financial and tax year. They have to file monthly and annual tax returns. Monthly returns have to be filed no later than the 20th day of the month following the month of payment or accrual of the related expenses. The deadline for filing annual income tax returns is three months from the end of the company's financial year, typically March 31.

3.3.5 Mode of Operation and Conduct of Public Practice

Indonesian accountants may practice as sole proprietorship, civil law partnerships or partnership. Audit services of PA can only be rendered by accounting firm.

Current law does not provide for mutual recognition arrangements for foreign accountancy qualifications except for MIA members. Therefore, foreign accountants or foreign accounting firms are not allowed to render attestation services in Indonesia. However, local public accountants and accounting firms may cooperate with foreign accounting firms in terms of technical assistance.

(A) There are essentially three types of partnership:

(i) basic partner
(ii) open partner
(iii) limited partner

(i) Partnership as basic partner

In the basic partnership, partners are jointly and severally liable and their liability for the partnership's debts is unlimited. The provisions of the Indonesian Civil Code 1847 govern partnership. This type of partnership is most common among professionals, including accountants.

(ii) Partnership as open partner

The partners in an open partnership are jointly and severally liable and their liability for the partnership's debts is unlimited. In addition, each partner has the right to bind the partnership to third parties, unless that right has been specifically denied. This partnership is most commonly used by trading and service enterprises.

(iii) Partnership as limited partner

It is similar to the open partnership but permits the admission of silent partners. These are governed primarily by the provisions of the Commercial Code. General requirements for setting up public practice in Indonesia are:

- must be an accountant;
- the PA has never been revoked;
- domicile in the Republic of Indonesia which can be proofed by producing valid ID card;
- posses State Register Number of Accountant;
- member of IAI and IAI-PA Compartment;
- passes CPA Exam conducted by IAI; and
- accumulated a minimum 1000 hours practical experience in general audit in the last 5 years provided that 500 hours of those was in charge/ supervised general audit engagement;
- completed the relevant applications form.

(B) Professional Services

Other professional services may be provided subject to relevant rules and regulations, if any.

(C) Others

Not mentioned

3.4 Malaysia

3.4.1 Regulation of the Accountancy Profession

(A) Introduction

The Malaysian Institute of Accountants - MIA ("The Institute"), established under the Accountants Act, 1967 ("Act") has assumed the authority empowered by law to manifest itself as the authoritative body regulating the accounting profession.

At the helm of stewardship is the Council represented by the Accountant General, the Registrar and accountants in the public practice, private sector and from academia.

The Institute is a member body of regional and international professional bodies which play a significant role in the development and advancement of the accounting profession globally. Its membership in such bodies include the:

- Asean Federation of Accountants (AFA)
- Confederation of Asian and Pacific Accountants (CAPA)
- International Federation of Accountants (IFAC)
- Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

The Prime Minister, Dato' Seri Abdullah Ahmad Badawi had announced in the Budget 2008 that the Government will establish the Public Companies Accounting Oversight Board under the auspices of the Securities Commission to further strengthen corporate governance practices.

(B) Membership Admission and Types of Membership

The accountancy profession in Malaysia is regulated by the Institute. Any person in Malaysia who wishes to be an accountant must first be admitted as a member of the Institute. All members have to comply with the Rules and By-Laws of the Institute. All new members are required to attend the Institute's induction course within 6 months after being admitted as a member.
Subject to subsections (3) and (6) of Accountants Act 1967, every person on payment of the prescribed fee shall be entitled to be admitted as a member of the Institute depending on the category of membership as follows:

(i) Chartered Accountants
(ii) Licensed Accountants
(iii) Associate Members

In addition, within the category of Chartered Accountants and Licensed Accountants, there are those members who are in public practice and who are required to have a valid practicing certificate and those members who are not in public practice.

(i) Membership as Chartered Accountants

An applicant shall, before admission as a Chartered Accountant, satisfy the Council that:

- He 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;
- He is a member of any of the recognised bodies specified in Part II of the First Schedule;
- He is eligible to sit for and has passed the Malaysian Institute of Accountants 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;
- He has authority under section 8(2) and (6) of the Companies Act, 1965 [Act 125] to act as a company auditor without limitation or conditions; or
- He meets the admission criteria stated in the Mutual Recognition Agreement entered into by MIA with other professional or regulatory bodies.

(ii) Membership as Licensed Accountants

Subject to the relevant provisions of the Act, every person on payment of the prescribed fee shall be entitled to be admitted as a member of the Institute as a Licensed Accountant:

- If he has been granted limited or conditional approval to act as an auditor of companies under section 8(6) of the Companies Act 1965, or if he has been in public practice as an accountant, a tax consultant or a tax adviser immediately before the coming into operation of this Act; or
- 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.

Other Conditions:

- A Licensed Accountant admitted under this section shall be subject to the same restrictions, limitations or conditions as have been imposed upon him under the Companies Act 1965.
- A Licensed Accountant who has been certified by the Council, acting on a report by a Committee appointed under relevant provision, as fit to be admitted as a Chartered Accountant, shall be entitled to be admitted as such.

(iii) Membership as Associate Members
Any person who is closely associated with the profession of accountancy or who has participated in the advancement of accountancy training and education but is otherwise not qualified under this Act to be admitted as a Chartered Accountant may be admitted as an Associate Member of the Institute on payment of the prescribed fees if he satisfies the requirements of the rules.

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 Institute held under paragraph 8 of the Second Schedule nor request for a general meeting under paragraph 8(2) of that Schedule.

(C) Other general conditions applicable for all categories of membership

- No person shall be admitted by the Council as a member of the Institute if he is less than twenty-one years of age or if in the opinion of the Council he is not a fit and proper person to be admitted as a member.
- A body corporate shall not be eligible for membership of the Institute.

3.4.2 Commencement of Public Practice

(A) Practicing Certificate
A member shall not hold himself out as a member in public practice unless he holds a valid practicing certificate issued by the Institute. Therefore, members who should apply for a practicing certificate are those who intend to:

- set up an audit or non-audit firm to be registered with MIA;
- be a partner of an existing audit or non-audit firm registered with MIA; or
- be a director and/ or shareholder in a limited or unlimited company which offers taxation, tax advisory and tax consultancy services.

The Institute's By-Laws requires all professional accountants applying for a practicing certificate for the first time to attend and complete the Institute's Public Practice Program (PPP), prior to his application.

(B) Criteria for Applying for the Practicing Certificate
To be registered as a Chartered Accountant with a valid practicing certificate, a member must:

- have obtained at least 3 years of his/ her pre-requisite practical accounting experience in the office of a Chartered Accountant or if in the office of a non-resident practice, the partners of that non-resident practice should be members of one of the recognised professional bodies set out in the Act or hold such other experience in any areas of the public practice services as may be approved by the Council;
- be in full time practice; and
- practice as a sole proprietorship or in a partnership with other members.

(C) Conditions for Holding a Practicing Certificate
The conditions for holding a Practicing Certificate are:

- The members must commence public practice within six months of the date of issuance of the practicing certificate and shall practice on a full time basis. A member issued with a practicing certificate but who 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.
- However, in a case where the member has not been successful in his Audit License application and wishes to re-apply for an Audit License, he may apply for an extension of time from the Institute to commence public practice.
- A member shall cease to be entitled to a practicing certificate by the last day of December in the year in which it becomes due and payable, unless the Council decides otherwise.

(D) Renewal

A practicing certificate will be renewed automatically on a year to year basis for a period of twelve months, each commencing on the month of July next following whereupon the annual practicing certificate fee shall become due and payable.

(E) Cessation

Members who wish to resign from the Institute may do so by writing officially to the Institute. Upon applying for resignation, members are required to settle all outstanding annual subscription fees due which include the current financial year when the application for resignation is made. There is no provision for prorated annual subscription.

A practicing certificate holder who is unable to commence public practice within six months of the issuance of the practicing certificate should surrender his practicing certificate to the Institute for cancellation purposes. This also applies to those who have ceased to be in practice.

A member's name will be removed from the Membership Register due to the non-payment of the annual subscription within 6 months of the due date, which is 1 July of each year.

(F) Conditions to Practice as Approved Company Auditor

To be an approved company auditor, a member must be in possession of an Audit License granted by the Treasury pursuant to the Companies Act 1965. The license is only granted to members who are Chartered Accountants with valid practicing certificates and who have passed an interview conducted by the Treasury.

For the Audit License interview, there is an additional requirement in respect of audit work experience in firms of Chartered Accountants for the candidates:

- Applicants must possess three (3) years of continuous relevant and sufficient audit experience; and
- Applicants must have attended the Public Practice Programme organised by the Institute prior to the submission of the application.

For applicants who possess the relevant audit experience but are no longer in the audit field, at the point of submission, he/ she must:

- Possess three (3) years of continuous audit experience in the time period of four (4) years before submission of the application; and
- Have attended the Public Practice Programme organised by the Institute.

The three (3) years of continuous experience as mentioned above must be post membership of the Institute. The existing requirements to apply for the audit licence whereby applicants must be members of the Institute registered as a "Chartered Accountant" and applicants must hold valid practising certificates as a "Chartered Accountant" still remain.

(G) Conditions to Practice as Approved Liquidator

To be a liquidator, an individual has to possess an Audit License with valid practicing certificate for at least one (1) year prior to the application and have passed an interview conducted by the Treasury. Licenses are issued by the Treasury pursuant to the Companies Act 1965.

The Liquidator License is renewable every two (2) years and the application for renewal must be made at least three (3) months before the expiry date.

(H) Conditions to Practice as Approved Tax Agent

The issuance of a license to be a tax agent is governed by the Income Tax Act, 1967. A license is only granted after the applicant has passed an interview conducted by the Inland Revenue Board.

Tax License is renewable every three (3) years and the application for renewal must be made at least four (4) months before the expiry date.

The Service Tax Act, 1975 together with Service Tax Regulation, 1975 require all companies that provide accounting, auditing and taxation services to obtain a Service Tax License.

The rate of the service tax is 5% on the value of the services rendered. Professional services provided by a company to companies within the same group will be exempted from the current service tax of 5%.

Application for Service Tax License shall be submitted to the Royal Malaysian Customs & Excise Department.

(I) Conditions to Practice as other Professional Service Providers

The table below illustrates the list of other professional service providers licensed by the respective Regulators:

Professional Service Provider	Regulatory Body
Investment Advisor/ Representative	Securities Commission
Financial Planner	Securities Commission
Financial Adviser	Central Bank of Malaysia

(J) Compliance with Legislation

It is incumbent upon members who are in practice to have the requisite knowledge and to comply with all the ethical and statutory requirements. The statutory enactments and the subsidiary legislations passed pursuant to the powers provided under the respective Acts should be referred to consistently.

The following Acts and the subsidiary legislations thereto should be referred to:

- Accountants Act 1967 (as amended)
- Institute's (Membership and Council) Rules 2001
- Institute's (Disciplinary) Rules 2001
- Institute's Qualifying Examination Rules 2001
- Institute's By-Laws (On Professional Conduct and Ethics) (as amended and revised from time to time)
- Companies Act 1965 (Revised 1973)
- Capital Markets Services Act 2007
- Rules and Listing Requirements of Bursa Malaysia Securities Berhad
- Banking and Financial Institutions Act 1989
- Anti-Money Laundering Act 2001
- Housing Development (Control & Licensing) Act 1966
- Co-operative Societies Act, 1993
- Partnership Act 1961 (Revised 1974)
- Legal Profession Act, 1976
- Income Tax Act 1967 (Revised 1971)
- Service Tax Act 1975
- By-Laws of the Local Authorities
- Employment Legislation
- Audit Act 1957 (Revised 1972)
- Labuan Offshore Financial Services Authority Act, 1966

In addition, members should be aware of legislative requirements of specific services provided by the practice such as the recruitment of personnel which requires the practice to be licensed under the Private Employment Agencies Act, 1981. Generally members should keep themselves informed of current laws and applicable legislation relevant to their practice and work.

