

S. No. 2748
H. No. 6678

Republic of the Philippines
Congress of the Philippines
Metro Manila

Twelfth Congress

Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-eight day of July, two thousand three.

[REPUBLIC ACT NO 9298]

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 clients 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- shall constitute in a person who holds, or is appointed 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 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 a least ten (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 and 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 may be 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 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.

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.

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.

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.

SEC. 19. *Oath.* - All successful candidates in the examination shall be required to take an oath of profession before any member of the Board or before any government official authorized by the Commission or any person authorized by law to administer oaths upon presentation of proof of his/her qualification, prior to entering upon the practice of the profession.

SEC. 20. *Issuance of Certificates of Registration and Professional Identification Card.* - A certificate of registration shall be issued to examinees who pass the licensure examination subject to payment of fees prescribed by the Commission. The Certificate of Registration shall bear the signature of the chairperson of the Commission and the chairman and members of the Board, stamped with the official seal of the Commission and of the Board, indicating that the person named therein is entitled to the practice of the profession with all the privileges appurtenant thereto. The said certificate shall remain in full force and effect until withdrawn, suspended or revoked in accordance with this Act.

A Professional Identification Card bearing the registration number, date of issuance, expiry date, duly signed by the chairperson of the Commission, shall likewise be issued to every registrant renewable every three (3) years.

SEC. 21. *Roster of Certified Public Accountants.* - A roster showing the names and place of business of all registered certified public accountants shall be prepared and updated by the Board, and copies thereof shall be made available to any party as may be deemed necessary.

SEC. 22. *Indication of Certificate of Registration, Identification Card and Professional Tax Receipt.* - The certified public accountant shall be required to indicate his/her certificate of registration number, and date of issuance, the duration of validity, including the Professional Tax Receipt number on the documents he/she signs, uses or issues in connection with the practice of his/her profession.

SEC. 23. *Refusal to Issue Certificate of Registration and Professional Identification Card* - The Board shall not register and issue a certificate of registration and professional identification card to any successful examinee convicted by a court of competent jurisdiction of a criminal offense involving moral turpitude or guilty of immoral and dishonorable conduct or to any person of unsound mind. In the event of refusal to issue certificate for any reason, the Board shall give the applicant a written statement setting forth the reasons for such action, which statement shall be incorporated in the record of the Board.

SEC. 24. *Suspension and Revocation of Certificates of Registration and Professional Identification Card and Cancellation of Special Permit.* - The Board shall have the power, upon due notice and hearing, to suspend or revoke the practitioner's certificate of registration and professional identification card or suspend him/her from the practice of his/her profession or cancel his/her special permit for any of the causes or grounds mentioned under Section 23 of this Act or for any unprofessional or unethical conduct, malpractice, violation of any of the provisions of this Act, and its implementing rules and regulations, the Certified Public Accountant's Code of Ethics and the technical and professional standards of practice for certified public accountants.

SEC. 25. *Reinstatement, Reissuance and Replacement of Revoked or Lost Certificates.* - The Board may, after the expiration of two (2) years from the date of revocation of a certificate of registration and upon application and for reasons deemed proper and sufficient, reinstate the validity of a revoked certificate of registration and in so doing, may, in its discretion, exempt the applicant from taking another examination. A new certificate of registration to replace lost, destroyed, or mutilated certificate/license may be issued, subject to the rules promulgated by the Board and the Commission, upon payment of the required fees.

ARTICLE IV PRACTICE OF ACCOUNTANCY

SEC. 26. *Prohibition in the Practice of Accountancy.* - No person shall practice accountancy in this country, or use the title "Certified Public Accountant", or use the abbreviated title "CPA" or display or use any title, sign, card, advertisement, or other device to indicate such person practices or offers to practice accountancy, or is a certified public accountant, unless such person shall have received from the Board a certificate of registration/professional license and be issued a professional identification card or a valid temporary/special permit duly issued to him/her by the Board and the Commission.

SEC. 27. *Vested Rights: Certified Public Accountants Registered When This Law is Passed.* - All certified public accountants registered at the time this law takes effect shall automatically be registered under the provisions hereof, subject however, to the provisions herein set forth as to future requirements. Certificates of registration/professional license held by such persons in good standing shall have the same force and effect as though issued after the passage of this Act.

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.

SEC. 29. *Ownership of Working Papers* - All working papers, schedules and memoranda made by a certified public accountant and his staff in the course of an examination, including those prepared and submitted by the client, incident to or in the course of an examination, by such certified public accountant, except reports submitted by a certified public accountant to a client shall be treated confidential and privileged and remain the property of such certified public accountant in the absence of a written agreement between the certified public accountant and the client, to the contrary, unless such documents are required to be produced through subpoena issued by any court, tribunal, or government regulatory or administrative body.

SEC. 30. *Accredited Professional Organization*.- All registered certified public accountants whose names appear in the roster of certified public 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.

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.

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.

SEC. 33. *Seal and Use of Seal*. - All licensed certified public accountants shall obtain and use a seal of a design prescribed by the Board bearing the registrant's name, registration number and title. The auditor's reports shall be stamped with said seal, indicating therein his/her current Professional Tax Receipt (PTR) number, date/place of payment when filed with government authorities or when used professionally.

SEC. 34. *Foreign Reciprocity*. – Subjects or citizens of foreign countries may be allowed to practice Accountancy in the Philippines in accordance with the provisions of existing laws, international treaty obligations including mutual recognition agreements entered into by

the Philippine government with other countries. A person who is not a citizen of the Philippines shall not be allowed to practice accountancy in the Philippines unless he/she can prove, in the manner provided by the rules of court that, by specific provision of law, the country of which he/she is a citizen, subject or national admits citizens of the Philippines to the practice of the same profession without restriction.

SEC. 35. Coverage of Temporary/Special Permits. - Special / temporary permit may be issued by the Board subject to the approval of the Commission and payment of the fees the latter has prescribed and charged thereof to the following persons:

- (a) A foreign certified public accountant called for consultation or for a specific purpose which, in the judgment of the Board, is essential for the development of the country: *Provided*, That his/her practice shall be limited only for the particular work that he/she is being engaged: *Provided, further*, That there is no Filipino certified public accountant qualified for such consultation or specific purposes;
- (b) A foreign certified public accountant engaged as professor, lecturer or critic in fields essential to accountancy education in the Philippines and his/her engagement is confined to teaching only; and
- (c) A foreign certified public accountant who is an internationally recognized expert or with specialization in any branch of accountancy and his/her service is essential for the advancement of accountancy in the Philippines.

ARTICLE V PENAL AND FINAL PROVISIONS

SEC. 36. Penal Provision. - Any person who shall violate any of the provisions of this Act or any of its implementing rules and regulations as promulgated by the Board subject to the approval of the Commission, shall, upon conviction, be punished by a fine of not less than fifty thousand pesos (P 50,000.00) or by imprisonment for a period not exceeding two (2) years or both.

SEC. 37. Implementing Rules and Regulations. - Within ninety (90) days after the effectivity of this Act, the Board, subject to the approval of the Commission and in coordination with the accredited national professional organization of certified public accountants, shall adopt and promulgate such rules and regulations to carry out the provisions of this Act and which shall be effective fifteen (15) days following their publication in the *Official Gazette* or in any major daily newspaper of general circulation.

SEC. 38. Interpretation of this Act. - Nothing in this Act shall be construed to effect or prevent the practice of any other legally recognized profession.

SEC. 39. Enforcement of the Act. - It shall be the primary duty of the Commission and the Board to effectively enforce the provisions of this Act. All duly constituted law enforcement agencies and officers of national, provincial, city or municipal government or of any political

subdivision thereof, shall, upon the call or request of the Commission or the Board, render assistance in enforcing the provisions of this Act and to prosecute any person violating the provisions of the same. The Secretary of Justice or his duly designated representative shall act as legal adviser to the Commission and the Board and shall render legal assistance as may be necessary in carrying out the provisions of this Act.

Any person may bring before the Commission, Board or the aforementioned officers of the law, cases of illegal practice or violations of this Act committed by any person or party.

The Board shall assist the Commission in filing the appropriate charges through the concerned prosecution office in accordance with law and rules of court.

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.

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.

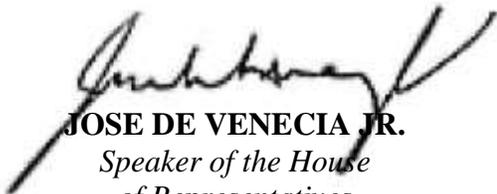
All graduates with a Bachelors Degree, major in Accounting shall be allowed to take the CPA Licensure Examination within two (2) years from the effectivity of this Act under the rules and regulations to be promulgated by the Board subject to the approval by the Commission.

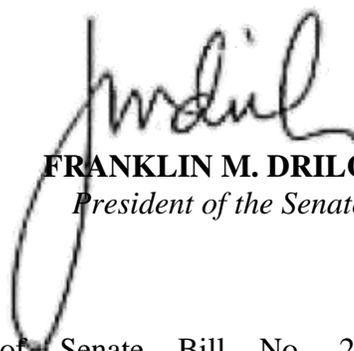
SEC. 42. *Separability Clause.* - If any clause, provision, paragraph or part thereof shall be declared unconstitutional or invalid, such judgment shall not affect, invalidate or impair any other part hereof, but shall be merely confined to the clause, provision, paragraph or part directly involved in the controversy in which such judgment has been rendered.

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.

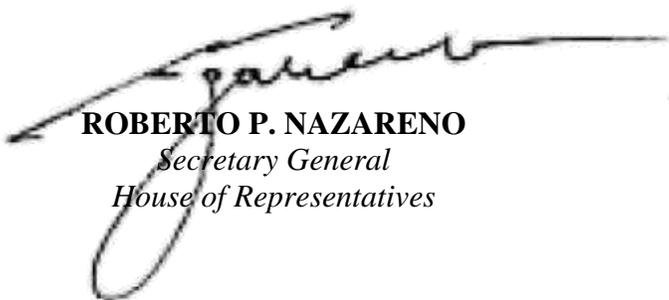
SEC. 44. *Effectivity.* - This Act shall take effect after fifteen (15) days following its publication in the *Official Gazette* or in any major daily newspaper of general circulation.

Approved,


JOSE DE VENECIA JR.
*Speaker of the House
of Representatives*

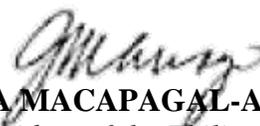

FRANKLIN M. DRILON
President of the Senate

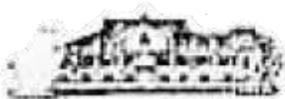
This act is a consolidation of Senate Bill No. 2748 and House Bill No. 6678 was finally passed by the Senate and the House of Representatives on February 6, 2004 and February 7, 2004, respectively.


