ACCA

IN ASSOCIATION WITH

AFA

Easy Guide to Setting Up Accountancy Practices in ASEAN Countries

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ACCA Malaysia Sdn Bhd
27th Floor Sunway Tower
(formerly Wisma Denmark)
No 86 Jalan Ampang
50450 Kuala Lumpur
tel: +(603) 2713 5051
fax: +(603) 2713 5052
email: info@my.accaglobal.com
www.malaysia.accaglobal.com

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ABOUT ACCA AND AFA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, 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 131,500 members and 362,000 students throughout their careers, providing services through a network of 80 offices and centres. Our global infrastructure means that exams and support are delivered – and reputation and influence developed – at a local level, directly benefiting stakeholders wherever they are based, or plan to move to, in pursuit of new career opportunities. Our focus is on professional values, ethics, and governance, and we deliver value-added services through our global accountancy partnerships, working closely with multinational and small entities to promote global standards and support.

We use our expertise and experience to work with governments, donor agencies and professional bodies to develop the global accountancy profession and to advance the public interest.

Our reputation is grounded in over 100 years of providing world-class accounting and finance qualifications. We champion opportunity, diversity and integrity, and our long traditions are complemented by modern thinking, backed by a diverse, global membership. By promoting our global standards, and supporting our members wherever they work, we aim to meet the current and future needs of international business.

The ASEAN Federation of Accountants (AFA) was established in March 1977 to serve as the umbrella organisation for the national associations of accounting professionals of the member countries of the Association of South East Asian Nations (ASEAN). AFA originally had only five member bodies. These are the national accountancy bodies of Indonesia, Malaysia, Philippines, Singapore and Thailand. Currently, AFA membership comprises of all 10 ASEAN member countries.

AFA is composed of two types of membership. The Primary Members of AFA are the national organisations of accounting professionals representing countries within the territorial jurisdiction of ASEAN and must be the recognised national accounting body of that country created under a specific statute or regulation of that particular country, or in the absence of it, the recognised national organisation of accounting professionals in the said country. The Associate Members are the internationally recognised bodies of accounting professionals of any ASEAN countries or other countries which are friendly to and supportive of the aspirations of ASEAN, even though they may be outside the territorial jurisdiction of ASEAN.

Vision: To be globally recognised as the body that represents the accountancy profession in the ASEAN region.

Mission: To develop and promote the accountancy profession in the region in support of the socio-economic enhancement of AFA member countries.

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1.0 FOREWORD

It is with great pleasure that the ASEAN Federation of Accountants (AFA), in collaboration with ACCA Malaysia, presents to you this ‘Easy Guide to Setting Up Accountancy Practices in ASEAN Countries’.

AFA was created with the objective to be the organisation of ASEAN accountants for their further professional advancement and that of the accountancy profession in the region – with the end view of establishing a medium for closer relations, regional cooperation and mutual assistance among ASEAN accountants, among others.

The ASEAN member states are at different stages of economic and social development and that diversity is also reflected in the different accounting domestic regulations and legal frameworks in each ASEAN nation.

It is our sincere hope that this publication will simplify the process for accountancy practitioners who wish to take their expertise to another ASEAN nation. This Guide contains the latest domestic regulations of the accountancy profession from all the ASEAN countries which will make it easier for practitioners to understand their way around the different rules and regulations that govern the accountancy profession in each country.

Seeing as ASEAN as a region is moving towards the realisation of the ASEAN Economic Community, we believe that this compilation of domestic regulations will be a valuable reference tool for any export-minded practitioners.

Special mention and appreciation should be recorded to ACCA Malaysia for extending their earlier compilation of this project for us to build upon. Without their assistance and support this compilation would not have become a reality.

Pengiran Haji Moksin
President
ASEAN Federation of Accountants
(2008-2009)

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1.0 FOREWORD

Globalisation is an undeniable force. In our quest to ensure that our businesses have the relevant sustainable edges and able to grow we must learn how to manage and leverage on globalisation.

It is a well-know fact that the global process of liberalisation of the professional services sector is well under way, with the negotiation cycle at a fairly advanced stage at both World Trade Organisation (WTO) and ASEAN levels.

The WTO Services Agreement, relates to a wide range of policies, including investment, movement of persons as well as covering the whole range of services sectors; from telecommunications to financial services to transportation, distribution, energy and professional services.

The financial services sector, in particular, has always been perceived as a special and very important sector in terms of its economic importance and political sensitivity. This sector accounts for more than five percent of GNP in most developed countries and in many developing countries. Being the backbone of all other economic activity, the magnitude of benefits arising from financial services liberalization can be very significant.

We all are aware that the environment for public practitioners now is becoming even more challenging with increasing regulations and intense competition, in addition to having globalisation and liberations in professional services.

Thus it is extremely important for public practitioners to get the latest updates on the trade liberalisation of financial services, particularly if there are planning to expand their business in other countries.

With belief that the pie for conventional practice services – such as audit - has shrunk significantly, it is therefore crucial to find new sources of revenue and growth that can replace or complement traditional income streams.

What seems clear is that public practitioners must learn to adapt their business models and skills to suit the changing environment. Now, public practitioners have to diversify and perhaps reinvent their business to offer the services demanded by the marketplace. There are many ways to diversify including expanding businesses or accounting practices in other countries.

The famous authors of “The Blue Ocean Strategy” believe that the way forward for businesses is to focus on where profits and growth are and where the competition isn’t.

With liberalisation of professional services, setting up accountancy practices in other countries can be the blue ocean strategy. The benefits arising from financial services liberalization can be very significant, but practitioners have to be smart in making the next move.

Indeed there is greater demand in ASEAN countries for professionally qualified accountants as some countries are experiencing acute shortage of accountants. It is interesting to note that one of the key findings of the IFAC Global Leadership Survey 2007 is that the limited supply of qualified accounting professionals is having a negative effect on some national economies. With liberations of services, public practitioners can play a strong role in the economic development not just in local surrounding but also globally.

I believe that the initiative to publish the Easy Guide of Setting Up Accountancy Practices in ASEAN Countries is timely to assist public practitioners in offering their professional services across geographical borders. The first version received positive response especially from public practitioners who wish to take up the unique challenges and opportunities to serve their business clients in overseas markets. This revised version is a collaboration between ACCA and AFA, to provides latest and updated information on how to set up accountancy practices in ASEAN countries. With this publication, both ACCA and AFA hope that public practitioners are given the knowledge to turn globalisation to their best advantages.

