

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-eighth 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 of one (1) year. The chairman shall preside in all meetings of the Board and in the event of a vacancy in the office of the chairman, the vice-chairman shall assume such duties and responsibilities until such time as a chairman is appointed.

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

(a) Must be a natural-born citizen and a resident of the Philippines;

(b) Must be a duly registered Certified Public Accountant with at least 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, resolutions, rules and regulations, issued or promulgated by the Board shall be subject to review and approval of the Commission. However, the Board's decisions, resolutions or orders

rendered in administrative cases shall be subject to review only if on appeal.

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

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

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

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

ARTICLE III

EXAMINATION, REGISTRATION AND LICENSURE

SEC. 13. *The Certified Public Accountant Examinations.* – All applicants for registration for the practice of accountancy shall be required to undergo a licensure examination to be given by the Board in such places and dates as the Commission may designate subject

to compliance with the requirements prescribed by the Commission in accordance with Republic Act No. 8981.

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

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

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

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

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

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

average of seventy-five percent (75%) and a rating of at least sixty-five percent (65%) in each of the subjects reexamined, he/she shall be considered as failed in the entire examination.

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 (P50,000.00) 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.

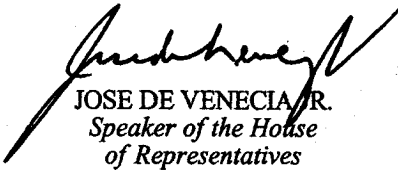
All graduates with a Bachelors Degree, major in Accounting shall be allowed to take the CPA Licensure Examination within two (2) years from the effectivity of this Act under the rules and regulations to be promulgated by the Board subject to the approval by the Commission.

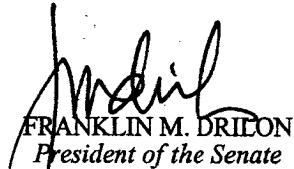
SEC. 42. *Separability Clause.* – If any clause, provision, paragraph or part thereof shall be declared unconstitutional or invalid, such judgment shall not affect, invalidate or impair any other part hereof, but shall be merely confined to the clause, provision, paragraph or part directly involved in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

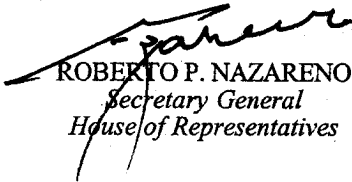
SEC. 44. *Effectivity.* – This Act shall take effect after fifteen (15) days following its publication in the *Official Gazette* or in any major daily newspaper of general circulation.

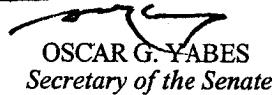
Approved,


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


FRANKLIN M. DRILON
President of the Senate

This Act which 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

