

WORLD TRADE ORGANIZATION

RESTRICTED

S/WPPS/W/7/Add.23

5 November 1996

(96-5435)

Working Party on Professional Services

Original: English/French*

COMMUNICATION FROM THE EUROPEAN COMMUNITIES AND THEIR MEMBER STATES

Response to the Questionnaire on the Accountancy Sector

The following communication is circulated at the request of the European Communities and their member States.

	<u>Page</u>
I. GENERAL	2
II. QUALIFICATION REQUIREMENTS	24
III. TECHNICAL STANDARDS AND ETHICS	38
IV. LICENSING REQUIREMENTS AND PROCEDURES	58
V. RECOGNITION OF QUALIFICATIONS	83
VI. REGULATIONS GOVERNING THE ESTABLISHMENT OF A COMMERCIAL PRESENCE	93
VII. REGULATIONS GOVERNING THE ENTRY AND TEMPORARY STAY OF NATURAL PERSONS FOR THE PURPOSE OF SUPPLYING ACCOUNTANCY SERVICES	101
VIII. NATIONALITY/RESIDENCY REQUIREMENTS	105
ANNEX I	108

*The original language is English except for Belgium, France and Luxembourg for which French is the original.

I. GENERAL

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

For all member States except Luxembourg, Greece, Ireland: see answers in column 1 of the OECD survey (S/WPPS/W/4/Add.1) of 5 January 1996) and additional information hereunder.

Austria

1. The group of liberal professions, which in GATS-WPPS are subsumed under the heading "accountancy sector", is generally named with the functional professional title "Public Accountant" (*Wirtschaftstreuhänder*). In Austria there exist two specific professions with the following functional titles:

(a) Certified Public Accountant (*Wirtschaftsprüfer und Steuerberater*);

(b) Licensed Tax Advisor (*Steuerberater*).

2. The professional titles have to be used in professional life, whereby a distinction is made between natural persons and legal persons or partnerships:

(a) Professional titles for natural persons ("sole practitioners"):

- Certified Public Accountant (*Beeideter Wirtschaftsprüfer und Steuerberater*);

- Licensed Tax Advisor ("Steuerberater").

(b) Professional titles for legal persons and partnerships ("firms"):

- Certified Public Accountancy Company (*Wirtschaftsprüfungs- und Steuerberatungsgesellschaft*);

- Licensed Tax Advisory Company (*Steuerberatungsgesellschaft*).

3. In addition to these professional titles also comprehensive titles may be used:

(a) Comprehensive title for natural persons ("sole practitioners")

- "Public Accountant" (*Wirtschaftstreuhänder*)

(b) Comprehensive title for legal persons and partnerships ("firms")

- "Public Accountancy Company" (*Wirtschaftstreuhandgesellschaft*)

4. All professional titles are protected by law. Only natural persons and legal persons/partnerships admitted to the specific professions are entitled to use the titles "Certified Public Accountant", "Licensed Tax Advisor", "Certified Public Accountancy Company" and "Licensed Tax Advising Company".

Belgium

There are three professional titles in Belgium:

- *Réviseurs d'entreprises* (statutory auditor);
- *Experts-comptables* (professional accountant);
- *comptables* (bookkeepers).

These titles are protected respectively by the Law of 22 July 1953 for *réviseurs d'entreprises*, the Law of 21 February 1985 for *experts-comptables*, and the framework Law of 1 March 1976 for *comptables*.

Germany

The term "accountancy" covers a large spectrum of different activities but only part of these are "regulated", that means reserved to a certain profession. The professional titles of accountants in Germany are: *Wirtschaftsprüfer*, *vereidgter Buchprüfer*, *Steuerberater* and *Steuerbevollmächtigte*. These titles are protected by law.

Denmark

There are two protected titles: "*statsautoriseret revisor*" or State Authorized Public Accountants and "*registeret revisor*" or Certified Accountant. Protection is effected under the Act on State Authorized Public Accountants (LSR) and the Act on Certified Accountants (LRR) such that only persons who are chartered/certified as accountants are entitled to use the respective titles "State Authorized Public Accountants" and "Certified Accountant". The designation "accountant" is however, not protected. When the designation "accountant(s)" is used below, it refers both to State Authorized and Certified Accountants.

Finland

KHT Authorized Public Accountant
 HTM Approved Accountant

The above-mentioned titles are protected. The use of the titles is restricted to only those in the register kept by the Ministry of Trade and Industry. In addition, there is an examination system in the public sector where:

JHTT Chartered Public Finance Auditor

The use of the last-mentioned title is restricted to only those in the register kept by the Ministry of Finance.

Greece

Statutory auditors; accountants; tax consultants; consultants (feasibility studies for investment projects).

Italy

The professional titles in Italy are *Dottore Commercialista* and *Ragioniere e Perito Commerciale*.

Professional titles are protected by law respectively by DPR No. 1067 dated 27 October 1953 and DPR No. 1068 dated 27 October 1953. In order to practice as a professional accountant, the

candidate is required to be registered on the professional list (Albo) while for statutory auditing he is required to be registered as *revisore contabile* (title of function).

Ireland

The titles normally used are: chartered accountant, certified accountant and certified public accountant. These titles are not specifically defined/reserved in companies legislation. However, each of the relevant professional bodies would be entitled to apply to the Courts for a restraining order in circumstances where an individual/firm fraudulently held himself/themselves out to be members of a particular body and had failed to cease doing so when called upon so to do by the body concerned.

Luxembourg

The only officially recognized professional title is *réviseur d'entreprise* (statutory auditor), which covers a broad and varied range of functions. While the profession generally involves the statutory auditing of the accounts of enterprises and organizations, that function is not incompatible with other activities such as contractual auditing of accounts, tax consultancy, organization of accounts and bookkeeping, and applying accounting techniques to analyse the various economic, legal and financial aspects of the situation and operation of companies.

The title of *réviseur d'entreprise* is protected by the Law of 28 June 1984 on the organization of the auditing profession, and a list of auditors is drawn up on a yearly basis.

Portugal

There are two officially recognized professional titles:

- (a) *Técnicos oficiais de contas* (certified accountants)

This category was set up by Decree-Law No. 265/95 of 17 October which lays down more demanding academic requirements for taking up the profession and puts an end to a period of several years when there were no regulations governing this professional category.

Certified accountants are responsible for the tax regularity of entities liable to income tax which have an organized accounting system.

- (b) *Revisores oficiais de contas* (statutory auditors)

This title appeared for the first time in Portugal in Decree-Law No. 648/70 of 28 December which established a new system for auditing public limited companies. The corresponding regulations were laid down in Decree Law No. 1/72 of 3 January. The profession is currently regulated by Decree Law No. 422-A/93 of 29 December, a legal text comprising the following six sections:

- I. Organization and professional scope;
- II. Professional status;
- III. Firms of statutory auditors;
- IV. Access to the profession;
- V. Community auditors;
- VI. Final and transitional provisions.

Access to the profession of auditor or accountant is duly protected by the above provisions.

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

At **Community level** only statutory audit is regulated in Directive 84/253/EEC (Eighth Company Law Directive) which sets out minimum standards for the approval of statutory auditors in all EC member States.

For all member States except Luxembourg, Greece, Ireland: see answers in column 1 of the OECD survey (S/WPPS/W/4/Add.1 of 5 January 1996).

Austria

The accountancy sector is strictly regulated by law and professional self-regulation within the legal framework:

1. Legal basis (Federal Law, Ordinances of Ministry for Economic Affairs)

(a) Federal Law

- *Wirtschaftstreuhänder-Berufsordnung - WTBO*, Federal Law Gazette 125/1955; last amendment Federal Law Gazette 774/1992.
- *Wirtschaftstreuhänder-Kammergesetz - WTKG*, Federal Law Gazette 20/1948; last amendment Federal Law Gazette 341/1991.
- *Wirtschaftstreuhänder-Disziplinarordnung - WTDÖ*, Federal Law Gazette 63/1962; last amendment Federal Law Gazette 654/1988.

(b) Ordinances of the Ministry for Economic Affairs

- *Wirtschaftstreuhänder-Prüfungsordnung*, Ordinance published in Federal Law Gazette 45/1983; last amendment Federal Law Gazette 21/1989.
- *Wirtschaftstreuhänder-Prüfungsgebührenverordnung*, Ordinance published in Federal Law Gazette 46/1983.

2. Limited delegation of power for self-regulation by the Chamber (within the framework of the legal instruments mentioned above)

- *Autonome Honorarrichtlinien - AHR* (General rules for fee-setting), Decision of Chamber of 1992.
- *Allgemeine Auftragsbedingungen - AAB* (General framework for the provision of services), Decision of Chamber 1992.
- *Wettbewerbsrichtlinien* (Competition rules): Decision of Chamber 1993.

Belgium

The sector is regulated by a combination of legal provisions and regulatory provisions, the latter issued by the professional institutions to which each one of the professions is attached.

Denmark

Regulation of the accountancy profession is effected by act or proclamation issued under an act.

Finland

The accountancy sector is regulated by the Auditing Act (936/94), the Auditing Ordinance (1379/94), the Decisions of the Ministry of Trade and Industry (519/95, 1477/95), the Bylaws of KHT-auditors (13 December 1994), the Bylaws of HTM-auditors (13 December 1994) and the Bylaws of KHT firms of auditors and HTM firms of auditors (13 December 1994).

The accountancy in the public sector is regulated by the Ordinance concerning the examination of an auditor in the public administration and finance (926/91, 995/93, 477/96).

Greece

By law.

Italy

The accountancy sector is regulated by law, regulations issued by a statutory agency, and by self-regulations.

