

WORLD TRADE ORGANIZATION

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Working Party on Professional Services

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COMMUNICATION FROM SINGAPORE

Response to the questionnaire on the accountancy sector

The following communication is circulated at the request of Singapore.

I. GENERAL

- 1. What are the professional titles of accountants in your country? Are these professional titles protected? Please specify how.**

“Certified Public Accountant”

Only full members of the Institute of Certified Public Accountants of Singapore (ICPAS or “Institute”), which include practising and non-practising members, can use the designation to describe themselves as accountants. Practising members are Certified Public Accountants registered with the Public Accountants Board (PAB or “Board”).

- 2. How is the accountancy sector regulated in your country: by law, professional self-regulation, a combination of both?**

The accountancy sector is regulated by a combination of both law and professional self-regulation. The rules are found in PAB Rules 1989 and the ICPAS Rules 1989 respectively.

- 3. Are there any provisions to protect company names, whether national or foreign, in your country?**

The approval of firm names, whether national or foreign, comes under the jurisdiction of the Board. Public accountants are not allowed to incorporate companies.

- 4. What are the professional bodies in your country? Are they recognised by law as a regulatory or disciplinary body for the accountancy profession in your country, or are these functions fulfilled by other institutions (please specify)?**

Under the Accountants Act 1987, two separate bodies are established. They are the Public Accountants Board and the Institute of Certified Public Accountants of Singapore. The primary role of the Board is that of registration and control of public accountants while the Institute is responsible for the technical development and advancement of the profession.

5. How many members do these professional bodies have? What is the estimated proportion of those:

- **in public practice**
- **in industry or commerce**
- **in the public sector**
- **in education**
- **unoccupied (retired, etc.)**
- **other**

As at the end of May 1996, the Institute had a total membership of 9912 members. The estimated proportions are as follows:

- | | | |
|-----|-----------------------------|--------|
| (a) | in public practice: | |
| | (ii) public accountants: | 6.7 % |
| | (ii) professional staff: | 14.8 % |
| (b) | in industry or commerce: | 45.4 % |
| (c) | in the public sector: | 6.3 % |
| (d) | in education: | 2.0 % |
| (e) | unoccupied (retired, etc.): | 2.8 % |
| (f) | other: | 22.0 % |

As at the end of May 1996, there were 656 public accountants registered with the Board.

6. What is the scope of activities regularly practised by accountants in your country?

- **statutory audit**
- **audit of mergers**
- **audit of contributions in kind**
- **public sector audit**
- **other audits**
- **accounting**
- **insolvency practice**
- **tax advice**
- **tax representation**
- **investment advice**
- **consulting**
- **expert witness in accounting**
- **other**

All listed in the question except public sector audit which is done by the Auditor-General's Office.

7. Which of these activities are regulated in your country?

Statutory audit, insolvency and liquidation work as these require licence before one can perform the activities.

8. Which of these activities are reserved by law to accountants, shared by accountants with other professions (please specify), or even forbidden to accountants in your country, e.g. by full prohibition or by not allowing cumulation of certain activities which are considered incompatible or mutually exclusive?

The preserved functions of a public accountant are accounting, auditing and taxation (tax advice and tax planning). However, lawyers can also carry out the work of a tax consultant.

II. QUALIFICATION REQUIREMENTS

9. What are the qualification requirements for these activities in your country in terms of university/higher education degree, practice and professional exam? Specify the number of years required for each element, and the differences according to the activities (audit, insolvency, tax, etc.) covered by the qualification.

For membership admission to the Institute and registration with the Board, an applicant must either:

- (a) have passed the final examination of any of the following local bodies:
 - (i) the Singapore Polytechnic for the professional diploma and for the degree course for the years 1961 to 1969;
 - (ii) the University of Singapore for the degree of Bachelor of Accountancy;
 - (iii) the Nanyang University of Singapore for the degree of Bachelor of Commerce (Accountancy) or Bachelor of Accountancy except that an applicant who has obtained the degree of Bachelor of Commerce (Accountancy) from Nanyang University prior to 1969 shall have also passed such qualifying examinations as the Council may determine;
 - (iv) the National University of Singapore for the degree of Bachelor of Accountancy;
 - (v) the Nanyang Technological Institute for the degree of Bachelor of Accountancy;
 - (vi) the Institute of Certified Public Accountants of Singapore (formerly the Singapore Society of Accountants) - Chartered Association of Certified Accountants of the United Kingdom Joint Scheme;
 - (vii) the Nanyang Technological University for the degree of Bachelor of Accountancy or Master of Business Administration (Accountancy);
 - (viii) the ICPAS Professional Examination¹; or

¹The ICPAS Professional Examination is open to graduates from accredited overseas universities who have not passed the foreign professional examinations recognised by the Institute in (b) for membership purposes.