ROBERTO P. NAZARENO
*Secretary General
House of Representatives*

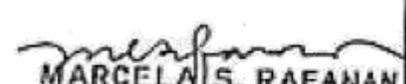

OSCAR G. YABES
Secretary of the Senate

Approved: **MAY 13 2004**


GLORIA MACAPAGAL-ARROYO
President of the Philippines



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DIRECTOR IV
Malacañang Records Office

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**RULES AND REGULATIONS IMPLEMENTING REPUBLIC ACT NO. 9298
OTHERWISE KNOWN AS THE PHILIPPINE ACCOUNTANCY ACT OF 2004
AND FOR OTHER PURPOSES**

RULE I

**TITLE, DECLARATION OF POLICY, OBJECTIVE
AND SCOPE OF PRACTICE**

SECTION 1 - Short Title. – This Rules and Regulations shall be known as THE RULES AND REGULATIONS IMPLEMENTING REPUBLIC ACT NO. 9298 otherwise known as the “PHILIPPINE ACCOUNTANCY ACT OF 2004”.

SECTION 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

- a. Inviolable, honest, effective, and credible licensure examinations and
- b. regulatory measures, programs and activities that foster their professional growth and development.

This Rules and Regulations shall be interpreted, construed, and carried out in the light of the above Declaration of Policy, which embodies the legislative intent in enacting the law.

SECTION 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.

SECTION 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,
 - i. be it his/her individual capacity, or as a partner or as a staff member in an accounting or auditing firm;
 - ii. 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 transactions 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 by stockholders or 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, review and revision of accounting systems and controls ; or the preparation and/or review of income tax returns when related to accounting and auditing procedures; or
 - when he/she represents his/her clients 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,
- i. involved in decision making requiring professional knowledge in the science of accounting, as well as the accounting aspects of finance and taxation, or
 - ii. when he/she represents his/her employer before government agencies on tax and other matters related to accounting; or
 - iii. when such employment or position requires that the holder thereof must be a certified public accountant.

In this connection, any position in any business or company in the private sector which requires supervising the recording of financial transactions, preparation of financial statements, coordinating with the external auditors for the audit of such financial statements and other related functions shall be occupied only by a duly registered CPA. *Provided*, That the business or company where the above position exists has a paid -up capital of at least Five Million Pesos (P5,000,000.00) and/or an annual revenue of at least Ten Million Pesos (P10,000,000.00). *Provided Further*, That this provision shall apply only to persons to be employed after the effectivity of this Rules and Regulations, *Provided*, Finally, That this provision shall not result to deprivation of the employment of incumbents to the position.

- c. Practice in Education/Academe - shall constitute in a person,
- i. in an educational institution which involve teaching of accounting, auditing, management advisory services, accounting aspect of 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; *Provided, Further*, That the position of either the dean or the department chairman or its equivalent that supervises the Bachelors of Science in Accountancy program of an educational institution is deemed to be in practice of accountancy in the academe / education and therefore must be occupied only by a duly registered CPA.

- d. Practice in the Government - shall constitute in a person,

- i. who holds, or is appointed 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
- ii. where a civil service eligibility as a certified public accountant is a prerequisite.

SECTION 4 (A) - Definition of Terms. – As used in these rules and regulations, the following terms shall be understood to mean as follows:

- a. Accredited National Professional Organization of Certified Public Accountants or APO – the integrated national professional organization of Certified Public Accountants accredited by the Board and the Commission;
- b. Act or RA No. 9298 – The Philippine Accountancy Act of 2004 and its subsequent amendments;
- c. Board or BOA – the Professional Regulatory Board of Accountancy of the Philippines created under Republic Act No. 9298;
- d. Certified Public Accountant or CPA – a person who holds a valid Certificate of Registration and a valid Professional Identification Card issued by the Commission upon recommendation by the Board to those who have satisfactorily complied with all the legal and procedural requirements for such issuance, including in appropriate cases, having passed the CPA licensure examination.
- e. Certificate of Accreditation – a certificate under seal, issued by the Commission upon the recommendation by the Board pursuant to this revised rules and regulation, attesting that Individual CPAs, including the staff members thereof, Firms, including the sole proprietors and the staff members thereof and Partnerships of CPAs including the partners and the staff members thereof, are duly accredited to practice public accountancy in the Philippines.
- f. Certificate of Registration – a certificate under seal bearing a registration number, issued to an individual, by the Commission, upon recommendation by the Board, signifying that the individual has complied with all the legal and procedural requirements for such issuance including, in appropriate cases, having successfully passed the CPA licensure examination.
- g. Code of Ethics for Professional Accountants – the code of ethics approved by the Commission in December, 2003 per its PRC Resolution No. 83, Series of 2003 and its subsequent amendments which contains the norms and principles governing the practice of the accountancy profession in the highest standards of ethical conduct.
- h. Commission or PRC – the Professional Regulation Commission of the Philippines created under Republic Act No. 8981.
- i. Firm – an organization engaged in the practice of public accountancy, consisting of a sole proprietor, either alone or with one or more staff member(s).

- j. Individual CPA – a certified public accountant engaged in the practice of public accountancy under his/her name, by himself/herself only or with one or more staff member(s).
- k. Implementing Rules and Regulations or IRR – rules and regulations implementing Republic Act No. 9298 otherwise known as the Philippine Accountancy Act of 2004.
- l. Partnership – a professional partnership engaged in the practice of public accountancy which is formed in accordance with Philippine laws, either as a general partnership or a limited liability partnership, and whether or not it is registered as such with the Securities and Exchange Commission (SEC).
- m. Philippine Institute of Certified Public Accountant or PICPA – the integrated national professional organization of Certified Public Accountants accredited by the Board and the Commission per PRC Accreditation No. 15 dated October 2, 1975.
- n. Professional Identification Card – a card with validity of three (3) years, bearing the registration number, date of issuance with an expiry date, due for periodic renewal, duly signed by the Chairperson of the Commission issued by the PRC to a registered CPA upon payment of the annual registration fees for three (3) years.
- o. Quality Review – a study, appraisal, or review by the Board or its duly authorized representatives, of the quality of audit of financial statements through a review of the quality control measures instituted by an Individual CPA, Firm or Partnership of CPAs engaged in the practice of public accountancy to ascertain his/her/its compliance with prescribed professional, ethical and technical standards of public practice.
- p. Sector – is the area of practice of accountancy namely public accountancy, commerce and industry, academe/education and government.
- q. Staff member – a CPA employed by an Individual CPA, Firm or Partnership engaged in the practice of public accountancy as defined in Sec. 1(a) herein, below the rank of the Individual CPA, sole proprietor or partner as the case maybe.
- r. Syllabi – documents showing the outline embodying topics and concepts of major subjects prescribed in specific course of study to serve as the basis for test questions in the CPA licensure examinations.

RULE II

PROFESSIONAL REGULATORY BOARD OF ACCOUNTANCY

SECTION 5 - The Professional Regulatory Board of Accountancy and its Composition. – The Board 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 APO. 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.

The four (4) sectors in the practice of accountancy shall as much as possible be equitably represented in the Board. The Commission in consultation with the Board shall select three (3) nominees from those recommended by the APO and submit such list to the President for consideration.

SECTION 5 (A) - Time of submission of nomination to the Board by the APO. – The APO shall submit its nominations with complete documentation to the Commission not later than (60) days prior to the expiry of the term of an incumbent chairman or member. There should be adequate documentation to show the qualification and primary field of professional activity of the nominee to enable the Commission to determine the competence of the nominee and the sector where he/she belongs. If the APO fails to submit its own nominee(s) to the Commission with the required documentations within the period provided herein, the Commission in consultation with the Board shall submit to the President a list of three (3) nominees for each vacant position.

SECTION 6 - Qualifications of Members of the Professional Regulatory Board of Accountancy. –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 ten (10) years of work experience in any scope of practice of accountancy. He/she shall be nominated to represent a sector from which he/she has considerable and meaningful professional experience.
- c. Must be of good moral character and must not have been convicted of crimes involving moral turpitude;
- 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;
- e. Must not be a Director or Officer of the APO at the time of his appointment;

Provided, That if the Chairman or any member of the Board is still in active practice of public accountancy or connected with any office in commerce and industry or in the government, he/she must go on leave during the pendency of any case involving himself/herself, his firm, partnership, company or government office, or inhibit himself/herself completely in all the stages of the proceedings thereof.

SECTION 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 successive complete terms as chairman or member shall be eligible for reappointment as chairman or member until the lapse of one year. Appointment to fill up an unexpired term is not to be considered as a complete term. *Provided*, That, no person shall serve in the Board for more than twelve (12) years.

SECTION 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.

SECTION 9 - Powers and Functions of the Board. – The Board shall act as a collegial body and 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 and 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 deem 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 RA No. 9298, 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; *Provided*, That the Board may, upon prior approval by the Commission, engage the services of expert test writers, who shall propose test questions for the CPA Licensure Examinations. *Provided*, *Further*, That the Board does not delegate its power and function to determine and prepare test questions for the CPA Licensure Examinations. *Provided*, *Finally*, That the Board and the Commission shall institute adequate controls over the processing and safekeeping of such test questions to ensure the full integrity of the CPA 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, including accounting review centers and/or CPE providers offering accounting seminars, comply with the policies, standards and requirements of the course prescribed by CHED or other authorized government offices or CPE Council as the case may be in the areas of curriculum, faculty, library and facilities; *Provided*, That for the orderly implementation of this provision, the Board and the Commission may enter into a Memorandum of Agreement with CHED;
- o. To exercise such other powers as may be 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 RA No. 9298.

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.

SECTION 9 (A) - Accounting and Auditing Standard Setting Council. –The Commission upon the recommendation of the Board shall within ninety (90) days from the effectivity of this IRR, create an accounting standard setting body to be known as the Financial Reporting Standards Council (FRSC) and an auditing standard setting body to be known as the Auditing and Assurance Standards Council (AASC) to assist the Board in carrying out its powers and functions provided in Rule II, Section 7 (g) hereof;

The FRSC shall be composed of fifteen (15) members with a Chairman, who had been or presently a senior accounting practitioner in any of the scope of accounting practice and fourteen (14) representatives from the following:

- | | |
|---|---|
| a. Board of Accountancy | 1 |
| b. Securities and Exchange Commission | 1 |
| c. Bangko Sentral ng Pilipinas | 1 |
| d. Bureau of Internal Revenue | 1 |
| e. A major organization composed of preparers and users of financial statements | 1 |
| f. Commission on Audit | 1 |
| g. Accredited National Professional Organization of CPAs | |
| Public Practice | 2 |
| Commerce and Industry | 2 |
| Academe/Education | 2 |

Government	2	8
	-----	-----
Total		14
		=====

The AASC shall be composed of fifteen (15) members with a Chairman, who had been or presently a senior practitioner in public accountancy and fourteen (14) representatives from the following:

a. Board of Accountancy		1
b. Securities and Exchange Commission		1
c. Bangko Sentral ng Pilipinas		1
d. Commission on Audit		1
e. An association or organization of CPAs in active public practice of accountancy		1
f. Accredited National Professional Organization of CPAs		
Public Practice	6	
Commerce and Industry	1	
Academe/Education	1	
Government	1	9
	-----	-----
Total		14
		=====

The APO shall equitably distribute the representation of the Public Practice sector in the AASC among the big, medium and small practitioners.