3.4.3 Accounting and Audit Regulation

(A) Statutory Requirements

Accounting and audit requirements are set out in the Companies Act 1965. The financial statements of a limited liability company incorporated under the Companies Act 1965 must be audited at least once a year by an approved company auditor. The company's directors have a duty to prepare its financial statements. An appointed auditor must prepare an audit report on the financial statements for the shareholders of the company.

The accounting standards are set by the Malaysian Accounting Standards Board (MASB).

The MASB uses the International Accounting Standard (IAS) as a basis for most of its standards. All financial statements prepared pursuant to any law administered by the Securities Commission, the Central Bank of Malaysia, and the Companies Commission of Malaysia (CCM) will have to comply with MASB approved accounting standards, which have the force of law.

The law empowers the CCM, Bursa Malaysia and the Securities Commission to monitor compliance with MASB Standards.

(B) Financial Statements and Directors' Reports

In every financial year, a company shall lay at its annual general meeting:

- The audited income statement;
- The audited balance sheet; and
- The directors' report on the state of affairs of the company.

In addition, copies of the audited financial statements together with the auditors' report must be sent to all shareholders of the company not less than 14 days before the date of the annual general meeting.

(C) MASB Standards

In Malaysia, directors are required to prepare financial statements that give a true and fair view of the state of affairs of the company (and where applicable the group) at the end of the financial year and of the income statement and cash flows of the company (or the group) for the financial year.

According to Section 166A of the Companies Act, 1965, approved accounting standards are to be applied in relation to any published financial statements of the commercial, industrial or business enterprises in Malaysia and of overseas subsidiaries and associated corporations where those financial statements are to be incorporated in consolidated financial statements in Malaysia.

For the purpose of both the Companies Act 1965 and the Financial Reporting Act, 1997, MASB Standards issued, International Accounting Standards (IASs) and Malaysia Accounting Standards (MASs) adopted by the Malaysian Accounting Standards Board are "Approved Accounting Standards".

With the publication in the Gazette of the Financial Reporting (Publication of Approved Accounting Standards) Regulations 1999, the legal status of MASB's Approved Accounting Standards, pursuant to this Act, has been further clarified. Hence, compliance with these approved accounting standards is mandatory and legally enforceable.

There are two separate sets of Accounting Standards applicable to different categories of companies which are Financial Reporting Standard (FRS) and Private Entity Reporting Standard (PERS). FRS is a set of accounting standards issued or adopted by MASB for application by all entities other than private entities while PERS is a set of accounting standards issued or adopted by MASB for application by all private entities.

A private entity is a private company, incorporated under the Companies Act, 1965, that:

- is not itself required to prepare or lodge any financial statements under any law administered by the Securities Commission or the Central Bank of Malaysia; and
- is not a subsidiary or associate of, or jointly controlled by, an entity which is required to prepare or lodge any financial statements under any law administered by the Securities Commission or the Central Bank of Malaysia.

(D) Books and Records

Every company must keep such accounting and other records that will:

- Sufficiently explain the transaction and the financial position of the company; and
- Enable a true and fair view of the income statement, balance sheet and any documents required to be attached thereto to be prepared from time to time.

The financial statements must be recorded and kept:

- In such a manner as to enable them to be conveniently and properly audited;
- Within 60 days of the completion of transaction to which they relate;
- For 7 years after the completion of the related transactions or operations; and
- At the registered office, or at such other place in Malaysia as the directors think fit.

All amounts shown in the financial statements must be expressed in Malaysian currency. The corresponding amount for the prior year must be shown. The financial statements shall include a statement of accounting policies adopted by the company.

3.4.4 Taxation Requirement

(A) Tax Structure

The tax structure in Malaysia can be classified into two categories i.e. direct taxes and indirect taxes. Direct taxes are administered by the Inland Revenue Board (IRB) whereas the indirect taxes are administered by the Royal Malaysia Customs & Excise Department. The law governing income tax is the Income Tax Act, 1967.

The following is a summary of these two taxes:

(I) Direct Taxes
- Income Tax
- Real Property Gains Tax
- Petroleum Income Tax
- Stamp duty

(II) Indirect Taxes
- Sales Tax
- Service Tax
- Customs Duty
- Excise Duty
- Import Duty

(B) Basis of Taxation

Malaysia has shifted from the preceding year basis to the current year basis of taxation with effect from the year 2000. With the change, the taxation period and the year of assessment would be the same calendar year. However, for companies, the taxation period for a year of assessment (except the cases where the accounts are prepared for less than twelve months) is usually the financial year of the company.

Companies came under the self-assessment system of taxation with effect from the year 2001. The self-assessment system for salaried individuals, businesses, partnerships, trust bodies and co-operative societies has been implemented in the year 2004. Under the self-assessment regime, the responsibility of computing the tax liability is shifted from the IRB to the taxpayer and accordingly the taxpayer is expected to submit tax returns and compute the tax liability based on the tax laws, guidelines and regulations issued by the IRB.

Under the self-assessment system, it is a statutory requirement for companies, trust bodies and co-operative societies to notify its estimate of tax payable for a year of assessment to the IRB in advance and settle the estimated tax payable in twelve equal monthly installments payable by the tenth day of each month. The first installment is due and payable by the tenth day of the second month in the financial year.

Under the 2008 Budget, it is proposed that where a Small Medium Enterprise (SME) first commences operations in a year of assessment, the SME is not required to furnish an estimate of tax payable or make installment payments for a period of 2 years beginning from the year of assessment in which the SME commences operations.

The tax payable for the relevant years of assessment have to be settled upon the submission of the income tax returns which is not later than seven months from the date of the company's financial year-end. Penalties will be imposed for late payment. A 10% penalty is imposed on any tax not paid on due date and an additional 5% penalty if such tax is still not paid within the next 60 days.

In the case of an individual however, the tax return has to be submitted to the IRB by 30 April in the year following the year of assessment. Since the return submitted is a deemed notice of assessment, the balance of tax payable must be paid by 30 April failing which a 10% penalty will be imposed with a further 5% penalty if such tax is not paid within the next 60 days.

(C) Tax Filing Requirements

Every company, private or public, resident or non-resident, carrying on a business in Malaysia must file an annual return of income if it is chargeable to tax.

3.4.5 Mode of Operation and Conduct of Public Practice

Public practice is governed by the Act, the Rules and the By-Laws (On Professional Conduct and Ethics) of the Institute.

Under the Act, the person must be a member of the Institute, and is prohibited from public practice through a body corporate except where it is allowed by other statutes for limited areas of public practice, such as provision of tax services, corporate secretarial services and even as investment advisors.

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).

Members in public practice may carry out public practice services such as accounting, audit, liquidation, tax and other related services. The practice of audit, liquidation and tax are licensed under relevant legislation. Members just need to have their principal or only place of residence in Malaysia to be in public practice in Malaysia.

A member may also establish a branch office to carry out public practice services but the branch office must be managed by a member of MIA.

Members who wish to set up a practice must first obtain the approval of the Institute on the use of the firm's name. It should not be a trade or association name. Upon the setting up of his firm, the practice must be registered with the Institute.

The setting up of a tax consultancy practices requires the intended professional to register with CCM under the Registration of Business Ordinance, 1956, or incorporate a company under the Companies Act 1965, or register with the Malaysian Institute of Accountants. A foreign company cannot carry on business in Malaysia unless it incorporates a local company or registers the company in Malaysia with CCM. For a foreign company to register a company in Malaysia, the same registration procedures pertaining to the registration of a locally incorporated company apply.

All firms registered with MIA are required to update their records with MIA by submitting an annual return on particulars of their firm and branch/ branches (where applicable) on a yearly basis. Submission of the annual return to the Institute is mandatory. An annual return form will be sent (by MIA) to all member firms on a yearly basis.

(A) Professional Services

The following is a list of professional services prescribed under the Accountants Rules that shall be offered by Practicing Certificate holders to the public:

- accounting and all forms of accounting related consultancy;
- accounting related investigations or due diligence;
- auditing including internal auditing;
- bookkeeping;
- costing and management accounting;
- forensic accounting;
- insolvency, liquidation and receiverships;
- provision of secretarial services under the Companies Act, 1965 [Act 125];
- taxation, tax advice and consultancy;
- such other services as the Council may from time to time prescribe;

Further to the above, MIA By-Laws provide that where members participate as directors and/ or shareholders in limited or unlimited companies which offer taxation, tax advice and taxation consultancy services, such members shall be deemed to be members in public practice.

For statutory audit services for all companies and reporting accountants' services for public listed entities, the practitioners must practice under a sole proprietorship or partnership. Other services could be offered under incorporated bodies.

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.

(B) Others

(i) Title

- Any member who has been registered as a Chartered Accountant shall, so long as he is so registered and continues to act as a Chartered Accountant, describe himself as a "Chartered Accountant", and may use the letters "C.A.(M)" after his name.
- Any member who has been registered as a Licensed Accountant shall, so long as he is so registered, describe himself as a "Licensed Accountant", and may use the letters "L.A.(M)" after his name.
- Any person who is registered as an Associate Member shall, so long as he is so registered, describe himself as an "Associate Member", and may use the letters "A.M.(M)" after his name.

(ii) Advertisement

- A member who is a Chartered Accountant or a Licensed Accountant may advertise himself as being engaged in practice as a Chartered Accountant or Licensed Accountant respectively in accordance with By-Laws made by the Council of the Institute.

3.5 Myanmar

3.5.1 Regulation of the Accountancy Profession

(A) Introduction

The government promulgated the Burma Accountancy Council Act in 1972 which created the cadre of Certified Public Accountants (CPA) in Burma. In 1994, the government passed the Myanmar Accountancy Council (MAC) Law replacing the Burma Accountancy Council Act and allowing the old Registered Accountants (RA) to become CPAs. The professional ethics of auditors are recapitulated again in the new Act.

The objectives of the MAC's functions can be classified as follows:

- generating qualified accountants;
- contributing to the development of the accounting profession; and
- governing for assurance of observance on codes of ethics in accounting profession.

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

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

(B) Membership Admission and Types of Memberships

The Ministry of Education, through the Burma Accountancy Board, conducts the RA Training Course. The training duration is fixed at two years.

Members are categorised by the Act into different classes of membership. These are:
(i) Registration as Apprentice Accountant
(ii) Registration as Certified Public Accountant
(iii) Registration as Practicing Accountant

(i) Registration as Apprentice Accountant

A citizen desirous of registration as an Apprentice Accountant may apply to the Council in accordance with the stipulations of the Council. If after scrutiny the Council finds that the application is in conformity with the stipulations it shall:

(a) select and allow registration as an Apprentice Accountant;
(b) cause the prescribed registration fees, tuition fees, examination fees, to be paid; and
(c) enroll the citizen as Apprentice Accountant in the Register.

The Apprentice Accountant shall pursue his studies during the period of apprentice service in accordance with the procedures.

The Council shall issue the Certified Public Accountant (CPA) Certificate to any person who, after having passed the CPA examination, has satisfactorily completed the practical training during the period of apprentice service.

