

[REPUBLIC ACT NO. 9298, May 13, 2004]

AN ACT REGULATING THE PRACTICE OF ACCOUNTANCY IN THE PHILIPPINES, REPEALING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 692, OTHERWISE KNOWN AS THE REVISED ACCOUNTANCY LAW, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

Article I

Title, Declaration of Policy, Objective and Scope of Practice

SECTION 1. *Short Title.*—This Act shall be known as the 'Philippine Accountancy Act of 2004'.

SEC. 2. *Declaration of Policy.*—The State recognizes the importance of accountants in nation building and development. Hence, it shall develop and nurture competent, virtuous, productive and well rounded professional accountants whose standards of practice and service shall be excellent, qualitative, world class and globally competitive through inviolable, honest, effective, and credible licensure examinations and through regulatory measures, programs and activities that foster their professional growth and development.

SEC. 3. *Objectives.*—This Act shall provide for and govern:

- a. The standardization and regulation of accounting education;
- b. The examination for registration of certified public accountants; and
- c. The supervision, control, and regulation of the practice of accountancy in the Philippines.

SEC. 4. *Scope of Practice.*—The practice of accountancy shall include, but not limited to, the following:

- a. Practice of Public Accountancy - shall constitute in a person, be it his/her individual capacity, or as a partner or as a staff member in an accounting or auditing firm, holding out himself/herself as one skilled in the knowledge, science and practice of accounting, and as a qualified person to render professional services as a certified public accountant; or offering or rendering, or both, to more than one client on a fee basis or otherwise, services such as the audit or verification of financial transaction and accounting records; or the preparation, signing, or certification for clients of reports of audit, balance sheet, and other financial, accounting and related schedules, exhibits, statements or reports which are to be used for publication or for credit

purposes, or to be filed with a court or government agency, or to be used for any other purpose; or the design, installation; and revision of accounting system; or the preparation of income tax returns when related to accounting procedures; or when he/she represents client's before government agencies on tax and other matters related to accounting or renders professional assistance in matters relating to accounting procedures and the recording and presentation of financial facts or data.

- b. Practice in Commerce and Industry - shall constitute in a person involved in decision making requiring professional knowledge in the science of accounting, or when such employment or position requires that the holder thereof must be a certified public accountant.
- c. Practice in Education/Academe - shall constitute in a person in an educational institution which involve teaching of accounting, auditing, management advisory services, finance business law, taxation, and other technically related subjects: *Provided*, That members of the Integrated Bar of the Philippines may be allowed to teach business law and taxation subjects.
- d. Practice in the Government -constitute in a person who holds, or is ap to, a position in an accounting professional group in government or in a government-owned and/or-controlled corporation, including those performing proprietary functions, where decision making requires professional knowledge in the science of accounting, or where a civil service eligibility as a certified public accountant is a prerequisite.

Article II

Professional Regulatory Board of Accountancy

SEC. 5. *The Professional Regulatory Board of Accountancy and its Composition.*-The Professional Regulatory Board of Accountancy, hereinafter referred to as the Board, under the supervision and administrative control of the Professional Regulation Commission, hereinafter referred to as the Commission, shall be composed of a chairman and six (6) members to be appointed by the President of the Philippines from a list of three (3) recommendees for each position and ranked by the Commission, from a list of five (5) nominees for each position submitted by the accredited national professional organization of certified public accountants. The Board shall elect a vice-chairman from among its members for a term of one (1) year. The chairman shall preside in all meetings of the Board and in the event of a vacancy in the office of the chairman, the vice-chairman shall assume such duties and responsibilities until such time as a chairman is appointed.

SEC. 6. *Qualifications of Members of the Professional Regulatory Board.*—A member of the Board shall, at the time of his/her appointment, possess the following qualifications:

- a. Must be a natural-born citizen and a resident of the Philippines;
- b. Must be a duly registered Certified Public Accountant with at least (10) years of work experience in any scope of practice of accountancy;
- c. Must be of good moral character and must not have been convicted of crimes involving moral turpitude; and
- d. Must not have any pecuniary interest, directly or indirectly, in any school, college, university or institution conferring an academic degree necessary for

admission to the practice of accountancy or where review classes in preparation for the licensure examination are being offered or conducted, nor shall he/she be a member of the faculty or administration thereof at the time of his/her appointment to the Board.

SEC. 7. *Term of Office.*—The chairman and members of the Board shall hold office for a term of three (3) years. Any vacancy occurring within the term of a member shall be filled up for the unexpired portion of the term only. No person who has served two (2) successive complete terms shall be eligible for reappointment until the lapse of one (1) year. Appointment to fill up an unexpired term is not to be considered as a complete term.

SEC. 8. *Compensation and Allowances of the Board.*—The chairman and members of the Board shall receive compensation and allowances comparable to that being received by the chairman and members of existing regulatory boards under the Commission as provided for in the General Appropriations Act.