Best wishes.

May Law
Director, Asia Pacific
ACCA

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 involved 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 Requirements
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 liquidators or approved tax agents in the respective countries. This section provides information on whether a practising certificate or licence is required and if yes, the conditions attached to holding such a certificate or licence.

Accounting and Audit Regulation highlights the statutory requirements of keeping accounting books and records, how financial statements should be prepared, the financial reporting standards used and the requirements for statutory audits.

The Taxation Requirements section outlines each country's taxation structure and rules.

Finally, Mode of Operations and Conduct of Public Practice provides each respective country's requirements to set up public practice and to provide professional services. Overall, the information contained in this publication provides introductory knowledge and general guidance on accounting rules and regulations in the respective countries and the publication aims to provide an easy single point of reference for its users.

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3.0 OVERVIEW OF ACCOUNTANCY SERVICES REGULATION

3.1 BRUNEI

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, and 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 (ACCA – the Association of Chartered Certified Accountants)
- Australian Society of Accountants
- New Zealand Society of Accountants
- 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 Members

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 a 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 Members

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

Not applicable

3.1.2 Commencement of Public Practice

(A) Practising Certificate

Not applicable

(B) Criteria for Applying for the Practising Certificate

Not applicable

(C) Conditions for Holding a Practising Certificate

Not applicable

(D) Renewal

Not applicable

(E) Cessation

Not applicable

(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
Not applicable

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

(I) Conditions to Practice as Others
Not applicable

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

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 the 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 practice 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 Requirements
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 25.5% for 2009 and 23.5% for 2010 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
Not applicable

(B) Others
Not applicable

3.2 CAMBODIA

3.2.1 Regulation of the Accountancy Profession

(A) Introduction

The 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 will determine the organisation and functions of the K.I.C.P.A.A. 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 the interests of the profession
- To participate as a working member of the National Accounting Council
- To prepare the regulations and duties of the profession and ensure their application
- To organise professional accounting 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
- Be a representative of the Kingdom of Cambodia at international organisations' fora and meetings and in debates on accounting.

An Institute shall be formed among accountancy professionals. The Institute shall operate under the auspices of the Ministry of Economy and Finance. The organisation and functioning of the Institute and the formulation of professional regulations for Certified Public Accountants and Auditors, who are enrolled respectively on two separate lists, shall be set out by Anukret.

KICPAA represents its members, and promotes and defends the statute and the 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 that 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, practising 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 practising 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 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 list of Certified Public Accountants except for the right to vote and eligibility to run for office.

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3.2.2 Commencement of Public Practice

(A) Practising 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 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 a CPA.

(B) Criteria for Applying for the Practising 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
- Not having been found guilty of any crime or offence witnessed by a clean record delivered by the relevant authorities
- Holds the CPA diploma or a diploma deemed equivalent by the Registration Committee of CPAs and Statutory Auditors.

(C) Renewal

To renew, each member shall pay the 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 on the territory of the Kingdom of Cambodia.

Natural and/ or legal persons can be registered on the list of 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 Agent

Not applicable

(G) Conditions to practice as Approved Liquidator

Not applicable

(H) Conditions to practice as Others

Not applicable

(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 Regulation

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

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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 the April 11, 2003.

Article 3 of The Law on Corporate Accounts, Their 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 Requirements

(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 are defined as “an enterprise or organisation carrying on a business whether or not officially organised by the competent authority.”

Legal persons are residents 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 sources 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.

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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
- 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, and 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
- They are recognised as being authorised to practice the public accountant profession and be 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 Applicable

(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.

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3.3 INDONESIA

3.3.1 Regulation of the Accountancy Profession

(A) Introduction

The Indonesian Institute of Accountants (IAI) established in Jakarta on December 23, 1957, is the main professional accountancy body for accountants in Indonesia.

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

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.

In 2007, IAI conducted an Extraordinary Congress to change its membership structure by receiving associations as its members. The Public Accountant Compartment of IAI then changed its organisation to become The Indonesian Institute of Public Accountants (IAPI). IAPI is a member of IAI, which represents the professional organisation for public accountants in Indonesia. IAI gives the mandate to IAPI for developing professional standards for public accountants in Indonesia and conducting the CPA Exam.

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:

- The 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 IAPI requires public accountants to attend minimum credit hours of continuing professional education (CPE) every three years. 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 IAPI 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 as members of IAI.

There are two types of memberships:

(i) Associate Member
(ii) Honorary Member

(i) Associate Member

Requirements:

- University degree in accounting; or
- Passed the final exam of accounting bodies.

(ii) Honorary Member

Requirements:

- Indonesian citizens who contribute significantly to the development of the accounting profession in Indonesia.

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

Not applicable

3.3.2 Commencement of Public Practice

(A) Audit Licensing

Only SRA holders are eligible for the CPA exam, which is administered by the IAPI 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 for Practising Certificate

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

(i) Qualification

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

(ii) Work experience

- Working experience is not required to become a member.

(C) Renewal

Not Applicable

(D) Cessation

Not Applicable

(E) Conditions to practice as Tax Agent

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

(F) Conditions to practice as Liquidator

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

(G) Conditions to practice as Other

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

(H) Compliance with Legislation

The Indonesian Financial Accounting Standards Board (DSAK), which is under the auspices of the Indonesian 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 regulation 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 jeopardise the financial condition of the public companies, securities exchanges, clearing guarantee companies, central securities depository, and other persons engaged in the 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.

In qualifying as an accountant in Indonesia, the regulatory bodies are the Ministry of Finance, Directorate of Accountants and Appraisals Supervision and IAI. Other relevant legislations are:

- Accountants Law 1954
- Ministry of Finance Decree No. 17/KMK.01/2007
- IAI's & IAPI's rules and regulations:
  - By Laws 2007
  - Code of Ethics 2008
  - Public Accountants Rules 2008
  - Disciplinary Rules 2008
- 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.40) 2007 (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 2007 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.
- Companies that have assets exceeding Rp 50 billion.

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

- Those incorporated under the PT Law 2007
- Those that accumulate funds from the public
- Those that issue debt instruments
- Those that have total or net assets exceeding Rp 50 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 Requirements

Article 14 (2) of the Income Tax Act (Law No. 36 of 2008) allows taxpayers whose gross business income is less than Rp 4.800 million a year not to keep complete accounts, but the taxpayers should make a report on the projection of 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 Indonesian 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 (permanent establishment) 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.