(ii) Registration as Certified Public Accountant

A citizen desirous of registration as a CPA may apply to the Council for such registration, if he possesses any of the following qualifications:

- a person who holds the CPA certificate;
- a person who, having passed the RA examination, has satisfactorily completed the practical training within the period of Articleship;
- a person who holds an Accountancy Certificate or degree conferred by any foreign country and recognised by the Council; and
- a person who has been registered as a RA under the Myanmar Accountancy Law, 1972 or a person who is entitled to register.

According to Section 13 of Myanmar Accountancy Council Law, if after scrutiny the Council finds that the application is in conformity with the stipulations it shall:

- allow registration;
- cause the prescribed registration fees to be paid; and
- issue a Certificate of Registration as a CPA, after entering the name in the register.

On expiry of the tenure of the Certificate of Registration as a CPA, a person desirous of extending such tenure may apply to the Council in the manner prescribed. The Council may extend the tenure after causing payment of the prescribed fees to be made.

(iii) Registration of the Practicing Accountant
If the Certified Public Accountant who is registered under section 13 is desirous of Practicing Accountancy as a main profession, he may apply to the Council to be so registered in the manner prescribed. If after scrutiny the Council finds that the application is in conformity with the stipulations it shall:

- allow registration;
- cause the prescribed registration fees to be paid;
- issue a Certificate of Practice as a Practicing Accountant, after entering the name in the register.

(C) Other general conditions applicable for all categories of membership
Not mentioned

3.5.2 Commencement of Public Practice

(A) Practicing Requirement and Certificate of Practice
No person shall act as an auditor of any company established under the Myanmar Companies Act or the Special Company Act, 1950, without holding a Certificate of Practice as a Practising Accountant.

Any Certified Public Accountant who wishes to practise accountancy as a profession must apply to the MAC for enrolment in the Register of Practising Accountants.

After payment of the prescribed registration fees, he or she will be allowed to be enrolled in the Register of Practising Accountants and be issued a Certificate of Practice as a Practising Accountant. No CPA can take on any audit engagement without holding the above Certificate of Practice. Under this law, only the citizens of the Union of Myanmar who hold the Certificates of Practice are allowed to practise Professional auditing.

(B) Renewal
On expiry of the tenure of the Certificate of Practice as a practicing Accountant, a person desirous of extending such tenure may apply to the Council in the manner prescribed. The Council may extend the tenure after causing payment of the prescribed fees to be made.

(C) Cessation
Subject to Section 21 of the MAC Law, the Council may form and assign a three-member Inquiry Committee, consisting of at least one Council member to investigate the Practising Accountant who is alleged to have failed in any one of the duties prescribed in Section 18, or to have violated any one of the professional ethics prescribed in Section 19.

The Inquiry Committee shall submit a report of its findings to the Disciplinary Committee, consisting of 5 Council members, formed for this purpose by the Council. The Disciplinary Committee may mete out any of the following administrative penalties:

- giving a warning;
- withdrawing the right to practise as a Accountant for a fixed period of time:
- cancelling the Certificate of Practice as a Practising Accountant.

(D) Conditions to Practice as Approved Liquidator
Practicing Accountant or Practicing Lawyer can be an official Liquidator.

(E) Conditions to Practice as Others
Not mentioned

(F) Compliance with Legislation
The Burma Auditor's Certificates Rules 1939 was issued under the provisions of Section 144 (2) of the Burma Companies Act. The profession was regulated by the Auditor's Certificates Rules 1939 under the Indian Companies Act. The provisions of the Myanmar Companies Act regulated the conduct of professional auditors, especially in regard to commercial enterprises.

The Myanmar Auditor's Certificates Rules were more or less based on the Indian Auditor's Certificates Rules. However, according to the 1956 Rules, enrolment in the Register of Accountants was limited to citizens of the Union of Myanmar, other than those already on the register.

The Laws vests the MAC with the powers to conduct the Certified Public Accountants (CPA) and Diploma in Accountancy (DA) training courses and to regulate the accounting profession by maintaining the Registrar of Certified Public Accountants and the Registrar of Practicing Certified Public Accountants and, to take disciplinary action against the CPAs who fail to observe the code of professional ethics contained in the Law.

3.5.3 Accounting and Audit Regulation

(A) Statutory Requirements

(i) Companies

Every company must appoint one or more auditors to report to the members on the accounts of the company. The directors may appoint the first auditor. The shareholders make subsequent appointments at the annual general meeting. At each general meeting, the directors of the company are required to present an audited balance sheet and profit and loss account that give a true and fair view of the profit and loss for the company's preceding financial year.

The first annual general meeting is required to be held within 18 months from the company's incorporation and in subsequent calendar years, at intervals of not more than 15 months.

At the annual general meetings, the shareholders elect directors, appoint auditors and set their remuneration, approve the audited financial statements and the directors' report, and consider any other relevant matters. Within 21 days of the annual general meeting, all companies are required to file with the Registrar an annual return (Form E) containing the following information:

- The meeting date
- Details of capital structure of the company
- A list of amount due on mortgage
- Information on shareholders; and
- A list of directors and managers.

A private company is required to send, with the annual return, a certificate signed by a director or other officer that the company has not issued any invitation to the public to subscribe for any shares or debentures of the company. In the case of a public company, a copy of the balance sheet signed by the manager or secretary of the company shall be filed with the annual return.

(ii) A foreign branch company

A foreign branch company shall every year file with the Registrar: A copy of the balance sheet of the Head Office company incorporated outside Myanmar, together with a statement of all holdings of shares classified according to the nationality of the holder of such shares, and if the balance sheet does not contain all the information provided in Form H in the Third Schedule of the Myanmar Companies Act, such supplementary statements shall furnish such information; or where no such provision to file a balance sheet is made by the law of the country in which the company is incorporated, such a statement in the form of a balance sheet, together with a statement showing the holding of its shares classified according to the nationality of the holding of such shares.

(B) Myanmar Accounting Standard

MAC has created a Myanmar Accounting Standards Committee (MASC) to establish accounting standards for the country. MASC have approved up to MAS 34.

(C) Book and Records

Section 145 (1) of the Myanmar Companies Act requires the auditor to make a report to the members of the company on the accounts examined by him at the annual general meeting. This report must include the Company's balance sheet and the profit and loss statement, and in addition, must state:

- Whether or not the auditors have obtained all the information and explanations they require;
- Whether or not in their opinion the balance sheet and the profit and loss account referred to in the report are drawn up in conformity with the law;
- Whether or not such balance sheet exhibits a true and correct view of the state of the company's affairs according to the best of their information and the explanations given to them, and as shown by the books of the company; and
- Whether in their opinion, books of accounts have been kept by the company as required by law.

Auditors have the right to attend annual general meetings of companies and to comment on their reports which have been presented to the members. Stringent provisions for negligence are included in the Auditor's Certificates Rules.

3.5.4 Taxation Requirement

(A) Basis of Taxation

A person or an enterprise operating under the Foreign Investment Law is liable to income tax on the income accruing or derived from all sources within the Union of Myanmar. At present, there are fifteen types of taxes and duties under the four main categories which are individual income tax, corporate income tax, capital gain tax and commercial tax. Income is computed on the basis of one fiscal year which starts on April 1 and ends on March 31 of the following year. A flat tax rate of 30 percent is applicable to an enterprise operating under the Foreign Investment Law and those operating under the Myanmar Companies Act. A foreign employee of an enterprise operating under the Foreign Investment Law, for income tax purposes, could be treated as a resident citizen. As a consequence, progressive tax rates starting from 3 percent to a maximum ceiling of 30 percent is applicable.

A person or an enterprise operating under the Foreign Investment Law is liable to income tax on the income accruing or derived from all sources within the Union of Myanmar.

Persons who spend 90 days or less in Myanmar in any tax year are normally exempt from tax. If the individual is in any form of employment in Myanmar, this rule does not apply.

Corporate bodies registered outside Myanmar having registered branches in Myanmar are registered as non-resident and are taxed on income only arising or accruing in Myanmar at the minimum non-resident rate of 35% or at graduated resident rates of 3%-50% whichever is higher.

(B) Tax Administration

The return on income is to be filed with the office of the Inland Revenue in the respective township on or before 30th June following the income year, but on the business being discontinued, it is to be filed within one month from the date of discontinuation. Returns for capital gains are also to be submitted within one month of the disposal of the capital assets concerned.

3.5.5 Mode of Operation and Conduct of Public Practice

Business organisations such as partnership firms, limited companies and associations not for profit 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. Associations not for profit shall register under Section 26 of the Myanmar Companies Act with prohibition of payment of dividend to its members.

It is also learnt that some of the foreign branch offices to be newly registered in Myanmar have been requested by the Companies Registration Office to increase the Head Office's Issued & Paid-up Capital to the prescribed minimum capital requirement amount depending on the type of business.

However, the Companies Registration Office has not requested the foreign branch offices to increase the minimum capital to be brought into Myanmar.

Only 'Registered Accountants in Practice' may employ Articled Clerks. A list of such accountants is published each year by the Government. It should be noted that the amended Auditors' Certificates Rules do not specify the length of practice needed for eligibility to take on articled clerks.

(A) Professional Services

Professional services that shall be offered by Practicing Accountant to the public are taxation and others financial matters.

(B) Others

(i) Prohibition

A person whose Certificate of Practice as a Practising Accountant has been withdrawn for a fixed period of time or whose Certificate of Practice has been cancelled shall not fail to surrender the Certificate of Practice within 30 days of the date on which the Disciplinary Committee has made the order or the decision.

3.6 Philippines

3.6.1 Regulation of the Accountancy Profession

(A) Introduction

The Accountancy Act, 1923 created the Board of Accountancy (BOA) and gave it the authority to issue Certified Public Accountant (CPA) Certificates. Six years later, the Philippine Institute of Certified Public Accountants (PICPA) was established within the private sector to represent professional interests.

PICPA was formed in 1929 and recognised in 1975 by the Professional Regulations Commission (PRC) as an official body represented by members in the public practice, industry, government and education sectors in Philippines.

Before the formation of the Accounting Standards Council (ASC), PICPA was the main source for recommendations on the accounting practices and auditing standards. It also issued rules of professional conduct for its members. In November 1981, PICPA formed the ASC as an independent body to formalise the accounting standard-setting function in the Philippines.

The International Accounting Standard became the basis for Philippine accounting standards since 1996.

3.6.2 Commencement of Public Practice

(A) Practicing Certificate

According to Section 26 of BOA, no person shall practice accountancy in this country, use the title "Certified Public Accountant", or other device to indicate such person practices or offers to practice accountancy, unless such person shall have received from the Board a Certificate of Registration and be issued a professional identification card or a valid temporary/special permit duly issued to him/her by the Board and the Commission.

The BOA will issue a practicing certificate after three years of meaningful experience. Mandatory Continuing Professional Education (CPE) compliance is required for all CPAs.

A Certificate of Registration shall be issued to examinees who pass the licensure examination, or who are admitted without examination under reciprocity or other international agreements subject to payment of fees prescribed by the Commission.

The Certificate of Registration shall bear the signature of the Chairperson of the Commission and the Chairman and Members of the Board, stamped with the official seal of the Commission and of the Board, indicating that the person named therein is entitled to the practice of the profession with all the privileges appurtenant thereto. The said certificate shall remain in full force and effect until withdrawn, suspended or revoked in accordance with Republic Act (RA) No. 9298.