The Chairman and members of the FRSC and AASC shall be appointed by the Commission upon the recommendation of the Board in coordination with the APO. The FRSC and the AASC shall make an annual review of the composition of their respective councils and may recommend to the Board and the Commission a more suitable representation thereto as they may deem fit. The Chairman and the members of the FRSC and AASC shall have a term of three (3) years renewable for another term. *Provided*, That any existing accounting and auditing standards setting council shall continue to function as such until the creation of the FRSC and the AASC as provided herein. *Provided, Further*, That any member of any existing accounting and auditing standard setting council shall not be disqualified from being appointed to the FRSC or AASC as the case maybe for the terms provided herein.

SECTION 9 (B) - Education Technical Council. – The Commission upon the recommendation of the Board shall within sixty (60) days from the effectivity of this IRR create an Education Technical Council (ETC) to assist the Board in carrying out its powers and functions provided in Rule II, Section 7 (n) hereof and to further assist the Board in the attainment of the objective of continuously upgrading the accountancy education in the Philippines to make the Filipino CPAs globally competitive.

The ETC shall be composed of seven (7) members with a Chairman, who had been or presently a senior accounting practitioner in the academe/education and six (6) representatives from the following:

a. Board of Accountancy		1
b. Accredited National Professional Organization of CPAs		
Public Practice	1	
Commerce and Industry	1	

Academe/Education	2	
Government	1	5
	-----	-----
Total		6
		=====

The APO shall equitably distribute the representation of the Academe/Education sector among the private and public schools offering the degree of Bachelors of Science in Accountancy.

The Chairman and members of the ETC shall be appointed by the Commission upon the recommendation of the Board in coordination with the APO. The ETC shall make an annual review of the composition of the council and may recommend to the Board and the Commission a more suitable representation thereto as it may deem fit. The Chairman and the members of the ETC shall have a term of three (3) years renewable for another term.

The ETC shall have the following functions:

- a. determine a minimum standard curriculum for the study of accountancy to be implemented in all schools offering accountancy as an undergraduate degree;
- b. establish teaching standards, including the qualifications of members of the faculty of schools and colleges of accountancy;
- c. monitor the progress of the program on the study of accountancy and undertaking measures for the attainment of a high quality of accountancy education in the country;
- d. evaluate periodically the performance of educational institutions offering accountancy education.

The ETC shall render a report of its findings and recommendations on the foregoing activities to the Board. The Board shall review such report and if found to be meritorious, it shall forward the same to the Commission which shall make proper representation with the CHED for its appropriate consideration.

SECTION 10 - Administrative Supervision 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, examination questions, answer sheets, and other records and documents pertaining to the CPA licensure examinations, 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 RA No. 9298.

SECTION 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.

The Commission in the conduct of the investigation shall be guided by the provisions of Republic Act No. 8981, otherwise known as the PRC Modernization Act of 2000, its implementing rules and regulations and their respective amendments.

SECTION 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.

RULE III EXAMINATION, REGISTRATION AND LICENSURE

SECTION 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. The places/venues and dates of examinations shall be included in the Schedule of Professional Licensure Examinations for the year issued by the Commission.

SECTION 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;
- d. has not been convicted of any criminal offense involving moral turpitude.

The following documents shall be submitted in support of the above requirements:

- a. Certificate of Live Birth in National Statistics Office (NSO) Security Paper;
- b. Marriage Contract in NSO Security Paper for married female applicants;
- c. College diploma with indication therein of date of graduation and Special Order Number unless it is not required;

- d. Baccalaureate Transcript of Records with indication therein of date of graduation and Special Order Number unless it is not required;
- e. National Bureau of Investigation (NBI) Clearance;
- f. Other documents that the Board may require.

The Board shall not renew a Professional Identification Card, or shall suspend, or revoke, any Certificate of Registration obtained by false swearing or by any misrepresentation made in applying for registration or examination and shall not renew nor grant registration to any applicant whose application contains such false evidence or information.

SECTION 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. *Provided*, That the change shall not be more often than every three (3) years.

SECTION 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. *Provided*, That the Board may adopt its own internal procedures on the implementation of this provision.

SECTION 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. *Provided*, That the report of rating may be distributed to the successful examinees during their mass oath taking as new registered CPAs.

SECTION 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 subjects given in the licensure examination. *Provided*, That such refresher course shall be offered only by an educational institution granting a degree

of Bachelor of Science in Accountancy. *Provided Further*, That the candidates shall have the option of taking the aforesaid subjects in the regular course offering or in a special refresher course duly accredited by the Board.

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.

SECTION 19 - Oath. – All successful candidates in the examination shall be required to take an oath of profession before any member of the Board or before any government official authorized by the Commission or any person authorized by law to administer oaths upon presentation of proof of his/her qualification, prior to entering upon the practice of the profession. An oath shall also be required for CPAs admitted in the practice of accountancy without examination under reciprocity or other international agreements.

SECTION 20 - Issuance of Certificates of Registration and Professional Identification Card. – A Certificate of Registration shall be issued to examinees who pass the licensure examination, or are admitted without examination under reciprocity or other international agreements subject to payment of fees prescribed by the Commission. The Certificate of Registration shall bear the signature of the Chairperson of the Commission and the Chairman and Members of the Board, stamped with the official seal of the Commission and of the Board, indicating that the person named therein is entitled to the practice of the profession with all the privileges appurtenant thereto. The said certificate shall remain in full force and effect until withdrawn, suspended or revoked in accordance with RA No. 9298.

A Professional Identification Card bearing the registration number, date of issuance, expiry date, duly signed by the chairperson of the Commission, shall likewise be issued to every registrant. *Provided*, That the registrant has paid the prescribed fee for the annual registration for three (3) years; *Provided, Further*, That the reissuance or renewal of the said card shall be subject to payment of the annual registration fees for another and every after three (3) years thereafter.

SECTION 21 - Roster of Certified Public Accountants. – A roster showing the names and place of business of all registered certified public accountants shall be prepared and updated by the Board, and copies thereof shall be made available to any party as may be deemed necessary. *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 preparation of this roster to the APO; *Provided, Further*, That the Board and/or the Commission may adopt the APO's report as it may deem fit; *Provided, Finally*, That posting of the roster at the internet shall be deemed compliance with this requirement.

SECTION 22 - Indication of Certificate of Registration Identification Card and Professional Tax Receipt. – The certified public accountant shall be required to indicate the numbers of his/her Certificate of Registration and Professional Identification Card with its date of issuance and the duration of validity, including the Professional Tax Receipt Number which the City/Municipal Treasurer shall issue to the registered CPA upon presentation of his/her current professional identification card, on the documents he/she signs, uses or issues in connection with the practice of his/her profession.

SECTION 23 - Refusal to Issue Certificate of Registration and Professional Identification Card. – The Board shall not register and issue a Certificate of Registration and Professional Identification Card to any successful examinee convicted by a court of competent jurisdiction of a criminal offense involving moral turpitude or guilty of immoral and dishonorable conduct or to any person of unsound mind. In the event of refusal to issue certificate for any reason, the Board shall give

the applicant a written statement setting forth the reasons for such action, which statement shall be incorporated in the record of the Board: *Provided*, That the Board shall not register either, any person who has falsely sworn or misrepresented himself/herself in his/her application for examination: *Provided, Further*, That registration shall not be refused and a name shall not be removed from the roster of CPAs on conviction for a political offense or for an offense which shall not, in the opinion of the Board, either from the nature of the offense or from the circumstances of the case, disqualify a person from practicing accountancy under RA No. 9298. *Provided, Finally*, That the Board in the written statement shall state the period for the deferment of the registration if the offense or act committed does not call for indefinite period and/or perpetual deprivation of the chance to register.

SECTION 24 - Suspension and Revocation of Certificates of Registration and Professional Identification Card and Cancellation of Special Permit. – The Board shall have the power, upon due notice and hearing, to suspend or revoke the practitioner’s Certificate of Registration and Professional Identification Card or suspend him/her from the practice of his/her profession or cancel his/her special permit for any of the causes or grounds mentioned under Section 23 of this Act or for any unprofessional or unethical conduct, malpractice, violation of any of the provisions of RA No. 9298, and its implementing rules and regulations, the Certified Public Accountant’s Code of Ethics and the technical and professional standards of practice for certified public accountants. *Provided*, That the Board shall periodically examine the grounds for the suspension/revocation of the Certificate of Registration and Professional Identification Card and update these as necessary. The Board shall regularly recommend to the Commission an updated list of these grounds and provide the specific penalty for each of them. *Provided, Further*, That the rules on administrative investigation issued by the Commission shall govern the hearing or investigation of the case, subject to applicable provisions of RA No. 8981, RA No. 9298 and the Rules of Court. *Provided, Finally*, That the suspension/revocation of the Certificate of Registration and Professional Identification Card of the offending CPA under this provision shall not prejudice his/her prosecution for criminal liabilities and meted the penalties provided in Section 36 Article V of RA No. 9298, or under the Revised Penal Code.

SECTION 25 - Refusal to Issue Certificate of Registration and Professional Identification Card. – The Board may, after the expiration of two (2) years from the date of revocation of a Certificate of Registration and upon application and for reasons deemed proper and sufficient, and after being convinced of applicant’s remorse and rehabilitation, reinstate the validity of a revoked certificate of registration and in so doing, may, in its discretion, exempt the applicant from taking another examination.

A new Certificate of Registration to replace lost, destroyed, or mutilated certificate may be issued, subject to the rules promulgated by the Board and the Commission, upon payment of the required fees. *Provided*, That the Board shall issue a resolution, subject to the approval by the Commission in granting a petition for reinstatement to the practice of accountancy.

RULE IV PRACTICE OF ACCOUNTANCY

SECTION 26 - Prohibition in the Practice of Accountancy. – No person shall practice accountancy in this country, or use the title “Certified Public Accountant”, or display or use any title, sign, card, advertisement, or other device to indicate such person practices or offers to practice accountancy, or is a certified public accountant, unless such person shall have received from the Board a Certificate of Registration and be issued a professional identification card or a valid temporary/special permit duly issued to him/her by the Board and the Commission.

SECTION 27 - Vested Rights: Certified Public Accountants Registered When This Law is Passed. – All certified public accountants registered at the time this law takes effect shall automatically be registered under the provisions hereof, subject however, to the provisions herein set forth as to future requirements. Certificates of Registration held by such persons in good standing shall have the same force and effect as though issued after the passage of this Act.

SECTION 28 - Limitation of the Practice of Public Accountancy. – Single practitioners and partners of partnership organized for the practice of public accountancy shall be registered certified public accountants in the Philippines; *Provided*, That from the effectivity of RA No. 9298, 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 RA No. 9298. *Provided, Finally*, That partnership engaged in the practice of public accountancy may be carried on in the form of a general partnership (GP) or a limited liability partnership (LLP) organized in accordance with Philippines laws. The Securities and Exchange Commission shall not register any corporation organized for the practice of public accountancy.

SECTION 28 (A) - Meaningful Experience. – A meaningful experience shall be considered as satisfactory compliance with the requirements of Section 28 of RA No. 9298 if it is earned in

- a. commerce and industry and shall include significant involvement in general accounting, budgeting, tax administration, internal auditing, liaison with external auditors, representing his/her employer before government agencies on tax and matters related to accounting or any other related functions; or
- b. academe/education and shall include teaching for at least three (3) trimesters or two (2) semesters subjects in either financial accounting, business law and tax, auditing problems, auditing theory, financial management and management services. *Provided*, That the accumulated teaching experience on these subjects shall not be less than three (3) school years; or
- c. government and shall include significant involvement in general accounting, budgeting, tax administration, internal auditing, liaison with the Commission on Audit or any other related functions; and
- d. public practice and shall include at least one year as audit assistant and at least two years as auditor in charge of audit engagement covering full audit functions of significant clients.