Ireland

The accountancy profession in the Republic of Ireland is regulated by a combination of law and of profession self-regulation. See also answer in IFAC survey, questions B.1 and 2.

Luxembourg

The profession is regulated by legal provisions (Law of 28 June 1984, Mem. 1984, 1346; Grand-Duchy Regulation of 13 January 1994), as well as by the *Institut des réviseurs d'entreprises* (Institute of Statutory Auditors), which plays a disciplinary role, issues recommendations, ensures observance of the rules of professional conduct and defends the interests of the profession.

Portugal

By law, on the basis of the provisions explained under answer to question 1.

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

No legislation at **Community level**.

Austria

In Austria there are strict legal regulations concerning the use, wording and protection of professional titles of natural persons and of firms (legal persons, partnerships). According to Article 2 and Article 30 of the WTBO only the following legal names are allowed to be used by firms:

1. As a general comprehensive term (Article 30 WTBO)
 - (a) "Public Accountancy Company" ("*Wirtschaftstreuhandgesellschaft*")
2. According to the specific profession (Article 2 WTBO)
 - (a) Certified Public Accountancy Company ("*Wirtschaftsprüfungs - and Steuerberatungsgesellschaft*")
 - (b) Licensed Tax Advising Company ("*Steuerberatungsgesellschaft*")
3. Legal persons may add the wording of their firm (Article 30, paragraph 4 WTBO)
4. Partnerships may add the names of the partners (Article 30, paragraph 4 WTBO)

Belgium

In Belgium, company names may be protected either by a trademark (Benelux Convention on Trademarks, approved by the Law of 30 June 1969), or by application of the notion of unfair competition contained in the Law of 14 July 1991 on trading practices and consumer information. Moreover, in cases of misconduct, damage and a causal link, the injured party may invoke civil liability in court.

Germany

The law regulating the profession of *Wirtschaftsprüfer* and the law regulating the profession of *Steuerberater* (professional laws) prescribe for instance that a recognized "*Wirtschaftsprüfungsgesellschaft*" or "*Steuerberatungsgesellschaft*" must include the professional designation "*Wirtschaftsprüfungsgesellschaft*" or "*Steuerberatungsgesellschaft*" as part of its name. Also applicable are the commercial and competition law.

Denmark

State Authorized Public Accountants and Certified Accountants may operate a business in limited company or private limited company form. The names of limited companies and private limited companies are protected under the respective Companies Act, *Aktieselskabsloven* and *Anspartsselskabsloven*. Names of companies must be clearly distinguishable from one another. The following may not be used: surnames, company names, proper names on real estate, trademarks, logos, etc. to which the company is not entitled, and the names may not be deceptive.

Spain

A company name gets protection when registered in the National Board of Patents and Trademarks (*Oficina Española de Patentes y Marcas*), according to the Law of Trademarks (*Ley de*

Marcas) of 10 November 1988. Protection for names can be obtained as a trademark or as a business name.

France

Company names are protected by law in the case of both national and foreign firms. Partners may choose a name freely as long as they do not infringe on the rights of third parties. Only companies recognized by professional bodies the *Ordre des Experts-comptables* (Association of Professional Accountants) and the *Compagnie nationale des commissaires aux comptes* (National Society of Statutory Auditors) i.e. members of those bodies, are entitled to use the titles *société d'expertise-comptable* (accounting firm) or "*commissariat aux comptes*" (auditing firm).

Finland

A company name gets protection when registered in the National Board of Patent and Registration in Finland, or by establishment of the name.

Greece

The general provision of Commercial Law for the protection of Company names apply.

Italy

Provisions to protect company names are provided for by Article 2564/2566 of the Italian Civil Code. As a general provision, companies are not allowed to conduct professional activities. However, external auditing supervised by CONSOB (Italian Companies and Securities Commission) must be conducted only by auditing firms registered as companies.

Ireland

The Registration of Business Names Act, 1963, which applies to businesses established in the Republic of Ireland requires registration by every business, whether body corporate firm or individual carrying on businesses under a business name which does not consist of its corporate name without any addition/its surname/s without any addition. The Minister for Enterprise and Employment (formally the Minister for Industry and Commerce) " ... may refuse to permit the registration under this Act of any name which in his opinion is undesirable". For accountancy firms, each professional body imposes control/voting requirements which must be met by individuals holding the professional title that body confers. For firms of chartered accountants the relevant percentage is 75, for firms of certified accountants it is 51 per cent.

Luxembourg

Company names, whether national or foreign, may be protected by prior registration with the Benelux Registry of Trademarks and/or the Law on Unfair Competition of 27 November 1986, amended by the Law of 29 May 1992.

Réviseurs d'entreprises (statutory auditors) grouped together within one legal entity exercise a profession even if they are salaried employees. In other words, the commercial nature of such entities is not automatically recognized and this could lead to difficulties in the courts, even the civil courts. The Law on Unfair Competition punishes acts or practices which cause or aim to cause confusion between services, products and corporate names where commercial activities are involved.

The Netherlands

Company names, whether national or foreign, are protected by law (*Handelsnaamwet, Stb.* 1954, 410). This law is applicable to business enterprises only. It is questionable whether a firm of accountants is a business enterprise or not, as it is argued that the exercise of a liberal profession is not a business. As no case has been brought before the courts until now, it is uncertain how the law on this issue must be interpreted. However, in civil law (tort law) adequate protection can be found against illegal use of a company name. A company may be called *Accountantskantoor* if an AA or RA is part of the management of the company. This is in line with the provision that only AAs or RAs may call themselves "accountants".

Portugal

Certified accountants and statutory auditors can form companies. Registration is governed by the provisions of Decree Law No 422-A/93 and 265/95.

Sweden

Company names are protected either through registration of the company or the establishment of the company on the market.

United Kingdom

Company names are protected in the United Kingdom by one or more means. The national register of limited companies permits a company to use a particular name only if it is satisfied that no other exists that is likely to cause confusion in the mind of the public. This protection is extended to any company, national or foreign, which is able to satisfy the registration criteria.

With respect to accountancy firms (which usually exist in the legal form of partnerships, rather than companies), the professional bodies concerned impose requirements relating to control/voting rights which must be in the hands of individuals holding the professional title which that body confers. In order to be able to describe the firm as "chartered accountants" 75 per cent of control/voting power must be held by chartered accountants. In the case of firms of certified accountants, the percentage is 51 per cent.

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)?

Austria

1. The main professional body with obligatory membership is the Chamber of Public Accountants (*Kammer für Wirtschaftstreuhänder*) which is a member of FEE, IFAC, CFE. The tasks and duties of the Chamber are regulated by law (*Wirtschaftstreuhänder-Kammergesetz - WTKG* Federal Law Gazette 20/1948, last amendment Federal Law Gazette 341/1991). Tasks and duties are listed in Article 2 of the WTKG. They are split in autonomous duties, particularly concerning professional interests, and duties entrusted to the Chamber by the State as an administrative body through a limited delegation of power.

- (a) Autonomous duties are in particular:
 - The representation of the common professional interests of the *Wirtschaftstreuhänder* (natural persons) and the *Wirtschaftstreuhändergesellschaften* (legal persons and partnerships);
 - to provide sound ethical exercise of the profession (Article 47 WTBO);
 - to settle disputes between members in professional questions (Article 25 WTBO);
- (b) Administrative and regulatory duties entrusted to the Chamber under the supervision of the Ministry for Economic Affairs are in particular:
 - admission of new members (licensing of natural persons, granting practice-right for legal persons and partnerships);
 - admission of foreign professionals;
 - maintaining the Register of Public Accountants and Licensed Tax Advisors;
 - organization of professional examinations.

2. The "Institute of Austrian Certified Public Accountants" (*Institut Österreichischer Wirtschaftsprüfer*) is a private association of Chartered Accountants. It is regulated by their own statute within the framework of the Law of Associations ("*Vereinsgesetz*"). This body acts as a body of interest, issues technical and professional pronouncements and is engaged in continuing professional education; Member of FEE and IFAC.

Belgium

As there are three different professions, there are also three institutions recognized by law as regulatory and disciplinary bodies:

- The *Institut des Réviseurs d'Enterprises (IRE)* (Institute of Statutory Auditors) set up by the Law of 22 July 1953;
- the *Institut des Experts-Comptables (IEC)* (Institute of Professional Accountants) set up by the Law of 21 February 1985;
- the *Institut Professionnel des Comptables (IPC)* (Professional Institute of Bookkeepers) set up by the Law of 1 March 1976.

In addition, the *Conseil Supérieur du Revisorat d'Enterprises et de l'Expertise Comptable* (Higher Council of Auditing and Accountancy), set up by the Law of 29 June 1993, ensures that *experts comptables* and *réviseurs d'entreprise* carry out their missions in the interests of the general public.

Denmark

The professional organizations in Denmark are: with respect to State-authorized public accountants, the Institute of State-Authorized Public Accountants (*Foreningen af Statsautoriserede Revisorer, FSR*) and for certified accountants, the Institute of Certified Accountants (*Foreningen af*

Registrerede Revisorer, FRR), both of which were established voluntarily. State-authorized public accountants and certified accountants are not required to be members of their respective associations.

Under LSR and LRR, the two institutes have established disciplinary committees to which complaint against State-authorized public accountants or certified accountants can be brought, irrespective of whether the accountants in question are members of the relevant association. Complaints cannot be made to the disciplinary committees about accountants' fees, and the committees cannot consider collegiate cases.

Under Danish law, the two institutes have no other functions.