A Professional Identification Card bearing the registration number, date of issuance, expiry date, duly signed by the chairperson of the Commission, shall likewise be issued to every registrant. Provided, that the registrant has paid the prescribed fee for the annual registration for three (3) years.

(B) Criteria for Applying for the Practicing Certificate

The Accountancy Act, 2004 and its implementing regulations, provide that all CPAs must be members of an accredited professional organisation. The Act imposed a three-year experience requirement before a new CPA could practice as a public accountant.

Single practitioners and partners of partnerships organised for the practice of public accountancy shall be CPA in the Philippines pursuant to RA No. 9298. A Certificate of Accreditation shall be issued to CPA in public practice only upon showing, in accordance with rules and regulations promulgated by the Board and approved by the Commission.

Such registrants should have acquired a minimum of three (3) years meaningful experience in any of the areas of public practice including taxation. This requirement shall not apply to those already granted a Certificate of Accreditation prior to the effective date of RA No. 9298.

(C) Renewal

The PICPA shall renew its Certificate of Accreditation once every three (3) years after the date of the Resolution granting the petition for re-accreditation and the issuance of the said certificate upon submission of the requirements enumerated hereof, a report on significant achievements as a corporate body in attaining the objectives of the organisation, in the enhancement of the welfare of its members and the stature/prestige of the profession to be signed by Board Directors/Trustee and a proof of payment of the prescribed renewal fee.

The Board shall not renew a Professional Identification Card, or shall suspend, or revoke, any Certificate of Registration obtained by false swearing or by any misrepresentation made in applying for registration or examination and shall not renew nor grant registration to any applicant whose application contains such false evidence or information.

(D) Cessation

The PICPA certificate of accreditation shall be cancelled or suspended by the Commission upon recommendation by the Board after due hearing under any of the following grounds/causes:

- It has ceased to possess any of the qualifications for accreditation;
- It no longer serves the best interest of the CPAs;
- It did not achieve its plan provided in paragraph 2 to enlist into active membership within three (3) years, majority of the CPAs in the practice of accountancy as defined in the Section 4, Rule I hereof or even if it achieves such plan but fails to sustain it over time such that its membership no longer represents a significant portion of the aforesaid CPAs in the practice of accountancy;
- It has committed acts inimical to its members and to the profession;
- It has not renewed its certificate of accreditation after a lapse of an unreasonable period for the date of its scheduled renewal; or
- It has not submitted the required audited financial statements.

(E) Conditions to Practice as Approved Auditor

All applicants for registration for the practice of accountancy shall be required to undergo a licensure examination to be given by the Board in such places and dates as the Commission may designate subject to compliance with the requirements prescribed by the Commission in accordance with Republic Act No. 8981.

Any person applying for examination shall establish the following requisites to the satisfaction of the Board that he/she:

- is a Filipino citizen;
- is of good moral character;
- is a holder of the Degree of Science in Accountancy conferred by a school, college, academy or institute duly recognized and/or accredited by them or other authorised government offices;
- has not been convicted of any criminal offense involving moral turpitude or misrepresentation made in applying for registration or examination.

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. 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 SEC-registered entities.

(F) Conditions to Practice as Tax Agent

Not mentioned

(G) Conditions to Practice as Liquidator

Not mentioned

(H) Conditions to Practice as Others

Not mentioned

(I) Compliance with Legislation

The legislative and institutional framework that governs Philippine accounting and auditing arrangements are the Revised Accountancy Law 1975 (replaced Accountancy Act, 1967), the Corporation Code, the Revised Securities Act 2000, and the National Internal Revenue Code 1999. The Philippine accounting and auditing regulatory framework includes both governmental and a supervised form of self-regulation. The Accountancy Act 1967 governed the standardisation of accounting education, stipulated the examination process for CPA registration, and regulated the practice of accountancy.

The Act allowed only Philippine citizens, and citizens of foreign countries extending similar privileges to Philippine citizens with respect to the practice of accountancy, to take the CPA exam and to practice accountancy.

Professional firms are regulated by SEC and the Board of Accountancy, through the PRC, has recently begun to review and license accountancy firms. Accountancy firms cannot be corporations and the Revised Accountancy Law 1975 requires that all partners of accountancy firms must be registered Philippine CPAs. All of the large international accountancy firms are represented in the Philippines.

3.6.3 Accounting and Audit Regulation

Accounting standards in the Philippines are approved by the Securities and Exchange Commission (SEC).

The Philippines adopted all International Financial Reporting Standards (IFRS) in 2005 without modification. These Philippine equivalents to IFRSs apply to all entities with public accountability. That includes:

- entities whose securities are listed in a public market or are in process of listing;
- all financial institutions including banks, insurance companies, security brokers, pension funds, mutual funds, and investment banking entities;
- public utilities; and
- other economically significant entities, defined as total assets in 2004 of at least 250 million Pesos (US$5 million) or liabilities of at least 150 million Pesos (US$3 million).

Non-publicly accountable entities (NPAEs, sometimes called SMEs) have been given a two-year deferral (2005 to 2007) from the transition to IFRS equivalents. Instead, they are permitted to use Philippines Accounting Standards that were in effect in 2004.

The Philippines distinguish publicly accountable entities from non-publicly accountable as follows:

- publicly listed;
- holds assets in a fiduciary capacity;
- public utility; or
- economically significant.

For Philippines purposes, economic significance means total assets over Pesos 250 million (approximately US$ 5 million) or total liabilities over Pesos 150 million in 2004.

The Corporation Code, which is enforced by the Securities and Exchange Commission (SEC), governs the creation and operations of limited liability corporations. Unless companies are classified as closed corporations which are those with 20 or fewer shareholders, they are obliged to abide by all the reporting and other requirements of a limited liability corporation. These corporations must submit audited financial statements to the SEC and the Bureau of Internal Revenue (BIR).

The statutory financial statements include the Balance Sheet, Income Statement and Cash Flow Statement together with notes to the financial statements. The Rules require the disclosure of all matters that might affect an investor's decision to buy or sell a company's securities.

All companies with quarterly sales exceeding Pesos 100,000 (about $2,000) must have their financial statements audited and signed by a CPA. Corporations whose securities are listed at the exchange must prepare their financial statements according to the accounting standards promulgated by the Accounting Standard Council.

The Revised Accountancy Law 1975 regulates the auditing profession – only CPAs are allowed to conduct statutory audits. The following laws and regulations determine audit requirements:

- Sections 75 and 141 of the Corporation Code require corporations with paid-up capital of Pesos 50,000 and above to submit audited annual financial statements to shareholders and to the SEC.
- The National Internal Revenue Code (NIRC) requires corporations, partnerships and persons with gross quarterly earnings of more than Pesos 150,000 to file audited financial statements with their tax returns.

3.6.4 Taxation Requirement

The National Internal Revenue Code 1999 requires all corporations, partnerships and persons that file income tax returns to prepare and submit financial statements. It also requires that tax agents, including CPAs, be accredited by the BIR.

Annual registrations of both Value Added Tax (VAT) and Non-VAT enterprises are required and the classification is dependent on the aggregate annual sales. The final annual income tax returns must be accompanied by the Balance Sheet, Income Statement, Cash Flow Statement and all other documents relevant to computation of taxes due and payable. Partnership and corporations, as well as single proprietorships attaining a certain quarterly sales level must have their financial statements audited and attested to by independent external auditors.

3.6.5 Mode of Operation and Conduct of Public Practice

The partnership engaged in the practice of public accountancy may be carried on in the form of a general partnership (GP) or a limited liability partnership (LLP) organised in accordance with Philippine laws. The SEC shall not register any corporation organised for the practice of public accountancy.

Existing Rules that Allow Practice of Foreign Professionals (Cons reserves practice for Filipino citizens except as provided by law):

(I) RA 8981: PRC Modernization Law of 2000. Certificate of Registration/temporary permit for foreigners:

- reciprocity/International Agreements
- consultants in foreign-funded, joint venture or foreign assisted projects of government.
- employees of Philippine/foreign private firms/institutions pursuant to law
- health professionals engaged in humanitarian missions

(II) Sec 34, Art.IV, RA 9298 (CPA law) of Foreign Reciprocity. Citizen of countries maybe allowed practicing accountancy in the Philippines in accordance with:

- existing laws
- International treaty obligations including Mutual Recognition Agreements (MRAs) entered into by the government with other countries provided that foreign country admits Filipinos to practice the same profession without restriction.

Special / temporary permit may be issued to the foreigner 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 foreign CPA called for consultation or for a specific purpose which, in the judgment of the Board, is essential for the development of the country. The practice shall be limited only for the particular work that is being engaged and provided that there is no Filipino CPA qualified for such consultation or specific purposes;
- a foreign CPA engaged as professor, lecturer or critic in fields essential to accountancy education in the Philippines and the engagement is confined to teaching only; and
- a foreign CPA that is an internationally recognised expert or with specialisation in any branch of accountancy and such service is essential for the advancement of accountancy in the Philippines.

Citizens of foreign countries may be allowed to practice accountancy in the Philippines in accordance with the provisions of existing laws, and international treaty obligations including Mutual Recognition Agreements entered into by the Philippine 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 can prove, in the manner provided by the rules of court that, by specific provision of law, the country of which he is a citizen, subject or national admits citizens of the Philippines to the practice of the same profession without restriction.

(A) Professional Services

Not mentioned

(B) Others

Participation in the audit quality review program of the Philippine Accounting Oversight Board (PAOB) is a requirement for all accredited accounting firms conducting audits in accordance with the International Standards on Auditing/Philippine Standards on Auditing. Audit quality reviews are required as follows:

- Annually for accounting firms that audit more than 100 public interest companies.
- Once every three years for all others.

If violations are found in the requirement of initial accreditation and renewal of accreditation, the PAOB shall recommend sanctions.

3.7 Singapore

3.7.1 Regulation of the Accountancy Profession

(A) Introduction

The Accounting and Corporate Regulatory Authority (ACRA) came into existence by the enactment of the Accounting and Corporate Regulatory Act in 2004. The mission of ACRA is to provide a responsive and forward looking regulatory environment for companies, businesses and public accountants, conducive to enterprise and growth in Singapore.

ACRA administers the Companies Act and the Accountants Act. Pursuant to this, it monitors directors' compliance with approved accounting standards and filing requirements in connection with the preparation and filing of statutory financial statements required under the Companies Act and ensures that public accountants, who perform statutory audits, audit these financial statements in compliance with relevant auditing and quality control standards.

The Institute of Certified Public Accountants of Singapore (ICPAS) is the largest accounting body in Singapore in terms of membership. It is a society constituted under the Societies Act. Membership in the ICPAS is mandatory if a person wishes to practice as a public accountant (or approved company auditor) or to provide services as a company secretary to a public corporation. In the latter case, however, memberships in certain other bodies are also accepted. The majority, however, obtain the ICPAS membership in order to use the designation "CPA Singapore".

The ICPAS is headed by a Council which sets out the direction of its development and oversees its operations. The Secretariat is accountable to the Council and is responsible for the general administration. ICPAS is a member of the:

- International Federation of Accountants (IFAC).
- Asia-Oceania Tax Consultants Association (AOTCA)
- ASEAN Federation of Accountants (AFA)
- Insolvency Practitioners Association of Singapore Limited (IPAS)

The mission of the ICPAS is to develop, support and enhance the integrity, status and interests of the accountancy profession in Singapore. Besides administering the Institute's membership, it caters for the training and professional development of its members through regular courses conducted by its training arm, the Singapore Accountancy Academy (SAA).