Provided, That if the Board finds such experience inadequate to the minimum requirements for the public practice of accountancy in the course of its evaluation of his/her application for accreditation to practice public accountancy, the registrant shall be required to make up such inadequacy from competent sources. *Provided, Further*, That such meaningful experience shall be certified under oath by the employer where such meaningful experience was obtained.

SECTION 29 - Ownership of Working Papers. – All working papers, schedules and memoranda made by a certified public accountant and his staff in the course of an examination, including those prepared and submitted by the client, incident to or in the course of an examination, by such certified public accountant, except reports submitted by a certified public accountant to a client shall be treated confidential and privileged and remain the property of such certified public accountant in the

absence of a written agreement between the certified public accountant and the client, to the contrary, unless such documents are required to be produced through subpoena issued by any court, tribunal, or government regulatory or administrative body in accordance with Philippine laws.

SECTION 30 - Accredited Professional Organization. – All registered certified public accountants whose names appear in the roster of certified public 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 non-profit 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.

The rules and regulations covering the accreditation of an Accredited National Professional Organization of CPAs, renewal of Certificate of Accreditation and its Suspension/Cancellation are stated in the attached sheets as Annex ‘A ’ and made an integral part hereof.

SECTION 31 - Accreditation to Practice Public Accountancy. – Individual certified public accountants, firms and partnerships of certified public accountants engaged in the practice of public accountancy, including the partners and staff members thereof, shall register with the Commission and the Board, such registration to be renewed every three years, *Provided*, That subject to the approval of the Commission, the Board shall promulgate rules and regulations for the implementation of the registration requirements including the fees and penalties for violation thereof.

The rules and regulations covering the accreditation of individual CPAs, firms and partnerships for the practice of public accountancy, renewal of Certificate of Accreditation and its Suspension/Cancellation are stated in the attached sheets as Annex “B” and made an integral part hereof.

SECTION 32 - Continuing Professional Education (CPE) Program. – All certified public accountants who are considered in the practice of accountancy for the four (4) sectors as defined in Rule I, Section 4 hereof 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 and shall be offered by any duly accredited organization or educational institution. For this purpose, a CPE Council is hereby created to implement the CPE program.

The rules and regulations covering the accreditation of CPE provider and the programs thereof, renewal of Certificate of Accreditation and its Suspension/Cancellation are stated in the attached sheets as Annex “C ” and made an integral part hereof.

SECTION 33 - Seal and Use of Seal. – All registered certified public accountants shall obtain and use a seal of a design prescribed by the Board bearing the registrant’s name, registration number and title. The auditor’s reports shall be stamped with said seal, indicating therein his/her current Professional Tax Receipt (PTR) number, date/place of payment when filed with government authorities or when used professionally.

SECTION 34 - Foreign Reciprocity. – Subjects or citizens of foreign countries may be allowed to practice Accountancy in the Philippines in accordance with the provisions of existing laws, international treaty obligations including mutual recognition agreements entered into by the Philippine government with other countries. A person who is not a citizen of the Philippines shall not be allowed

to practice accountancy in the Philippines unless he/she can prove, in the manner provided by the rules of court that, by specific provision of law, the country of which he/she is a citizen, subject or national admits citizens of the Philippines to the practice of the same profession without restriction.

Provided, That a foreign CPA or its equivalent, who desires to practice accountancy in the Philippines through this reciprocity provision shall initiate the establishment of reciprocity between his country/state and the Philippines by presenting/submitting a letter or any document signed and under official seal by the appropriate official of his country/state requesting the Chairman of the Board to allow the foreign applicant to practice accountancy in the Philippines, that by express provision of the law of his country/state, Filipino CPAs are allowed to practice accountancy in his country/state on terms of strict and absolute equality with the citizens or subjects of said country or state including the unconditional recognition of prerequisite degrees issued by institutions of higher learning duly recognized or established by the Government of the Republic of the Philippines attaching/appending thereto an authentic or authenticated official copy of said law officially translated in the English language. *Provided, Further*, That if the letter/document and the copy of the law submitted by the applicant is satisfactory to the Board, the foreign applicant shall be allowed to practice accountancy in the Philippines by requiring him to file an application and by submitting the following documents that shall accompany the application:

- a. The original or certified copy of any official documents issued by the Bureau of Immigration and Deportation allowing the applicant to enter and reside in the Philippines; persons:
- b. Present his passport for examination and for photocopying of pertinent information about himself/herself;
- c. Original or authenticated copy of transcript of records or equivalent document of the course for licensure examination issued by the institution of higher learning where he/she studied, duly authorized or accredited by his/her country/state;
- d. Certificate of Registration or its equivalent stating that the foreign applicant is duly registered or licensed CPA or its equivalent in his/her country/state;
- e. Other documents which may be required to be submitted by the Board;

Provided Finally, That if the foreign applicant desires to practice public accountancy in the Philippines he/she has to apply for accreditation to do so under the rules and regulations provided in Annex "B" and made an integral part hereof.

SECTION 35 - Coverage of Temporary/Special Permits. – Special/temporary permit may be issued by the Board subject to the approval of the Commission and payment of the fees the latter has prescribed and charged thereof to the following persons:

- a. A foreign certified public accountant called for consultation or for a specific purpose which, in the judgment of the Board, is essential for the development of the country; *Provided*, That his/her practice shall be limited only for the particular work that he/she is being engaged; *Provided, Further*, That there is no Filipino certified public accountant qualified for such consultation or specific purposes;

- b. A foreign certified public accountant engaged as professor, lecturer or critic in fields essential to accountancy education in the Philippines and his/her engagement is confined to teaching only; and
- c. A foreign certified public accountant who is an internationally recognized expert or with specialization in any branch of accountancy and his/her service is essential for the advancement of accountancy in the Philippines.

The procedures/documents for the registration and/or issuance of temporary/special permits to a foreign CPA or its equivalent are as follows:

- a. A visa and work permit issued by appropriate government agencies;
- b. Within thirty (30) calendar days after his/her commission/appointment date, the commissioning party shall secure an employment permit from the Department of Labor and Employment. Thereafter, the commissioning party shall secure the Temporary/Special Permit from the Board subject to the approval by the Commission;
- c. In the absence of any bilateral agreement, the foreign national shall submit documentary proof or evidence allowing Filipino CPAs to practice the profession in their home country without any limitation; profession.
- d. Sworn statement of the details of foreign applicant area of specialization which must be consistent with his/her expertise; and
- e. Upon issuance of the Temporary/Special permit, the foreign national may become a member of the APO subject to the rules and procedures of its membership.

RULE V PENAL AND FINAL PROVISIONS

SECTION 36 - Penal Provision. – Any person who shall violate any of the provisions of RA No. 9298 or this Implementing Rules and Regulations as promulgated by the Board subject to the approval of the Commission, shall, upon conviction, be punished by a fine of not less than fifty thousand pesos (P50,000.00) or by imprisonment for a period not exceeding two (2) years or both.

SECTION 37 - Implementing Rules and Regulations. – Within ninety (90) days after the effectivity of RA No. 9298, the Board, subject to the approval of the Commission and in coordination with the APO, shall adopt and promulgate such rules and regulations to carry out the provisions of RA No. 9298 and which shall be effective fifteen (15) days following their publication in the Official Gazette or in any major daily newspaper of general circulation.

SECTION 38 - Interpretation of RA No. 9298 and its Implementing Rules and Regulations. – Nothing in the RA No. 9298 and this Implementing Rules and Regulations shall be construed to effect or prevent the practice of any other legally recognized profession.

SECTION 39 - Enforcement of RA No. 9298 and its Implementing Rules and Regulations. – It shall be the primary duty of the Commission and the Board to effectively enforce the provisions of RA No. 9298 and this Implementing Rules and Regulations. All duly constituted law enforcement agencies and officers of national, provincial, city or municipal government or of any political subdivision thereof, shall, upon the call or request of the Commission or the Board, render assistance in

enforcing the provisions of RA No. 9298 and this Implementing Rules and Regulations and to prosecute any person violating the provisions of the same. The Secretary of Justice or his duly designated representative shall act as legal adviser to the Commission and the Board and shall render legal assistance as may be necessary in carrying out the provisions of RA No. 9298 and this Implementing Rules and Regulations.

Any person may bring before the Commission, Board or the aforementioned officers of the law, cases of illegal practice or violations of RA No. 9298 and this Implementing Rules and Regulations committed by any person or party.

The Board shall assist the Commission in filing the appropriate charges through the concerned prosecution office in accordance with law and rules of court. *Provided*, That for the orderly implementation of this provision, the Commission and the Board may enter into a Memorandum of Agreement with each law enforcement agency and/or the Department of Justice providing for the procedures to be followed for the call or request for assistance. *Provided, Further*, That in the enforcement, implementation, and administration of the provision of RA No. 9298 and its IRR, the Rules and Regulations governing the regulation and practice of Professionals and the Rules and Regulations implementing the provisions of Republic Act No. 8981 shall be applicable thereto, insofar as the latter are not inconsistent with the former.

SECTION 40 - Funding Provision. – The chairperson of the Professional Regulation Commission shall immediately include in the Commission 's programs the implementation of RA No. 9298 and this Implementing Rules and Regulations the funding of which shall be included in the annual General Appropriations Act. *Provided*, That the amount necessary to carry out the initial implementation of RA No. 9298 shall be charged against the current year 's appropriation of the Commission. Thereafter, sums as maybe necessary for the continued implementation of RA No. 9298 shall be included in the succeeding General Appropriations Act (GAA).

SECTION 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. *Provided*, That the incumbent chairman and members of the Board shall not be disqualified for appointment in the Board for the terms allowed under RA No. 9298. *Provided, Further*, That such Board members shall undergo the process of nomination under Executive Order No. 496 Series of 1991.

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 RA No. 9298 (or until May, 2006) under the rules and regulations to be promulgated by the Board subject to the approval by the Commission.

SECTION 42 - Separability Clause. – If any clause, provision, paragraph or part of RA No. 9298 and this Implementing Rules and Regulations 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.

SECTION 43 - Repealing Clause. – Any rule and regulation or resolution or part/s thereof inconsistent with the provisions of this Implementing Rules and Regulations are hereby repealed or modified accordingly.

SECTION 44 - Effectivity. – This Implementing Rules and Regulations shall take effect after fifteen (15) days following its full and complete publication in the Official Gazette or in any major daily newspaper of general circulation.

Promulgated in the City of Manila this ____ day of September, 2004.

EUGENE T. MATEO
Chairman

JOHN S. BALA
Vice-Chairman

SOLITA V. DELANTAR
Member

FROILAN G. AMPIL
Member

ESTELITA C. AGUIRRE
Member

MA. ELENITA B. CABRERA
Member

LUCILA C. TARRIELA
Member

ATTESTED

CARLOS G. ALMELOR
Secretary
Professional Regulatory Boards

Approved as the Implementing Rules and Regulations of Republic Act No. 9298 otherwise known as the Philippine Accountancy Act of 2004, this ____ day of September, 2004.