France

Commissaires aux comptes (statutory auditors): The professional body is the *Compagnie nationale des commissaires aux comptes* (National Society of Statutory Auditors), with powers similar to those of the *Ordre des Experts-comptables* (Association of Professional Accountants) and operating under the supervision of the Ministry of Justice.

Experts-comptables (professional accountants): The Order of 19 September 1945 as amended establishes the *Ordre des experts-comptables* (Association of Professional Accountants) and regulates the use of the title and the practice of the accountancy profession. The *Ordre* has regulatory and disciplinary powers over its members. However, certain regulations are subject to approval by the Ministry of Economic Affairs and Finance, which supervises the accountancy profession.

Finland

- The Finnish Institute of Authorized Public Accountants
- the Registered Association of Approved Accountants
- the Association of Chartered Public Finance Auditors

The above-mentioned bodies are not recognized by law. Regulatory and disciplinary functions are fulfilled by:

- The Auditing Board of the State within the Ministry of Trade and Industry;
- the Auditing Board of the Central Chamber of Commerce (KHT);
- the Auditing Committee of a regional Chamber of Commerce (HTM; at the moment there are 21 Committees);
- the Auditing Board of the Chartered Public Finance Auditors within the Ministry of Finance (JHTT).

Greece

- (a) The professional body for accountants is the Economic Chamber of Greece, which is recognized by law.
- (b) For statutory auditors the professional body (both regulatory and disciplinary) is the Council of Surveillance of the Institute of Statutory Auditors.

Italy

- *Consiglio Nazionale Dottori Commercialisti (CNDC)*
- *Consiglio Nazionale dei Ragionieri e Periti Commerciali (CNRPC)*

The above bodies are recognized by law (see answer to question 1 above) and supervised by the Ministry of Justice.

CONSOB is in charge for the overseeing of auditing firms.

Ireland

The professional accountancy bodies in the Republic of Ireland are:

- The Institute of Chartered Accountants in Ireland;
- the Chartered Association of Certified Accountants;
- the Institute of Certified Public Accountants in Ireland;
- the Institute of Chartered Accountants in England and Wales;
- the Institute of Chartered Accountants of Scotland;
- the Institute of Incorporated Public Accountants.

These professional bodies are recognized by the Minister for Enterprise and Employment. A person who is a member of one of those bodies and holds a valid practising certificate is qualified to act as statutory auditor. A judicial review of the Minister's decision to grant recognition to the Institute of Incorporated Public Accountants has been sought and the case will be heard in Autumn 1996. In the meantime the body continues to be recognized. In obtaining such recognition the professional bodies have to satisfy the Minister for Enterprise and Employment that:

"That the standards relating to training, qualifications and repute required by that body for the awarding to a person of practising certificate are not less than those specified in Articles 3 to 6, 8 and 19 of the Council Directive, and

As to the standards it applies to its members in the areas of ethics, codes of conduct and practice, independence, professional integrity, technical standards, disciplinary procedures..."

The Minister has the power to require submission to him for approval a code prescribing standards of professional conduct for the members of a recognized accountancy body with, in such circumstances, the further power to make provision for the function of monitoring compliance by individuals with that code.

Portugal

1. Chamber of Statutory Auditors - membership of this body, which represents and groups together statutory auditors, is compulsory. It is a public legal person.

2. Association of Certified Accountants - membership of this body, which represents the interests of this professional category, is compulsory. It is a public legal person.
3. Portuguese Accountancy Society - a private association whose members are graduates of the Higher Institutes of Accountancy, or have a *licenciatura* (full university degree) from specific institutes where these subjects are taught.
4. Portuguese Accountancy Association - same characteristics as the above.
5. APOTEC - Portuguese Association of Accountants - private association of accountants.
6. APECA - Portuguese Association of Accountancy, Audit and Administration firms - a non-profit making employers' association.

Sweden

The Swedish Association of Authorized Public Accountants and the Swedish Society of Registered Accountants. It is not mandatory to be a member of these bodies. The regulatory and disciplinary functions are fulfilled by the Supervisory Board of Public Accountants.

See also answers in Chapter A of IFAC survey for all member States except: Greece, Portugal and Finland.

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

Austria

	<u>Chamber</u>	<u>Institute</u>
- In public practice	4,992 (see (1) below)	500
- in industry or commerce		
- in the public sector		
- in education	2,320 (see (2) below)	
- unoccupied (retired, etc.)	n.a. (see (3) below)	

1. Chamber of Public Accountants: 4,992 members, 953 are "certified public accountants", 4,039 are "licensed tax advisors". Members are in public practice only.
2. Candidates to become licensed tax advisors: 2,176, candidates to become certified public accountants 144.
3. Public accountants who give up public practice for only a short time do not lose membership but have a "dormant licence" for this particular time (Article 40, paragraph 5 WTBO: *Ruhen der Befugnis*).

4. Institute of Austrian Certified Public Accountants: approximately 500 members, only in public practice.

Belgium

As of 31 December 1995, the IEC comprised 6,372 individual members of which 2,967 were internal and 3,045 were external, and 1,082 accountancy firms. The IRE had 923 individual members and 196 auditing firms.

A more detailed breakdown by sector is unavailable.

Denmark

Of a total of 2,805 State authorized public accountants in April 1996 the Institute of State Authorized Public Accountants (FSR) had 2,585 members of whom 1,959 with licence and 626 with deposited licence (retired or employed elsewhere).

The estimated proportions of members are:

-	In public practice	2,000
-	in industry or commerce	500
-	in the public sector	10
-	in education	10
-	unoccupied (retired, etc.)	100

Membership of the Institute of State Authorized Public Accountants is not mandatory, but approximately 95 per cent of State authorized public accountants with licence (in public practice) are members of the Institute.

The FRR counts 3,254 members composed of 2,940 ordinary members and 314 extra-ordinary members.

Statistics for proportions of members of FRR working in different sectors are not available. Of the ordinary members of the FRR, however, a vast majority is employed in private accountancy practices.

France

Commissaires aux comptes (statutory auditors): 13,000 members of the professional organization, of which 750 are legal persons.

In 1995, the Ordre des experts-comptables (Association of Professional Accountants) comprised 15,500 independent accountants.

Finland

There are 567 KHT-accountants, 1,134 HTM-accountants 21 KHT firms of auditors, 26 HTM firms of auditors and 127 JHTT auditors at the moment.

The estimated proportions being:

-	In public practice	80% *
-	in industry or commerce	10% *
-	in the public sector	100% **
-	in education	5% *
-	unoccupied (retired, etc.)	-
-	other	5% *

* KHT-accountants

** JHTT-auditors

Greece

The total number of certified members of the Economic Chamber is 30,000, which includes professionals other than accountants.

The Institute of Statutory Auditors has 850 members all in public practice.

The registry of accountants - tax consultants, as well as consultants is in the development stage.

Italy

CNDC: about 42,000 (80 per cent in public practice)
CNRPC: 35,000 (80 per cent in public practice)

Ireland

- 2,475 in public practice
- 1,421 employed in practice
- 661 retired, maternity leave, unemployed, etc.
- 6,173 members in business
- 398 education
- 505 public sector

These statistics are as at 1 June 1996 and cover membership in this country only. Some of the bodies based here have a significant membership in Northern Ireland and in the United Kingdom.

Portugal

There are currently 959 names on the list of statutory auditors and 140 firms of statutory auditors.

The process of registering certified accountants and/or firms is still under way and it is therefore impossible to say how many there are.

There is no information available on the breakdown of accountants among the different professional categories.

Sweden

The Swedish Association of Authorized Public Accountants has 2,354 members. The Swedish Society of Registered Accountants has 2,180 members.

See also answers in Chapter A of IFAC survey for all member States except: Greece, Portugal and Finland.

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

For all member States except Luxembourg, Greece, Ireland: see answers in Column 4 of OECD survey (S/WPPS/W/4/Add.1 of 5 January 1996). For Ireland, Luxembourg: see question B.4 of IFAC survey and additional information hereunder.

Austria

1. With the exception of "public sector audits" all activities are regularly practised by public accountants. Within this professional group the different activities are attributed by law to the two different professions in the accountancy sector. The relevant professional authorization is regulated in the WTBO:

Article 31 WTBO: Certified Public Accountant (*Beeideter Wirtschaftsprüfer und Steuerberater*) and Certified Public Accountancy Company (*Wirtschaftsprüfungs- und Steuerberatungsgesellschaft*)

- in particular statutory audit
- from the list above: all activities except public sector audit

Article 33 WTBO: Licensed Tax Advisor (*Steuerberater*) and Licensed Tax Advising Company (*Steuerberatungsgesellschaft*)

- from the list above: "accounting", "insolvency practice", "tax advice", "tax representation", "investment advice", "consulting".

Belgium

The table appearing on page 9 of document OCDE S/WPPS/W/4/Add.1 is incorrect, and should be revised in connection with each of the items taken up under question 6.

Statutory audit

This activity is exercised exclusively by *réviseurs* (statutory auditors), subject to the power to represent partners granted to *experts-comptables* (professional accountants) under Article 64 §2 of the Law of 13 April 1995 in cases where the appointment of a *commissaire-réviseur* (statutory auditor within a company) is not required in view of the size criteria set forth in Article 12 §2 of the accountancy law of 17 July 1975.

As a rule, a *commissaire-réviseur* is required in all large companies (see size criteria in the accountancy law) and in all companies with a works council.

Audit of mergers

Under the new provisions of the Law of 13 April 1995 amending the coordinated laws on commercial companies (Article 174/3 and 174/29) it is possible to have recourse to the services of a *réviseur* or an *expert-comptable* in cases where there is no *commissaire-réviseur*.

