

[PRC BOARD OF ACCOUNTANCY RESOLUTION NO. 126, S. OF 2008, July 07, 2008]

ADOPTION OF THE RULES AND REGULATIONS ON ADVERTISING FOR THE PHILIPPINE ACCOUNTANCY PROFESSION

WHEREAS, the Philippine Accountancy Act of 2004, Article II Section 9(f) empowers the Board of Accountancy "to prescribe and/or adopt a Code of Ethics for the practice of accountancy" and Section 9(g) provides that the Board of Accountancy shall "monitor the conditions 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 xxx"

WHEREAS, all Professional Accountants must adhere to the Revised Code of Ethics for Professional Accountants in the Philippines which governs their relations to the public in general, their co-professionals, their clients and the State of the practice of the Accountancy profession in the Philippines;

WHEREAS, any advertising by professional accountants beyond their name, address, telephone number and membership in professional organizations has been traditionally considered unethical in the Accountancy Profession;

WHEREAS, the reasons for not allowing advertisement include: (a) advertising can lead to undue competition between and among practitioners, and thus may cause a decline in the quality of service; (b) advertising would encourage a more commercial approach within the profession thus reducing clients' trust in CPAs and also increasing the likelihood of CPAs neglecting their ethical duties; (c) the cost of advertising would outweigh any savings which might result from competition, and it would be borne ultimately by clients; and (d) small or new practitioners would be unlikely to have the financial resources to match the advertising of larger or more established practices.

WHEREAS, the rationale behind the prohibition of certain kinds of advertising or advertisement is to lend dignity to the profession which, unlike ordinary services and merchandise, should not be peddled in the market place through touting and self-laudatory means;

WHEREAS, due to the expansion of the services provided by the professional accountants and the inclusion of a provision in the Revised Code of Ethics for Professional Accountants of the International Federation of Accountants (IFAC) which the Board of Accountancy and the Professional Regulation Commission have adopted, allowing advertising to the extent that this provides the public with necessary information about the sole practitioners or professional partnerships and the services they offer to their clients;

WHEREAS, Section 250 on Marketing Professional Services of the Revised Code of Ethics for Professional Accountants in the Philippines provides that

1. When a professional accountant in public practice solicits new work through advertising or other forms of marketing, there may be potential threats to compliance with the fundamental principles. For example, a self-interest threat to compliance with the principle of professional behavior is created if services, achievements or products are marketed in a way that is consistent with that principle.

2. A professional accountant in public practice should not bring the profession into disrepute when marketing professional services. The professional accountant in public practice should be honest and truthful and should not:

- Make exaggerated claims for services offered, qualifications possessed or experience gained; or
- Make disparaging references to unsubstantiated comparisons to the work of another.

If the professional accountant in public practice is in doubt whether a proposed form of advertising or marketing is appropriate, the professional accountant in public practice should consult with the relevant professional body.”

WHEREAS, with this new development, the Board of Accountancy deems it necessary to adopt rules and regulations covering advertising so as to protect the public interest. Such rules shall define the parameters within which advertising and promotion may be considered ethical and hence, permissible.

WHEREAS, an official implementation of the provisions of the Revised Code of Ethics for Professional Accountants governing the practice of the accountancy profession specifically the provision on advertising would assist in the enhancement of high professional and ethical standards and avoid confusion which might diminish the integrity and dignity of the accountancy profession.

NOW, THEREFORE be it RESOLVED, as it is hereby RESOLVED, to adopt the following rules and regulations on advertising and promotion for the practice of accountancy in the Philippines:

1. Generally, advertising and publicity in any medium are acceptable provided:

- a. It has as its objective the notification to the public or such sectors of the public as are concerned, of matters of fact (e.g., name, address, contact numbers, services offered) in a manner that is not false, misleading or deceptive;
- b. It is in good taste;
- c. It is professionally dignified; and
- d. It avoids frequent repetition of, and any undue prominence being given to the name of the firm or professional accountant in public practice.

The following however shall not be allowed:

- a. Self-laudatory statements
 - b. Discrediting, disparaging, or attacking other firms or CPA practitioners
 - c. Referring to, using or citing actual or purported testimonials by third parties
 - d. Publishing and comparing fees with other CPAs or CPA firms or comparing those services with those provided by another firm or CPA practitioner
 - e. Giving too much emphasis on competitive differences
 - f. Using words or phrases which are hard to define and even more difficult to substantiate objectively
 - g. Publishing services in billboard (e.g., tarpaulin, streamers, etc.) advertisements
2. The use of the name of an international accounting firm affiliation/correspondence other than a notation that it is a "member/correspondent firm of that foreign firm" shall not be allowed so as to imply that the foreign firm is practicing in the Philippines.
3. No firm or CPA practitioner shall identify the name of a client or items of a client's business in advertising, public relations or marketing material produced to promote his practice provided that the client gives its written consent.
4. No firm or CPA practitioner shall use the term "Accredited" or any similar words or phrases calculated to convey the same meaning if the claimed accreditation (BOA, SEC, BSP or IC) has expired.
5. All advertisements must have prior review and approval in writing by the Risk Management Partner and Managing Partner or their equivalents.
6. The following examples are illustrative of circumstances in which publicity is acceptable and the matters to be considered in connection therewith subject always to the overriding requirements mentioned in the preceding rules.

a. Awards

It is in the interests of the public and the accountancy profession that any appointment or other activity of a professional accountant in a matter of national or local importance, or the award of any distinction to a professional accountant, should receive publicity and that membership of the professional body should be mentioned. However, the professional accountant should not make use of any of the aforementioned appointments or activities for personal professional advantage.

b. Professional Accountants Seeking Employment or Professional Business

A professional accountant may inform interested parties through any medium that a partnership or salaried employment of an accountancy nature is being sought. The professional accountant should not, however, publicize for subcontract work in a manner which could be interpreted as seeking to procure professional business. Publicity seeking subcontract work may be acceptable if placed only in the professional press and provided that neither the accountant's name, address or telephone number appears in the publicity. A professional accountant may write a letter or make a direct approach to another professional accountant when seeking employment or professional business.

c. Directories

A professional accountant may be listed in a directory. Entries may include name, address, telephone number, professional description, services offered and any other information necessary to enable the user of the directory to make contact with the person or organization to which the entry relates.

d. Books, Articles, Interviews, Lectures, Radio and Television Appearances

Professional accountants who author books or articles on professional subjects, may state their name and professional qualifications and give the name of their organization but shall not give any information as to the services that firm provides. Similar provisions are applicable to participation by a professional accountant in a lecture, interview or a radio or television program on a professional subject. What professional accountants write or say, however, should not be promotional of themselves or their firm but should be an objective professional view of the topic under consideration. Professional accountants are responsible for using their best endeavors to ensure that what ultimately goes before the public complies with these requirements.

e. Training Courses, Seminars, etc.

A professional accountant may invite clients, staff or other professional accountants to attend training courses or seminars conducted for the assistance of staff. Other persons should not be invited to attend such training courses or seminars except in response to an unsolicited request. The requirement should in no way prevent professional accountants from providing training services to other professional bodies, associations or educational institutions which runs courses for their members or the public. However, undue prominence should not be given to the name of a professional accountant in any booklets or documents issued in connection therewith.

f. Booklets and Documents Containing Technical Information