ANTONIETA FORTUNA-IBE
Chairperson

AVELINA DE LA REA
Commissioner

LEONOR T. ROSERO
Commissioner
ANNEX "A"

RULES AND REGULATIONS IMPLEMENTING SECTION 30, ARTICLE IV OF REPUBLIC ACT NO. 9298 OTHERWISE KNOWN AS THE PHILIPPINE ACCOUNTANCY ACT OF 2004 COVERING THE ACCREDITATION OF AN ACCREDITED NATIONAL PROFESSIONAL ORGANIZATION OF CPAs, RENEWAL OF CERTIFICATE OF ACCREDITATION AND ITS SUSPENSION/CANCELLATION.

1. **STATUS OF THE PHILIPPINE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (PICPA)** – The PICPA which was recognized by the Commission, as the APO on October 2, 1975 per Accreditation No. 15, shall continue to enjoy its accreditation with the same number subject to compliance with the requirements prescribed herein.
2. **CONDITIONS FOR THE CONTINUITY OF THE ACCREDITATION OF PICPA.** – In order to maintain its recognition as the APO by the Commission, it must meet the following requirements:
 - a. It is established for the benefit and welfare of the CPAs, the advancement of their profession, and the attainment of other professional ends;
 - b. Its membership is open to all registered CPAs without discrimination;
 - c. Its membership shall include CPAs in all sectors namely, public practice, commerce and industry, academe/education and government;
 - d. It shall have a creditable plan to enlist into active membership within three (3) years, at least a majority of the CPAs in the practice of accountancy as defined in Section 4, Rule I of this IRR;
 - e. It shall have adequate chapters/regions in major areas in the Philippines to effectively attend to the needs of its members. Its national directors shall be elected in accordance with the provision of the Corporation Code of the Philippines and they should be representative of the sectors in the regions, consistent with the emphasis in RA No. 9298 on sectoral practice of accountancy. There should only be one (1) director coming from a firm/company and their affiliates. A director can only represent a sector in a region if he/she has been a member in good standing in such sector in the region for at least two (2) years at the time of his/her nomination;

There shall only be fifteen (15) national directors, unless there is a valid reason to have additional representation. The fifteen (15) national directors shall be apportioned according to sectors in the four geographic areas (eg. National Capital Region, Luzon, Visayas and Mindanao) based on the ratio of latest available number of members in good standing from those areas;

The PICPA shall adopt rules and regulations to implement this distribution of its national directors including the rotation of its president by sectors in each of the regions and accordingly amend its Articles of Incorporation and By-laws not later than ninety (90) days after the effectivity of this rules and regulations;

- f. It shall be judicious and prudent in the management of its financial resources and for this purpose its chapter/region/national office and their respective foundation shall keep proper books of accounts and submit audited annual financial statements thereof. The national office shall consolidate these financial statements on annual basis for submission to the Board and the Commission in accordance with the applicable accounting procedures;
- g. It shall have a full time career Executive Director who shall implement the policies promulgated by the PICPA Board of Directors and shall have direct supervision over the PICPA Secretariat;
- h. It is duly registered as a non-stock corporation or association by the Securities and Exchange Commission (SEC). It shall coordinate with the Board and the Commission any amendment to its articles of incorporation and by- laws or any execution of a new articles of incorporation and by- laws before filing them for registration at the SEC; and
- i. It has paid the prescribed accreditation fee.

In support of the above requirements, PICPA shall submit the following documents within ninety (90) days from the approval of this rules and regulations:

- a. A notarized petition signed by the PICPA President stating, among others, that the organization was established for the benefit and for the advancement of the profession;
- b. List of its national directors and officers and a suitable organization chart (with job description of each officer) showing the working relationship of each director and officer;
- c. List of chapters and their respective members indicating their respective Certificate of Registration and dates of registration and their Professional Identification Card Numbers, dates of issuance and expiry;
- d. List of regions and their respective officers and the chapters and officers within each region;
- e. Original copy of the latest certificate of registration issued by the Securities and Exchange Commission (SEC) and the certification of registration of their foundations;
- f. Certified true copy by SEC of the PICPA 's current Articles of Incorporation and By- laws;
- g. SEC certification of current registration and compliance with SEC rules; and
- h. Latest audited consolidated financial statements of the national office and the regions and chapters and their respective foundations. If the consolidated financial statements cannot be audited for any reason, the separate audited financial statements of the national office, regions and chapters and their respective foundations shall be submitted.

After PICPA satisfactorily meets the requirements for the continuity of its accreditation, the Commission upon recommendation by the Board shall issue a Resolution approving its re-accreditation and directing the issuance of the Certificate of Accreditation thereto upon payment of the prescribed accreditation fee.

3. **RENEWAL OF CERTIFICATE OF ACCREDITATION.** – The PICPA shall renew its Certificate of Accreditation once every three years (3) years after the date of the Resolution granting the petition for re-accreditation and the issuance of the said certificate upon submission of the requirements enumerated Paragraph 2 hereof, a report on significant achievements as a corporate

body in attaining the objectives of the organization, in the enhancement of the welfare of its members and the stature/prestige of the profession to be signed by Board Directors/Trustee and a proof of payment of the prescribed renewal fee.

4. **CANCELLATION OF ACCREDITATION.** – The PICPA certificate of accreditation shall be cancelled or suspended by the Commission upon recommendation by the Board after due hearing under any of the following grounds/causes:
 - a. It has ceased to possess any of the qualifications for accreditation.
 - b. It no longer serves the best interest of the CPAs.
 - c. It did not achieve its plan provided in paragraph 2 to enlist into active membership within three (3) years, majority of the CPAs in the practice of accountancy as defined in the Section 4, Rule I hereof or even if it achieves such plan but fails to sustain it over time such that its membership no longer represents a significant portion of the aforesaid CPAs in the practice of accountancy.
 - d. It has committed acts inimical to its members and to the profession.
 - e. It has not renewed its certificate of accreditation after a lapse of an unreasonable period for the date of its scheduled renewal.
 - f. It has not submitted the required audited financial statements provided in Paragraph 2 thereof.

5. **EFFECT OF NON- RENEWAL, CANCELLATION OR SUSPENSION OF ACCREDITATION.** – If PICPA’s certificate of accreditation has been cancelled or not renewed or whose accreditation has been suspended, it cannot represent the accountancy profession during the period of suspension, cancellation or non-renewal of certificate.

RULES AND REGULATIONS IMPLEMENTING SECTION 31, ARTICLE IV OF REPUBLIC ACT NO. 9298 OTHERWISE KNOWN AS THE PHILIPPINE ACCOUNTANCY ACT OF 2004 COVERING THE ACCREDITATION OF INDIVIDUAL CPAs, FIRMS AND PARTNERSHIPS OF CPAs ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY

1. REGISTRATION

- i. Within ninety (90) days from the effective date of this revised rules and regulations, Individual CPAs, including staff members thereof, Firms, including the sole proprietors and staff members thereof and Partnerships of CPAs including the partners and staff members thereof who/which are not yet registered under the rules and regulations prescribed by Board Resolution No. 38, Series of 1990, as amended by Board Resolution No. 69 Series of 2002 shall register with the Board and the Commission in the manner provided for in Paragraph 1 (c) hereof. On the other hand, Individual CPAs, Firms and Partnership with current and valid registration under the said rules and regulation need to submit only the additional requirements provided in this revised rules and regulations within ninety (90) days from the effective date thereof. The registration shall be valid for a period of three (3) years and may be renewed every three (3) years on or before September 30 on the year of expiry upon compliance of the requirements provided in this revised rules and regulations. The registration of applicants approved during any month of the year shall expire on December 31 on the third year following its approval (i.e. if the application of registration of ABC and Company CPAs was approved on July 31, 2002, the registration shall expire on December 31, 2004 and therefore it shall file for renewal on or before September 30, 2004 for the three year period beginning January 1, 2005 and shall apply on or before September 30, 2007 for the next three (3) year period beginning January 1, 2008 and so forth).
- ii. Individual CPAs, including staff members thereof, Firms, including the sole proprietors and staff members thereof and Partnerships of CPAs including the partners and staff members thereof organized after the effective date of this revised rules and regulations shall register with the Board and the Commission in the manner provided for in Paragraph 1 (c) hereof, and shall not commence the practice of public accountancy until a valid Certificate of Registration has been issued in accordance with Paragraph 1 (g) hereof.
- iii. The application for registration shall be accomplished in the form prescribed by the Board, in triplicate, and duly signed by the applicant Individual CPA, sole proprietor of the applicant Firm or authorized partner of the applicant Partnership. The application for registration shall contain such information as maybe required by the Board including, but not limited to, the following matters:
 - i. Name of the Individual CPA, Firm or Partnership. In the case of an Individual CPA, he/she shall do business under his registered name with the Board and the Commission and as printed in his/her CPA cert (i.e. "Juan de la Cruz, CPA.") In the case of Firms, they shall do business under their respective duly registered and authorized Firm name appearing in the registration documents issued by the Department of Trade and Industry (DTI) or any other proper government office(s) and such Firm name shall include the real

name of the sole proprietor as printed in his CPA certificate (i.e. "Juan de la Cruz and Associates") or other similar Firm names. In the case of registered Partnerships, they shall do business under their respective Partnership names as indicated in their current Articles of Partnership and certificates of registration issued by the Securities and Exchange Commission (SEC) or under the Partnership names as indicated in their current Articles of Partnership in case of unregistered partnerships (e.i. "Cruz, Isidro, Martin, and Company") or other similar Partnership names.

A CPA shall practice only under an individual, firm or partnership name allowed in accordance with Philippine laws and shall not include any fictitious name, indicates specialization or is misleading as to the type of organization (proprietorship or partnership). A partner surviving the death or withdrawal of all the other partners in a Partnership may continue to practice under the Partnership name for a period of not more than two (2) years after becoming a sole proprietor. (This means that on or before reaching the end of the two (2) year period, the resulting sole proprietor if he/she continues to practice under a proprietorship form of organization, shall change the old Partnership name to an Individual CPA or Firm name subject to the provision of the first paragraph hereof).

Name (s) individual CPA, sole proprietor or partners together with a copy of his/her/their professional identification card(s) issued by the Board and the Commission.