Audit of contribution in kind

Activity restricted exclusively to the company's *commissaire-réviseur* or, where there is none, to a *réviseur d'entreprise* appointed for that purpose (Article 34 §2, Law of 13 April 1995).

Public sector audit

Activity restricted to *réviseurs*.

Other audits

Not restricted to the accountancy professions.

Accounting

This activity is mainly restricted to *experts-comptables* and *comptables* (bookkeepers), with *réviseurs* intervening only occasionally pursuant to Article 3 of the Law of 22 July 1953.

Insolvency practice

With the exception of Article 178 *bis* of the Law of 13 April 1995 providing for the intervention of a *commissaire réviseur*, or if there is none, a *réviseur* or *expert-comptable* in connection with the winding up of companies, whatever their origin, no provision has yet been made in this area.

Tax advice

This activity has not yet been regulated, and may be practised by the three professions.

Tax representation

Monopoly of lawyers.

Investment advice

Commercial activity not open to the accountancy profession. Moreover, this type of activity is supervised by the *Commission Bancaire et Financière* (Banking and Finance Commission).

Consulting

Not regulated, and may be practised by the three professions.

Expert witness in accounting

Open to the accountancy professions.

Denmark

The activities of State authorized public accountants and certified accountants are regulated by legislation. For both groups the area of business is defined as "auditing of annual accounts etc. and providing advice and assistance in connection therewith, and within related areas". Under the definition, the primary activity is auditing of annual accounts.

Finland

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

Greece

Statutory audit; consulting on investment, tax and financial issues; business management and monitoring of accounting department, full preparation and signing of annual accounts of business enterprises.

Italy

Activities regularly practised:

- Statutory audit (Article 2394 Civil Code and DPR 136/75)
- audit of mergers (DPR 136/75 and Article 2501 Quinquies Civil Code)
- audit of contributions in kind (Article 2343 Civil Code)
- other audits
- accounting
- tax advice
- tax representations

- insolvency practice
- financial and management consulting
- expert witness in accounting

Activity not regularly practised:

- Assignment in judicial proceeding

Activity forbidden to accountants:

- Commercial activity

Auditing companies authorized by CONSOB may conduct only the following:

- Statutory and voluntary auditing
- Audit of mergers and opinion on the increase of capital with exclusion of pre-emptive rights
- Accounting organization

Ireland

Yes to all.

Portugal

Besides activities in the tax field, accountants can also work in consultancy or education. They can work on a self-employed or an employed basis.

Statutory auditors carry out statutory audits and issue the corresponding opinion on the accounts of public limited companies and private limited companies of a certain size, defined by law. The exception is public undertakings as defined in Decree-Law No. 260/76 of 8 April, where these tasks are performed by the Inspectorate-General of Finance.

Besides consultancy and teaching work, statutory auditors can perform various other functions. Some of the activities given in the Code of Commercial Enterprises include:

- Public sector audits
- audit of contributions in kind
- mergers
- representation of bond holders

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

For all member States except Luxembourg, Greece, Ireland: see answers in column 4 of OECD survey (S/WPPS/W/4/Add.1 of 5 January 1996).

For Luxembourg: see questions B.4 and 8 of IFAC survey.

European Community

At Community level only statutory audit is regulated in the form of minimum requirements for the approval of statutory auditors (Directive 84/253/EEC).

Austria

1. All activities listed in question 6 are regulated by law. Some of these activities are attributed to "public accountants" only, others - in particular "investment advice" and "consulting" - are not reserved to "public accountants" but may be practised also by other regulated professions, such as "business consultants and organizers" - *Unternehmensberater und -organisatoren* (Article 124 lit. 22 of the Crafts, Trade and Industry Act - *Gewerbeordnung 1994*) or "investment consultants" - *Vermögensberater* (Article 124 lit. 23 of the Crafts Trade and Industry Act - *Gewerbeordnung 1994*) or "insurance agents" - *Versicherungsmakler* (Article 124 lit. 24 of the Crafts, Trade and Industry Act - *Gewerbeordnung 1994*). Insolvency practice and tax representation are generally practised by lawyers. Public accountants are admitted to tax representation only before the Fiscal Authority.

2. In any case all listed activities are regulated by law and need a particular professional education/training/proof of competence set by federal law or respective public ordinances.

Belgium

See the previous reply. Other activities are also open to *réviseurs* (statutory auditors) and *experts-comptables* (professional accountants):

- Conversion of a company (Articles 164 §2 - 166 and 167 of the Law of 13 April 1995);
- conversion of a non-profit-making association into a company with social objects (Article 26 *ter* of the Law of 27 June 1921);
- limitation of the right of preference (Article 34 *bis* of the Law of 13 April 1995);
- share issues without designating the nominal value under the accounting par value (Article 33 *bis* §6 - Law of 13 April 1995).

Denmark

Accountancy activities are governed by legislation. Under the Danish Presentation of Accounts Act, the annual accounts of companies covered by the Act must be audited by State authorized public accountants or by certified accountants. Listed companies must, however, be audited by at least two accountants, one of whom must be a State authorized public accountant.

Finland

- Statutory audit
- audit of mergers
- audit of contributions in kind
- consulting

Greece

Generally the profession of economists is regulated.

Statutory auditors are already regulated; regulation concerning the accountancy tax consultancy is pending (i.e. draft Presidential Decree).

Italy

The regulated activities are: statutory auditing; audit of mergers; audit of contributions in kind; public sector audit; other audits; expert witness in accounting; tax representation and insolvency practice.

Ireland

Statutory auditing, the audit of mergers subject to the European Communities (Mergers and Divisions of Companies) Regulations, 1987 - SI 137 of 1987 (which implements in the Republic of Ireland the EU Third and Sixth Directives), the audit contributions in kind subject to the provisions of the Companies (Amendment) Act, 1983 (implementing in the Republic of Ireland the EU Second Directive), as well as the provision of "investment services" as defined by the Investment Intermediaries Act, 1995, are all activities carried on by accountants subject to statutory regulation. See also answers to questions B.4 and 8 of IFAC survey.

Audits in the public sector are either governed by specific legislation relating to the entity concerned, or are subject to the general statutory framework governing converging the activities of the Comptroller and Auditor General and the activities of local authority auditors under the remit of the Department of the Environment. Insolvency practice is subject to the requirements of the Companies Acts, 1963 to 1990, and in the case of Court Liquidations, by the Rules of the Superior Courts.

The professional bodies have bye-laws/rules with which members in public practice are required to comply including technical standards which the work carried out must meet, ethical considerations to be borne in mind, holding of professional indemnity insurance, etc.

Portugal

In addition to the above answers it should be noted that statutory auditors must pursue their activities with complete operational and hierarchical independence.

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?

For all member States except Luxembourg, Greece, Ireland: see answers in column 4 of OECD survey (S/WPPS/W/4/Add.1 of 5 January 1996).

For Luxembourg: see IFAC survey.

Austria

1. Reserved by law to the certified public accountant *Beeideter Wirtschaftsprüfer und Steuerberater* and certified public accountancy company *Wirtschaftsprüfungs- und Steuerberatungsgesellschaft*:

- Statutory audit;
- all auditing tasks (statutory audit, audit of mergers, audit of contributions in kind);
- expert witness in accounting;
- all tasks attributed to the licensed tax advisor.

2. Reserved by law to public accountants (both regulated professions: certified public accountant *Beeideter Wirtschaftsprüfer- und Steuerberater* and certified public accountancy company *Wirtschaftsprüfungs - und Steuerberatungsgesellschaft* as well as licensed tax advisor *Steuerberater* and licensed tax advising company *steuerberatungsgesellschaft*:

- Accounting;
- consulting in bookkeeping work;
- bookkeeping work.

3. Share with other professions:

- Tax advice and tax representation with lawyers;
- consulting (economically) in particular with "business consultants and - organizers" (see question 7 above);
- investment advice in particular with the banking sector, "investment consultants" (see question 7 above) and "insurance agents" (see question 7 above);
- consulting (legally) with lawyers; legal consultancy of public accountants is restricted to consulting only if directly connected with other matters carried out for the principal.

4. Forbidden or incompatible to "public accountants" (all two professions):

- Consulting in legal matters (with exceptions of matters directly connected with accountancy work);
- personal performance of a trade;
- work as an employee;
- work as a civil servant;
- work as an authorized representative of a joint stock company if not compatible with his professional tasks.

Belgium

See answer to question 7.

Denmark

See answer 7 above. There is no prohibition against auditing by State authorized public accountants.

The same applies to certified accountants, apart from the fact that certified accountants may not audit listed companies alone, and may not audit bank and savings bank limited companies and companies in which the balance sheet sum exceeds DKr 75 million, and if the net turnover exceeds DKr 150 million, or if the average number of full-time employees during the financial year exceeds 250 and either the balance sheet or the net turnover has exceeded the above limit.

Finland

Statutory audit, audit of mergers and audit of contributions in kind can be exercised only by auditors.

Greece

Statutory audit can be exercised only by auditors.

Specific accounting functions such as preparation of company accounts, as well as analysis, development and implementation of accounting systems can only be performed by business school graduates with the necessary professional experience. Other functions, such as application of tax legislation can also be performed by lawyers.

Italy

- Statutory auditing: reserved to accountants and lawyers
- audit of mergers: not explicitly reserved to accountants by law
- public sector audit: reserved to accountants
- other audits: not reserved
- accounting: not reserved
- tax advice: shared (lawyers and others)
- consulting: not explicitly reserved to accountants by law
- expert witness in accounting: not explicitly reserved by law
- tax representations: shared with lawyers
- insolvency practice: shared with lawyers
- commercial activity: forbidden to accountants

Ireland

None of the activities listed in A are prohibited to accountants in Ireland. However, in the particular circumstances of an individual undertaking/group of undertakings, the carrying out of one or more of these activities by an accountant/firm of accountants may preclude him/them - because of statutory and/or professional requirements in relation to integrity and independence - from carrying out other activities on the list for that undertaking/group of companies.

