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COMMUNICATION FROM URUGUAY

Response to the Questionnaire on the Accountancy Sector

The following communication is circulated at the request of Uruguay.

I. GENERAL

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

The titles are public accountant or the equivalent, granted, recognized or revalidated by the Faculty of Economics and Administration of the National University, in accordance with the various syllabuses.

The function of public accountant in the non-governmental field does not enjoy any special legal protection. The titles are protected by law. Unlawful use of a title gives rise to legal proceedings.

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

By a combination of both.

In the case of professional self-regulation, accounting, auditing and ethical standards have been laid down; these are, however, only compulsory for members of the Uruguayan Institute of Accountants and Economists (membership of which is voluntary).

The legislation and regulatory decrees lay down accounting standards that conform to International Standards (IAS). The Central Bank of Uruguay has established a number of auditing standards.

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

The protection afforded by legal registration of names and trade marks applies.

4. What are the professional bodies in your country? Are they recognized 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)?

The Uruguayan Institute of Accountants and Economists. This is the only associative body for the accountancy profession and has been in existence for 103 years.

Its legal status is that of a non-profit-making civil association and its articles of association have been approved by the Executive. It is not recognized by law as a regulatory body and this function is not fulfilled by any other institution. Its decisions do not have force of law and are only mandatory for its members.

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

Membership of the Uruguayan Institute of Accountants and Economists is 3,860 out of a total of 6,000 graduates.

Due to the variety of functions occupied by the 6,000 graduates, it is not possible under present circumstances to define how many work in each of the sectors mentioned.

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

All the activities cited in the questionnaire are covered except for audit of contributions in kind, which is not a customary practice with us.

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

Expert advice requested by the judicial authorities, insolvency practice and statutory audits in some 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?

Decree 240/1993, which regulates Law No. 12.802 (amended by Article 706 of Law No. 16.170), defines the mandatory functions of professionals holding the title of public accountant under the conditions laid down in paragraph 1 with regard to the certification of balance sheets, statements of account and financial statements submitted to public bodies. The function of public accountant in the non-governmental field does not enjoy any special legal protection. Expert advice requested by the judicial authorities and insolvency practices.

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.

There are no regulations on qualifications. At present, a university degree requires five years. Exercise of all these activities only requires a professional qualification; practice or a professional exam is never required.

10. Are there any preconditions 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)?

The only requirement is prior education:

- Primary school successful completion of six years
- Secondary school successful completion of six years

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

All the subjects mentioned, as well as others such as finance, business administration, technology, civil and commercial law, public administration, mathematics and statistics.

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.

There are general accounting standards and special standards for specific activities. These may be legal, administrative or professional standards.

There are also audit standards, but only at the professional level.

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.)?

Accounting standards

The Uruguayan Institute of Accountants and Economists, together with other institutions, belongs to the Advisory Commission under the Executive on acceptable accounting standards. The Executive establishes by decree the general accounting standards to be applied in Uruguay and these conform to the IAS. Accounting standards also exist for special activities such as those of public bodies, financial and meat-packing activities, etc., which are monitored by the competent body, the National Audit Office, the Central Bank of Uruguay, the National Meat Institute, etc.

For public limited companies whose shares are quoted on the Stock Exchange, application is monitored by the Inspectorate-General of Finance.

Auditing standards

These are of a professional nature and are laid down by the Uruguayan Institute of Accountants and Economists according to generally accepted auditing standards.

The Central Bank of Uruguay has laid down a number of requirements concerning the auditing of the financial statements of finance companies and firms having debts with the finance system.

Penalties exist in such cases, for example: a ban on acting as auditor for finance companies, the obligation to re-classify firms that do not meet accounting standards or whose auditors do not meet auditing standards.

There is no single body to monitor the application of the standards set by various agents and, except for criminal liability for fraud, professionals are not subject to any penalties if they do not fulfil professional standards.

As far as the clients are concerned, failure to fulfil standards may lead to penalties and fines and non-approval of the financial statements, thereby preventing the continuation of their normal activities.

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

Yes. Both the legal and professional standards conform to the IFAC and IASC standards, with minimum modifications and exceptions and a slight delay.

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

An ethical code of an associative nature governs all professional activities.

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 ethical code is established by the Uruguayan Institute of Accountants and Economists and only applies to its members. If there is a breach of ethical standards, the Professional Ethics Committee of the Institute would take action and its decisions would only apply to members.

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

The Uruguayan Institute of Accountants and Economists has laid down certain restrictions in its ethical code with regard to advertising and competition. There are no general legal restrictions.

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

The (minimum) rate fixed by the Uruguayan Institute of Accountants and Economists only applies to its members, but if it is not applied there are no penalties.

IV. LICENSING REQUIREMENTS AND PROCEDURES

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

There are no licensing or registration requirements in Uruguay.

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

The only requirement for membership of the Uruguayan Institute of Accountants and Economists is a professional qualification. This is the only associative body with open membership.

21. Are there specific licensing requirements for professional firms?

There are no regulations on professional firms.

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.

Not applicable.

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.

Not applicable.

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

Not applicable.

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?

Yes. The National University revalidates qualifications. Bilateral agreements: Yes.

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.

Not applicable.

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 practise a regulated accountancy activity? Please specify when this is not the case.

Professionals with foreign qualifications may obtain revalidation of their qualifications from the National University. Depending on the case, local training exceeding 12 months may be required.

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

There are no licensing or registration requirements in Uruguay. Regulated activities require qualifications obtained in Uruguay (with the exception of reports on financial statements, there are no regulations on other accountancy activities).

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.

There are no restrictions for accountancy firms.

Firms carrying out commercial or industrial activities are governed by Law No. 16.060 (Law on commercial companies).

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

There are no restrictions for professional accountancy firms.

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

According to the type of company, in accordance with the provisions of Law 16.060 (Law on commercial companies).

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.

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

There are no restrictions.

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.

They must be residents of Uruguay.

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

They must be residents of Uruguay.

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

There are no restrictions.

VIII. NATIONALITY/RESIDENCY REQUIREMENTS

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

There are no nationality/citizenship conditions.

38. Is a condition of establishment, prior residency or residency imposed to practise certain activities, to obtain a licence, to become a 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?

Residency conditions apply to work on a permanent basis.