- ii. Certified copy of the certificate of registration issued by the SEC together with the certified copy of the current Articles of Partnership for registered partnership, or the certified copy of the Articles of Partnership for unregistered partnership or certified copy of the certificate of registration of Firm name with the DTI or other proper government agencies.
- iii. Complete business and postal address, telephone and/or facsimile numbers, e- mail address, website of principal office including branch(es), sub-offices, if any.
- iv. Certified copies of all business permits issued by the local and/or national government.
- v. Certified copy of the document showing the correspondent relationship, membership or business dealings with foreign CPA firm(s), if any, including complete business and postal address, telephone and/or facsimile numbers, e- mail address and website thereof. The documents shall be comprehensive in scope to describe the nature of the correspondent relationship, membership or business dealings and to indicate the specific terms and conditions thereof including the specific obligation and rights of the foreign CPA over the Filipino CPA and vice-versa. Under no circumstances shall the correspondent relationship, membership or business dealings with foreign CPAs be a scheme for the foreign CPAs to engage in the practice of public accountancy in the Philippines who/which under the present laws are limited to Filipino CPAs (except the authorized foreign CPAs under Sections 34 and 35 of RA No. 9298 duly registered with the Board and the Commission). The Individual CPA, sole proprietor of the Firm and managing partner of the Partnership as the case maybe shall attach to the application for registration a sworn statement stating that:
 - the copy of the aforesaid document showing the correspondent relationship, membership, or business dealings with the foreign CPA is the faithful reproduction of its original copy,

- the foreign CPA is not directly or indirectly (through the Filipino CPA) engaged in the practice of public accountancy in the Philippines, except the authorized foreign CPAs under Sections 34 and 35 of RA No. 9298 and any proof of meaningful participation in, and effectiveness of such training.
 - the rights and obligations of the parties in specific terms.
- vi. Name(s) of staff member(s) who are CPAs together with a copy of his/her/their CPA Certificate(s) and professional identification card(s) issued by the Board and the Commission.
 - vii. Change(s) if any, in the organization, structure and/or management of the Individual CPA, Firm or Partnership from the last registration.
 - viii. Certified copy of the Code of Good Governance of the Individual CPAs, Firms or Partnerships if there is any. If there is no such code, the individual CPA, sole proprietorship or the partnership shall adopt the Code of Good Governance of Professionals issued by the Commission.
 - ix. Copy of the internal quality review procedures being implemented to ensure compliance with the professional, ethical and technical standards required of the practice of public accountancy. If the Individual CPA, Firm or Partnership had undergone quality assurance review by the Board or its duly authorized representatives, or in any manner pursuant to Paragraphs 3 (a), (b) and (c) hereof, a certified copy of the report of such review shall be attached to the application for registration.
 - x. Sworn statement by the Individual CPA, sole proprietor of the Firm and managing partner of the Partnership stating that the Individual CPA and staff member(s) thereof, the sole proprietor and staff member(s) of the Firm, and all the partners and staff member (s) of the Partnership as the case maybe, (a) had a meaningful participation in their respective internal quality review process and (b) had undergone adequate and effective training (from organizations duly accredited by the Board or by its duly authorized representatives), on all the current accounting and auditing standards, code of ethics, laws and their implementing rules and regulations, circulars, memoranda, their respective code of good governance and other related documents that are required in the practice of public accountancy to ensure professional, ethical and technical standards, supported with certified copies of certificate (s) of attendance or any proof of meaningful participation in, and proof of adequacy and effectiveness of such training.
 - xi. In the case of an Individual CPA and Firm or Partnership of CPAs registering for the first time, the application of registration shall be accompanied with a sworn statement by the Individual CPA, sole proprietor of the Firm and managing partner of the Partnership stating that the Individual CPA, sole proprietor of the Firm, and all the partners of the Partnership has (have) at least three (3) years of meaningful experience in any of the areas of public practice including taxation as defined in Section 4 Rule 4 of the IRR and attach to the sworn statement, a detailed description of such work experience of the individual CPA, sole proprietor of the Firm and all the partners of the Partnership.
 - xii. Sworn statement by the Individual CPA, sole proprietor of the Firm and managing partner of the Partnership stating that the Individual CPA and all his/her staff member(s), sole

proprietor and all the staff member(s) of the Firm , and all partners and staff member (s) of the Partnership (a) are all of good moral character and (b) he/she or they had not been found guilty by a competent court and/or administrative body of any case involving moral turpitude and /or unethical practices and that neither anyone of them is a defendant in any case of similar nature pending before any competent court and/or administrative agencies supported by a certificate of clearance issued by the proper court, administrative or law enforcement agencies for the individual CPA, sole proprietor, and the partners/principals of the partnership as the case maybe.

If the Individual CPA or any of his/her staff member(s), or the sole proprietor or any of the staff member(s) of the Firm, or any of the partners or staff member(s) of the Partnership is a defendant in a case of such nature, the applicant Individual CPA, Firm or Partnership shall attach to the application for registration, a sworn statement by the Individual CPA, sole proprietor of the Firm or managing partner of the Partnership stating that the aforesaid defendant(s) has a valid and material defense and specify them as such accordingly in the sworn statement for the information and consideration by the Board and the Commission.

- iv. Any change with respect to the matter enumerated in Paragraph 1 (c) (vii) should be reported in writing to the Board, copy furnished the Commission, within sixty (60) days from such change. Renewals of Certificates of Registration shall indicate the changes that have taken place since the last registration.
- v. The Board shall duly authenticate all applications for registration received in proper form, and after having passed upon such applications, shall recommend to the Commission the approval or denial thereof not later than sixty (60) days after the receipt of the aforesaid applications in proper form (i.e. with complete and proper documentary requirements).
- vi. The Individual CPA, Firm or Partnership of CPAs duly registered under these revised rules and regulations shall not have as its owner, sole proprietor, partner or any staff thereof, any foreign CPA unless he/she qualifies to practice in the Philippines under Sections 34 and 35 Article IV of RA No. 9298, and/or other relevant laws and bilateral and/or multilateral agreement or treaties.
- vii. The Commission shall upon favorable recommendation of the Board, issue to the applicant the corresponding Certificate of Registration to practice public accountancy. Unless sooner revoked, cancelled or withdrawn, said Certificate of Registration shall be valid for three (3) years and subject to the provisions of Paragraph 1 (a) to (g) hereof, shall be renewable every three (3) years upon payment of the fees in accordance with Paragraph 5 (a) hereof.

2. VOLUNTARY WITHDRAWAL OF REGISTRATION/REINSTATEMENT

- a. The Individual CPAs, including staff members thereof, sole proprietors and staff members thereof and Partnerships of CPAs including the partners and staff members thereof, duly registered to engage in the practice of public accountancy may voluntarily withdraw their registration by filing with the Board a petition in writing stating the reason(s) therefore. The petition should be duly authenticated and signed by the Individual CPA or any of his/her staff member, the sole proprietor or any of the staff members thereof or all the partners of the Partnership, or any of them or any of the staff member(s) thereof who are requesting for the voluntary withdrawal of registration

- b. At the expense of the petitioners, the Board shall publish or cause the publication of the request for withdrawal of registration once in a newspaper of general circulation in the principal place of business of the Individual CPA, Firm or Partnership. If there is no opposition to the petition, the Board shall recommend approval thereof to the Commission. Upon approval, the petitioner's name shall be removed from the roll of Individual CPAs, Firms and Partnerships of duly registered practitioners of public accountancy and the petitioner shall be notified in writing of the withdrawal of the registration.
- c. Upon receipt from the Board of the written notice of the withdrawal of registration, the petitioner shall cease to engage in the practice of public accountancy.
- d. The Commission shall publish the list of Individual CPAs, including staff members thereof, Firms, including the sole proprietors and staff members thereof or Partnerships of CPAs including the partners and staff members thereof, whose registration has been cancelled or withdrawn and shall furnish copies of the list to the pertinent government regulatory agencies.
- e. The Individual CPAs, including any of the staff members thereof, Firms, including the sole proprietors and any of the staff members thereof or Partnerships of CPAs including any of the partners and staff members thereof, that had voluntarily withdrawn their registration, may register anew by filing an application in accordance with Paragraph 1 (a) to (g) hereof.

3. QUALITY REVIEW

- a. The Board shall require as a condition to registration or any renewal thereof for the Individual CPAs, Firms or Partnerships of CPAs to undergo quality review in such manner as the Board may specify, provided, however, that any such requirement shall include reasonable provisions for compliance by a registrant showing that he/she/it has undergone a satisfactory quality review performed for other purposes which is substantially equivalent to quality review and shall be made applicable to all Individual CPAs, Firms or Partnerships.
- b. There is hereby created a Quality Review Committee (QRC) to conduct an oversight into the quality of audit of financial statements through a review of the quality control measures instituted by Individual CPAs, Firms or Partnerships in order to ensure compliance with accounting and auditing standards and practices, pursuant to Section 9 (h), Rule II.

The QRC shall be composed of seven (7) members with a chairman, who had been or presently a senior practitioner in public accountancy and six (6) representatives from the following:

a. Board of Accountancy		1
b. Accredited National Professional Organization of CPAs		
Public Practice	2	
Commerce and Industry	1	
Academe/Education	1	
Government	1	5
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Total		6
		=====

The Chairman and members of the QRC shall be appointed by the Commission upon the recommendation of the Board in coordination with the APO. The QRC shall make an annual review of the composition of the council and may recommend to the Board and the Commission a more suitable representation thereto as it may deem fit. The Chairman and the members of the QRC shall have a term of three (3) years renewable for another term.

- c. The QRC shall have the following functions:
 - i. Conduct quality review on applicants for registration to practice public accountancy and render a report which shall be attached to the application for registration;
 - ii. Recommend to the Board the revocation of the Certificate of Registration and the professional identification card of an Individual CPA, including any of his/her staff members, Firms, including the sole proprietors and any of his/her staff members and Partnerships of CPAs including the partners and staff members thereof who has not observed the quality control measures and who has not complied with the standards of quality prescribed for the practice of public accountancy. In the event that the QRC cannot accomplish the aforesaid functions for any reason whatsoever, the Board or its duly authorized representatives may conduct the required quality review.

4. **DEATH OR DISABILITY OF AN INDIVIDUAL CPA AND DISSOLUTION OR LIQUIDATION OF A FIRM OR PARTNERSHIP OF CPAS.** – The death or disability of an Individual CPA and/or the dissolution and liquidation of a Firm or Partnership of CPAs shall be reported to the Board by any designated staff member of the Individual CPA, the sole practitioner (or any designated staff member of the Firm in case of the unavailability of the sole practitioner) or managing partner of the Partnership (or any designated partner in case of the unavailability of the managing partner) not later than thirty (30) days from the date of such death, dissolution or liquidation. The report shall be made in the form of an affidavit (in the case of an Individual CPA or a Firm), or by furnishing the Board with a certified copy of the dissolution or liquidation papers filed with the SEC in the case of a Partnership. Failure to notify the Board of such death, dissolution or liquidation shall subject the designated staff member of an Individual CPA, sole proprietor or designated staff member of the Firm or managing partner or designated partner of the Partnership to the penalties provided herein.

5. FEES AND PENALTIES

- a. Application for initial registration, renewal and request for reinstatement, shall be subject to the fee of One Thousand Pesos (P1,000.00) or to such an amount as the Commission may prescribe.
- b. Subject to review by the Commission and depending on the gravity of the offense(s), the Board shall suspend or revoke the CPA Certificate, Certificate of Registration and professional identification card of an Individual CPA, sole proprietor, partner or staff member as the case maybe who commits any act that is violative of the Code of Ethics for Professional Accountants, Philippine Accountancy Act of 2004, these revised implementing rules and regulations, the circulars, rules, regulations or resolutions of the Board, Commission, SEC or any other regulatory agency(ies) or any act that does not comply with the professional, ethical and technical standards required of the practice of public accountancy, provided, that if the act or acts committed constitute(s) a criminal offense punishable under RA No. 9298 and its IRR, and/or other existing penal laws, the party or parties responsible shall be proceeded against criminally, independent of any action herein provided.

