

Comparative - Current and Proposed Revisions to the Accountancy Act

CURRENT PROVISION	PROPOSED REVISIONS	COMMENT
<p>Section 1. Shorts Title.</p> <p>This act shall be known as the "Philippine Accountancy Act of 2004"</p>	<p>Section 1. Short Title.</p> <p>This Act shall be known as the "Accountancy Act of 2021"</p>	
<p>Section 4. Scope of Practice. - The practice of accountancy shall include, but not limited to, the following:</p> <p>(a) Practice of Public Accountancy - shall constitute a person, be it his/her individual capacity, 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 or more than one client on a fee basis or otherwise, services as 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, statement of 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 purposes; or to design, installation, and revision of accounting system; or the preparation of income tax returns when related to accounting procedures; or when he/she represent clients before government agencies on tax and other matters relating to accounting or render professional assistance in matters relating to accounting procedures and the recording and presentation of financial facts or data.</p> <p>(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.</p> <p>(c) Practice in Education/Academe - shall constitute in a person in an educational institution which involve teaching of accounting, auditing,</p>	<p>Section 4 – Definition of practice of Accountancy – The practice of accountancy is defined as:</p> <p>a. offering to perform or performing attest and/or compilation services.</p> <p>b. offering to perform or performing, for other persons, one or more types of the following services involving the use of professional skills or competencies, but not limited to, accounting, management advisory services, financial advisory, and tax including professional services rendered to clients in any and all matters related to accounting concepts and to the recording of financial data or information or the preparation or presentation of financial statements.</p> <p>c. performing, for one’s employer, a private entity, or government, of one or more types of services, but not limited, to accounting, financial, corporate finance, tax, audit and compliance including the signing, delivering or issuing any financial, accounting or related statement or report involving the use of professional skills or competencies.</p> <p>d. teaching of accountancy, auditing, management services, finance, business law, taxation and other related subjects offered by schools and colleges recognized by the CHED or by authorized government offices.”</p>	

Comparative - Current and Proposed Revisions to the Accountancy Act

CURRENT PROVISION	PROPOSED REVISIONS	COMMENT
<p>management advisory services, fiancé, business law, taxation and other technically related subject: Provided, That members of the Integrated Bar of the Philippines may be allowed to teach business law and taxation subjects.</p> <p>(d) Practice in Government - shall constitute in a person who holds, or is appointed to, a position in an accounting professional group in government or in an 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.</p>		
<p>None</p>	<p>A new section is introduced in Section 4 of the same Act and to read as follows:</p> <p>Section 4-a. Definitions.</p> <p>As used in this section:</p> <ol style="list-style-type: none"> 1. "Attest" means providing the following accountancy services which all require the independence of licensees: <ol style="list-style-type: none"> a. any audit to be performed in accordance with the domestic and international auditing standards or other similar standards, promulgated by the Board and the Commission; b. any review of a financial statement to be performed in accordance with the domestic and international accounting standards promulgated by the Board and the Commission; or c. any examination to be performed in accordance with the attestation standards promulgated by the Board and the Commission; 2. "Certified Public Accountant" or "CPA" means any person who has received <ol style="list-style-type: none"> a license from the Professional Regulation Commission, to practice accountancy in the Philippines. 3. "Compilation" means providing a service that presents, in the form of financial statements, information that is the representation of the management or owners 	

