



11 January 2019

By email

Our Ref.: C/CLP(18), M119696
Your Ref.: CB1/BC/4/18

Mr. Desmond Lam,
Clerk to Bills Committee,
Legislative Council,
Legislative Council Complex,
1 Legislative Council Road,
Central, Hong Kong.

Dear Mr. Lam,

Re: Bills Committee on Professional Accountants (Amendment) Bill 2018

Thank you for your letter dated 18 December 2018. We reply as follows:

(a) Follow-up meeting on 17 December 2018

--- As requested, please refer to the **Annex** for information on major overseas jurisdictions concerning the use of misleading descriptions by individuals, firms and companies which are not professional accountants/ certified public accountants or practice units.

Please note that the regulation of accountants and the restriction, if any, on the use of designations of professionally qualified accountants are different among various countries, and between different states in the same country. The information provided in the Annex is based on our research and understanding on the general regulatory regimes of the accountancy profession in the four jurisdictions. It is provided for reference only and is by no means comprehensive. Regarding the detailed local laws or regulations of an overseas jurisdiction, professional legal advice from that jurisdiction should be sought. The Hong Kong Institute of Certified Public Accountants ("the Institute") is not in a position to provide any such overseas legal advice.

(b) Meeting on 18 January 2019

The following representatives from the Institute will attend the Bills Committee meeting on 18 January 2019:

1. Ms. Tracy WONG
Director, Admission
2. Mr. Kenneth NG
Legal Counsel

Yours sincerely,

Tracy W.T. Wong
Director, Admission

TW/vs
Encl.

Use of misleading descriptions by individuals, firms and companies which are not professional accountants/ certified public accountants or practice units in major overseas jurisdictions

Australia

In Australia, anyone who offers professional accounting or related services to the public is required to hold a professional practice certificate. The Chartered Accountants Australia and New Zealand ("CA ANZ"), CPA Australia and Institute of Public Accountants are the three professional accounting bodies recognized in the Australian Corporations Act 2001 to issue professional practice certificates to and regulate their members. Such public accounting services requiring a professional practice certificate include auditing, accounting, bookkeeping, financial planning, insolvency and taxation etc.

A further licence is required for certain prescribed services such as audit. A person needs to register as a Registered Company Auditor with the Australia Securities and Investments Commission, Australia's corporate, markets and financial services regulator, in order to perform statutory audits in Australia.

Each of the aforementioned professional accounting bodies regulates the use of their respective membership designations granted under the royal charter/ constitution, by-laws and regulations. For example, the title "chartered accountant" or "CA" is restricted to members or registered firms of CA ANZ.

Canada

In Canada, the provision of certain accounting services to the public and the right to use the CPA credential are regulated by the provincial bodies of the Chartered Professional Accountants Canada ("CPA Canada") under the respective CPA Act of the province.

The provincial CPA bodies have different levels of regulation. While all provincial CPA bodies regulate access to audit, some provincial CPA bodies also regulate other services such as review engagements, compilation engagements and tax services. Only members of the CPA body holding a valid licence issued by the CPA body or a firm registered with the CPA body are eligible to provide the relevant public accounting services. The provision of bookkeeping service is not regulated and does not require a CPA licence.

Restrictions on the use of the CPA credential by non-members of CPA Canada also vary among the provinces. For example, in British Columbia, only members of the CPA body or its registered firm may use or display the designation "chartered professional accountant", "CPA", "professional accountant" or "PA", and it is an offence for a non-CPA or non-CPA firm

to use or display such designations. In Ontario, only members of the CPA body or its registered firm may take or use the designation "chartered professional accountant" or "CPA". Individuals or corporations which are not members of the CPA body or its registered firms are prohibited from using "chartered professional accountant" or "CPA" or any designation or description implying that they are chartered professional accountants in Ontario.

The United Kingdom

In the U.K., the term "accountant" is not protected in law, and only certain functions are restricted to professional qualified accountants.

Under the U.K. Companies Act 2006, only Registered Auditors may perform audits of U.K. companies, and a person needs to be a member of and hold a practising certificate and an audit qualification awarded by one of the six Recognized Qualifying Bodies (e.g. the Institute of Chartered Accountants in England and Wales ("ICAEW")) in order to register as a Registered Auditor. The U.K. Financial Reporting Council is an independent regulator which sets the codes and standards and oversees the regulation of members by the Recognized Qualifying Bodies. The provision of insolvency and investment business services in the U.K. also requires a licence from other authorities. However, the provision of bookkeeping or accounting services to the public is not regulated.

The title "chartered accountant" or "CA" is restricted to members or registered firms of the chartered accountancy bodies such as ICAEW, which operate under a royal charter. Persons providing accounting services which are not restricted work may refer to themselves as "accountant" but cannot present themselves as being of chartered status.

The United States

In the U.S., the certified public accountant ("CPA") credential is a licence to practise public accounting, issued by a U.S. state board of accountancy. CPA licence holders are regulated by their respective state boards and are subject to federal laws and regulations, state laws, regulations, and policies.

The scope of public accounting services restricted to CPA licencees or registered firms is different among the states. In New York State, for example, the provision of audit, attest and compilation services require a CPA licence, and in Texas, such restricted services can only be provided through a firm registered with its state board of accountancy. In California, only CPA licence holders may provide audit and attest services. In all states, however, the provision of bookkeeping service is not regulated and does not require a CPA licence.

In general, under the respective Public Accountancy Act of the states, only CPA licence holders or registered firms can use the title "certified public accountant", "CPA", "public

accountant", "PA", "certified accountant", "licenced accountant" or "registered accountant" etc. It is an offence for individuals or corporations which do not hold the CPA licence to use such titles or any other title or designation likely to be confused with "certified public accountant" or "public accountant". In New York State, the prohibition includes any designation tending to imply that the person has expert knowledge in accounting or auditing.