SEC. 9. *Powers and Functions of the Board.*—The Board shall exercise the following specific powers, functions and responsibilities:

- a. To prescribe and adopt the rules and regulations necessary for carrying out the provisions of this Act;
- b. To supervise the registration, licensure practice of accountancy in the Philippines;
- c. To administer oaths in connection with the administration of this Act;
- d. To issue, suspend, revoke, or reinstate the Certificate of Registration for the practice of the accountancy profession;
- e. To adopt an official seal of the Board;
- f. To prescribe and/or adopt a Code of Ethics for the practice of accountancy;
- g. To monitor the conditions affecting the practice of accountancy and adopt such measures, including promulgation of accounting and auditing standards, rules and regulations and best practices as may be deemed proper for the enhancement and maintenance of high professional, ethical, accounting and auditing standards: *Provided*, That domestic accounting and auditing standards, rules and regulations shall include the international accounting and auditing standards, and generally accepted best practices;
- h. To conduct an oversight into the quality of audits of financial statements through a review of the quality control measures instituted by auditors in order to ensure compliance with the accounting and auditing standards and practices;
- i. To investigate violations of this act and the rules and regulations promulgated hereunder and for this purpose, to issue summons, *subpoena* and *subpoena ad testificandum* and *subpoena duces tecum* to violators or witness thereof and compel their attendance to such investigation or hearings and the production of documents in connection therewith: *Provided*, That the Board upon approval of the Commission may, subject to such rules and regulations that may be promulgated to implement this section, delegate the fact-finding aspect of such investigations to the accredited national professional organization of certified public accountants: *Provided further*, That the Board and/or the Commission may adopt their findings of fact as it may seem fit;
- j. The Board may, *motu proprio* in its discretion, make such investigations as it deems necessary to determine whether any person has violated any provisions

- of this law, any accounting or auditing standard or rules duly promulgated by the Board as part of the rules governing the practice of accountancy;
- k. To issue a cease or desist order to any person, association, partnership or corporation engaged in violation of any provision of this Act, any accounting or auditing standards or rules duly promulgated by the Board as part of the rules governing the practice of accountancy in the Philippines;
 - l. To punish for contempt of the Board, both direct and indirect, in accordance with the pertinent provisions of and penalties prescribed by the Rules of Court;
 - m. To prepare, adopt, issue or amend the syllabi of the subjects for examinations in consultation with the academe, determine and prepare questions for the licensure examination which shall strictly be within the scope of the syllabi of the subjects for examinations as well as administer, correct and release the results of the licensure examinations;
 - n. To ensure, in coordination with the Commission on Higher Education (CHED) or other authorized government offices that all higher educational instruction and offering of accountancy comply with the policies, standards and requirements of the course prescribed by CHED or other authorized government offices in the areas of curriculum, faculty, library and facilities; and
 - o. To exercise such other powers as maybe provided by law as well as those which may be implied from, or which are necessary or incidental to the carrying out of, the express powers granted to the Board to achieve the objectives and purposes of this Act.

The policies, resolution, rules and regulations, issued or promulgated by the Board shall be subject to review and approval of the Commission. However, the Board's decisions, resolutions or orders rendered in administrative cases shall be subject to review only if on appeal.

SEC. 10. Administrative Supervisions of the Board, Custodian of its Records, Secretariat and Support Services.—The Board shall be under the administrative supervision of the Commission. All records of the Board, including applications for examination and administrative and other investigative cases conducted by the Board shall be under the custody of the Commission. The Commission shall designate the secretary of the Board and shall provide the secretariat and other support services to implement the provisions of this Act.

SEC. 11. Grounds for Suspension or Removal of Members of the Board.—The President of the Philippines, upon the recommendation of the Commission, after giving the concerned member an opportunity to defend himself in a proper administrative investigation to be conducted by the Commission, may suspend or remove any member on the following grounds:

- a. Neglect of duty or incompetence;
- b. Violation or tolerance of any violation of this Act and its implementing rules and regulations or the Certified Public Accountant's Code of Ethics and the technical and professional standards of practice for certified public accountants;
- c. Final judgment of crimes involving moral turpitude; and
- d. Manipulation or rigging of the certified public accountant's licensure examination results, disclosure of secret and confidential information in the examination questions prior to the conduct of the said examination or tampering of grades.

SEC. 12. *Annual Report.*—The Board shall, at the close of each calendar year, submit an annual report to the President of the Philippines through the Commission giving a detailed account of its proceedings and accomplishments during the year and making recommendations for the adoption of measures that will upgrade and improve the conditions affecting the practice of accountancy in the Philippines.

Article III

Examination, Registration and Licensure

SEC. 13. *The Certified Public Accountant Examinations.*—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.

SEC. 14. *Qualifications of Applicants for Examinations.*—Any person applying for examination shall establish the following requisites to the satisfaction of the Board that he/she:

- a. is a Filipino citizen;
- b. is of good moral character;
- c. is a holder of the degree of Bachelor of Science in Accountancy conferred by a school, college, academy or institute duly recognized and/or accredited by the CHED or other authorized government offices; and
- d. has not been convicted of any criminal offense involving moral turpitude.

SEC. 15. *Scope of Examination.*—The licensure examination for certified public accountants shall cover, but are not limited to, the following subjects:

- a. Theory of Accounts
- b. Business Law and Taxation
- c. Management Services
- d. Auditing Theory
- e. Auditing Problems
- f. Practical Accounting Problems I
- g. Practical Accounting Problems II

The Board, subject to the approval of the Commission, may revise or exclude any of the subjects and their syllabi, and add new ones as the need arises.

SEC. 16. *Rating in the Licensure Examination.*—To be qualified as having passed the licensure examination for accountants, a candidate must obtain a general average of seventy-five percent (75%), with no grades lower than sixty-five percent (65%) in any given subject. In the event a candidate obtains the rating of seventy-five percent (75%) and above in at least a majority of subjects as provided for in this Act, he/she shall receive a conditional credit for the subjects passed: *Provided*, That a candidate shall take an examination in the remaining subjects within two (2) years from the preceding examination: *Provided, further*, That if the candidate fails to obtain at least a general average of seventy-five percent (75%) and a rating of at least sixty-five percent (65%) in each of the subjects reexamined, he/she shall be considered as failed in the entire examination.