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. 600 million for services and goods have the option to be exempted from imposing VAT.

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 four months from the end of the company's financial year, typically April 30, but for individual tax it is three months, which is 30 March.

3.3.5 Mode of Operation and Conduct of Public Practice

Indonesian accountants may practice as sole proprietorships, civil law partnerships or partnerships. Audit services of PAs can only be rendered by accounting firms.

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.

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 proved by producing a valid ID card
- Possess the State Registered Accountant Number
- Member of IAPI
- Passed the CPA Exam conducted by IAPI
- Accumulated a minimum of 1000 hours' practical experience in general audit in the last 5 years, provided that 500 hours of those was in charge of/ supervising general audit engagements;
- Completed the relevant application forms.

(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.

(B) Other

Not Applicable

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3.4 LAO PDR

3.4.1 Regulation of the Accountancy Profession

(A) Introduction

The Lao Institute of Certified Public Accountants (LICPA) was established on June 24, 1998 according to Decree 161/PM dated 26 August 1996, as a professional body representing the accounting and auditing profession in Lao PDR.

The objectives of LICPA aim mainly at gathering the professional accountants who are certified to provide professional services as accounting experts or accounting consultants in the Lao PDR.

(B) Membership Admission and Types of Membership

The membership of the Lao Institute of Certified Public Accountants is as follows:

(i) Honorary Members

(ii) Primary Members

- Practising Members
- Non-Practising Members

(iii) Associate Members

(i) Honorary Members

Honorary Members consist of qualified individual persons with knowledge and experience in accounting and auditing, who are invited to be Honorary Members of the Institute with free registration.

(ii) Primary Members

There are two types of Primary Members: Practising Members and Non-Practising Members.

- **Practising Members**

  Practising Members include individuals and juristic persons

  Individuals

  - Provide services in accounting and auditing;
  - Have never been convicted leading to imprisonment;
  - Have at least 5 years' experience in accounting;
  - Are over 25 years old; and
  - Have a Bachelor Degree of Accounting and Certificate of Professional Accountant issued by the Ministry of Finance

  Juristic Persons

  - Provide services in accounting and auditing;
  - Have never been convicted leading to imprisonment;
  - Are registered with commerce, tax authorities, and have authorisation issued by the Ministry of Finance.

- **Non-Practising Members**

  Non-Practising Members consist of Accountant Teachers and Inspection Official Staff. These persons can apply for membership to LICPA if they are qualified and fulfill conditions as follows:

  - Lao national citizen
  - Never been convicted leading to imprisonment
  - Have at least 5 years' experience in accounting
  - Are over 25 years old
  - Have a Bachelor Degree of Accounting and Certificate of Professional Accountant issued by the Ministry of Finance.

(iii) Associate Members

Associate Members are foreigners and juristic persons invested in by foreigners who conduct accounting and auditing activities in Lao P.D.R. They have to be registered with LICPA and must fulfill the following conditions:

- Citizens of country members of the International Accounting Standard Committee
- Have an equivalent diploma in accounting recognised by the equivalent commission
- Lao citizens represent at least 70% of qualified staff; of which one person is a member of LICPA
- Conduct overseas training courses for Lao staff citizens for at least 30 hours per year and internal in-house training for 120 hours per year
- Observe the Code of Ethics issued by LICPA
- All documents must be signed by Lao citizens for certification purpose.

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

Members are required to comply with the LICPA Code of Professional Conduct and Ethics. Those who fail to comply may face disciplinary action.

3.4.2 Commencement of Public Practice

(A) Practising Certificates

Practising Certificates are issued by the MOF. Therefore, members who apply for practising certificates are those who successfully pass the CPA training courses organised jointly by the Ministry of Finance and LICPA.

(B) Criteria for Applying for the Practising Certificate

All candidates shall fulfill conditions as defined above for each category of members.

(C) Conditions for Holding a Practising Certificate

None

(D) Renewal

Persons and Juristic Persons that are Professional Accountants and/or Auditors that possess practising certificates and conduct operations in one year, and that comply with LICPA regulations can submit the application for renewal to LICPA before January 1st of the year. LICPA will consider the same with the Members' registration.

(E) Cessation

Membership of LICPA shall be lost in case of:

- Death
- Voluntary resignation
- Suspension or exclusion pronounced by the Disciplinary Committee
- Criminal conviction leading to imprisonment.

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(F) Conditions to Practice as Approved Auditors
According to Article 59 of Audit Law: The independent auditor is an accounting consultant or accounting expert who conducts audit mission and has been registered on the list of the members of the Lao Institute of Certified Public Accountant and on the registry of the company under the terms of the Enterprise and Tax Laws.

(G) Conditions to Practice as Financial Auditors
Auditors who are required to personally sign audit reports or audit certificates must have successfully completed and passed the examination of Certified Public Accountant courses organised by the Lao Institute of Certified Public Accountants, and have two years' experience working in an auditing firm or three years of working experience as accountants.

(H) Conditions to Practice as Tax Agents
In general, accountants in practice who provide accounting services are also recognised to be able to provide tax services to their clients according to Tax laws and regulations.

(I) Conditions to Practice as Liquidators
Requirements are stipulated under Enterprise and Bankruptcy Laws.

(J) Compliance with Legislation
The Government established the Lao Institute of Certified Public Accountants under MOF as the key regulatory body for accounting and auditing arrangements, including the development of strategies, policies and other issues concerning accounting and auditing activities.

The Accounting Council, through the Accounting Department, plays a major role in establishing and upgrading the professional qualifications of accountants and auditors, research, and quality control of independent auditing firms.

The Law on Accounting and Auditing was approved by the National Assembly. This Law provides for contents concerning accounting practice and organisation, accountants and activities of the profession.
The Enterprise Law regulates business activities in Lao PDR. The Law recognises four types of business entities:
- Ordinary partnership where business is conducted jointly by partners and where all partners have unlimited responsibilities for the enterprise's liabilities.
- Limited partnership, which is formed under an agreement between 2 or more parties for the purpose of conducting business under a joint name. Designated partners called "general partners" have unlimited responsibilities for the enterprise's liabilities while other designated partners with limited liability are called "limited partners."
- Limited companies have at least 2 shareholders but not exceeding 30 persons.
- Public companies are required to have at least 9 founding shareholders. There is free transferability of shares and entitlement to openly sell shares.

3.4.3 Accounting and Audit Regulation
The Accounting Law, Article 14, requires that annual financial statements should be submitted to the registry office of companies. In practice, except for banks and insurance companies, annual financial statements are submitted by companies solely to the Taxation Department of the Ministry of Finance.