Statutory auditing is restricted by law to members of the recognised professional bodies of accountants, or other individuals that the Minister is satisfied hold an equivalent accountancy qualification such as would entitle him/her to be granted a practising certificate by one of the recognized bodies, or a person who holds an audit qualification granted under the law of another country and the Minister is satisfied that the person applying "... have an adequate knowledge of the law and practice in the State relevant to the audit of accounts...".

Where the audit of mergers or of contributions in kind relate to circumstances governed by the Companies (Amendment) Act, 1983 and the 1987 "Merger Regulations" (see answer 6 above) such work is reserved to those persons acting as auditors of the undertaking/s concerned or who are qualified so to act. Where an audit is carried out of contributions in kind or mergers not governed by this legislation such audits may (but in practice rarely are) be carried out by non-accountants.

Certain audits in the public sector can only be carried out by the Comptroller and Auditor General or by local authority auditors. The other activities may be carried out by persons without an accounting professional qualification. However, professionally qualified accountants are the market leaders in such activities.

Portugal

See answer to question 7.

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.

European Community

Minimum qualification requirements for professionals approved for carrying out statutory audits are set out in Council Directive 84/253/EEC (Eighth Company Law Directive). [Member States may go beyond these minimum requirements and often do so, at least in some respects.]

The minimum education and qualification requirements are:

- (1) To have attained university entrance level;
- (2) To have then completed a (post-secondary) course of theoretical instruction. [In general member States require the completion of at least three years of theoretical instruction in a university, higher education establishment or another establishment of similar level culminating in a university or higher education degree. Some member States require longer university studies.]
- (3) To have undergone practical training of at least three years' duration, carried out under persons providing adequate guarantees regarding training. Two thirds of the practical training must be completed under a statutory auditor approved in accordance with the Directive. The practical training must cover, *inter alia*, the auditing of annual accounts, consolidated accounts or similar financial statements.
- (4) To have passed an examination of professional competence of university, final examination level organized or recognized by the State. The examination must cover the subjects specified under 11 unless they are covered by the university degree or an equivalent examination.

The Directive also allows member States to approve professionals who have, for 15 years, engaged in professional activities which have enabled them to acquire sufficient practical experience in the fields of finance, law and accountancy and have passed the professional examination referred to under (4), or if they can show that they have, for seven years, engaged in professional activities in those fields and have, in addition, undergone the practical training referred to under (3) and have passed the professional examination referred to under (4).

See also answers in the OECD survey column 2 (see document S/WPPS/W/4/Add.1).

Austria

1. Certified public accountant *Beeideter Wirtschaftsprüfer und Steuerberater* and certified public accountancy company *Wirtschaftsprüfungs- und Steuerberatungsgesellschaft*:

- University degree in commercial science, economics, law, political science, technical science, agricultural science;

- Professional practice of at least three years as a candidate in an office of a certified public accountant (*Beeideter Wirtschaftsprüfer und Steuerberater*) or of a certified public accountancy company (*Wirtschaftsprüfungs- und Steuerberatungsgesellschaft*) or in an office of a licensed tax advisor (*Steuerberater*) or of a licensed tax advising company (*Steuerberatungsgesellschaft*);
- Professional examination for licensed tax advisor (*Steuerberater*)
- Practical experience of at least three years as a licensed tax advisor (*Steuerberater*) or as a managing director in a licensed tax advising company (*Steuerberatungsgesellschaft*);
- Professional examination for Certified Public Accountant (*Beeideter Wirtschaftsprüfer und Steuerberater*).

2. Licensed tax advisor (*Steuerberater*) and licensed tax advising company (*Steuerberatungsgesellschaft*):

- University degree in commercial science, economics, law, political science, technical science, agricultural science;
- Professional practice of at least three years as a candidate in an office of a certified public accountant (*Beeideter Wirtschaftsprüfer und Steuerberater*) or of a certified public accountancy company (*Wirtschaftsprüfungs- und Steuerberatungsgesellschaft*) or in an office of a licensed tax advisor (*Steuerberater*) or of a licensed tax advising company (*Steuerberatungsgesellschaft*);
- Professional examination for licensed tax advisor (*Steuerberater*).

Belgium

Access to the profession of *expert-comptable* (professional accountant) is subject to a university or university-level diploma, or at the very least a *graduat* (technical or administrative diploma). Access to the profession of *comptable* (bookkeeper) is subject to a technical secondary education diploma.

Germany

The qualification requirements for *Wirtschaftsprüfer*, are identical, irrespective of the activity exercised.

Denmark

State authorized public accountants and certified accountants must pass special examinations, described below under 11, and after reaching the age of 18, have completed three years of training in the performance of tasks predominantly involved in the auditing of annual accounts, consolidated accounts or similar financial statements in a State authorized public accountant's office, but with regard to certified accountants, in the office of a State authorized public accountant or a certified accountant.

France

Qualification requirements for *experts-comptables* (professional accountants):

An accountancy diploma awarded by the Ministry of Education following completion of a course of higher education including:

- (a) An average of four years of theoretical studies divided into three parts:
 - A preparatory studies diploma prior to accountancy and finance studies (DPECF);
 - accountancy and finance studies (DECF);
 - higher diploma in accountancy and finance (DESCF).
- (b) three years' practical training;

Following this period of training, the candidate must defend a dissertation in order to obtain the accountancy diploma (DEC).

Once he has obtained this diploma, he may register with the *Ordre des experts-comptables* (Association of Professional Accountants), a prerequisite to practising the profession in France.

The qualification and training requirements for the profession of *commissaire aux comptes* (statutory auditor) are as follows:

One of the following two methods:

- Obtaining an accounting diploma involving practical training before obtaining an auditor's diploma (Article 5 of the Decree of 12 August 1969); or
- sitting the qualifying examination for *commissaires aux comptes* after completing a satisfactory period of practical training under a training supervisor approved by the regional council (Article 3-1 *et seq.* of the Decree of 12 August 1969).

Period of practical training (Article 4 of the Decree):

This lasts three years. It must be with a natural person or a company appearing on the list of *commissaires aux comptes* and approved for the purpose by the regional council. It may also be:

- (a) Under a person approved by a member State of the European Communities for the statutory audit of accounts, for a period of up to two years;
- (b) under any person other than those carrying out the statutory audit of accounts in France and other European Community member States who offers sufficient guarantees with respect to the training of the person in question, for a period of up to one year.

Once the practical training has been duly completed, a certificate is issued giving an assessment by the chairman of the regional council based on the report by the training supervisor.

In order to be able to sit the qualifying examination the candidate must be in possession of one of the diplomas appearing on the list established by the Order of 11 January 1991, which includes, *inter alia*:

- The *diplôme national d'enseignement supérieur* (national higher education diploma) awarded on completion of at least three years of study following the baccalaureate examination;
- Diploma countersigned by the Minister for National Education, granted by a higher education establishment for business and management studies recognized by the State and empowered to deliver such a diploma;
- Higher Diploma in Accountancy (DECF);
- Accountancy and Finance Diploma (DECF);
- Higher Diploma in Accountancy (DESCF);
- engineering degree or Phd in engineering from one of the engineering schools appearing on the list established by the committee on engineering qualifications.

French nationals, as well as nationals of other countries, holding a diploma deemed to be of equivalent level to those covered by the Order of 11 January 1991 by the Minister for Justice and the Minister for Higher Education are also entitled to sit the examination for *commissaires aux comptes* once they have completed the training period.

Finland

KHT

- 4-5 years of university/higher education
- 5 years of practice
- professional examination

HTM

- 3 years of university/higher education
- 5 years of practice
- professional examination

JHTT

- 3 years of university/higher education
- 5 years of practice
- professional examination

The difference between the two first mentioned groups exists in their education requirements and in their audit rights. KHT-accountants may audit all types of companies and HTM-accountants may audit all other companies except for the largest companies and the listed companies. JHTT-auditors audit in public sector.

Greece

Higher education or university degree and practical experience will determine the rank within the three qualification levels. For the Institute of Statutory Auditors the prerequisites are: university

degree, practical experience and passing the professional examination. However, as it has been mentioned above, the profession of accountant-tax consultant is in the process of being regulated.

Italy

Registration to the professional list for both categories of professionals.

Dottore Commercialista requirements: university degree in economics or in political science (four years) + three years of practice + professional exam.

Ragioniere e Perito Commerciale requirements for registration are provided for under Article 31 of DPR 27 October 1953 No. 1068 as amended by Law of 12 February 1992 No. 183. According to the present regulation, in order to be recognized as a professional accountant the candidate must be:

- Licensed as *Ragioniere e Perito Commerciale* + university degree (only three years) + three years training + professional exam; or
- licensed as *Ragioniere* + university degree in law or economics + two years training + professional exam.

Registered auditors requirements: university degree in economics or law + three years training + professional exam.

Ireland

To act as a statutory auditor a person must be a member of the recognized professional bodies of accountants, or an individual that the Minister is satisfied holds an equivalent accountancy qualification such as would entitle him/her to be granted a practising certificate by one of the recognized bodies, or a person who holds an audit qualification granted under the law of another country and the Minister is satisfied that the person applying "... have an adequate knowledge of the law and practice in the State relevant to the audit of accounts ...".