- (b) have passed the final examination in accountancy of one of the following foreign bodies or its recognised equivalent:
- (i) the Institute of Chartered Accountants of Scotland (ICAS);
 - (ii) the Institute of Chartered Accountants in England & Wales (ICAEW);
 - (iii) the Institute of Chartered Accountants in Ireland (ICAI);
 - (iv) the Chartered Association of Certified Accountants (ACCA/CACA);
 - (v) the Institute of Chartered Accountants in Australia (ICAA);
 - (vi) the Australian Society of Certified Practising Accountants (ASCPA);
 - (vii) the New Zealand Society of Accountants (NZSA);
 - (vi) the Canadian Institute of Chartered Accountants (CICA);
 - (ix) the American Institute of Certified Public Accountants (AICPA);
 - (x) the Chartered Institute of Management Accountants of the United Kingdom (CIMA), except that CIMA members applying to be admitted as a practising member shall pass the following subjects:
 - (aa) Advanced Financial Accounting;
 - (bb) Auditing and Investigations,

and shall have also passed such other examination and fulfil such requirements as may be determined by the Board or the Council (where appropriate). These requirements include, inter-alia, attending a pre-admission course conducted by the Institute, satisfying minimum periods of practical experience and in the case of a holder of a recognised foreign professional qualification in (b) above, satisfying the Council/Board of his proficiency in Singapore company and tax laws except that he shall not be required to pass an examination on these subjects if he has not less than two years of relevant local experience.

(i) Structured Practical Experience

- *For Practising Membership with the Institute and registration with the Board*

- (a) after passing the qualifying examination or its recognised equivalent set out above, not less than two years of structured practical experience in areas of accounting, auditing and taxation; or
- (b) not less than four years of structured practical experience in areas of accounting, auditing and taxation, of which at least one year is acquired after passing the qualifying examination, in a public accountant's office or in the public sector or any other organisation recognised by the Board/Council.

- *For Non-practising Membership with the Institute*
 - (a) after qualifying, not less than two years of structured practical experience; or
 - (b) not less than four years of structured practical experience, of which at least one year is acquired after passing the qualifying examination, in a public accountant's office or in the public sector or any other organisation recognised by the Board/Council.
- (ii) Unstructured Practical Experience - without having to complete the log book
- *For Practising Membership with the Institute and registration with the Board*
 - (a) after qualifying, not less than three years' experience in areas of accounting, auditing and taxation in a public accountant's office; or
 - (b) not less than five years' experience, in areas of accounting, auditing and taxation in a public accountant's office of which at least two years are obtained after passing the qualifying examination.
- *For Non-practising Membership with the Institute*
 - (a) after qualifying, not less than three years; or
 - (b) not less than five years, of accounting experience in a public accountant's office or in a public sector or any other organisation recognised by the Council.

10. Are there any pre-conditions to meet to start the professional education: minimum age, particular diploma or title, prior education, registration with a professional body, payment of a fee, other (please specify)?

Please see answer 9 above.

11. What are the subjects to be covered by the education: accounting, audit, tax, general law, economics, ethics, information technology, other (please specify)?

The ICPAS pre-admission course covers the following 5 modules:

- (a) Professional ethics
- (b) Legal framework
- (c) Taxation
- (d) Auditing
- (e) Accounting standards

III. TECHNICAL STANDARDS AND ETHICS

12. In relation to which activities do national standards exist (audit, accounting, insolvency, other)? Please specify their main policy objectives.

National standards exist in Singapore in respect of accounting and auditing. No national standards exist in Singapore in respect of insolvency.

The Statements of Accounting Standard issued by the Institute describe methods of accounting for application to all financial statements intended to give a true and fair view of the financial position and results of an entity.

The Statements of Auditing Guideline issued by the Institute are guidance statements on what constitutes generally accepted auditing practices and on the form and content of audit reports.

13. Which body or institution develops these standards and monitors their implementation? What are the consequences of a breach of the standards (for the professional, for clients, etc.)?

The Institute develops standards and monitors compliance. The Board, for the purpose of discharging its function of regulating the practice of the accountancy profession by public accountants, adopts the standards and guidelines issued by the Institute. Depending on the nature of a breach of the standards, a member of the Institute may be counselled, fined and/or suspended. Similarly, public accountants may be censured, fined and/or suspended if he is in breach of any professional code of ethics and standards.

Standards have no legal backing in Singapore though for clients listed on the Stock Exchange of Singapore (SES), the SES may sanction the client for non-compliance with the SES listing rules.