The Law on Commercial Banks 2007 sets the requirements for financial reporting by banks.

The Bank of Lao PDR (BOL) has responsibility for the supervision of banks. Under the Law on Commercial Banks, Article 57, banks must issue audited financial statements by April 30 of each calendar year. Financial statements, an annual report on operations and an auditor's opinion, must be published in a national newspaper.

The Insurance Law, Article 35, requires insurance companies to submit annual financial statements to the Department of State Owned Enterprises (SOE) Financial Management, no later than June 30 of each calendar year.

The Audit Law covers provisions relating to both the audit of public and private sector entities. Article 6 requires that the detailed contents of state audit standards are decided by the National Assembly upon proposal of the President of the National Audit Agency.

The complete set of accounting and auditing standards, prepared by the Accounting Council and proposed by the Ministry of Finance for approval by the Prime Minister, are in consistency with International Accounting Standards, International Financial Reporting Standards and International Standards on Auditing in order to improve the quality of financial statements required for the new environment with the establishment of the first Lao Stock Exchange in 2010.

3.4.4 Taxation requirements
Companies are required only to submit annual financial statements to the MOF Taxation Department. These financial statements are prepared in accordance with the Lao Accounting System.

The Lao taxation system covers **Direct Tax** and **Indirect Tax**.

The Direct Tax is comprised of the following taxes:
- Profit Tax: The Profit Tax is a direct tax paid by persons or juristic persons who conduct business production, trade and services.
- Minimum Tax: The minimum tax is a minimum duty of the businessmen or independent workers who pay the profit tax according to the accounting system as stated by the present Law.
- Income Tax: The Income Tax is a direct tax which is paid from salaries or wages, movable or immovable property, intellectual property right and other licenses.
- Other fees: The other fees are an indirect obligation of persons,

organisations or juristic persons that make use of the other official documents.

The Indirect Tax is comprised of the following taxes:

- Turnover Tax: The turnover tax is an indirect tax to be paid by consumers of goods and services through business conductors as stated in Article 12 of the present Law.
- Excise Tax: The Excise Tax is an indirect tax to be collected from the consumption of goods and services.

(A) Basis of Taxation

The Law on the Promotion of Foreign Investment determines principles, regulations and measures regarding the promotion, protection and management of foreign investment in Lao PDR and the State will consider granting incentives for foreign investment in accordance with the sectors and zones of investment promotion as provided in Article 16, where the Government determines promoted activities and in Article 17, where the Government specifies 3 promoted zones based on geographical location and socio-economic conditions of this Law.

Incentives Related to Duties and Taxes: Foreign enterprises investing in activities within the promoted sectors and zones determined in Article 16 and 17 of this Law will be entitled to the following duty and tax incentives:

- Investment in zone 1 will be entitled to a profit tax exemption for 7 years and thereafter will be subject to profit tax at the rate of ten percent (10%)
- Investment in zone 2 will be entitled to a profit tax exemption for 5 years and thereafter will be subject to a reduced profit tax rate of half of fifteen percent (15%) for 3 years and thereafter a profit tax rate of fifteen percent (15%)
- Investment in zone 3 will be entitled to a profit tax exemption for 2 years and thereafter will be subject to a reduced profit tax rate of half of twenty percent (20%) for 2 years and thereafter a profit tax rate of twenty percent (20%).

Once the profit tax exemption period is over, the foreign investment enterprises shall pay profit tax in accordance with the Law.

In addition to the incentives mentioned above, the foreign investment shall be entitled to the following incentives:

- The enterprises are entitled to an exemption of minimum tax
- Exemption from profit tax during the accounting year
- Exemption of import duties and taxes on equipment, spare parts, vehicles directly used for production, raw materials that are not available domestically or available but are insufficient, semi-finished products imported for manufacturing or for processing for the purpose of exports
- Exemption of export duties on export products.

(B) Tax Administration

The businessmen or sole proprietorships which pay profit tax based on their accounting system shall close their annual accounts on December 31, except when the business has been closed, sold or transferred to another owner during the year

(C) Taxes on Goods and Services

Value Added Tax (VAT) payers include all individuals and organisations carrying out business in Lao. VAT payers are required to be registered 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 National Treasury in accordance with the notice issued by the tax office, and in any event no later than the 15th of the following month.

(D) Taxes on Individuals

Enterprises (entities) and individuals who conduct business activities shall pay profit tax based on the financial statements prepared under their respective accounting system (extended, normal or basic accounting systems).

3.4.5 Mode of Operation and Conduct of Public Practice

According to the Accounting Law and Audit Law, accounting firms, auditing firms, and sole proprietorships doing business in accounting and auditing services must be approved and registered for accounting practice by and with LICPA.

(A) Professional Services

Most independent auditing companies have rapidly developed many financial and accounting services to offer more choices to clients and in doing so have led to enhancing the profession as a whole.

(B) Other

None

3.5 MALAYSIA

3.5.1 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 public practice, the private sector, the public sector and 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 includes the:

- Asean Federation of Accountants (AFA)
- Confederation of Asian and Pacific Accountants (CAPA)
- International Federation of Accountants (IFAC)

It was announced in 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.

MIA Vision:

- To be a globally recognised and respected business partner committed to nation building

MIA Mission:

- To develop, support and monitor quality and expertise consistent with global best practice in the accountancy profession for the interest of stakeholders

(A) 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 the 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 practising 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 or to 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.

3.5.2 Commencement of Public Practice

(A) Practising Certificate

A member shall not hold himself out as a member in public practice unless he holds a valid practising certificate issued by the Institute. Therefore, members who should apply for a practising 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
- 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 require all professional accountants applying for a practising 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 Practising Certificate

To be registered as a Chartered Accountant with a valid practising certificate, a member must:

- Have obtained at least three 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 such other experience in any areas of the public practice services as may be approved by the Council
- Be in full-time practice
- Practise as a sole proprietorship or in a partnership with other members.

(C) Conditions for Holding a Practising Certificate

The conditions for holding a Practising Certificate are:

- The members must commence public practice within six months of the date of issuance of the practising certificate and shall practice on a full-time basis. A member issued with a practising certificate but who is unable to commence practice within six months is to return the practising 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 Licence, he may apply for an extension of time from the Institute to commence public practice
- A member shall cease to be entitled to a practising 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 practising 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 practising 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 practising certificate holder who is unable to commence public practice within six months of the issuance of the practising certificate should surrender his practising 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 six 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 practising 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
- 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

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application
- 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 a valid practising certificate as a "Chartered Accountant" still remain.