It is possible for a student, having completed his or her second level schooling and having obtained a specified qualification standard to train to be a professionally qualified accountant over a period of five years. However, nowadays over 90 per cent of accountancy students in the Republic of Ireland are university graduates.

The training period for university graduates is from three to three and a half years, depending on the direct relevance of accounting to the degree acquired and whether the student has subsequently completed a recognized post-graduate programme. The students enter into a training contract with a firm of practising accountants. A student must serve in the designated training office for a minimum period of two and a half years. A minority opt to train in industry, following which they must complete a specific conversion if they wish to be admitted in due course as registered auditors.

Students must successfully complete a series of examinations, up to 17 in total. Exemptions are available from certain papers for those holding relevant degrees or other qualifications but all students must sit all papers in the final admitting examination.

Prior to admission to membership, students of some accounting bodies must also complete a special computer applications programme Personal Computing for Accountants. Following admission

to membership of one of the individually recognized accountancy bodies, a member must complete two to three years relevant post qualifying experience before they can be admitted to practice.

Luxembourg

Recognition of the status of *réviseur d'entreprise* (statutory auditor) is granted to persons who:

- Have passed the final secondary education examination in Luxembourg or a foreign examination recognized as equivalent;
- hold one or more diplomas certifying that they have the necessary theoretical qualifications (see reply to question 11);
- provide proof that they have completed a three-year period of practical training; and
- possess a diploma obtained following a qualifying examination.

Or:

- Have been accredited in another member State of the European Communities; and
- produce a document certifying that they have passed an aptitude test on the subject of tax law, company law, banking law, insurance law, labour law and social security in Luxembourg.

Or:

- Fulfil the conditions for accreditation set forth in Article 1(a) of EEC Directive 89/48 of 21 December 1988 in another European Community State; and
- produce a document certifying that they have passed a qualifying examination on the above-mentioned subjects.

Or:

- Have been accredited in a third country that imposes conditions which are the same as, or equivalent to, those set forth in Articles 3 to 8 of EEC Directive 84/253 of 10 April 1984 and observed reciprocity for Luxembourg candidates; and
- produce a document certifying that they have passed a qualifying examination on the above-mentioned subjects.

Portugal

The qualifications for statutory auditors are those laid down by the Eighth Council Directive. They must:

- Have a "*licenciatura*" (full university degree) in law, economics, business management, audit or other equivalent courses or a "*bacharelato*" (intermediate degree) in accounting;

- have successfully completed the practical training course which usually lasts three years or a minimum of 700 hours per year;
- have passed the exams.

Certified accountants must:

- Have a higher education/intermediate university degree (*bacharelato*) in accounting. The higher education institutes must have chairs in cost accounting, Portuguese taxation and general accounting; or
- have followed a specific training course for certified accountants.

The examination for statutory auditor covers the following subjects:

- Financial accounting
- management accounting
- financial management
- audit
- information technology
- regulation and performance of professional activities
- professional ethics and code of conduct
- law and taxation
- mathematics and statistics
- economics

United Kingdom

To be registered for audit purposes in the UK it is necessary to be a "qualified individual". A qualified individual is the holder of an appropriate qualification and a practising certificate. An appropriate qualification is defined in the Companies Acts. It can be gained by holding:

- A recognized accountancy qualification awarded by a recognized qualifying body; or
- an approved overseas or other qualification and, where required, successfully completing an additional test.

The following two other areas of accountants' work are also statutorily regulated:

- Insolvency practice: The Insolvency Act 1986 requires that most types of insolvency work be restricted to licensed insolvency practitioners. Licences are issued to named individuals by various recognized professional bodies (RPBs) which include accountants and lawyers.

These bodies prescribe detailed regulations for the granting and renewal of licences. The Department of Trade and Industry also licenses practitioners.

- Investment business: This is an area in which regulation in the United Kingdom is very extensive, stemming from the Financial Services Act 1986. The Financial Services Act 1986 (as amended by the Companies Act 1989) makes it a criminal offence for anyone to conduct investment business without authorization. The Department of Trade

and Industry has designated the Securities and Investments Board ("SIB") to oversee the regulation of investment business. There are currently three self-regulating organizations ("SROs") and nine recognized professional bodies ("RPBs") responsible for the authorization of firms to conduct investment business.

The RPBs comprise the three Institutes of Chartered Accountants, the Chartered Association of Certified Accountants, the three Law Societies, the Insurance Brokers Registration Council and the Institute of Actuaries. A firm of accountants can choose either to go to the relevant professional body for authorization or to one of the SROs.

A Self Regulating Organization is one of the professional bodies whose members would be engaged full-time on this activity. Members of the RPBs (recognized professional bodies), on the other hand, only do a limited volume of investment business, restricted to either 20 per cent or 49 per cent (depending on which RPB) of the total professional practice. In the case of accountants, these limits stand typically at 20 per cent. If exceeded, the firm (or an affiliated company) will need to seek SRO authorization.

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)?

European Community

At Community level there are no other requirements set than those stated in the Eighth Directive 84/253/EEC concerning minimum qualifications for approved statutory auditors. See explanation under question 9.

Austria

1. Minimum age: 22 years at the earliest (maturity exam + university degree).
2. Diploma: University degree in commercial science, economics, law, political science, technical science, agricultural science.
3. Prior education: University education.
4. Registration: Registration as a candidate in the Register of Public Accountants - *Liste der Wirtschaftstreuhänder* at the Chamber of Public Accountants (*Kammer Für Wirtschaftstreuhänder*).
5. Payment of a fee: Chamber-fee as a candidate.

Belgium

Applicants must be members of the relevant institute, meet the diploma and practical training requirements, and pay a fee.

Denmark

Conditions for undertaking training in accountancy: there is no fixed minimum age, and the applicant will typically be a high school graduate aged 18-20. No obligations apply concerning

membership of any professional body or the payment of any fee for undertaking the theoretical education, which is available in public education institutions at university level.

France

Commissaires aux comptes (statutory auditors): in addition to the conditions mentioned under question 9, persons from third countries wishing to sit the aptitude test provided for by the Order of 4 February 1993, must submit an application to the Minister for Justice including:

- A record of personal details and nationality or other such document;
- diplomas, certificates and other qualifications earned and, where appropriate, the attestation mentioned in Article 5-1, paragraph B, of the above-mentioned Decree of 12 August 1969;
- any document showing the precise nature of the higher education studies successfully completed and stating whether the applicant has completed the required practical training;
- where applicable, all documents submitted must be accompanied by a French language translation produced by a translator appearing on the national list of legal experts or one of the lists of legal experts drawn up by the appeal courts.

Exceptions:

Individuals having exercised, over a period of at least 15 years, a public or private activity that has allowed them to acquire experience in the financial, accounting and legal aspects of commercial companies deemed sufficient by the Minister for Justice may be allowed to sit the qualifying examination for *commissaires aux comptes* and be exempted from the practical training.

Exemptions from practical training and the examination:

Holders of accountancy diplomas, professional accountants' certificates or diplomas are exempted from practical training and the professional examination.

The exemption is only applicable, however, if at least two thirds of the practical training stipulated in Article 1 of the Decree of 12 May 1981 concerning accountancy diplomas has been completed either under a person appearing on the list of *commissaires aux comptes* and authorized by the regional council of *commissaires aux comptes* to receive trainees or, subject to an authorization granted to the trainee under conditions set forth in an order issued by the Minister for Justice and the Minister for the Budget, under a person approved by a member State of the European Communities to carry out statutory audits (Article 3 of the Decree).

Persons who are not nationals of an EEC member State (Article 5-2 of the Decree) may be registered on the list of *commissaires aux comptes* without completing the practical training, sitting the qualifying examination or possessing the diplomas stipulated in Article 3 provided they have successfully completed a course of study that meets the required conditions for nationals of the EEC member States:

- (a) A foreign diploma deemed by the Minister for Justice to be of a level equivalent to the qualifying examination for *commissaires aux comptes* or the accountancy diploma and allowing them to exercise the profession in the country of which they are nationals;
- (b) three years of professional experience in the field of statutory audit.

The applicant must sit an aptitude test in accordance with the conditions applicable to citizens of an EEC member State.

Experts-comptables (professional accountants): DPECF (first-level diploma) candidates must have passed either the baccalaureate examination or an officially accepted equivalent or substitute.

Finland

None. See answer to question 9 above.

Greece

The only pre-condition is the educational prerequisite (higher or university education).

Italy

See answer to question 9 above.

Ireland

A student must be at least 18 years of age when attempting his or her first examination. Given the graduate status of almost all accountancy students in this country, the minimum age on entering a training contract tends to be in the region of 20-21 years.

Certain degrees, diplomas, certificates and professional qualifications are recognized for exemption purposes.

Applicants are required to submit an annual registration fee, exemption fees (if applicable) and to pay an annual subscription.

Portugal

See answer to question 9.

Sweden

There are no pre-conditions to meet in order to start the professional education.

United Kingdom

The professional bodies in the UK set their own entry requirements for eligibility to start the professional education and training which will ultimately lead to membership. The requirements relate primarily to prior education and vary from body to body. In the case of the ICAEW, for example, it is possible to start the professional education with "A" levels; the ACCA, on the other hand, has an open entry policy.

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

European Community

The education of statutory auditors must cover at least the following subjects:

Auditing, analysis, critical assessment of annual accounts, general accounting, consolidated accounts, cost and management accounting, internal audit, standards relating to the preparation of annual and consolidated accounts and to methods of valuing balance sheet items and of computing profits and losses, legal and professional standards relating to the statutory auditing of accounting documents and to those carrying out such audits; in so far as they are relevant to auditing: company law, the law of insolvency and similar procedures, tax law, civil and commercial law, social security law and law of employment, information and computer systems; business, general and financial economics, mathematics and statistics, basic principles of the financial management of undertakings.