14. Are the international standards developed by IFAC (International Education Standards and Guidelines, International Standards on Auditing) and IASC (International Accounting Standards) recognised or used in your country? If yes, please explain how. If no, please explain why.

Singapore adopts most, if not all, international accounting and auditing standards as national requirements but only after an appropriate national due process. The texts of the international standards are usually unchanged although a preface or explanatory foreword may be added which deals with specific national issues or modifications to the international standards.

15. In relation to which activities does a particular ethical code exist (audit, accounting, insolvency, other)? Please specify its main policy objectives.

A general code of ethics exists and applies to all professional work performed by a member of the Institute and a public accountant regardless of whether the work is performed for a client or an employer.

Those who pursue a vocation in which knowledge and skills are offered in the service of the affairs of others have responsibilities and obligations to those who rely on and are affected by their work. It is the duty of a governing professional body or a regulatory board to identify those responsibilities and obligations and codify them for the benefit of both the providers and recipients of such skills. The code of ethics prescribed by the Institute/Board seeks to meet that duty.

The Institute and the Board Rules grant members/public accountants the right to use the designation “Certified Public Accountant”. Such right imposes on members/public accountants the obligation to maintain high standards of professional conduct known to be associated with, and expected of, the profession.

The code of ethics expresses the profession’s recognition of its responsibility to the public, to clients, and to colleagues. It guides members/public accountants in the performance of their professional responsibilities and expresses the basic tenets of ethical and professional conduct.

16. Which body or institution develops this code and monitors its implementation? What are the consequences in case of breach of the ethical code by a professional or a firm?

The Institute and the Board each develops a code of ethics for its members/public accountants and monitors compliance.

Allegations of breaches of the code of ethics are investigated by the Institute and, if a case is proven, sanctions may be enforced by the Institute, such as a fine and/or suspension of the member(s) concerned. In addition, members in public practice (i.e. public accountants) must comply with the Board Rules and may be similarly sanctioned if found to be in breach.

17. Are there restrictions on marketing, solicitation, advertising?

There are restrictions on marketing, solicitation and advertising. These are set out in paragraph 5 of the third schedule to the Institute and Board Rules.

18. Are there restrictions on fee-setting (minimum/maximum levels imposed, indicative scale, etc.)?

No restrictions exist *per se* but members are to set fees which are a fair reflection of the work performed taking into account:

- (a) the skill and knowledge required for the type of work involved;
- (b) the level of training and experience of the persons necessarily engaged on the work;
- (c) the time necessarily occupied by each person engaged on the work; and
- (d) the degree of responsibility and urgency that the work entails.

Members are not to accept nor charge fees set on a percentage or contingent basis.

IV. LICENSING REQUIREMENTS AND PROCEDURES

19. Apart from the qualification requirements, what are the licensing requirements for individuals in your country?

An applicant must pass one of the recognised professional examinations listed in answer 9 above. Other requirements include the following:

- must apply to be a member of the Institute
- must register with the Board for a certificate of registration
- must obtain audit/liquidator license from the Minister if the public accountant wish to carry out audit or liquidation work
- public accountants are encouraged to subscribe to a professional indemnity insurance
- the applicant is required to take a statutory declaration at the time of application for registration as a public accountant that he is not subject to any criminal investigation or an undischarged bankrupt. This provision is made under section 57(2)(a) and (c) of the Accountants Act

Section 12(1) of the Accountants Act states that no person shall be registered as a public accountant by the Board if he is under the age of 21 years or if in the opinion of the Board, he is not of good character or reputation or is engaged in any business or occupation inconsistent with the integrity of a public accountant.

20. Are there any conditions imposed to be eligible for membership of the relevant professional body(ies)? Please specify.

Please see answer 9 above.

21. Are there specific licensing requirements for professional firms?

There are no specific licensing requirements for professional firm for the following:

- minimum capital - No
- number of partners - No
- membership of a professional body - Yes, as stipulated in section 18 of the Act
- registration with the ministry or any other institution - Yes, with the Board
- professional indemnity insurance - Not compulsory
- voting rights - No since the Board does not hold any annual general meeting for public accountants
- management/administration of the firm - No

22. Can an application for licensing be filed at any time of the year or are there specific dates to respect? How long does it take to complete the whole licensing procedure? Please specify in case of differences between individuals and firms.

An application for licensing can be filed at any time of the year. The whole licensing procedure would take about 3 months to complete for an individual.

- 23. Are there differences in terms of licensing requirements and/or procedures, according to the activities covered by the licence (audit, insolvency, etc.)? Please specify. What kind of documentation is necessary/accepted? Are documents issued in other countries acceptable? Please specify.**

There are no differences in terms of licensing requirements and/or procedures according to the activities covered by the licence. However, the issuance of audit licence would precede over that of the insolvency licence.