- c. Violations of these revised implementing rules and regulations shall include, but shall not be limited to the following acts by Individual CPAs, including staff members thereof, Firms, including the sole proprietors and staff members thereof and Partnerships of CPAs including the partners and staff members thereof:
 - i. Engaging in public accounting practice without first registering with the Board and the Commission;
 - ii. Continuing to engage in the practice of public accountancy after the expiration of the registration;
 - iii. Continuing to engage in the practice of public accountancy after suspension, revocation, or withdrawal of the registration;
 - iv. Giving any false information, data, statistics, reports or other statement which tend to mislead, obstruct, or obscure the registration of a Individual CPA, Firm or Partnership of CPAs under these revised rules and regulations;
 - v. Giving any misrepresentation to the effect that registration was secured when in truth and in fact , it was not secured;
 - vi. Failure or refusal to undergo quality review specified in Paragraphs 3 (a), (b) and (c) hereof; and
 - vii. Failure to comply with the requirements provided under Paragraph 1 (c), hereof.
6. **REMISSION OF FINES OR LIFTING OF SANCTIONS IMPOSED.** – Subject to the approval of the Commission, the Board may, for justifiable reasons, lift the sanctions imposed on Individual CPAs, and/or any staff member thereof, Firms including their sole proprietors and/or any staff members thereof or Partnerships including their partners and/or any staff members thereof; and

RULES AND REGULATIONS IMPLEMENTING SECTION 32, ARTICLE IV OF REPUBLIC ACT NO. 9298 OTHERWISE KNOWN AS THE PHILIPPINE ACCOUNTANCY ACT OF 2004 COVERING THE CONTINUING PROFESSIONAL EDUCATION (CPE) PROGRAMS FOR CPAs IN THE PRACTICE OF ACCOUNTANCY

1. CPE OBJECTIVES, DEFINITION, NATURE, AND RATIONALE

- a. **Objectives** – The CPE program shall have these objectives:
 - i. To provide and ensure the continuous education of a registered professional with the latest trends in the profession brought about by modernization and scientific and technological advancements;
 - ii. To raise and maintain the professional’s capability for delivering professional services;
 - iii. To attain and maintain the highest standards and quality in the practice of his profession;
 - iv. To make the professional globally competitive; and
 - v. To promote the general welfare of the public.
- b. **Definition** – Continuing Professional Education (CPE) refers to the inculcation, assimilation and acquisition of knowledge, skills, proficiency and ethical and moral values, after the initial registration of a professional that raise and enhance the professional’s technical skills and competence.
- c. **Nature** – The CPE program consists of properly planned and structured activities, the implementation of which requires the participation of a determinant group of professionals to meet the requirements of voluntarily maintaining and improving the professional standards and ethics of the profession.
- d. **Rationale** – Voluntary compliance with the CPE program is an effective and credible means of ensuring competence, integrity and global competitiveness of professionals in order to allow them to continue the practice of their profession.

2. THE PRC CPE COUNCIL: CREATION, COMPOSITION, TERMS OF OFFICE, FUNCTIONS, MEETINGS

- i. **Creation** – The Board, upon approval by the PRC, shall create a Council within thirty (30) days from the effectivity of this resolution. This shall be known as the PRC CPE Council which shall assist the Board in implementing its CPE program.
- ii. **Composition** – the PRC CPE Council shall be composed of a chairperson and two (2) members. The chairperson of CPE Council shall be chosen from among the members of the Board by the members themselves. The first member shall be the president or, in his/her absence or incapacity, any officer chosen by the Board of Directors of PICPA. The second member shall

be the president or, in his/her absence or incapacity, any officer of the organization of deans or department heads of schools, colleges or universities offering the degree requiring licensure examination. In the absence of such organization, the second member shall be chosen and appointed by the PRC Chairperson from at least three (3) recommendees of the Board concerned. Said recommendees shall be well-known academicians.

- iii. **Terms of Office** – The term of office of the chairperson of the PRC CPE Council shall be co-terminus with his/her incumbency in the PRC. The first member shall have a term of office co-terminus with his/her incumbency as officer of the PICPA; the second member shall have a term of office co-terminus with his/her incumbency as officer of the organization of deans or heads of departments. The chairperson, first member and second member shall continue to function as such in the PRC CPE Council until the appointment or election of their respective successors in the Board, PICPA or organization.
- iv. **Exercise of Powers and Functions** – The PRC CPE Council shall, upon a majority vote, exercise powers and functions which shall include but shall not be limited to the following:
 - i. Accept, evaluate and approve applications for accreditation of CPE providers
 - ii. Accept, evaluate and approve applications for accreditation of CPE programs, activities or sources as to their relevance to the profession and determine the number of CPE credit units to be earned on the basis of the contents of the program, activity or source submitted by the CPE providers.
 - iii. Accept, evaluate and approve applications for exemptions from CPE requirements.
 - iv. Monitor the implementation by the CPE providers of their programs, activities or sources.
 - v. Assess periodically and upgrade criteria for accreditation of CPE providers and CPE programs, activities or sources.
 - vi. Perform such other related functions that may be incidental to implementation of the CPE programs or policies.
- v. **Functions of the PRC CPE Council Chairperson.** – The PRC CPE Council Chairperson shall have the following functions:
 - i. To preside over the meetings of the PRC CPE Council.
 - ii. To direct or supervise the activities of the PRC CPE Council.
 - iii. To submit minutes of regular and special meetings within 30 days from date of said meetings.
 - iv. To submit annual reports
 - v. To issue certificate of registration to CPE providers found by the Council to be qualified in accordance with this Guidelines as well as certificate of accreditation of programs, activities and sources.

vi. **Secretariat** – The Chairperson

- i. Ensure that the sessions, meetings or proceedings of the PRC CPE Council are recorded;
- ii. Prepare the minutes of all the meetings and proceedings of the PRC CPE Council;
- iii. Receive applications for accreditation of CPE providers, programs, activities or sources;
- iv. Submit to the PRC CPE Council applications for accreditation of aspiring CPE providers and CPE programs, activities or sources;
- v. Release Certificates of Accreditation to CPE providers and programs, activities or sources; and
- vi. Assist the PRC CPE Council by providing relevant statistical data on the renewal of professional licenses and other related matters.

The Secretary, shall exercise general supervision and control over the PRC CPE Council Staff, who shall be selected by the Chairperson of the PRC from among the existing personnel of the PRC. The PRC CPE Council Staff shall have, among others, the following functions:

- i. Release CPE Certifications of credit units earned to the professionals;
 - ii. Keep all records, paper and other documents relative to the evaluation, approval and accreditation of CPE programs, activities or sources; and
 - iii. Maintain records of accredited CPE providers, on-going, continuing or completed CPE programs, activities or sources, the list of participants and other relevant data.
- vii. **Meetings** – The PRC CPE Council shall hold regular meetings once a month on dates to be fixed by said Council. Special meetings may be called by a Chairperson or upon written request of at least a member of the PRC CPE Council.
- viii. **Involvement of PICPA** – The PRC CPE Council, if the need arises, may delegate to the PICPA the processing of the application, keeping of all records for CPE providers and their respective programs and credit units earned by each CPA who avail of the CPE programs and related functions. For this purpose, the PICPA may create a counterpart CPE Council to be known as PICPA CPE Council and may ask for reimbursement of reasonable processing fees directly from the applicants apart from the accreditation fee that the such applicants pay directly to the Commission. The PICPA CPE Council shall keep a separate books of accounts of its expenses and amounts collected from the applicants and make a monthly report thereof to the Commission through the Board. Any excess collection shall be used exclusively as working capital of the PICPA for the CPE activities.

3. CRITERIA FOR ACCREDITATION OF PROVIDERS, PROGRAMS, ACTIVITIES OR SOURCES; EQUIVALENT CREDIT UNITS; CREDIT REQUIREMENTS; EXEMPTIONS AND OTHER MATTERS

- a. **Criteria for Accreditation** – In order to merit accreditation, the following criteria shall be complied with:

For CPE Provider

- i. Must be a duly registered organization, firm, institution or agency, or a professional of good standing and has never been convicted of a crime;
- ii. Shall have an established mechanism and updated instructional materials to carry out the CPE programs and activities;
- iii. Must have adequate, modern and updated instructional materials to carry out the CPE programs and activities;
- iv. Shall have instructors, lecturers, trainers and resource speakers with good moral character, technical competence, facilitation skills and are holders of current CPA licenses.

For CPE programs, activities or sources

- i. The scope shall be beyond the basic preparation for admission to the practice of the profession. The contents shall be relevant/related, but not limited, to the practice of the profession.
 - ii. The programs, activities or sources shall enhance the competence of the professional by upgrading and updating knowledge and skills for the practice of the profession as brought about by modernization and scientific and technical advancements in the profession.
- b. **Programs, Activities and Sources for Accreditation and Equivalent Credit Units** – Any provider may submit to the PRC CPE Council programs, activities or sources to be approved and accredited for CPE units. The provider shall be notified of the disapproval of his CPE programs, activities or sources without prior approval and accreditation from the Council.

As used in these guidelines the following terms shall mean:

- i. **Seminars** shall refer to the gathering of professionals which shall include, among others, workshops, technical lectures or subject matter meetings, non-degree training courses and scientific meetings.
- ii. **Conventions** shall refer to a gathering of professionals which shall include, among others, conferences, symposia or assemblies for round table discussions.
- iii. **Masteral Degree** shall refer to a graduate degree in accountancy, business or related field from a recognized school, college or university.
- iv. **Doctoral Degree** shall refer to a post graduate degree in accountancy, business or related field from a recognized school, college or university.
- v. **Authorship** shall refer to the ownership of intellectual property which includes technical or professional books, instructional materials and the like. Credits earned must be claimed within one (1) year from the date of publication.

- vi. **Self-Directed Learning Package** shall refer to learning which uses course manuals or accredited learning modules. Accredited Learning modules include self-instructional materials or programs which may be in the form of printed manual, audio and video cassette tapes, films computer-assisted learning (CAL), study kits, learning aids and modules or the use of the information highway. These should include among others clearly defined objectives, adequate content and an evaluation component for each module.
- vii. **Post Graduate/In-Service Training** shall mean training or specialization at the post graduate level for a minimum period of one (1) week.
- viii. **Resource Speaker** shall refer to a professional who acts as discussion leader or lecturer in a convention or seminar or similar gathering.
- ix. **Peer Reviewer** shall refer to a professional who acts as an evaluator of a research paper, conference paper or journal article before it is presented or published.
- x. **CPE Provider** shall refer to a natural person or a juridical entity which includes among others, accredited or non-accredited professional organization, firm, partnership, corporation or institution which offers, organizes or arranges CPE programs, activities or sources for implementation and administration.
- xi. **CPE Programs, Activities or Sources** shall refer to the regime of CPE which enhance the competence of the CPAs by upgrading and updating knowledge and skills for the profession as brought about modernization and scientific and technical advancements in the profession. The scope shall be beyond the basic preparation for admission to the practice of the profession. The content shall be related but not limited to the practice of the profession.

