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The Hong Kong Institute of Chartered Secretaries

Submission:

Professional Accountants (Amendment) Bill 2018

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By Email Only: bc_04_18@legco.gov.hk

Clerk to Bills Committee on
Professional Accountants (Amendment) Bill 2018
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road, Central
Hong Kong

Dear Sirs

The Legislative Council of the Hong Kong Special Administrative Region - Bills Committee on Professional Accountants (Amendment) Bill 2018 (the "Bill")

About HKICS

The Hong Kong Institute of Chartered Secretaries ("HKICS") is an independent professional institute representing Chartered Secretaries and Chartered Governance Professionals as governance professionals in Hong Kong and Mainland China with over 5,800 members and 3,200 students. HKICS originates from The Institute of Chartered Secretaries and Administrators ("ICSA") in the United Kingdom with 9 divisions and over 30,000 members and 10,000 students internationally. HKICS is also a Founder Member of Corporate Secretaries International Association Limited ("CSIA"), an international organisation comprising 14 national member organisations to promote good governance globally.

HKICS Supports the Bill

HKICS supports the passage of the Bill. Specifically, as identified in the LegCo Brief relating to the passage of the Bill there are a range of concerns from it being misleading to the public, to more sinister anti-money laundering/criminal concerns where descriptions such as "professional accounting", "registered accounting", "certified accounting", "專業會計" and "註冊會計" etc. are used by service providers (and we add criminals) to denote that they are, or are related to, certified public accountants or practice units registered with and subject to supervision by the Hong Kong Institute of Certified Public Accountants (HKICPA).

As such, as a follow-on to the Honourable Kenneth Leung's introduction to the Professional Accountants (Amendment) Bill 2013 which came into operation on 24 January 2014 to prohibit any company which is not a corporate practice from using the terms "certified public accountant", "CPA" or "會計師" in its name – if the intention is to cause, or which may reasonably cause any person to believe that it is a practice unit under the Professional Accountants Ordinance (Cap. 50) (the "PAO") – we support the current Bill and all related proposals, namely to amend the relevant sections (mainly s.42) of the PAO as follows:

- to prohibit a person who is not a certified public accountant from using additional specified descriptions which are similar in meaning to "professional accountant" or "certified public accountant" in his business, trade, calling or profession;
- to prohibit a body corporate or a firm, not being a practice unit registered under the PAO, from using in their names additional specified descriptions which are similar in meaning to "professional accountant" or "certified public accountant", or any written words, initials, or abbreviations of words, if they intend to cause or may reasonably cause any person to believe that the body corporate or the firm is a practice unit;
- to increase the penalty level of offence to reinforce the deterrent effect against related; and
- to prohibit a person who is not a certified public accountant from using nine additional specified descriptions, namely "registered accountant", "professional accounting", "registered accounting", "certified public accounting", "certified accounting", "專業會計", "註冊會計", "認可會計" and "執業會計".

Specifically:

- to prohibit a body corporate which is not a corporate practice registered under the PAO from using in its name thirteen additional specified descriptions, namely "professional accountant", "certified accountant", "registered accountant", "professional accounting", "registered accounting", "certified public accounting", "certified accounting", "專業會計師", "註冊會計師", "專業會計", "註冊會計", "認可會計" and "執業會計", or any written words, initials or abbreviations of words, if the body corporate intends to cause or may reasonably cause any person to believe that it is a practice unit;

- to prohibit a firm, which is not a practice unit registered under section 28A of the PAO, other than a sole proprietorship of a certified public accountant, from using in its name sixteen specified descriptions, namely "professional accountant", "certified public accountant", "certified accountant", "registered accountant", "professional accounting", "registered accounting", "certified public accounting", "certified accounting", "CPA", "專業會計師", "會計師", "註冊會計師", "專業會計", "註冊會計", "認可會計" and "執業會計", or any written words, initials or abbreviations of words, if the firm intends to cause or may reasonably cause any person to believe that it is a practice unit;
- to increase the level of fine payable for breaches except for breaches of section 42(1)(l) of the PAO, from level 4 to level 5; and
- to rectify an existing lacuna that the subsection only refers to a firm of certified public accountants (practising) but not a firm which is not a firm of certified public accountants (practising).

Should you have any questions, please feel free to contact Samantha Suen FCIS FCS(PE), Chief Executive, HKICS or Mohan Datwani FCIS FCS(PE), Senior Director, and Head of Technical and Research, HKICS at
or _____.

Yours faithfully,



David Fu FCIS FCS(PE)

President

The Hong Kong Institute of Chartered Secretaries