(G) Conditions to practice as Approved Liquidator
To be a liquidator, an individual has to possess an Audit Licence with a valid practising certificate for at least one (1) year prior to the application and have passed an interview conducted by the Treasury. Licences are issued by the Treasury pursuant to the Companies Act 1965.

A Liquidator Licence 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 licence 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. A Tax Licence 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%.

Applications 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:
- 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 Ethics, Conduct and Practice (as amended and revised from time to time)]
- Companies Act 1965 (amended in 2007)
- 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.

3.5.3 Accounting and Audit Regulation

(A) Statutory Requirements
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.

Accounting and audit requirements are set out in the Companies Act 1965. The accounting standards are set by the Malaysian Accounting Standards Board (MASB).

The standards set by MASB, i.e. the Financial Reporting Standards and Private Entity Reporting Standards are developed based on the International Financial Reporting Standards and the previous International Accounting Standards respectively. All financial statements prepared in 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:
- Financial statements
- 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 and Malaysia Accounting Standards (MASs) and other standards adopted by recognised bodies and 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 Standards (FRS) and Private Entity Reporting Standards (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
- 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
- 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 the transaction to which they relate
- For 7 years after the completion of the related transactions or operations
- 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.

3.5.4 Taxation Requirements
(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 Malaysian 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 (exempted with effect from 1 April 2007)
- 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 was 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 their estimates 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.

With effect from year of assessment 2008 a Small Medium Enterprise (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 first commences operations.

The tax payable for the relevant year of assessment has to be settled upon the submission of the income tax return 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 the due date and an additional 5% penalty is imposed if such tax is still not paid within the next 60 days.

In the case of an individual not carrying on a business, 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 income tax return.

3.5.5 Mode of Operation and Conduct of Public Practice

Public practice is governed by the Act, the Rules and the By-Laws (On Professional Ethics, Conduct and Practice) 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 engage in public practice as a sole practitioner or in partnership only with another member(s) as the Act and By-Laws prohibit 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 is 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 practice 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. Annual return forms 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 can be offered by Practising 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 purposes of practising certificate application.

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

Only members who hold themselves out as Chartered Accountants with valid practising 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.

3.6 MYANMAR

3.6.1 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 for the development of the accounting profession
- Governing for the assurance of observance of codes of ethics in the accounting profession.

Under the supervision of MAC, the Myanmar Institute of Certified Public Accountants (MICPA) was formed in 2003. The principal 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
- To develop the technical competence of members.

(B) Membership Admission and Types of Memberships

The MAC conducts the CPA and Diploma in Accountancy (DA) Training Courses.

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 Practising 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:

- Select and allow registration as an Apprentice Accountant
- Cause the prescribed registration fees, tuition fees, examination fees, to be paid
- Enroll 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.

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(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
- 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
- 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 Practising Accountant
If the Certified Public Accountant who is registered under section 13 is desirous of Practising 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 Practising Accountant, after entering the name in the register.

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

3.6.2 Commencement of Public Practice

(A) Practising 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 practice accountancy as a profession must apply to the MAC for enrolment on the Register of Practising Accountants.

After payment of the prescribed registration fees, he or she will be allowed to be enrolled on the Register of Practising Accountants and 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 practice Professional Auditing.

(B) Renewal
On expiry of the tenure of the Certificate of Practice as a practising 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 five 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 practice as an Accountant for a fixed period of time
- Cancelling the Certificate of Practice as a Practising Accountant.

(D) Conditions to practice as Approved Liquidator
A Practising Accountant or Practising Lawyer can be an official Liquidator.

(E) Conditions to practice as Others
Not applicable

(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 auditing, 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, by the 1956 Rules enrolment on the Register of Accountants was limited to citizens of the Union of Myanmar, other than those already on the register.

The Laws vest 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 Practising Certified Public Accountants and to take disciplinary action against the CPAs who fail to observe the code of professional ethics contained in the Law.

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3.6.3 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 the amount due on mortgage
- Information on shareholders
- 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 Standards (MASs) and Auditing Standards (MSAs)

MASs in line with the IASs have been issued since 2003. MAC is working to improve the existing MASs in keeping with the latest IASs and full IFRSs for public listed companies.

MAC recently approved MASs for non-publicly accountable entities (NPAEs) on March 30, 2009.

The first module of Myanmar Standards on Auditing (MSAs) in accordance with the ISAs were pronounced on February 13, 2009. They contain the Myanmar framework for assurance engagements, ethics and quality control, preface and MSAs 200 to 800.

These MSAs are effective for audits of financial statements for periods beginning on or after April 1, 2009.

Myanmar Auditing Practice Statements (MAPSs), Myanmar Standards on Review Engagements (MSREs), Myanmar Standards on Assurance Engagements (MSAEs) and Myanmar Standards on Related Services (MSREs) will be issued in the near future.

(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 have required
- 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 said 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
- 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.

3.6.4 Taxation Requirements

(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 gains 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 are applicable.

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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 and 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 of income is to be filed with the office of the Inland Revenue in the respective township on or before 30 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.

3.6.5 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 Auditor's 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 a Practising Accountant to the public are taxation and other 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.

3.7 PHILIPPINES

3.7.1 Regulation of the Accountancy Profession

(A) Introduction

The regulation of the Philippine accountancy profession is covered by R.A.9298 or the Accountancy Act of 2004 and under the supervision of the Board of Accountancy (BOA), the Government agency tasked to give licensure examination, register and issue the title Certified Public Accountant (CPA). The Board of Accountancy was created by the Accountancy Act of 1923. Six years later or in 1929, the Philippine Institute of Certified Public Accountants (PICPA) was organised as a non-stock non-profit organization and became the only PRC (Professional Regulation Commission) accredited professional organisation, being the only body where the different sectors of the profession (public practice, education, commerce and industry and government) are represented. PICPA has several chapters in the Philippines and in many parts of the world. All CPAs are required to be members of PICPA. While PICPA is the only accredited organisation, RA 9298 requires PICPA to comply with certain conditions to sustain accreditation renewal. PICPA continues to be a member of the International Federation of Accountants, Confederation of Asian & Pacific Accountants and the ASEAN Federation of Accountants.