4. MATRIX FOR CPE PROGRAMS, ACTIVITIES OR SOURCES

PROGRAMS	CREDIT UNITS	SUPPORTING DOCUMENT
1 SEMINARS/CONVENTION		
1.1 PARTICIPANT	1 CU PER HOUR	CERTIFICATE OF ATTENDANCE WITH NUMBER OF HOURS, SEMINAR PROGRAM CERTIFIED LIST OF PARTICIPANTS
1.2 RESOURCE SPEAKER	5 CU PER HOUR	PHOTOCOPY OF PLAQUE CERTIFICATION AND COPY OF PAPER, PROGRAM INVITATION
1.3 PANELIST/REACTOR	3 CU PER HOUR	CERTIFICATION FROM SPONSORING ORGANIZATION AND COPY OF PROGRAM
1.4 FACILITATOR/MODERATOR	2 CU PER HOUR	CERTIFICATION FROM SPONSORING ORGANIZATION AND COPY OF PROGRAM
2 PREPARATION (Residential and Distance Mode)		
2.1 MASTER'S DEGREE	1 CU PER ACADEMIC UNIT	UNIVERSITY CERTIFICATION

	30 CU ADDITIONAL UPON COMPLETION OF DEGREE	DIPLOMA AND TRANSCRIPT OF RECORDS
2.2 DOCTORAL DEGREE	2 CU PER ACADEMIC UNIT 45 CU ADDITIONAL UPON COMPLETION OF DEGREE	UNIVERSITY CERTIFICATION DIPLOMA AND TRANSCRIPT OF RECORDS
3 SELF-DIRECTED LEARNING PACKAGE		
3.1 MODULE	10 CU PER COMPLETE SET OF MODULE	COPY OF DULY-ACCOMPLISHED MODULE AND EVALUATION
3.2 TECHNICAL PAPER / PROFESSIONAL JOURNAL ARTICLE	1 CU/PROFESSIONAL / TECHNICAL ARTICLE	COPY OF DULY-ACCOMPLISHED ARTICLE AND EVALUATION
4 AUTHORSHIP		
4.1 RESEARCHING / INNOVATIVE PROGRAMS / CREATIVE PROJECTS	10 CREDIT UNITS	DULY CERTIFIED/PUBLISHED TECHNICAL REPORT/PAPER
4.2 BOOK / MONOGRAPH SINGLE AUTHOR 2 AUTHORS 3 OR MORE	<u>(25-50 Pp)</u> (51-100 Pp) (100 OR MORE Pp) 20 CU 30 CU 40 CU 10 CU 20 CU 30 CU 5 CU 10 CU 20 CU	PUBLISHED BOOK WITH PROOF OF COPYRIGHT
4.3 EDITOR	½ OF THE CU OF AUTHORSHIP CATEGORY	PUBLISHED BOOK WITH PROOF OF AUTHORSHIP
4.4 ARTICLE SINGLE AUTHOR 2 AUTHORS 3 OR MORE	<u>(1-3 Pp)</u> (4-6 Pp) (7 OR MORE Pp) 4 CU 6 CU 8 CU 3 CU 4 CU 6 CU 2 CU 3 CU 4 CU	PROOF OF PUBLICATION OF ARTICLE
4.5 PROFESSIONAL JOURNAL EDITOR	5 CU PER ISSUE	COPY OF PUBLISHED JOURNAL
4.6 PEER REVIEWER	2 CU ARTICLE	DULY CERTIFIED COPY OF PUBLISHED ARTICLE/BOOK
5 INVENTIONS	10-30 CREDIT UNITS PER INVENTION	CERTIFIED COPY OF PATENT CERTIFICATE
6 POSTGRADUATE / IN-SECURE TRAINING	0.25 CU PER HOUR (MAXIMUM OF 40 CU / TRAINING)	CERTIFICATE OF TRAINING AND TRAINING DESCRIPTION
7 STUDY / OBSERVATION	2 CU / DAY (MAXIMUM OF 30 CU / TOUR)	CERTIFICATION FROM SPONSORING INSTITUTION
8 PROFESSIONAL CHAIR	10 CU / CHAIR / YEAR	CERTIFICATION OF GRANT OR APPOINTMENT PAPER
SUCH OTHER ACTIVITIES/ PROGRAMS / SOURCES TO BE RECOMMENDED BY THE COUNCIL AND APPROVED BY THE COMMISSION, such as: Meetings of standard – setting bodies for the Accountancy Profession (FRSC and AASC): Researcher/Discussant Participant	_5 CREDIT UNITS PER PRESENTATION _2 CREDIT UNITS PER MEETING	MUNITES OF MEETING; CERTIFICATION FROM COUNCIL SECRETARY

5. CPE Credit Units

The total CPE credit units for registered accounting professionals shall be sixty (60) credit units for three (3) years, provided that a minimum of fifteen (15) credit units shall be earned in each year. Any excess credit units in one year may be carried over to the succeeding years within the three-year

period. Excess credit units earned shall not be carried over to the next three-year period except credit units earned for doctoral and master's degrees.

One credit hour of CPE program, activity or source shall be equivalent to one (1) credit unit.

6. Procedures

The PICPA CPE Council shall observe the following procedures for the accreditation of CPE providers and CPE programs, activities, or sources:

- a. Procedure for accreditation of CPE provider:
 - i. Any person seeking to offer an organized or arranged program, activity or source shall accomplish and submit to the PICPA CPE Council an application form.
 - ii. An application shall include, but shall not limited to the following information:
 - Full name, address and telephone number of the applicant-provider.
 - Relevant educational background
 - Profession, principal area of professional work and number of years in the practice of profession.
 - PRC License Number and date of expiration.
 - Current employment
 - iii. Applicant-provider shall submit a valid NBI clearance.

In case of juridical entity:

- i. Any agency, organization, institution, association or similar juridical entity seeking to offer an organized program, activity or source shall accomplish and submit to the PICPA CPE Council an application form.
- ii. An application shall include, but shall not be limited to the following information and documents:
 - Full name, address and telephone/fax number/s and e-mail address.
 - Securities and Exchange Commission (SEC) original registration papers.
 - List of officers with their PRC License Numbers and expiry date if officer is a member of a regulated profession.
 - Plans for CPE programs or activities for the year applied.
 - Proof of past CPE activities or programs conducted/arranged (immediate past year) for applicants renewing accreditation.

All applicants shall submit to the PICPA CPE Council the following:

- i. Mechanism for measuring the quality of the program, activity or source being offered.
- ii. Criteria for selecting and evaluating speakers, resource persons or lecturers.

b. Procedures for Accreditation of a CPE Program, Activity or Source:

- i. A CPE provider seeking accreditation of an organized or arranged CPE program, activity or source shall submit said program, activity or source (in triplicate) to the PICPA CPE Council for its evaluation and recommendation for approval to the PRC CPE Council. The program, activity, or source shall cover a period not to exceed three (3) years.
- ii. The application for accreditation of a CPE Program, activity or source shall include the following information and documents:
 - Title/s of program/s, activity/ies or source/s.
 - Name of CPE provider, address, phone and fax numbers.
 - Date and venue of the Administration of the program.
 - Objectives.
 - Targeted audience or participants.
 - Contents and number of hours
 - Resource speakers, lecturers, discussion leaders, panelist, reactors, moderators, and facilitators, including their qualifications and current PRC license if they are members of the regulated profession.
 - Actual program and schedule.
 - Seminar or convention fee to be collected.
 - Evaluation to be used which could either be any of the following modes or systems:
 - evaluation of seminar by participant.
 - evaluation of participants by CPE providers; tests.
 - other methods of evaluation.
- iii. If the PRC CPE Council concerned finds the CPE program, activity or source to be relevant to the profession and to be in accordance with these guidelines, said PRC CPE Council shall issue a certificate of accreditation within thirty (30) days from receipt of the application.

c. Post-Accreditation Requirements.

Upon the completion of an accredited CPE program, activity or source, the CPE provider shall submit a report to the PRC CPE Council within 15 days from the last day of the offering. The report shall include, but shall not be limited to the following information:

- i. Name of CPE provider.
- ii. Name or description of CPE program, activity or source.
- iii. Accreditation number and date of issuance of accreditation.
- iv. Certified list of participants indicating names and PRC professional license identification cards, and expiry dates, resource speakers, lecturers, discussion leaders, panelist, moderators, or facilitators who took part or participated in the CPE program, activity or source.
- v. Date and time of start and completion of the holding of the CPE program, activity or source.
- vi. Venue/Location of the holding of the program.
- vii. Summary of evaluation results of participants
- viii. Name of Secretariat representative who monitored the CPE program or activity.

7. Exemption from CPE Requirements; Procedures

a. Permanent Exemption

A registered professional shall be permanently exempted from CPE requirements upon reaching the age of 65 years old. To avail of this exemption, the professional must:

- i. Submit an application for exemption which should include the following data:
 - Full name, residence address and phone number of applicant
 - PRC License Number
 - Employment history
 - Position
 - Name of employer
 - Address of employer
- ii. Submit an authentic or authenticated copy of birth certificate. If birth certificates is not available, submit any of the following: Voter's ID or Driver's License.

b. Temporary Exemption

A registered professional who is working or practicing his/her profession or furthering his/her studies abroad shall be temporarily exempted from compliance with CPE requirement during the period of his/her stay abroad, provided that he/she has been out of the country for at least two years immediately prior to the date of renewal.

Any professional availing of this temporary exemption must:

- i. Submit an application for temporary exemption, to include the following data:
 - Full name, residence address and phone number of applicant;
 - PRC License Number;
 - Degree obtained; college or university attended, year graduated;
 - Principal area of professional work;
 - If employed:
 - Position
 - Name of employer
 - Address of employer
 - Certificate of employment
 - If furthering studies abroad, certificate of enrollment from college or university where presently enrolled.
- ii. Submit original, or authenticated copy of passport, photocopy of inside front cover, page 2, and the page/s containing visa of country, indicating date of arrival/departure.

A permanent exempt registered professional shall be allowed to renew his/her License without complying with the CPE requirements upon his/her accomplishment and submission of the necessary papers as previously mentioned and upon payment of the annual registration fee for three (3) years for as long as he/she continues to be out of the country.

8. Sanctions

a. Registered CPAs

Unless otherwise exempted, registered CPAs in the practice of accountancy who have not completed the CPE requirements provided herein shall not be allowed to renew their professional licenses. Those who failed to renew their professional licenses for a period of five (5) continuous years from initial registration, or from last renewal date shall be declared

delinquent and shall, after due notice, through the website and publication in the newsletters of PICPA or any newspaper of general circulation, be dropped from the roster of CPAs.

b. CPE Provider

Accreditation shall be withdrawn from the CPE Provider who:

- i. Is found not to comply with the implementing rules and regulations for CPE, or
- ii. Has committed substantial deviation from the approved program, or
- iii. Has submitted false reports, or
- iv. Has committed such other acts that the PRC CPE Council finds to be in violation of the intent of the program.

c. PRC Employees

Any employee of the PRC who causes, abets or helps in the renewal of the license of a professional without complying with CPE requirements shall be considered to have violated office and/or civil service rules and regulations and shall be proceeded against administratively, and, if found guilty, shall be meted out the penalties provided for by the said laws and rules and regulations.