- 24. What happens when the licensing conditions are no longer respected by the individual or the firm?**

The Minister may revoke the licences or reject the applicant's application for renewal of the licences.

V. RECOGNITION OF QUALIFICATIONS

- 25. Are there any possibilities for taking account of qualifications acquired by foreign professionals in another country? Are there bilateral agreements with other countries in this respect?**

The only foreign professional qualifications recognised by the Institute and the Board are those listed in answer 9 (b) above. There are no bilateral agreements with other countries in this respect.

- 26. Are there any automatic recognition or mutual recognition agreements between your professional bodies and their counterparts in other countries? If so, please specify the main characteristics of such agreements; if not, please explain why.**

There are no automatic recognition or mutual recognition agreements with counterparts in other countries.

- 27. Where possibilities of taking account of foreign qualifications exist, is a full local examination or a local training exceeding 12 months required? Please specify. Is a local licence always necessary to practice a regulated accountancy activity? Please specify when this is not the case.**

No full local examination is required for holders of recognised professional qualifications. However, they must satisfy the requirements of proficiency in local laws, relevant years of working experience and the completion of the pre-admission course as explained in answer 9.

- 28. What are the accreditation/licensing requirements imposed on foreign professionals authorised to practice in their home country? May certain (regulated) activities be carried out on the basis of a foreign licence?**

Any foreigner who wants to practise in Singapore must satisfy the requirements for admission as a public accountant /practising member listed in answers 9 and 19 above.

VI. REGULATIONS GOVERNING THE ESTABLISHMENT OF A COMMERCIAL PRESENCE

- 29. Are there any restrictions on the form under which one can establish (partnership, incorporation, other)? Please specify.**

A body corporate is not eligible for registration as a public accountant under the Accountants Act 1989, and therefore, it follows that the form a public accountant under which he or she is to practise can be either a sole proprietorship or a partnership.

- 30. Are there restrictions on foreign direct investment and ownership, including restrictions applying to not locally qualified individuals or firms? Please specify.**

Not applicable in view of answer 29.

- 31. Is there a requirement of a minimum number or percentage of local directors, managers or staff (please specify)?**

Not applicable in view of answer 29.

There is no requirement for staff or managers of public accounting firms to be local. However, the public accountant must be registered under the Accountants Act 1987.

- 32. Are there restrictions on the ability of locally established firms to develop international relations (membership of an international network, association with foreign firms, etc.)? Please specify.**

There are no restrictions on the ability of public accountants to develop international relations.

- 33. Is the use of international or foreign names restricted for firms?**

According to the Code of Professional Conduct and Ethics in the Third Schedule to the Accountants Act 1987, subject to approval by the Board, a public accountant is to practise either in his or his partners' names, a firm name under which he would be entitled to practise before 11 February 1989 or which is derived from the names of present or former partners of the firm who are or were public accountants, or such other name as approved by the Board.

VII. REGULATIONS GOVERNING THE ENTRY AND TEMPORARY STAY OF NATURAL PERSONS FOR THE PURPOSE OF SUPPLYING ACCOUNTANCY SERVICES

- 34. Is the entry and stay of professionals subject to labour market tests or any other restrictions? Please specify.**

The entry and stay of professionals are not subject to labour market tests.

- 35. Is there any procedure facilitating the temporary entry and stay of professionals to supply accountancy services? Please explain.**

There is a need to fulfil Singapore's immigration requirements.

- 36. Are there any restrictions on hiring of local professionals by foreign firms and professionals? Please explain.**

There are no restrictions on hiring of local professionals by foreign firms and professionals.

VIII. NATIONALITY/RESIDENCY REQUIREMENTS

- 37. Is a condition of nationality/citizenship imposed to practice certain activities, to start an education, to obtain a licence, to become member of a professional body, etc.? Please specify.**

There are no nationality/citizenship requirements.

- 38. Is a condition of establishment, prior residency or residency imposed to practice certain activities, to obtain a licence, to become member of a professional body, etc.? Please specify the conditions and the definition of establishment, residency, etc. when relevant. Is it possible to have a professional establishment in more than one country?**

Approval of establishment comes under the purview of the Board.

Under paragraph 7 of the Board Rules, it is stated that no person shall be entitled to registration unless he satisfies the Board that:

- (a) he is carrying on or is about to carry on the public practice of accountancy in Singapore by placing his services as an accountant at the disposal of the community, but not entirely at the disposal of any one individual, firm or corporation;
- (b) he is maintaining or is about to maintain an office or place at which his services may be engaged; and
- (c) he is available or is about to make himself available to undertake work on behalf of any member of the public.

It is possible to have a professional establishment in more than one country.