Since 2005, the Philippines has implemented the International Financial Reporting Standards, the International Standards of Auditing, the International Standards for Accounting Education and the International Code of Ethics. The Financial Reporting Standards Council (FRSC) and the Auditing and Assurance Standards Council are the main standard setting bodies of the profession. There is also in place the Philippine Interpretation Committee. The PICPA serves as the body that promotes the use of the standards and conducts continuing professional education or CPE programs for the members of the profession as well as the assisting body to the BOA in monitoring implementation and compliance with the CPE requirements.

3.7.2 Commencement of Public Practice

(A) Practising Certificate

According to Section 26 of Republic Act 9298 otherwise known as the Accountancy Act of 2004, 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 of Accountancy 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 Professional Regulation Commission.

A Certificate of Registration shall be issued to examinees who passed the licensure examination, or who were 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 signatures of the Chairperson of the Commission and the Chairman and Members of the Board and be 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.

There are instances that the Board may not register or issue a Certificate of Registration or Professional Identification Card: when one is convicted by a court of competent jurisdiction of a criminal offense involving moral turpitude or guilty of immoral and dishonorable conduct; or to any person of unsound mind; and to any person who has falsely sworn or misrepresented himself in his application for examination.

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 recognised and/or accredited by these 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.

A Professional Identification Card bearing the registration number, date of issuance, and 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.

The CPA is required to indicate the following information in all documents he signs in connection with the practice of his profession: Certificate of Registration / Professional Identification Card / Professional Tax Receipt obtainable from the City or Municipal Treasurer bearing the date of issue and duration of validity, SEC Accreditation No. and Tax Identification No.

(B) Criteria for Applying for the Practising Certificate

The BOA is tasked with issuing the practising certificate after three years of meaningful experience. Mandatory Continuing Professional Education (CPE) compliance is required for all CPAs.

Single practitioners and partners of partnerships organised for the practice of public accountancy shall be CPAs in the Philippines pursuant to RA No. 9298. A Certificate of Accreditation shall be issued to CPAs in public practice only upon showing, in accordance with rules and regulations promulgated by the Board and approved by the Commission, that such registrant has acquired a minimum of three (3) years' meaningful experience in any of the areas of public practice, including taxation. This requirement shall not apply

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to those already granted a Certificate of Accreditation prior to the effective date of RA No. 9298.

(C) Renewal
All practising CPAs are required to renew their Professional Identification Card and Certificate of Accreditation, renewable every three years provided certain requirements are met such as payment of dues and compliance with the CPE program.

(D) Cessation
The BOA has the power, upon due notice and hearing, to suspend or revoke the practitioner's Certificate of Registration and Professional Identification Card or suspend him from the practice or cancel his special permit for any of the causes or grounds such as: when one is convicted by a court of competent jurisdiction of a criminal offense involving moral turpitude or guilty of immoral and dishonorable conduct; or to any person of unsound mind; and to any person who has falsely sworn or misrepresented himself in his application for examination; or for any unprofessional or unethical conduct, malpractice, violation of any of the provisions of the Accountancy Act of 2009, the Code of Ethics for Professional Accountants in the Philippines and the technical and professional standards of practice for CPAs. The revocation or suspension of license shall not prejudice his prosecution for criminal liabilities and is meted for penalties as provided for in the Accountancy Act or under the Revised Penal Code.

(E) Conditions to practice as Approved Auditor
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 publicly listed SEC-registered entities. Those who are auditing banks or insurance or cooperatives, are required to be accredited with the Bangko Sentral ng Pilipinas, the Insurance Commission and the Cooperative Development Authority of the Philippines respectively. A CPA can start his public accounting practice by completing his three meaningful years, as defined in the Law, and by having his practice registered or accredited with the BOA.

A Quality Assurance Review programme is in place in the Accountancy Act of 2004 which requires audit practitioners to participate in the audit quality review programme to be conducted by an oversight board, as a pre-condition to practice accreditation. The Program has been given exposure to public practitioners and its implementation by the BOA will follow soon. The Program is mandatory to all CPAs in public practice and will be managed by an Executive Committee, in coordination with the Council for Accreditation and Quality Control of Practising CPAs. The implementation will be handled through the Quality Assurance Review Department which is to be established at the Philippine Institute of CPAs, being the accredited professional organisation for the accountancy profession. Enrollment in the Program is by risk categories, depending on the number of public interest entities and clients in the SME category. Non-compliance will be subject to general and administrative penalties and sanctions.

(F) Conditions to practice as Tax Agent
Tax Agents in the Philippines are either CPAs or non-CPAs but they are required to get an accreditation from the Bureau of Internal Revenue to practice as a tax agent. As a CPA practising as a Tax Agent, the requirement of a CPA license is still imposed.

(G) Conditions to practice as Liquidator
Not Applicable

(H) Conditions to practice as Other
Not Applicable

(I) Compliance with Legislation
The legislative and institutional framework that governs Philippine accounting and auditing arrangements are the Accountancy Act of 2004 (RA 9298), the Corporation Code, the Revised Securities Act 2000, and the National Internal Revenue Code 1997 and amendments. Other regulatory requirements with respect to the practice are issued by the concerned agencies such as the Bangko Sentral ng Pilipinas, the Insurance Commission and the Cooperative Development Authority. The Accountancy Act of 2004 also provides for the standardisation of accounting education, the licensure examination for CPA registration, and the regulations for the practice of accountancy.

The Act allows only Philippine citizens, except those CPA citizens of foreign countries who are covered by provisions of this and other laws as discussed under Section 3.7.5 Mode of Operations and Conduct of Public Practice, to practice.

Professional firms are principally regulated by the Board of Accountancy, through the Professional Regulation Commission, the Securities and Exchange Commission and other concerned agencies such as the Bangko Sentral ng Pilipinas, etc. The Accountancy Act of 2004 requires that all partners of accountancy firms must be registered Philippine CPAs and does not permit an accounting practice to operate as a corporation. All of the large international accountancy firms are represented in the Philippines.

3.7.3 Accounting and Audit Regulation

The Philippines has 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 the process of listing
- All financial institutions including banks, insurance companies, security brokers, pension funds, mutual funds, and investment banking entities
- Public utilities
- 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) are permitted to use Philippine Accounting Standard or PAS 101 which gives them temporary relief in the application of the Philippine Accounting Standards (IAS-equivalent) and the Philippine Financial Reporting Standards (IFRS-equivalent) that became effective in 2005 until such time that the IFRS for SMEs is issued for implementation. The IFRS or its Philippine equivalent applicable for SMEs is ready for approval by regulators and is set to be made effective January 2010.