The ICPAS has signed Mutual Recognition Agreements (MRA) with the Association of Chartered Certified Accountants (ACCA) and CPA Australia. It has also signed a Memorandum of Cooperation (MOC) with the Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA) and the National Accounting Council (NAC) in Cambodia with KICPA.

(B) Membership Admission and Types of Membership

The main membership categories are as follows:
(i) Provisional members
(ii) Non-practicing members
(iii) Practicing members

Practicing and non-practicing members are entitled to use the designation "Certified Public Accountant Singapore" or the initials "CPA Singapore" or "FCPA Singapore" (Fellow of the Institute of Certified Public Accountants of Singapore).

(i) Membership as Provisional Members

Provisional members are those who have passed the recognised professional examinations or are graduates of local universities (or other recognised local educational bodies) but have yet to fulfill relevant work experience to hold a "CPA Singapore" designation. Various professional examinations are recognised. This includes the ICPAS Professional Examination and examinations set by various overseas professional bodies. Graduates of the local universities (or similar educational bodies) and graduates under the local Joint Examination Scheme with the Association of Chartered Certified Accountants (ACCA) are given direct admission.

Those who have obtained their qualifications overseas would need to show evidence that they are proficient in Singapore laws (including those relating to companies and taxation). If they cannot show such evidence, they will need to sit for the relevant examinations as prescribed by ICPAS.

(ii) Membership as Non-Practicing Members

Non-practicing members are members employed in the profession, commerce and industry, government and statutory agencies, and academic institutions. To be admitted as a non-practicing member the applicant must have fulfilled all the requirements to become a provisional member. In addition they are required to:

- have acquired practical experience as specified by ICPAS
- attended a Pre-Admission Course conducted by ICPAS

The Pre-Admission Course is a five-day refresher course on professional standards, Code of Conduct and Ethics, and related matters. A member who has completed this course will not be required to undergo another similar course of instruction when applying for a reclassification of his or her membership status.

(iii) Membership as Practicing Members
To be admitted as a practicing member, the applicant must have fulfilled all the requirements as required by a non-practicing member in addition to being registered as a public accountant under the Accountants Act. The requirements for registering as a public accountant are given in Section 3.7.2.

(C) Other general condition applicable for all categories of membership

All members are required to comply strictly with the ICPAS Code of Professional Conduct and Ethics, failing which members may face disciplinary action.

3.7.2 Commencement of Public Practice

(A) Practicing Certificate

The criteria to be registered as a public accountant under the Accountants Act and to obtain a certificate of registration issued by ACRA (hereinafter referred to as a “practicing certificate”) are contained within the Second Schedule of Accountants (Public Accountants) Rules of the Accountants Act (hereinafter referred to as “the Second Schedule”) and ACRA’s Practice Direction No. 1 of 2005. Any person who desires to be registered as a public accountant under the Accountants Act must make an application to the Public Accountants Oversight Committee (PAOC) of ACRA. The PAOC was established under the Accountants Act and assists ACRA in administering the Act.

An applicant must meet the following requirements:

- has attained the age of 21 years
- holds a qualification listed under the Second Schedule
- has acquired the practical experience required under the Second Schedule
- be a member of ICPAS.

An applicant must have, at the time of his application for registration, acquired at least 3 years of practical experience, of which at least 2 years must be acquired after passing the relevant final examination prescribed under the Second Schedule. This experience must be acquired within 7 years before the date of application; of which at least 1 year must be acquired within 3 years before the date of application.

The PAOC may require an applicant for registration to undergo such interviews as it may determine. It may refuse to register any applicant who has had his registration, license or approval to practice as a public accountant in any other country withdrawn, suspended, cancelled or revoked or in the opinion of the PAOC:

- is not of good reputation or character;
- is engaged in any business or occupation that is inconsistent with the integrity of a public accountant; or
- is otherwise unfit to practice as a public accountant.

The Second Schedule requires that an applicant who does not have at least 2 years of relevant local experience and who is a foreign graduate to satisfy the PAOC of his or her proficiency in local laws by passing an examination in the following subjects:

- Singapore Company Law; and
- Singapore Taxation and Tax Management.

The PAOC recognizes ICPAS as the learning provider for the above two subjects.

Every applicant must also complete a course of instruction on ethics and professional practice subjects as may be prescribed by the PAOC from time to time. Currently the prescribed course is the ICPAS Pre-admission Course.

(B) Conditions for Holding a Practicing Certificate

A certificate of registration is valid from the date it was issued or renewed to 31st December of the same year. An application for renewal must be submitted in the renewal form and signed personally by the public accountant concerned. It must also be accompanied by the prescribed fees. A public accountant shall not be entitled to have his certificate of registration renewed if he has failed:

- to pass any practice review conducted under ACRA's Practice Monitoring Programme, pursuant to Part V of the Accountants Act
- to meet the required standard of professional conduct or practice under the Code of Professional Conduct and Ethics as prescribed under the Accountants Act
- to comply with the prescribed requirements relating to continuing professional education (CPE) under the Accountants Act.

(C) Cessation

Public accountants can apply to the PAOC to cancel their certificate of registration by providing their public accountant registration number and proposed date of cancellation. After the PAOC approves the cancellation, the accountant is required to apply for a revocation of the relevant public accounting vehicle under which he or she operated by writing in to the PAOC or using the online facility available at ACRA's website.

(D) Conditions to Practice as Approved Company Auditor

To practice as an Approved Company Auditor, the person would need to obtain a practicing certificate issued by ACRA. See Section 3.7.2 (A) above, on the conditions relating to obtaining a practicing certificate.

(E) Conditions to Practice as Tax Agent

There are no specific requirements in legislation for a person to practice as a tax agent.

(F) Conditions to Practice as Liquidator

The conditions to practice as an Approved Company Liquidator are contained in Sections 9 and 11 of the Companies Act and ACRA's Practice Direction No. 5 of 2005. ACRA's Registrar of Public Accountants must be satisfied as to the experience and capacity of the applicant before approving such an application. The requirements depend on whether the applicant is a public accountant or not.

Public accountants must have suitable and relevant experience – "suitable and relevant experience" means audit or liquidation experience; and evidence of "capacity". To establish capacity, public accountants must obtain a report from two referees, one of whom must be an approved liquidator who has supervised the applicant's work. Approval to be a liquidator will remain so long as the applicant remains a public accountant under the Accountants Act. If the liquidator ceases to be a public accountant, the following conditions will apply with regards to the validity of the approval to act as a liquidator:

- a person who resigns voluntarily as a public accountant may continue to be a liquidator upon an application made in writing and upon approval granted by the Registrar. The application should be made before his proposed date of resignation as a public accountant. Otherwise, the liquidator license will lapse together with his/her de-registration as a public accountant.
- a person who has been disciplined and has had his registration revoked, suspended, or not renewed as a result may have his approval to be a liquidator revoked. The approval will lapse together with the cancellation, suspension or non-renewal of the public accountant registration.
- any person who ceases to be a public accountant and whose application for approval to act as a liquidator is not renewed may appeal to the Minister to retain or reinstate his approval to be a liquidator. This appeal in writing must provide supporting reasons.

Non-public accountants must possess a minimum of 3 continuous years of full time insolvency administration experience, of which any 2 years must be at a managerial or supervisory level. Applicants must obtain a report from two referees, one of whom must be an approved liquidator who has supervised the applicant's work. The Registrar may refuse to register any applicant whom in her opinion is not of good reputation or character.

(G) Conditions to Practice as Others

Specific requirements in legislation may apply when performing in other related roles in conjunction with the role of a public accountant. These requirements are elaborated in Section H, below. In addition, the public accountant will be required to abide by the ACRA's Code of Professional Conduct and Ethics and the ICPAS's Code of Professional Conduct and Ethics when performing in other related roles.

(H) Compliance with Legislation

Public accountants are required to comply with a variety of legislation and regulations arising from this legislation. This includes primarily the Accountants Act and the Companies Act. In addition, public accountants are also required to comply with auditing standards that will require them to review directors' and companies' compliance with all relevant legislation, including the Income Tax Act; Securities and Futures Act; Financial Advisers Act; Corruption, Drug Trafficking and other Serious Crimes (Confiscation of Benefits) Act and the Terrorism (Suppression of Financing) Act which deal with tax compliance, insider trading and securities dealing, money laundering and related matters, respectively.

3.7.3 Accounting and Audit Regulation

Singapore's Financial Reporting Standards (FRS) are issued by the Council on Corporate Disclosure and Governance (CCDG) which was set up in 2002. The CCDG was replaced by the Accounting Standards Council (ASC) in 2007 which will issue accounting standards applicable to both the corporate and non-corporate sectors. ACRA and ICPAS's Financial Statement Review Committee (FSRC) perform financial reporting surveillance to ensure compliance with the FRS.

Every company is required to maintain accounting records which will sufficiently explain the transactions and financial position of the company and enable true and fair financial statements to be prepared from time to time. These records are required to be kept in such manner as to enable them to be conveniently and properly audited and must be retained for a period of not less than 5 years from the end of the financial year in which the transactions or operations to which the records relate are completed.

A local company is required to hold its first AGM within 18 months of its incorporation. At the AGM, the directors are required to present the company's financial statements that are prepared in compliance with the requirements of approved accounting standards and which give a true and fair view of the state of affairs of the company to its shareholders.

Subsequent AGMs must be held every calendar year and the interval between these meetings should not be more than 15 months after the date of the last AGM. A company is required to file its Annual Return with the Registrar within one month after the holding of the AGM. The financial statements which are presented at the AGM must not be made up to a date older than 6 months from the date of the AGM for a private company or unlisted public company, or 4 months for a public listed company. All Singapore companies and branches of foreign companies are required to be audited by approved auditors under the Companies Act, except for exempt private companies (EPC) with a turnover of less than $5 million and dormant companies which are exempted from statutory audits. An exempt private company is a private company in the shares of which no beneficial interest is held directly or indirectly by any corporation and which has not more than 20 members. Auditors have to be appointed within three months of incorporation.

Companies will need to file their financial statements with ACRA, except for EPCs. These financial statements will need to be filed in XBRL (Extensible Business Reporting Language) format from 1 November 2007, except for excluded categories which include banks, insurance and financial companies, which will continue to file in Adobe PDF (Portable Document Format).

3.7.4 Taxation Requirement

(A) Basis of Taxation

Both resident and non-resident companies are subject to tax on income derived in Singapore and on foreign income received in Singapore. A company is resident in Singapore if the control and management of the company is exercised in Singapore. In general, the control and management of the company is taken to be the place where the Board of Directors' meetings are held. The corporate tax rate is 18%, but the effective tax rate may be even lower due to partial tax exemptions given on the chargeable income.

Goods and services tax (GST) is applicable at a rate of 7%.

Resident individuals are subject to tax both on income derived in Singapore and income received in Singapore from sources outside Singapore. They are taxable at progressive rates from 3.5% to 20% and are entitled to claim certain personal tax reliefs. The first $20,000 of chargeable income is not taxed. In addition, rebates of tax are announced on an annual basis.

Non-resident individuals are subject to tax only in respect of income derived from sources in Singapore. The tax rate on directors' remuneration is 20%. Employee remuneration and other professional income are taxed at 15%. There is no tax on short-term (i.e. not more than 60 days) employees' remuneration.

Resident companies are not taxed on profits derived elsewhere and not remitted to Singapore. Similarly, non-resident companies are only taxed on profits derived from, or accruing in Singapore.