Since the requirements set at Community level are minimum standards, they are often completed by member States. This is the case for:

Austria

1. Certified Public Accountant (*Beeideter Wirtschaftsprüfer und Steuerberater*):

Financial reporting, auditing, tax law (international), business and management economics, general law, ethics, information technology; cost accounting, financing, internal audit, special questions in taxes, law on joint stock companies, law of all other types of enterprises with inclusion of trading and other cooperative associations and mutual insurance companies, cartel law, law on industrial property rights, insolvency law, constitutional and fundamental administrative law, provisions regarding complaints in tax matters before supreme courts, foreign exchange, bank and securities law.

2. Licensed Tax Advisor (*Steuerberater*):

Accounting, auditing, tax law, general law, business and management economics, ethics, information technology; cost accounting, financing, internal audit.

Belgium

The subjects covered by the regulations applicable to the professions of *réviseur* (statutory auditor) and *expert-comptable* (professional accountant) are those listed in the Directive.

For *comptables* (bookkeepers), the diploma must be in a subject closely related to accounting.

Germany

In completion to minimum standards at Community level condition for admission to the professional examination as a *Wirtschaftsprüfer* is that the candidate has at least four years experience in the conduct of examinations, for the *Steuerberater* three years. The subjects covered by the professional examination of *Wirtschaftsprüfer* and as such relevant for the education of a candidate are auditing, business administration and economics, commercial law including professional law, tax law. For the profession of *Steuerberater* the subjects are tax law, accounting, business administration and economics, commercial law and professional law. The content of the different subjects is defined and detailed by the professional laws.

Denmark

The theoretical part of the course for State Authorized Public Accountants covers the subjects accountancy, auditing, tax law and commercial law.

The theoretical part of the course for Certified Accountants covers accountancy, auditing, tax law, commercial law, business economic tools, and English. Students also undertake an obligatory major assignment.

When the student has passed the theoretical part of the course, he/she must pass an examination in auditing to become a State authorized public accountant and qualifying examination to become a certified accountant.

The purpose of the latter examinations is to ensure that the student is able to apply his/her theoretical knowledge of statutory audits to practical tasks, and is thus qualified to undertake statutory audits (ch. Articles 5 and 8 of Directive 84/253/EEC).

Spain

The examination subjects for admittance to the Official Register of Auditors (ROAC) are those set out in Articles 5 and 6 of the Eighth Company Directive and as specified in Article 24 of the national regulation implementing the Law on Audits.

France

For *commissaires aux comptes* (statutory auditors), training covers the following subjects: general accounting and management accounting; business management and economics; taxation; commercial law, and company law; criminal law, and labour and social security law.

The diploma for *experts-comptables* (professional accountants), chiefly covers the following subjects: professional conduct and ethics; accounting and auditing; disputes, legal relations; management control; credit law; law of collective procedures; tax law; company law; labour law; economics; expression and communication; financial management; informatics; quantitative methods; applied mathematics; and business management and organization.

Finland

From 1 January 1997, the subjects to be covered are those defined in Article 6 of the Eighth Company Law Directive (84/253/EEC).

Italy

Accounting, audit, tax law, private law, company law, bankruptcy law, economics, ethics, information technology, banking, management techniques, actuarial and financial mathematics.

Ireland

The topics covered by ICAI students during their training period include auditing, business management and strategy, company law, financial accounting, management accounting, taxation, business information systems, financial analysis, information technology, ethics, economics, executorship and trust law.

Luxembourg

The diploma establishing the theoretical qualification is granted at the end of a course of at least four years of higher studies focusing primarily on the following subjects:

- Audit;
- analysis and critical assessment of annual accounts;
- general accounting;
- consolidated accounts;
- cost accounting and accounting;
- internal audit;
- standards concerning the establishment of annual accounts and consolidated accounts and methods of evaluating balance sheet items and determining results;
- legal and professional standards concerning the statutory audit of accounting documents and the persons conducting such audits to the extent that it affects the auditing of accounts;
- company law;
- bankruptcy law and analogous procedures;
- civil law, commercial law, labour and social security law;
- information systems and informatics;
- business economics, political economics and financial economics;
- mathematics and statistics;
- basic principles of the financial management of companies.

Finally, the above-mentioned three years of practical training must cover, *inter alia*, the audit of annual accounts, of consolidated accounts or of similar financial results, and at least two thirds of it must take be completed in Luxembourg or another European Community member State under a natural or legal person approved by that State and authorized to take on trainees. In Luxembourg, only *réviseurs d'entreprises* (statutory auditors) with more than three years of professional experience are authorized to take on trainees.

Portugal

See answer to question 9.

Sweden

These are: accounting, audit, tax, general law, economics, ethics, information technology, mathematics and statistics.

United Kingdom

It should be pointed out that in the United Kingdom there are six professional accountancy bodies, each of which imposes its own education and training experience requirements for membership. The following subjects can, however, be regarded as core subjects to be studied in qualifying for any of the six bodies.

- Financial accountancy and reporting;
- Management accounting;
- Business and company law;
- Management information and control;
- Business planning and finance;
- Taxation;
- Auditing;
- Information technology and systems;
- Economics;
- Quantitative techniques;
- Ethics.

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.

European Community

At Community level there are harmonized rules as far as the preparation and publication of annual and consolidated accounts of certain commercial companies (Directives 78/660/EEC and 83/349/EEC), banks and other financial institutions (Directive 86/635/EEC) and insurance undertakings (Directive 91/674/EEC) are concerned. There are also harmonized minimum requirements for the approval of statutory auditors (84/253/EEC). All these directives contain only minimum requirements and therefore member States have often a more detailed legislation.

Austria

1. Generally regulations by law.
2. Technical pronouncements issued by the Chamber are interpretations and clarifications within the framework of existing law.

Belgium

Pursuant to the above-mentioned Directives there are a number of national standards, particularly in the fields of banking, insurance and mutual insurance companies, where the auditors appointed must be approved by the *Commission Bancaire et Financière* (Banking and Finance Commission), the *Office de Contrôle des Assurances* (Insurance Supervisory Board) or by the *Office de Contrôle des Mutualités* (Mutual Insurance Supervisory Board).

Germany

For any activity national standards are applicable as set out in the professional laws and other laws (in particular *Aktiengesetz*, *GmbH-Gesetz*, *Handelsgesetzbuch*) and the professional charters. In addition, technical standards for the exercise of the profession of *Wirtschaftsprüfer* in a conscientious manner result from laws (in particular *Aktiengesetz*, *GmbH-Gesetz*, *Handelsgesetzbuch*) and - issued by the *Institut der Wirtschaftsprüfer - Fachgutachten* and other technical statements and pronouncements.

Denmark

There is no legislative regulation of accountancy services in Denmark. The above Directives have been implemented in Danish law, but they contain no requirements for special accountancy services. Neither do the accounting standards issued by the Institute of State-Authorized Public Accountants (the Danish association of State Authorized Public Accountants) provide regulations with regard to professional accountancy services. Some rules with respect to accounting may be implied in certain of the auditing standards issued by the Institute.

The provisions of audit, accounting and insolvency services in Denmark are regulated by legislation. Technical Committees of accounting and auditing within the Institute of State-Authorized Public Accountants issue technical standards and guidelines based on the legal standards "generally accepted auditing standards" and "generally accepted accounting practice".

Spain

The technical standards refer exclusively to audits. The current technical standards govern:

- General technical standards;
- special report on exclusion from the right of preferential subscription in the case described in Article 159 of the consolidated text of the companies law;
- special report in the case covered by Article 292 of the consolidated text of the companies law;
- special report in the cases described in Articles 64, 147, 149 and 225 of the consolidated text of the companies law;
- special report on capital increase by offsetting claims in the case provided for in Article 156 of the consolidated text of the companies law;
- special report on capital increase by drawing on statutory reserves in the case described in Article 157 of the consolidated text of the companies law;
- technical standard on subsequent events;
- technical standards on relations between auditors;
- technical standard on quality control;
- technical standard on application of the principle of a going concern, firm;
- technical standard on periodic disclosure to the public of information by issuers of securities listed on the stock exchange;
- technical standard on the obligation to communicate major internal audit deficiencies;
- technical standard on complementary audit report on annual accounts of credit institutions;
- technical standard on drawing up a special report complementary to the auditing of the annual accounts of insurance bodies.

France

With respect to *commissaires aux comptes* (statutory auditors), statutory audit is governed by Law No. 66/537 of 24 July 1966. The chief duties of a *commissaires aux comptes* are:

- Audit and certification that the accounts submitted (annual and consolidated accounts) meet the legal criteria of true and fair view;
- specific tasks in connection with certification for the purpose of:

- verifying the accuracy of certain items of information (information provided in the annual report, documents sent to shareholders on the financial situation and annual accounts);
 - ensuring compliance with certain specific legal guarantees;
 - taking any action provided for by law upon ascertainment of certain facts (initiation of the warning procedure if the *commissaire* discovers any elements that could threaten the future operation of the business - cf. Law of 1 March 1984 (insolvency); disclosure of any criminal acts to the State prosecutor (Article 233 of the Law of 24 July 1966)).
- specific tasks relating to certain operations;
 - communication of opinions to the bodies and persons stipulated by the law in the form of a general report.

With respect to *experts-comptables* (professional accountants), the keeping and auditing of company accounts on an independent basis is restricted to *experts-comptables* belonging to the *Ordre des experts-comptables* (Association of Professional Accountants).