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

- Publicly listed
- Holds assets in a fiduciary capacity
- Public utility
- Economically significant.

In the Philippines, economic significance means total assets over Php 250 million (approximately US$ 5 million) or total liabilities over Php 150 million pesos in 2004.

Companies classified as closed corporations, which are those with 20 or fewer shareholders, are obliged to abide by all the SEC reporting and other requirements, including audited financial statements. SEC-stamped financial statements are also filed with the Bureau of Internal Revenue (BIR).

The statutory financial statements include the Balance Sheet or Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity 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 P100,000 (about US$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 Financial Reporting Standard Council.

The Accountancy Act of 2004 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 P50,000 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 P150,000 to file audited financial statements with their tax returns.

3.7.4 Taxation Requirements

The National Internal Revenue Code 1997, and amendments, 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, the classification being 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. Partnerships and corporations, as well as single proprietorships attaining certain quarterly sales levels, must have their financial statements audited and attested to by independent external auditors.

3.7.5 Mode of Operation and Conduct of Public Practice

Individuals or firms or partnerships may engage in the practice of public accountancy provided they are accredited with the BOA. Partnerships 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 (Philippine Constitution reserves practice for Filipino citizens except as provided by law):

I. RA 8981: PRC Modernisation 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 mission

II. Sec. 34, Art. IV, RA 9298 (CPA law) of Foreign Reciprocity. Citizens of foreign countries may be allowed to practise 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 permits 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 in 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

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- 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 Applicable

(B) Others
Not Applicable

3.8 SINGAPORE

3.8.1 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)
- International Innovation Network (IIN)

The vision of the ICPAS is to be a leading accountancy body that embodies the Singapore brand promise of Trust, Responsiveness and Innovation. ICPAS' mission is:
- To lead, develop and support accountancy professionals so that they will excel in their role and contribute to building Singapore as a strategic business hub and a key player in the global economy
- To uphold the public interest.

ICPAS' goal is to be the 'Go To' body and reference point for all accountancy and related professionals, working in or who have dealings with Singapore.

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; MOC with the Vietnam Association of Certified Public Accountants (VACPA) and an Agreement of Cooperation (AOC) with the Chinese Institute of Certified Public Accountants (CICPA).

(B) Membership Admission and Types of Membership

The main membership categories are as follows:

(i) Provisional Members
(ii) Non-Practising Members
(iii) Practising Members

Practising and non-practising 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 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-Practising Members

Non-practising members are members employed in the profession, commerce and industry, government and statutory agencies, and academic institutions. To be admitted as a non-practising 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.

(iii) Membership as Practising Members

To be admitted as a practising member, the applicant must have fulfilled all the requirements as required by a non-practising 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 conditions 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.

3.8.2 Commencement of Public Practice

(A) Practising 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 "practising 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 non-practising 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
- Is otherwise unfit to practice as a public accountant.

The Second Schedule requires 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
- 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.

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(B) Conditions for Holding a Practising 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 practising certificate issued by ACRA. See Section 3.7.2 (A) above, on the conditions relating to obtaining a practising 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 Other

Specific requirements in legislation may apply when performing in other related roles in conjunction with the role of a public accountant. In addition, the public accountant will be required to abide by 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.

3.8.3 Accounting and Audit Regulation

The Accounting Standards Council (ASC) took over the task of prescribing accounting standards from the Council on Corporate Disclosure and Governance (CCDG) on 1 November 2007. In addition to prescribing accounting standards for companies (known as Singapore Financial Reporting Standards or FRS), the ASC will also prescribe accounting standards for charities, co-operative societies and societies.

ACRA performs financial reporting surveillance to ensure compliance with the FRS.

ICPAS' Financial Statements Review Committee (FSRC) reviews audited financial statements with the objective of providing constructive feedback in areas where the presentation or content of the financial statements appear to fall short of compliance with the statutory requirements including the Singapore Financial Reporting Standards, the Institute's published standards and other promulgations.

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).

3.8.4 Taxation Requirements

(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% or resident rate, whichever gives rise to a higher tax amount. 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 an 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 30 November each year.

3.8.5 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 (accounting LLP)
- Public Accounting Corporations (PAC).

A public accountant who wishes to have a firm or proposed firm approved as an accounting firm, accounting 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 accounting 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 practising members or public accountants, respectively. However, under the Accountants Act, every PAC and accounting LLP registered under the Act is required to be covered by PII.

(A) Foreign Applications

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) Other

(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.

3.9 THAILAND

3.9.1 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 the current accounting profession 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 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
- 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.

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) 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 the competent authority to do so.

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

Ordinary Member:
Have at least a Bachelor's Degree in Accountancy or holds a certificate in Accountancy or other degrees equivalent to Bachelor's Degree in Accountancy accredited by the FAP or other degrees as prescribed by the FAP.

Extraordinary Member:
Have at least a Bachelor's Degree in Business Administration, Commerce, Economics, or other degrees as prescribed by the FAP.

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

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

Not applicable

3.9.2 Commencement of Public Practice

(A) Practising Requirements

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 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 Practising 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:

Be 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 experiences 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 Practising Certificate

CPD (continuing professional development) is required for both bookkeepers and auditors (both practising and non-practising).

- 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 and 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
- Probation
- Suspension of license and registration or prohibition against practice in the relevant accounting professions for a term not exceeding three years
- Revocation of 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 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 ethical standards 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.

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 licenses, and to consult with the universities or other institutions relating to the curriculum for auditing profession. It is empowered to form sub-committees to do any business or any investigation within its powers.

(G) Conditions to practice as Tax Agent

Not applicable

(H) Conditions to practice as Approved Liquidator

Not applicable

(I) Conditions to practice as Others

Not applicable

(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 licenses, and to consult with the universities or other institutions relating to the curriculum for auditing profession. It is empowered to form sub-committees to do any business or any investigation within its powers.

3.9.3 Accounting and Audit Regulation

(A) Accounting Standards

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 pronouncement 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 account 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.

3.9.4 Taxation Requirements

(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 in income derived from sources within Thailand.

(B) Tax Registration

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 (VAT) within 30 days after the annual turnover has exceeded that amount, unless specifically exempted.

The application for VAT registration before the date of commencing business is also allowed under the conditions specified by the Director-General of the 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)

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.

3.9.5 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 scrutinise the candidates' application, work papers, and other relevant experiences. After the review, the decision is made and sent to the SEC.