Comparative - Current and Proposed Revisions to the Accountancy Act

CURRENT PROVISION	PROPOSED REVISIONS	COMMENT
	<p>of the client without undertaking to express any assurance of the accuracy of the information in the financial statements, to be performed in accordance with the standards promulgated by the Board and the Commission.</p> <p>4. "Firm" means a domestic entity organized as a sole proprietorship, or a general professional partnership, that is established for the business purpose of lawfully engaging in the practice of accountancy."</p>	
<p>SEC. 9. Powers and Functions of the Board</p> <p>(b) To supervise the registration, licensure and practice of accountancy in the Philippines;</p>	<p>Section 9(b) of the same Act is hereby amended to read as follows:</p> <p>"(a) xxx"</p> <p>"(b) To have exclusive oversight and supervision over the licensure, registration, accreditation and practice of accountancy in the Philippines."</p>	
<p>SEC. 9. Powers and Functions of the Board</p> <p>(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</p>	<p>Section 9(n) of the same Act is hereby amended to read as follows:</p> <p>"(a) xxx "</p> <p>"(m) xxx"</p> <p>"(n) To coordinate with the Commission on Higher Education (CHED) and other authorized government offices in ensuring that all higher educational instructions and offering of accountancy education comply with the policies, standards and requirements prescribed by CHED and other authorized government offices in the areas of curriculum, faculty, library and facilities. For this purpose, an Education Technical Council shall be created by the Board."</p>	
<p>SEC. 9. Powers and Functions of the Board</p> <p>(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;</p>	<p>Section 9(g)</p> <p>(g) xxxx and generally accepted best practices. For this purpose, Standard setting bodies shall be established by the Commission to assist the Board in the promulgation and adoption of domestic and international accounting and auditing standards and generally accepted best practices."</p>	

Comparative - Current and Proposed Revisions to the Accountancy Act

CURRENT PROVISION	PROPOSED REVISIONS	COMMENT
<p>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:</p> <p>(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.</p>	<p>“Section 14 – Requirements for a license as a Certified Public Accountant - To qualify for a license as a certified public accountant, an applicant shall fulfill the following requirements:</p> <ol style="list-style-type: none"> 1. Application: file an application with the Commission 2. Age: be at least twenty-one years of age 3. Citizenship: is a Filipino citizen 4. Character: be of good moral character and has not been convicted of any criminal offense involving moral turpitude. 5. Education: is a holder of the degree of Bachelor of Science in Accountancy conferred by a school, or college duly recognized by the CHED or a holder of a degree conferred by a foreign school or college of Accountancy which had been issued a certificate of equivalency by CHED. Graduates of foreign schools shall be required to enroll in any school or college duly recognized by the CHED for 1 year (2 semesters) and complete at least 30 units of subjects related to Philippine Business Laws and Taxation and such other subjects covered by the licensure examination. 6. Experience: have at least two (2) years of diversified experience in any field of practice in accountancy prior to the licensure examination in accordance with the regulations to be prescribed by the Board. 7. Examination: pass a written licensure examination in accordance with the provisions of Section 15 and Section 16 of the same Act, as amended.” 	
<p>SEC. 15. Scope of Examination. – The licensure examination for certified public accountants shall cover, but are not limited to, the following subjects:</p> <p>(a) Theory of Accounts (b) Business Law and Taxation (c) Management Services</p>	<p>“Section 15 – Scope of Examination- The licensure examination for certified public accountants shall cover, but not limited, to the following subjects:</p> <ol style="list-style-type: none"> 1. Financial Accounting and Reporting 2. Advanced Financial Accounting and Reporting 3. Management Services 4. Auditing 	

Comparative - Current and Proposed Revisions to the Accountancy Act

CURRENT PROVISION	PROPOSED REVISIONS	COMMENT
<p>(d) Auditing Theory (e) Auditing Problems (f) Practical Accounting Problems I (g) Practical Accounting Problems II</p> <p>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.</p>	<p>5. Taxation 6. Regulatory Framework for Business Transactions</p> <p>The Board, subject to the approval of the Commission, may revise or exclude any of the subjects and their syllabi, and add new ones, review and modify the format, grading process and passing score of the licensure examination, as the need arises.”</p>	
<p>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 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</p>	<p>Section 16 of the same Act is hereby amended to read as follows:</p> <p>“To pass the licensure examination for certified public accountants, an examinee must obtain a rating of PASSED in all subjects. A rating of PASSED shall be given to an examinee in a particular subject if he/she obtained a numerical rating of at least 75% in such subject. The report of rating shall not indicate the numerical score obtained but shall only specify that the examinee either PASSED or FAILED in each subject.</p>	
<p>SEC. 17. Report of Ratings. – The Board shall submit to the Commission the ratings obtained by each candidate within ten (10) calendar days after the examination, unless extended for just cause. Upon the release of the results of the examination, the Commission shall send by mailing the rating received by each examinee at his/her given address using the mailing envelope submitted during the examination.</p>	<p>“Section 17 – Report of Rating and Publication of the Results of Licensure Examination – The Board shall report the results of the licensure examination to the Commission within ten (10) calendar days from the last day of the examination, unless extended for just cause. The official results of the examination shall only contain, the names of those who passed and failed the licensure examination without indication as to the passing / failing score, rank or their respective schools/colleges. The list of passing examinees and the names and performance of the schools/colleges, shall be posted in the official website of the Commission.</p> <p>Examinees who pass and fail the licensure examination are not entitled to receive their examination papers or to see their scores.</p>	