(B) Tax Administration

Tax is only payable after an assessment has been issued. Every company has to provide an estimate of its taxable income within three months of the end of its accounting period. An estimated assessment will then be raised and the tax assessed must be paid within one month, unless arrangement is made to pay the tax in installments.

A newly incorporated company should note that a company that has income accrued in or derived from Singapore or received in Singapore from outside Singapore is required to declare its income by completing an Income Tax Form for companies, known as Form C, each year.

The company has to submit its completed Form C with the accounts, tax computation and supporting documents by 31st July each year.

3.7.5 Mode of Operation and Conduct of Public Practice

Public accountants can practice within a variety of legal entities, as follows:

- Sole Proprietorships
- Partnerships
- Limited Liability Partnerships (LLP)
- Public Accounting Corporations (PAC)

A public accountant who wishes to have a firm or proposed firm approved as an accounting firm, LLP or PAC may apply to the PAOC for approval of the firm as an accounting firm and its proposed name.

At least two-thirds of the partners of an accounting firm must be public accountants, or if the partnership has only 2 partners, one of those partners should be a public accountant.

The capital of an LLP that is paid up or to be paid up should not be less than $50,000 or such other sum as may be prescribed. At least two-thirds of the partners must be public accountants, or if the partnership has only 2 partners, one of those partners should be a public accountant

A PAC must be registered under the Companies Act before approval is requested from the PAOC. Not less than two-thirds of the directors (including the chairman) of a PAC should be public accountants.

There are no mandatory professional indemnity insurance (PII) requirements imposed by ICPAS or ACRA on practicing members or public accountants, respectively. However, under the Accountants Act, every PAC and LLP registered under the Act is required to be covered by PII.

(A) Foreign Applications

An applicant who is a foreigner and has only a foreign residential address should satisfy the PAOC that he is or is about to carry on the public practice of accountancy in Singapore. The applicant will then be allowed to file his or her business address in Singapore in lieu of the residential address.

Under the Singapore Immigration Regulations, any foreigner who is not a Singapore permanent resident and wishes to engage in any business, profession, occupation or any form of paid employment in Singapore is required to apply for an Employment Pass. Applications for an Employment Pass should be made to the Ministry of Manpower. A successful applicant will be issued with an Approval-In-Principle letter to enable him or her to register a business with ACRA.

Upon receipt of the Certificate of Registration (of the Business) from ACRA, the applicant needs to send a copy of the certificate and the Approval-In-Principle letter to the Employment Pass Department for the processing of his or her Employment Pass. For a successful applicant who is already an existing shareholder or partner of a registered company or business, an In-Principle Approval letter will be issued for the collection of his or her Employment Pass.

The above procedures apply only to foreigners intending to be actively involved in the day-to-day operations of the business and to businesses where no local manager has been appointed yet. A foreigner, however, who is not "ordinarily resident" in Singapore must appoint a local manager who is. Individuals who are ordinarily resident include a Singapore Citizen, a Singapore Permanent Resident or a person who has been issued an Employment Pass/Approval-In-Principle letter or a Dependant Pass.

(B) Professional Services

Every company is required to have one or more secretaries who is a natural person and who has his principal or only place of residence in Singapore. A company secretary of a public corporation must be a member of ICPAS, the

Association of International Accountants (Singapore Branch); the Institute of Company Accountants, Singapore or the Singapore Association of the Institute of Chartered Secretaries or an advocate and solicitor.

Other professional services may be provided so long as they comply with the Codes of Professional Conduct and Practice of ACRA and ICPAS.

(C) Others

(i) Consequences of Non-renewal

The Act requires the Registrar of Public Accountants to remove from the Register of Public Accountants the name and particulars of a public accountant who has, without reasonable excuse, failed to renew his certificate of registration after one month from the date of expiry, i.e. by 31 January of the following year. A public accountant whose name has been removed from the register will have to reapply for registration and pay the prescribed fees for registration.

(ii) Publication of list of public accountants

The Registrar may, from time to time, prepare and publish in such form or manner as the PAOC may determine a list of the names and particulars of all public accountants.

3.8 Thailand

3.8.1 Regulation of the Accounting Profession

(A) Introduction

The Institute of Certified Accountants and Auditors of Thailand (ICAAT) was established in 1948. There are two professional accounting and auditing bodies in Thailand. They are the ICAAT and the Board of Supervision of Auditing Practice.

The "Accounting Profession Act B.E. 2547" was introduced to enhance the quality of financial reports. This Act has repealed the Auditor Act B.E. 2505 that regulated only auditors, to regulate the conduct of all accounting professionals thereby accommodating rapid change in current accounting professions as well as providing greater transparency and protection to investors and the public.

This new Act introduced a new regulatory framework under which all accounting professionals are supervised. Consequently, a self-regulatory organisation called the Federation of Accounting Professions (FAP) was established in 2004 with authority to supervise the professionals in the following areas:

- Licensing, suspending and revoking the accounting professional license for individuals;
- Registering all accounting service firms;
- Setting up the auditing, accounting and any other standards that are in conjunction with accounting professions; and
- Establishing a code of conduct for all accounting professionals.

In addition, under this Act, another new body named "Accounting Profession Oversight Board" was set up to regulate the activities of the FAP, endorse Thai accounting standards and rules issued by the FAP, and consider appeals regarding the FAP's orders. In order to maintain Thai accounting standards in line with IAS, the SEC will cooperate with the FAP on further developments. Prior to the establishment of the FAP, accounting standards were issued by ICAAT.

(B) Membership Admission and Types of Memberships

According to Section 37, if there is a provision of law requiring auditing or requiring a document to be affixed with an auditor's signature or opinion, a person shall be prohibited to certify auditing or a document, or to provide an opinion as an auditor unless such person is a Certified Public Accountant (CPA) or he has been authorised by a competent authority to do so.

A member of FAP must have a related degree in accountancy (normally 4 years of study).

- Ordinary member: 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 the FAP or other degrees as prescribed by the FAP;
- Extraordinary member: Having at least a Bachelor's Degree in Business Administration, Commerce, Economics, or other degrees as prescribed by the FAP;
- Associate member: Having education lower than a Bachelor's Degree but higher than a certificate in high-level vocational schooling (in accountancy) or diploma in accountancy or studying in undergraduate level in accountancy or related fields.

(C) Other general conditions applicable for all categories of membership

Not mentioned

3.8.2 Commencement of Public Practice

(A) Practicing Requirement

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 Thai Kingdom but can manage or act as heads of the 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.

(B) Criteria for Applying for the Practicing Certificate

A person who wishes to be a CPA shall obtain a license from FAP. Application, approval, and issuance of a license of a CPA shall be in accordance with forms and criteria as prescribed in the regulations of the FAP.

If the license is not suspended or revoked, a CPA shall be exempt from receiving permission from the Director of the Revenue Department to audit and certify an account under the law on revenue collection.

Subject to Section 39 (1), an applicant for a license of a CPA shall have the following qualifications and shall not have the prohibited characteristics below:

- Being an ordinary member or an extraordinary member under Section 14 paragraph two. In the case that an extraordinary member is a foreigner, he 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, he shall obtain a work permit in accordance with the law on aliens' work.

A CPA applicant must pass 6 subjects within 3 years (plus completing 3,000 hours of practical experience within 3 years) in order to become a CPA. Each subject passed remains valid for only 3 years if a CPA applicant has not yet passed the whole examinations. A CPA applicant must complete 3,000 hours of practical experience within 3 years as pre-qualification before becoming a CPA.

In the CPA case, students can register to accumulate their practical experience hours and are required to complete at least 15 credits in accounting subjects before registering. Obtaining practical experience can be done in parallel with taking the CPA examinations. However, applicants eligible to take the exams have to complete their bachelor's degrees first.

(C) Conditions to Holding a Practicing Certificate

CPD (Continuing Professional Development) is required for both bookkeepers and auditors (both practicing and non-practicing).

- For bookkeepers, 27 hours of CPD is required within 3 years.
- For auditors, 12 hours of CPD is required within a year.

(D) Renewal

Practitioner can renew a CPA license yearly in which the procedure will take less than 90 days.

(E) Cessation

Penalties for the person found guilty of misconduct are in the following order of severity:

- Written warning
- Put on probation
- Suspension of a license and registration or prohibition against practice in the relevant accounting professions for a term not exceeding three years
- Revocation of a license and registration or withdrawal of membership in the Federation of Accounting Professions

(F) Conditions to Practice as Certified Auditor

To be registered as a licensed auditor, a candidate must have a degree in accounting or an equivalent accounting diploma and must be found fit to be licensed as an auditor. The candidate must have completed practical auditing work required by the Auditor Professional Control Commission (APC) and must be twenty years of age. Basically the candidate must be a Thai national, but under a reciprocal arrangement a national of a country that allows Thai nationals to become auditors is also eligible.

To enforce an ethical standard in the profession, the candidate must not be of bad conduct or morally defective, must not have been convicted in a case related to the profession, must not be an insane person or mentally defective person and must not practice another profession. An auditor's license has a valid period of five years.

(G) Conditions to Practice as Tax Agent

Not mentioned

(H) Conditions to Practice as Approved Liquidator

Not mentioned

(I) Conditions to Practice as Others

Not mentioned

(J) Compliance with Legislation

Bookkeepers are regulated by the Department of Business Development (DBD), Ministry of Commerce (The Accounting Act B.E. 2543 (2000)) while auditors are supervised by the FAP (The Accounting Professions Act B.E. 2547 (2004)).

Auditors can be involved in tasks related to the Securities and Exchange Commission, Department of Insurance, Department of Business Development, Department of Cooperative Auditing, Ministry of Agriculture and Cooperatives, Department of Revenue and Bank of Thailand.

The Auditor Professional Control Commission (APC) 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 license, 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.

3.8.3 Accounting and Audit Regulation

(A) Accounting Standard
FAP issues the Accounting Standard pronouncements which correlate very closely to the International Accounting Standards (IAS) and the US Generally Accepted Accounting Principles (GAAP). Most of the accounting pronouncements' publications are in Thai; except for the accounting standards of which some have been translated into English.

Currently, there are a total of 57 accounting standards. Of those issued, 31 standards are currently effective, four standards are not yet required by Thai law, and 22 standards have been superseded. In addition, there are nine accounting standards' interpretations, four of which are required by law.

Under the Accountancy Act B.E. 2543, Thai Accounting Standards (TAS) must be approved by the Ministry of Commerce in Thailand (MOC) and placed into law before companies are required to adopt such standards.

(B) Books of Accounts and Statutory Records
The Accounts Act of 1972 authorised the Ministry of Commerce and the Director-General of the Commercial Registration Department, Ministry of Commerce, to issue regulations regarding the books of accounts and supporting documents that must be maintained by business enterprises.

Books of accounts and supporting documents must be kept in such a manner as to allow a balance sheet and income statement to be drawn up each year. These accounts must be audited by a registered Thai auditor.

Copies of these accounts must be filed with the Revenue Department and the Registrar of Partnerships and Companies within five months after the financial year end. These accounts need to be certified by an auditor.

Accounting entries may be recorded in a foreign language, but there should be an appended Thai translation. All accounting entries should be written in ink, typewritten, or printed.

(C) Accounting Period
A newly established company or partnership should close its accounts within 12 months from the date of its registration. Thereafter, the accounts should be closed every 12 months. If a company wishes to change its accounting period, it must obtain the written approval of the Director-General of the Revenue Department.