All practitioners need to have their principal or place of residence in order to practise 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 license, 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
- Technology
- Or other accounting services prescribed by the ministerial regulations.

(B) Others

Not applicable

3.10 VIETNAM

3.10.1 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 practising 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
- 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 a voluntary basis
- Working as an accountant
- Teaching accounting
- No examination 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:

(i) Official Members
(ii) Associate Members
(iii) 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 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.

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(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 a 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 conditions 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, have proper conduct for the profession, subscribe to the Association's Charter and volunteer to submit the application to join VACPA.

3.10.2 Commencement of Public Practice

(A) Practising Certificate

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

(B) Criteria for Applying for the Practising Certificate

There are two types of practising certificates, which are Practising Certificate for professional auditors (Certificate of Auditor - CA) and for professional accountants (Accounting Practice Certificate - APC). Both are issued by MOF.

According to the Statute of Organising CPA Examination and Issuing Auditor Certificate and Practising Certificate of Accountant, 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 foreigners meet the residence requirement and hold the member certificate of Association of Chartered Certified Accountants (ACCA) and ICPAS, foreign auditors 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 practising 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 applicable

(E) Cessation

Under 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:

- Where the firm or the auditor violates the conditions specified in clauses 3 and 4, Article 13 of this Regulation
- Where the audit work does not meet the requirements as assessed by the SSC according to the accounting and auditing standards and other relevant regulations
- Where in six consecutive months, the number of approved auditors has fallen below the required seven
- 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 licence:

- Be legally established
- 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
- Meet requirements for the period of audit service provision in Vietnam.

The auditing firms must also meet the following requirement for a practising license:

(i) Auditing firms:

- Staff: Minimum 3 Vietnamese CPA holders
- Director/ Partner: Minimum 3 years experience in auditing
- List of auditors to be registered with VACPA

(ii) Vietnamese auditors:

- No bad record
- Have Vietnamese CPA

(iii) Foreign auditors:

- No bad record
- Have residential permit in Vietnam from 1 year and above
- Have Vietnamese CPA

(G) Conditions to practice as Financial Auditor License

A student who has a Bachelor in Accounting qualification 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.

(H) Conditions to practice as Tax Agent
Not applicable

(I) Conditions to practice as Liquidator
Not applicable

(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 done in the later year (not clear as to when auditing must be done). MOF works jointly with VAA and VACPA to promulgate quality control amongst professionals.

Apart from periodic inspection, sudden inspection can be made if there is any sign showing that the enterprise seriously violates Regulations of the State or of the Career Association or professional standards in providing accounting and auditing services.

3.10.3 Accounting and Audit Requirements

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 prepare annual financial statements to submit 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 has been 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 or 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.

The Decree No 93/2003/ND/CP dated on August 13, 2003 of 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 which need to be audited in the year.

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

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 are 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 the 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 foreign-invested enterprises (FIEs) are to be audited by a recognised auditing firm and MOF requires the financial statements of all private Vietnamese companies be audited by qualified professionals.

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3.10.4 Taxation Requirements

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)
- 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 it is 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.

3.10.5 Mode of Operation and Conduct of Public Practice

On 27 June 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 accounting practitioners; any individuals doing business in accounting service must register for accounting practice with VAA.

Accounting service enterprise, and individuals doing business in accounting service shall only be 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 their firm during their period of operation
- An auditing firm is required to have at least 3 CPAs with auditor certificates of Vietnam to set up, where the Director of the 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 date of receipt of the business registration certificate, the auditing firm should notify the Ministry of Finance of the establishment of the auditing firm and the list of registered auditors practising in the firm
- Within its period of operation, the auditing firm should have at least 3 registered auditors. If this requirement is not met in 6 consecutive months, the auditing firm should cease the provision of audit service.

It is reasonable that every practising 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
- Assessment of assets
- 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 competence in all respects, and maintain and uphold professional ethics
- To enhance the profession's prestige, publicise and promote the Association's image and reputation, and protect the Association's honor and interests
- To participate actively in developing the membership base and keep constant contact with the Association's office.

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4.0 AFA MEMBER BODIES

BRUNEI
The Brunei Darussalam Institute of Certified Public Accountants (BICPA)
P.O. Box 30, Gadong Post Office
Bandar Seri Begawan, BE3978
Brunei Darussalam
Tel: +673 245 4945, 245 4947
Fax: +673 245 4946
E-mail: 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 3190 4232
Fax: +62 21 7245 078
Email: iai-info@iaiglobal.or.id
Website: http://www.iaiglobal.or.id

LAO PDR
Lao Institute of Certified Public Accountants (LICPA)
Ministry of Finance
Accounting Department
Enterprise Accounting Division
P.O. Box 46, Vientiane
Lao PDR
Email: licpa@mof.gov.la

MALAYSIA
Malaysian Institute of Accountants (MIA)
Dewan Akauntan
No. 2, Jalan Tun 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 1 221 332
Fax: +95 1 221 331
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: +632 723 0691 / 92 / 93
Fax: +632 723 6305 / 726 9452
E-mail: picpamsd@pldtdsl.net or 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)
133 Sukhumvit 21 Road (Asoke-Montri)
Khlong Toei Nua, Watthana
Bangkok 10110
Thailand
Tel: +66 2685 2500
Fax: +66 2685 2501
Email: fap@fap.or.th
Website: http://www.fap.or.th

VIETNAM
Vietnam Association of Accountants and Auditors (VAA)
192 Giai Phong Road Thanh Xuan
District Hanoi
Vietnam
Tel: +84 4 868 6714 / 868 6721
Fax: +84 4 868 6722
E-mail: hktvn@hn.vnn.vn

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5.0 ACCA NATIONAL OFFICES IN ASEAN REGION

CAMBODIA

ACCA Cambodia
#26 Street 370, Boeng Keng Kang I
Khan Chamcar Morn
Phnom Penh
Mailing Address:
PO Box 922, Phnom Penh
Tel: +855 23 991 676
Fax: +855 23 991 677
E-mail: info@kh.accaglobal.com

MALAYSIA

ACCA Malaysia
27th Floor Sunway Tower
(formerly Wisma Denmark)
86 Jalan Ampang, 50450
Kuala Lumpur
Tel: +60 3 2713 5051
Fax: +60 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 82 425 051
Fax: +60 82 426 061
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 8 910 3488
Fax: +84 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 4 946 1388
Fax: +84 4 946 1389
E-mail: info@vn.accaglobal.com

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