Comparative - Current and Proposed Revisions to the Accountancy Act

CURRENT PROVISION	PROPOSED REVISIONS	COMMENT
	<p>Schools, colleges and review centers are prohibited from publishing the names of their top performing students and reviewees in newspapers of general circulation, in other types of mass media, and in all types of social media platforms.</p> <p>The report of rating shall be sent by the Commission to every examinee using their e-mail address which they have provided in their application forms.</p>	
<p>SEC. 18. Failing Candidates to Take Refresher Course- Any candidate who fails in two (2) complete Certified Public Accountant Board Examinations shall be disqualified from taking another set of examinations unless he/she submits evidence to the satisfaction of the Board that he/she enrolled in and completed at least twenty-four (24) units of subject given in the licensure examination.</p> <p>For purposes of this Act, the examination in which the candidate was conditioned together with the removal examination on the subject in which he/she failed shall be counted as one complete examination.</p>	<p>Section 18 of the same Act is hereby DELETED;</p>	
<p>SEC. 28. Limitation of the Practice of Public Accountancy. – Single practitioners and partnerships for the practice of public accountancy shall be registered certified public accountants in the Philippines: Provided, That from the effectivity of this Act, a certificate of accreditation shall be issued to certified public accountants in public practice only upon showing, in accordance with rules and regulations promulgated by the Board and approved by the Commission, that such registrant has acquired a minimum of three (3) years meaningful experience in any of the areas of public practice including taxation: Provided, further, That this requirement shall not apply to those already granted a certificate of accreditation prior to the effectivity of this Act. The Securities and Exchange Commission shall not register any corporation organized for the practice of public accountancy.</p>	<p>Section 28 – Accreditation of a Firm – “A firm, a single proprietor or a partnership, engaged in the practice of accountancy, as defined in Section 4(a) & (b) of R.A. No. 9298, as amended, by this Act, shall be required to apply for an accreditation with the Board and the Commission triennially, before it will be allowed to practice accountancy. The Board and the Commission shall establish in regulations an accreditation process for the firms their staff and partners including the requirements in the application and accreditation, reportorial requirements, imposition of fees, procedures in the renewal or revocation of an accreditation or to take other disciplinary action for cause.”</p>	
<p>SEC. 30. Accredited Professional Organization.- All registered certified public accountants whose names appear in the roster of certified public</p>	<p>“Section 30 – Integration of the Accountancy Profession – The Accountancy profession shall be integrated into one (1) national organization which shall</p>	

