

# **NEW ACCOUNTANCY LAW SLATED**

**By Joel L. Tan-Torres**

The Professional Regulatory Board of Accountancy (“BoA”) has come up with a package of revisions proposed revisions of the Republic Act 9298 (Accountancy :Law)..The Accountancy Law was promulgated way back in 2004. In the span of more than twelve years since the passage of the law, there have been several changes and developments in the accountancy sector, locally and globally, that have arisen. Thus the need for the revision of the archaic law of the accountants.

The propose revision of the Accountancy Law provisions can be categorized in six areas as follows:

1. Structural
2. Mandate of the Accountancy Regulatory Office and BoA
3. Practice of Accountancy
4. Accountancy Examination and Program Matters
5. Special Provisions
6. Penalties and Sanctions

These proposed revisions were gathered from the various accountancy stakeholders throughout the Philippines with consultations and focus group discussions that started last April 20, 2016, After more than three months of this interaction, the BoA has compiled a list of over twenty five revisions . This list was submitted to the Congress last August 15 to start the legislative process. Thereafter, Congress will conduct the public hearings on the bill that will be drafted for the purpose of revising the Accountancy Law.

The major proposals include the reform of the accountancy track governing the licensing of the professional accountants, It is proposed that there will be two levels of licensure examinations that will be given by the BoA. The first level is the examination consisting of the core accountancy subjects that all accounting graduates should take to practice accountancy. This will be called the Certified Accountant (CA) examination. There is also the second level examination called the Certified Public Accountant and Certified Professional Accountant (CPA) examination that optionally can be taken by the CA who intends to teach accounting courses and/or do public practice and sign the auditors certificates. This examination can be taken after the CA has done at least three years of meaningful work experience . This CPA examination is a one subject test on an advanced accountancy subject that will be taken by the CA depending on their specialization. The examination to be taken can either be on public practice auditing, management accounting, internal auditing, or accounting information technology. This reform in the licensure examination approach is intended to address the specialization and practical experience requirements of the profession.

Another change being proposed is the creation of an Accountancy Regulatory Office (ARO). The ARO will assume the regulatory and oversight over the profession. These functions are presently the responsibilities of the BoA. However, due to the pressing demand on the BoA on overseeing the licensure process, the oversight of the accountancy education and the issuance of accountancy rules standards, the stakeholders of the accountancy profession agreed that there was a need to create the ARO to handle the regulatory oversight of the profession.

The proposed amendments in the Accountancy Law include also the institutionalization of the Financial Reporting Standards Council and Auditing and Assurance Standard Council that perform the task of formulating and recommending accounting and auditing standards for approval by the BoA. The formation of the Public Sector Financial Reporting Standards Council, Accountancy Education Council and Ethics Standards Council are also recommended to perform the other mandates of the profession. Once approved as a law, the accountancy profession will now have organizations that are properly staffed and funded to pursue their mandates.

Another major proposal is allowing the public practice of accountancy under a partnership with limited liability and corporate structure. With this in place, the constraint of unlimited financial liability and risk in the public practice that results in a disincentive to accountants will be mitigated. The proposed corporate structure as a vehicle for public practice will also provide to accountants this option that are now available to other professionals, such as the architects and engineers,

There are other provisions cited by the stakeholders who participated in the consultations. These include the oversight over the “specialized accountancy certification bodies,” the provision of incentives for the consolidation of Small and Medium sized practices, the special treatment of Micro small and medium sized business enterprises on accountancy regulatory rules, instituting a Whistleblower program, providing for the use of the title of Accountant (“Acct”) for use of the CPAs and CAs, mandatory membership of CA/CPAs in Audit Committees of corporations,, mandating the CA/CPA requirement for government internal auditors and preparers of FS and revisions in the independent external audit threshold.

The wheels of change have started to move forward for our Accountancy Law. Congress will soon start the long legislative process for the revision of our charter. This initiative will involve the support and involvement of all the stakeholders of our accountancy profession. Our fellow accountants can now start soliciting from their Congressmen and Senators the support and endorsement of the bill that will soon be discussed in Congress. All accountants are encouraged to participate in the forthcoming public hearings that will be held. Let us all be one in pushing forward the much needed changes in our Accountancy Law.

Information on the revisions submitted to Congress can be downloaded at <http://boa.com.ph/revisions-in-accountancy-law/>

Also, on the first year anniversary of the Debit Credit column, I would like to take this opportunity to thank my sixteen fellow accountants who contributed articles to this column by and for accountants. This column was launched about a year ago on September 21, 2015 and continues to provide interesting information and insights to its many readers. I encourage more of our fellow accountants to share their thoughts on relevant topics of our times by emailing their articles to [boa.secretariat@gmail.com](mailto:boa.secretariat@gmail.com) All the articles featured in this column are now posted in <http://boa.com.ph/debit-credit/>



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**DEBIT CREDIT**

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