(D) Accounting Requirements
In accordance with the Revenue Code and National Executive Council (NEC) Decree No. 285, all juristic companies, partnerships, and branches of foreign companies, are required to prepare a balance sheet and income statement for each accounting period. These financial statements must be properly certified by an authorised auditor in Thailand, and properly submitted to the Commercial Registrar. Copies of the audited financial statements must also accompany the income tax return that must be filed with the Revenue Department within 150 days from the closing date of each accounting period.

3.8.4 Taxation Requirement

(A) Basis of Taxation
There is the general provision that residents are assessed on all income whether it has a Thai or foreign source while non-residents are taxed on income derived from Thailand.

Companies organised under Thai law are subject to income tax on income earned from sources within and outside Thailand. These companies include private and public limited companies, registered ordinary and limited partnerships, and joint ventures. For foundations and associations, income tax is based on gross revenues. A branch of a foreign corporation is taxed only on income derived from sources within Thailand.

(B) Tax Registrations
An individual person who is subject to personal income tax must obtain a tax identification card from the Revenue Department within 60 days from the date of having income.

A business, which is subject to corporate income tax, must obtain a tax identification card from the Revenue Department within 60 days after its incorporation or registration.

All persons whose annual turnover exceeds Baht 600,000 must register for value added tax within 30 days after the annual turnover has exceeded that amount, unless specifically exempted.

The application for Value Added Tax (VAT) registration before the date of commencing business is also allowed under the conditions specified by the Director-General of tile Revenue Department.

(C) Tax Administration

The Revenue Code is the principal tax law in Thailand. The Code governs personal income tax, corporate income tax, VAT, specific business tax, and stamp duty. The Petroleum Income Tax Act governs taxation of oil and gas concessionaires, and the Customs Act governs tariff on imports and exports. Other laws govern excise tax and property tax.

A corporate taxpayer must file an annual tax return and pay the tax due within 150 days from the close of each accounting period which is defined as the duration of 12 months. Returns must be accompanied by an audited balance sheet, income statement, and Certification of auditors for certain tax issues.

(D) Value Added Tax

VAT is levied at the rate of 7% on the value of goods sold and services rendered at every level, including on importation. Certain categories of goods and services (e.g. exports) are zero-rated (i.e. subject to 0% VAT). In addition, other categories of goods and services (e.g. sale of agricultural products) are exempt from VAT.

Under the VAT system, the VAT registrant seller of goods or services must levy the VAT on the purchaser. The seller is generally entitled to claim credit for any VAT paid on the acquisition of its raw materials, stock, or other goods, or for services used in the business. This VAT credit is generally not available with respect to entertainment expenses and certain specific expenditures.

A business, which sells zero-rated goods or services, is also entitled to a credit for VAT paid on purchase of goods or services. However, a business, which sells exempt goods or services, is not entitled to such a credit and must bear the VAT as its cost.

The VAT system places stringent registration and documentation obligations on the business. VAT credits are only available if tax invoices in the prescribed form are received from suppliers. There are monthly VAT return filing requirements and records that must be maintained to provide an audit trail for revenue tax examiners.

3.8.5 Mode of Operation and Conduct of Public Practice

For auditors of non-listed companies, in order to qualify as a professional, the assessment questions will be set by a sub-committee. For subscription, applicants fill out forms to show their work experiences and other qualifications required in detail. FAP staff will go over the information and propose to the sub-committee to review every application. FAP's board will approve the applications as the last decision.

The FAP shall issue a license to an applicant forthwith not later than ninety days from the date of submission, if it has found that the applicant is qualified and has no prohibited characteristics.

For auditors of listed companies, the FAP sub-committee will consider and scrutinize the candidates' application, work papers, and other relevant experiences. After the review, the decision is made and sent to the SEC.

All the practitioners need to have their principal or place of residence in order to practice in Thailand. An accounting or auditing firm has to register with FAP according to Section 11 of the Accounting Professions Act, and to obtain a licence, the firm has to pay 2,000 Baht for a 3-year period.

(A) Professional Services

The following is a list of professional services that shall be offered by Practitioners to the public:

- bookkeeping;
- auditing;
- managerial accounting;
- accounting system;
- tax accounting;
- accounting education; and
- technology or other accounting services prescribed by the ministerial regulations.

(B) Others

Not mentioned

3.9 Vietnam

3.9.1 Regulation of the Accountancy Profession

(A) Introduction

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 the 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:

- maintain and develop the accountancy profession; and
- 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.

(B) Membership Admission and Types of Membership

The membership of professional bodies for VAA is as follows:

- on voluntary basis
- working as an accountant; or
- teaching accounting
- no exam required
- CPD: not compulsory

The membership of professional bodies for VACPA is as follows:

- Vietnamese CPA holders
- 40 compulsory CPD hours/ year
- exceptional cases: lecturers and individuals who contribute to the development of the profession

Members can be categorised into:
(ii) Official Members
(iii) Associate Members
(iv) Honorary Members

(i) Membership as Official Members

- Vietnamese citizens who have been granted Auditors' Certificates (AC) by the Minister of Finance (MOF) and currently work for the independent audit organisations in Vietnam.
- Vietnamese citizens who have been granted AC by the MOF but do not work for the independent audit organisations in Vietnam, and wish to join the Association as Official Members.
- 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 Official Members.

(ii) Membership as Associate Members

- Vietnamese citizens who have been granted AC by the MOF but do not work for the independent audit organisations in Vietnam.
- Vietnamese citizens who have been granted with foreign AC and wish to join the Association as Associate Members.

(iii) Membership as Honorary Members

- Persons who have prestige and accounting and auditing competence, and have contributed significantly to building the Association and are respected by the members.
- Associate Members and Honorary Members are not allowed to run for, or be nominated to the Association's Council, and are not allowed to vote on any of the Association's matters.

(C) Other general condition applicable for all categories of membership

Any person who wishes to become an Official Member or Associate Member must meet all the criteria set out in membership criteria and classification, and have proper conduct for the profession, subscribe to the Association's Charter and volunteer to submit the application to join VACPA.

3.9.2 Commencement of Public Practice

(A) Practicing Certificate

A member shall not hold himself out as a member in public practice unless he holds a valid practicing certificate issued by the MOF. Therefore, members who should apply for a practicing certificate are those intend to set up an audit or non-audit firm.

(B) Criteria for Applying for the Practicing Certificate

There are two types of practicing certificates which are Practicing Certificate for professional auditor (Certificate of Auditor - CA) and for professional accountants (Accounting Practice Certificate - APC). Both of them are issued by MOF.

According to the Statute of Organising CPA Examination and Issuing Auditor Certificate and Practicing Certificate of Accountant, the foreigners should have been lawful residents of Vietnam for at least one year in order to be allowed to enroll in the CPA exam.

If the foreigners meet the residence requirement and hold the member certificate of Association of Chartered Certified Accountants (ACCA) and ICPAS, foreign auditor will be accepted to enroll in the transition exam in English. After getting the Vietnam Auditor Certificate and completing the establishment of an auditing firm in Vietnam, they can only live in Hanoi and provide auditing services.

(C) Exception

The MOF issues practicing certificates for auditors although this is part of the Association's Charter, and the Certificate may be issued even if the applicant is not a member of the Association. The MOF will be issuing "Professional Accountants" certificates and this is also the responsibility of the Association under its Charter.

(D) Renewal

Not mentioned

(E) Cessation

Article 12 of the Regulations on Appointment of Approved Auditing Firms to audit stock issuing, listing and trading organisations, auditing firms or auditors shall be suspended from approved auditor status in the following circumstances:

i. where the firm or the auditor violates the conditions specified in clauses 3 and 4, Article 13 of this Regulation.
ii. where the audit work does not meet the requirements as assessed by the SSC according to the accounting, auditing standards and other relevant regulations.
iii. where in six consecutive months, the number of approved auditors has fallen below the required seven.
iv. where the firm or the auditor has pending litigation related to the audit work.

(F) Conditions to Practice as Approved Auditor

In order for independent auditing firms to undertake the audit of non-government enterprises and foreign-invested firms, the auditing firms must meet the following requirements in order to obtain their license:

- Be legally established;
- Have capital of at least VND2 billion, or in the case of foreign firms, capital of at least USD300,000;
- At least 7 auditors in each firm must be CPAs in Vietnam or have a Financial Auditor License of Vietnam;
- Have a minimum number of 30 clients per annum; and
- Meet requirements for period of audit service provision in Vietnam.

(G) Conditions to Practice as Financial Auditor License

A student who has the qualifications of a Bachelor in Accounting is required to have three years' experience working in an auditing firm or five years' experience as an accountant. After fulfilling these criteria, the student is then qualified to take an examination in order to obtain a Financial Auditor License, which is issued by the MOF.

Auditors who are required to personally sign audit reports or audit certificates must possess a Financial Auditor License of Vietnam. In order to be granted a Financial Auditor License, candidates must first pass examinations that are set by the State Examination Council of Auditors and coordinated by the Accounting Policy Department. Examination in English is an option for non-Vietnamese.

(H) Conditions to Practice as Tax Agent

Not mentioned

(I) Conditions to Practice as Liquidator

Not mentioned

(J) Compliance with Legislation

The Government established the National Council for Accountancy (the Council) under MOF as the key regulatory body for accounting and auditing arrangements, including the development of strategies, policies and other issues concerning auditing and accounting activities.

The Accounting Policy Department of the MOF plays a major role in establishing national accounting and auditing standards, upgrading professional qualifications of accountants and auditors, research, and quality control of independent auditing firms.

The Law on Accounting of The Socialist Republic of Vietnam was approved by the National Assembly. This Law provides for contents concerning accounting practice and organisation, accountants and activities of the profession.

Currently, MOF is the key regulator for licensing but starting from 2008, VACPA will take over the responsibilities.

The MOF, on May 15th 2007, promulgated the Regulations on Quality Control of Accounting and Auditing Services. The Regulations stipulate that accounting and auditing enterprises must be inspected in respect of quality periodically once every three years. In any case that breaches are found, auditing must be immediately carried out in the later year. MOF have collaborated with VAA and VACPA in promulgated the quality control amongst professional.
A part from periodic inspection, sudden inspection can be made if there is any sign showing that the enterprise seriously violates Regulations of the State, of the Career Association or professional standards in providing accounting and auditing services.

3.9.3 Accounting and Audit Regulation

Vietnam has only accounting requirements for regulatory reporting. Article 29 of the Vietnamese Accounting Law issued on June 17, 2003 and Article 19 of Decree No. 129/2004/ND/CP of Government prescribe that all types of enterprise are required to submit annual financial statements to the Business Registration Office, Statistics Office, Tax Office and some other related agencies (depending on different types of enterprise).

The Financial Reporting Framework in Vietnam was updated on August 2006. All domestic companies, listed and unlisted, are required to use Vietnamese Accounting Standards (VASs), which have been developed by the MOF. Generally, the VASs were based on IASs that were issued up through 2003, though some modifications were made to reflect the local accounting regulations and environment. None of the IASB's amendments to IASs nor new IFRSs have been adopted.

The MOF has temporarily suspended the development of VAS due to resource constraints.

The MOF is considering whether to grant rights to the VACPA to formulate and update VAS. If this is formalised under the law, VACPA would then serve as the accounting standard setting body in Vietnam, rather than the MOF.

According to the Decree No 93/2003/ND/CP dated on August 13, 2003, the Government prescribes responsibilities and functions of the State Audit Office and states "government enterprises are objectives of State Audit Office." Annually, the Director of State Audit Office submits to the Prime Minister a list of Governmental enterprises that need to be audited in the year.