Comparative - Current and Proposed Revisions to the Accountancy Act

CURRENT PROVISION	PROPOSED REVISIONS	COMMENT
<p>accountants shall be united and integrated through their membership in a one and only registered and accredited national professional organization of registered and licensed certified public accountants, which shall be registered with the Securities and Exchange Commission as a nonprofit corporation and recognized by the Board, subject to the approval by the Commission. The members in the said integrated and accredited national professional organization shall receive benefits and privileges appurtenant thereto upon payment of required fees and dues. Membership in the integrated organization shall not be a bar to membership in any other association of certified public accountants.</p>	<p>be accredited by the Board, subject to the approval by the Commission, as the integrated and accredited professional organization of certified public accountants: Provided however, That such an organization shall be registered with the Securities and Exchange Commission, as a non-profit, non stock corporation to be governed by by-laws providing for democratic election of its officials.</p> <p>A certified public accountant duly registered with the Board shall automatically become a member of the integrated and accredited professional organization of certified public accountants and shall receive the benefits and privileges provided for in this Act upon payment of the required fees and dues. Membership in the integrated and accredited professional organization of certified public accountants shall not be a bar to membership in other associations or certified public accountants.</p>	
<p>SEC. 31. Accreditation to Practice Public Accountancy. – Certified public accountants, firms and partnerships of certified public accountants, engaged in the practice of public accountancy, including partners and staff members thereof, shall register with the Commission and the Board, such registration to be renewed every three (3) years: Provided, That subject to the approval of the Commission, the Board shall promulgate rules and regulations for the implementation of registration requirements including the fees and penalties for violation thereof.</p>	<p>“Section 31. - Accreditation of CPAs in Academe– Certified Public Accountants engaged in the practice of accountancy as defined in Sec. 4(d) of R.A. No 9298, as amended, shall be required to be accredited with the Board and the Commission triennially. The Board and the Commission shall establish in regulations an accreditation process for accounting teachers, including the requirements for initial accreditation and conditions for the renewal of the accreditation, imposition of fees, procedures in the renewal, revocation, or suspension of the accreditation and other related matters.”</p>	
<p>SEC. 32. Continuing Professional Education (CPE) Program. - All certified public accountants shall abide by the requirements, rules and regulations on continuing professional education to be promulgated by the Board, subject to the approval of the Commission, in coordination with the accredited national professional organization of certified public accountants or any duly accredited educational institutions. For this purpose, a CPE Council is hereby created to implement the CPE program.</p>	<p>“Section 32 – Continuing Professional Development – Each registered certified public accountant and those employed by firms as certified public accountants, either as partners or staff, shall comply with the mandatory continuing professional development. All certified public accountants shall abide by the regulations on mandatory continuing professional development promulgated by the Board and the Commission in coordination with the accredited national professional organization of certified public accountants or any duly accredited educational institutions. Certified public accountants who do not satisfy the mandated continuing professional development requirements shall not be allowed to practice until they met such</p>	

Comparative - Current and Proposed Revisions to the Accountancy Act

CURRENT PROVISION	PROPOSED REVISIONS	COMMENT
	requirements and they have been issued their current PICs by the Commission.”	
None	Rules of Professional Conduct – The Board shall adopt rules of professional conduct to establish and maintain high standards of competence and integrity in the practice of accountancy and to ensure that the conduct of the practice by certified public accountants serve the best interest of the public.	
SEC. 40. Funding Provision. - The chairperson of the Professional Regulation Commission shall immediately include in the Commission’s programs the implementation of this Act, the funding of which shall be included in the annual General Appropriations Act.	“Section 40 – Appropriations – The Commission and the CHED shall immediately include in their programs, the implementations of this Act, including the organization, manpower and administrative requirements, and operation of the Standard-setting bodies and the Education Technical Council, the funding of which shall be included in the General Appropriations Act.”	
SEC. 41. Transitory Provision. - The incumbent chairman and members of the Board shall continue to serve in their respective positions under the terms for which they have been appointed under Presidential Decree No. 692, without the need of new appointments. All graduates with a Bachelor’s Degree, major in accounting shall be allowed to take the CPA Licensure Examination within two (2) years from the effectivity of this Act under the rules and regulations to be promulgated by the Board subject to the approval by the Commission.	Transitory Provision – The implementation of Section 14 and Section 16 of RA 366 9298, as amended by this Act, shall be effective for the licensure examination of 2022 or on a date to be determined by the Board and the Commission as circumstances may warrant.	
SEC. 42. Separability Clause. - If any clause, provision, paragraph or part thereof shall be declared unconstitutional or invalid, such judgment shall not affect, invalidate or impair any other part hereof, but shall be merely confined to the clause, provision, paragraph or part directly involved in the controversy in which such judgment has been rendered.	Separability Clause – If any of the provision of this Act is declared unconstitutional, the same shall not affect the validity and effectivity of the other provisions hereof.	
SEC. 43. Repealing Clause. - Presidential Decree No. 692 is hereby repealed and all other laws, orders, rules and regulations or resolutions or part/s thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.	Repealing Clause – All laws, decrees, orders, issuances or portions thereof, which are inconsistent with the provisions of this Act, are hereby repealed, amended or modified accordingly.	
SEC. 44. Effectivity. - This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or in any major daily newspaper of general circulation.	Effectivity – This Act shall take effect fifteen (15) days following its publication in at least two (2) national newspapers of general circulation.	

Comparative - Current and Proposed Revisions to the Accountancy Act