Decree No. 105/2004ND/CP dated on March 30, 2004 of Government on External Audit prescribes that annual financial statements of the following enterprises should be audited by external auditors which are foreign invested companies, banks, financial institutes, insurers, listed companies, governmental companies.

Up to November 2007, MOF has announced 37 Vietnamese Standards on Auditing (VSA) which are developed based on International Standards on Auditing (ISAs) issued by IFAC and 26 Vietnamese Accounting Standards (VAS) which developed based on International Accounting Standards (IAS).

According to Decree No 105/2004/ND/CP of Government, an enterprise can only sign a contract with an auditing company to audit its financial statements for 3 years. There is an exception that a big auditing firm owned by some owners can sign an audit engagement for longer term with a rotation every 3 years of the auditor who signs the audit report.

With regard to representative offices of foreign enterprises, household businesses and cooperatives, the Government shall provide for the contents of accounting work according to the underlying principles of the law on accounting.

Where an international convention to which the Socialist Republic of Vietnam is a signatory or participant contains provisions other than those prescribed therein, the provisions of this international convention shall prevail.

Based on the Law on Foreign Investment, financial statements of all FIEs to be audited by recognised auditing firm and MOF have required the financial statements of all private Vietnamese companies to be audited by qualified professional.

3.9.4 Taxation Requirement

The Vietnamese taxation system has the following forms of taxes:

- Enterprise Income Tax (EIT);
- Value Added Tax (VAT);
- Foreign Contractor Withholding Tax (FCWT);
- Special Sales Tax (SST);
- Import and Export Tax;
- Personal Income Tax (PIT); and
- Natural Resources Tax (applicable to those engaged in exploiting natural resources).

(A) Tax Administration

Foreign-Invested Enterprise (FIE) generally use the calendar year as their tax year unless MOF approves a different tax year. Enterprises must file a provisional income tax return by the 25th day of the tax year.

Annual tax finalisation must be submitted within 90 days from the end of the tax year and payment of outstanding tax (if any) must be made within 10 days from submission.

(B) Taxes on Goods and Services

Value Added Tax (VAT) payers include all individuals and organisations carrying out business in Vietnam. VAT payers are required to register for payment of VAT with the local taxation authorities where they are located.

VAT is to be declared provisionally on a monthly basis, and paid to the State Treasury in accordance with the notice issued by the tax office, and in any event no later than the 25th day of the following month.

(C) Taxes on Individuals

Vietnam residents are subject to personal income tax (PIT) on worldwide regular income and on Vietnam-sourced irregular income. Non-residents are subject to tax only on Vietnam-sourced regular and irregular income.

Liability for PIT is determined on the basis of residency. Vietnamese citizens are always treated as tax residents, while the residency of an expatriate is determined based on duration of physical presence in Vietnam.

3.9.5 Mode of Operation and Conduct of Public Practice

On June 27th 2006, the MOF promulgated a Circular providing guidelines for the registration and management of accounting practice. According to this Circular, the accounting service enterprise must annually register for accounting practitioners; any individuals doing business in accounting service must register for accounting practice with VAA.

Accounting service enterprise, individuals doing business in accounting service shall be only entitled to provide accounting services after having registered for accounting practice and being approved by VAA.

According to the stated Law, foreign organisations and individuals are able to establish auditing firms in Vietnam if they meet the current requirements:

- 3 types of auditing firms are set up and operated: limited liability companies with two or more members, partnerships and private companies. Auditing firms should publicise the registered form of firm during its operation time.
- An auditing firm is required to have at least 3 CPAs with auditor certificates of Vietnam to set up, in which the Director of Audit Firm should be the auditor certificate holder. There is no difference in regulation between Foreigners and Vietnamese; 3 foreign auditors who hold Vietnam auditor certificates would be accepted.
- Within 30 days since the receiving date of business registration certificate, the auditing firm should notify to the Ministry of Finance the establishment of the auditing firm and the list of registered auditors practicing in the firm.
- Within operation time, the auditing firm should contain at least 3 registered auditors. If the requirement is not met in 6 consecutive months, the auditing firm should cease the provision of audit service.

It is reasonable that every practicing auditor should be a member of VAA including foreigners.

A foreign auditing organisation that has not set up a branch in Vietnam will be allowed to provide auditing services in Vietnam in the following cases, unless the related international treaties state otherwise:

- After admitting a local auditing firm to be its member, the foreign auditing firm will be able to provide auditing services under its name and its member's name. In addition, when the foreign auditing firm admits a local auditing firm to be its member, it will be able to provide audit services to regular clients investing in Vietnam through that member company.

- To cooperate with a local auditing firm in individual audit, the auditing report should have the signature of the local auditing firm.
- If the foreign auditing firm has the need to provide auditing services and issue auditing reports separately in Vietnam, it must be accepted by the MOF for individual audit.

(A) Professional Services

Most independent auditing companies have rapidly developed many kinds of financial and accounting services to give clients more choices, which enhance the profession as a whole. These additional services include:

- financial accounting supervision
- asset assessment
- advice on enterprise equity proposals
- financial and accounting consultancy
- taxation advice
- professional training on financial management, etc.

(B) Others

(i) Responsibilities of the members

The members of the Association are responsible:

- To strictly abide by the systems, policies and legislation of the State, and the internal regulations and resolutions of the Association.
- To attend the routine activities and pay membership fees in full (Honorary Members do not have to pay membership fees).
- To keep striving to upgrade knowledge and competency in all respects, maintain and uphold the professional ethics.
- To enhance the profession's prestige; to publicise and promote the Association's image and reputation, to protect the Association's honor and interests.
- To participate actively in developing the membership base and keep constant contact with the Association's office.

ACCA National Offices

CAMBODIA

ACCA Cambodia
#26 Street 370
Boeng Keng Kang I
Khan Chamcar Morn
Phnom Penh.

Mailing Address
PO Box 922
Phnom Penh.

Tel: +855 (0)23 991 676
Fax: +855 (0)23 991 677
E-mail: info@kh.accaglobal.com

MALAYSIA

ACCA Malaysia Sdn Bhd (473007P)
27th Floor Wisma Denmark
86 Jalan Ampang
50450 Kuala Lumpur

Tel: +60 (0)3 2713 5051
Fax: +60 (0)3 2713 5052
E-mail: info@my.accaglobal.com

Malaysia - Kuching Branch
Unit #8.01 8th Floor Gateway Kuching
No 9 Jalan Bukit Mata
93100 Kuching Sarawak

Tel: +60 (0)82 425051
Fax: +60 (0)82 426061
E-mail: info@my.accaglobal.com

SINGAPORE

ACCA Singapore
435 Orchard Road
#15-04/05 Wisma Atria
Singapore 238877

Tel: +65 6734 8110
Fax: +65 6734 2248
E-mail: info@sg.accaglobal.com

VIETNAM

ACCA Vietnam
Unit 605 - 605A
6th Floor of Saigon Trade Center
37 Ton Duc Thang Street
District 1
Ho Chi Minh City

Tel: +84 (0)8 910 3488
Fax: +84 (0)8 910 3489
E-mail: info@vn.accaglobal.com

ACCA Hanoi Office
Unit 1304
Level 13
Pacific Place
83B Ly Thuong Kiet Street
Hoan Kiem District
Hanoi

Tel: +84 (0)4 946 1388
Fax: +84 (0)4 946 1389
E-mail: info@vn.accaglobal.com

National Accountancy Bodies

BRUNEI

The Brunei Darussalam Institute of Certified Public Accountants
P.O. Box 30, Gadong Post Office
Bandar Seri Begawan, BE3978, Brunei Darussalam.
Tel : +673-2454945, 2454947
Fax : +673-2454946
E-mal : bicpa@brunet.bn
Website : http://www.bicpabrunei.com

CAMBODIA

Kampuchea Institute of Certified Public Accountants & Auditors (KICPAA)
26 Street 370 Sangkat Boeung Keng Kang 1
Khan Chamkarmon, Phnom Penh, Cambodia.
Tel : [855] 23 990 664
Fax : [855] 23 991 037
E-mail : kicpaa@kicpaa.org.kh
Website : http://kicpaa.org

INDONESIA

Ikatan Akuntan Indonesia (IAI)
Graha Akuntan
Sindanglaya Street No. 1, Menteng
Jakarta 10310, Indonesia.
Tel : 62-21-31904232
Fax : 62-21-7245078
Email : iai-info@iaiglobal.or.id
Website : http://www.iaiglobal.or.id

MALAYSIA

Malaysian Institute of Accountants (MIA)
Dewan Akauntan
No. 2, Jalan Tan Sambanthan 3
Brickfields, 50470 Kuala Lumpur, Malaysia.
Tel : +603 2279 9200
Fax : +603 2274 1783
E-mail : mia@mia.org.my
Website : http:// www.mia org.my

MYANMAR

Myanmar Accountancy Council (MAC)
Union of Myanmar
Office of the Auditor General (OAG-Secretariat of MAC)
35/87 Lower Kyimyindine Road, Ahlone, Yangon
Myanmar.
Tel : 95-1-221332
Fax : 95-1-221331
E-mail : AUDITORGENERAL@mptmail.net.mm

PHILIPPINES

Philippine Institute of Certified Public Accountants (PICPA)
PICPA Building, 700 Shaw Boulevard, Mandaluyong City
P.O.Box 1440, Metro Manila, Philippines.
Tel : 723-0691/92/93
Fax : 723-6305 and 726-9452
E-mail : picpamsd@pldtdsl.net;
picpaadm@pldtdsl.net
Website : http://www.picpa.com.ph

SINGAPORE

Institute of Certified Public Accountants of Singapore (ICPAS)
20 Aljunied Road, #06-02 CPA House
Singapore 389805.
Tel : (65) 6749 8060
Fax : (65) 6749 8061
E-mail : cpasingapore@icpas.org.sg
Website : http://www.icpas.org.sg

THAILAND

Federation of Accounting Professions
(Under the Royal Patronage of His Majesty the King - FAP)
444/1 Samsen Road Dusit
Bangkok 10300, Thailand.
Tel : 662-668 8071-4, 662-668 8535-8
Fax : 662-2437683, 662-6697207
E-mail : afarep@icaat.or.th
Website : http://www.icaat.or.th

VIETNAM

Vietnam Association of Accountants and Auditors (VAA)
192 Giai Phong Road Thanh Xuan
District Hanoi, Vietnam.
Tel : 84 4 8686714 - 8686721
Fax : 84 4 8686722
E-mail : hktvn@hn.vnn.vn

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MALAYSIA

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SINGAPORE

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THAILAND

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ACCA

Sopheap Hin (Cambodia)
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ACCA Malaysia Public Practice Committee

Allan Yip
Andrian Yeo
Chen Voon Hann
Lock Peng Kuan
Si Chay Beng
Wong Yok Chin

ASEAN representatives

Pengiran Haji Moksin Haji Yusof (Brunei)
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Dr Djoko Susanto (Indonesia)
Elly Zarni Husin (Indonesia)
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Montri Chenvidyakarn (Thailand)

CAS & Associates

Chen Voon Hann
Chow Yuet Har
Christy Goh Seak Huang
Chu Kok Leong
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Huwaida Hasbullah
Loo Thin Tuck
Ng Mei Qi
Nurfadhilah Sulaiman @ Yusof
See Hong Heng
Toh Geok Teng
Wan Nor Azmina Wan Daud
Wei Mei Fung
Wei Mei Ting

MIA

Johnny Yong
Khairina Mohamed Khalit
Khairul Azmi Rezo
Suhairah Othman
Zaireen Muda