There are also national accounting standards which companies must apply. The regulations on accounting are set forth in the Commercial Code (Articles 8 to 17) and the *Plan Comptable Général* (General Accounting Plan) of 1982 (updated in 1986). These texts form a single body of regulations with which companies must comply.

Finland

Audit. There are professional recommendations for the KHT-accountants, confirmed by the Finnish Institute of Authorized Public Accountants.

Greece

With respect to auditing the national standards are those mentioned in the Eighth Directive. The main objective is to ensure the proper degree of quality and independence. With regard to accountant domestic legislation has incorporated all the directives mentioned in the first paragraph of the reply.

Italy

Accounting standards:

In general, regulations to which companies must comply with in drawing up their financial statements are provided by law. With respect to special companies as banks, insurance and financial companies, in addition to the law's provisions, these companies must comply with regulations concerning presentation of financial statements, issued by supervisory authorities (i.e. for the banks, regulations are issued by the Bank of Italy).

Accounting principles exert an interpretative and complementary function into the Italian system.

Auditing standards:

CONSOB is responsible for recommending the adoption of principles and procedures to conduct auditing, having consulted the "*Consiglio Nazionale dei Dottori Commercialisti*" and the "*Consiglio Nazionale dei Ragionieri e Periti Commerciali*".

CONSOB recommends, in general terms, auditing principles issued by the "*Consiglio Nazionale dei Dottori Commercialisti*" and the "*Consiglio Nazionale dei Ragionieri e Periti Commerciali*".

Furthermore, CONSOB gives specific instructions to auditing companies with respect to particular topics.

Ireland

The objective of companies legislation regarding statutory auditors is that the function be carried out by suitable qualified persons, to high and relevant standards - both technical and ethical. Companies legislation also specifies the format and content of financial statements to ensure that those financial statements are prepared in a manner and to a standard which will ensure presentation of a "true and fair view" of the company's state of affairs and of its results.

The aims of the Accounting Standards Board - ASB - are to establish and improve standards of financial accounting and reporting, for the benefit of users, preparers and auditors of financial information. The Board seeks to achieve its aims by:

- (1) Developing principles to guide it in establishing standards to provide a framework within which others can exercise judgement in resolving accounting issues;
- (2) issuing new accounting standards, or amending existing ones, in response to evolving business practice, new economic developments and efficiencies being identified in current practice;
- (3) addressing urgent issues promptly.

The objectives of the Auditing Practices Board - APB - are to establish high standards of auditing, meet the developing needs of users of financial information, and ensure public confidence in the auditing process. To achieve these objectives the APB intends to:

- Take an active role in the development of statutes, regulations and accounting standards which effect the audit profession;
- promote ways of increasing the value of audits and of ensuring their cost effectiveness;
- consult with the users of financial information to ensure that the APB provides an effective and timely response to their developing needs and to issues raised by them;
- advance the wider public's understanding of the roles and responsibilities of auditors;
- establish and publish statements of the principles and procedures with which auditors are required to comply in the conduct of audits, and other explanatory material to assist in their interpretation and application. Pronouncements will have due regard to international development.

Luxembourg

Auditing, accounting, bankruptcy, liquidation and trusts are governed by legal and regulatory provisions. *Réviseurs d'entreprises* (statutory auditors) cover audit and accounting, while receivers and liquidators are chosen from among the members of the Luxembourg Bar Association under the supervision of a bankruptcy judge.

The purpose of the institution of *réviseurs d'entreprises* is to ensure the reliable, transparent, honest and independent audit and keeping of company accounts in particular, but also to carry out other auditing, or contractual bookkeeping and to provide tax advice.

The role of the receivers and liquidators is to represent the bankrupt party, manage his business and organize the sale and distribution of assets for the benefit of the creditors in a spirit of transparency, independence and fairness.

Portugal

The Chamber of Statutory Auditors drew up technical standards for statutory audits which were approved in 1983.

The Technical Standards Commission, which operates under the aegis of the Chamber, draws up a manual and provides answers - technical interpretations - to questions of general interest posed by statutory auditors.

In Portugal properly organized accounts must comply with the Official Accounting Plan, which is approved by Decree-Law and follows the relevant Community guidelines and consequently abides by the generally accepted accounting principles developed by IASC.

The Commission of Accounting Standardization, which includes representatives of the administration and the social partners, regularly publishes guidelines on specific topics in its official publication.

Sweden

National standards exist in relation to audit. The main policy objective is to ensure that legal persons are audited in an objective manner.

United Kingdom

The provision of audit, insolvency and financial services in the United Kingdom is regulated by legislation. The day-by-day regulation of firms practising in the reserved areas is undertaken by their professional bodies whose requirements include the need to comply with technical standards.

The policy objective in the case of auditors is to ensure that audits are carried out by appropriately qualified persons, to a proper standard and with a proper degree of integrity and independence. The policy objectives in the case of insolvency and financial services are to provide protection to creditors and investors respectively in the light of potential for abuses. The form and content of company accounts are also specified in legislation with the objective of ensuring that accounts present a true and fair view of the state of affairs and results of operations of the company concerned.

Separate bodies of accounting and auditing standards exist (see question 13 below), although they do not have the force of law. The technical standards for insolvency and financial services are

in the form of secondary legislation in the case of insolvency (via the Insolvency Service of the Department of Trade and Industry) and in the form of conduct of business rules set out in the rule book of each of the regulators in the case of financial services.

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.)?

European Community

The European Commission has the responsibility for ensuring the correct implementation of the above-mentioned Directives. The responsibility to develop national standards and to deal with the consequences of a breach of these standards is regulated at national level.

Austria

1. Not applicable, since generally federal law applies.
2. Technical pronouncements and legal opinions are developed by the Chamber (technical committees) and the Institute of Austrian Certified Public Accountants.

Belgium

The purposes of the *Commission des Normes Comptables* (Accountancy Standards Committee) established by a Royal Decree of 21 October 1975 include the development of a set of accountancy principles and of the foundations of a proper accounting system by issuing opinions or recommendations.

Each of the three Institutes develops its own professional standards accompanied by disciplinary measures if these are breached.

Civil and penal sanctions are the responsibility of the courts.

Germany

The *Wirtschaftsprüferkammer* and *Steuerberaterkammer* - both established under public law - are authorised by law to regulate specific rights and duties in the exercise of the professions (ethics). The *Wirtschaftsprüferkammer* has adopted a professional charter regulating the rights and duties in the exercise of the profession by *Wirtschaftsprüfer* and *vereidigte Buchprüfer*, also the *Steuerberaterkammer* will soon adopt a charter. Technical standards, statements or pronouncements for the activities of the *Wirtschaftsprüfer* are issued and compliance monitored by the *Institut der Wirtschaftsprüfer* for its members.

Denmark

The National Accounting Standards are issued by the Institute of State-Authorized Public Accountants. The Standards are developed by the Technical Accounting Board, the members of which are directly elected by the Plenary Meeting of the Institute. The Draft Standards are subject to acceptance by a Panel of Representatives of Industry and Finance. The National Audit Standards are likewise issued by the Institute of State-Authorized Public Accountants. Here they are developed by the Technical Audit Board, the members of which are directly elected by the Plenary Meeting of the Institute.

The legislation on financial accounting is provided by the Annual Accountants Act (Cons. Law No. 526 of 17 June 1996) and on bookkeeping by the Bookkeeping Act (Cons. Law No. 60 of 19 February 1986).

Technical Committees within the Institute of State-Authorized Public Accountants (FSR) develop and monitor standards and guidelines binding on members.

Auditing standards are issued by the Auditing Standards Committee. Accounting standards issued by the Accounting Standards Committee are prepared by this committee on FSR in cooperation with preparers and users of financial statements (Confederation of Danish Industries, Danish Bankers' Association, Danish Ship Owners Association, Danish Securities Dealer Association, Danish Labour Market Supplementary Pension, Employees Capital Fund Pension, The Danish Insurance Association, the Counsel for Labour Market Pension Schemes, the Association of Company Pension Funds and the Institute of Certified Accountants).

A peer review programme established under the Institute of State-Authorized Public Accountants applies to all members of the Institute. Furthermore issues may on request be raised before the Disciplinary Board, an independent institution situated at Copenhagen City Court.

Breaches of standards can result in legal action against the management of the company or the auditor or disciplinary action against the auditor depending on the nature of the breach and the parties involved.

The Danish legislation has instituted a disciplinary system for breach of standards comprised by the words "*god revisorskik*", in itself a standard. Any client may lodge - to a complaint board - a complaint against the State-authorized public accountant or certified accountant for having broken the standard "*god revisorskik*".

The board is competent to caution, to sentence a fine (max. DKK 200,000) and even to deprive an authorization resp. a certification. Any caution, sentence and deprivation can be proved by a higher (administrative) instance (*Revisornævnet*) and finally be taken to the court of justice.

By its decisions the disciplinary system develops and sets the standard (*god revisorskik*) in Denmark.

Spain

The technical auditing standards are established by the bodies representing auditors and published by the ICAC (Accounting and Auditing Institute); the latter has the power to draw up rules where the bodies in question do not do so (Article 5 of the Law on Audits).

Failure to comply may entail the imposition of an administrative sanction by the ICAC for a serious or less serious infringement of Article 16 of the Law on Audits. Application of that sanction has no effects *vis-à-vis* third parties.

France

For *Commissaires aux comptes* (statutory auditors), professional accounting standards are drawn up by the *Conseil National de la Comptabilité (CNC)* (National Accountancy Council) and the *Compagnie Nationale des Commissaires aux Comptes (CNCC)* (National Society of Statutory Auditors), in cooperation with the services of the Ministry of Justice, which is responsible for *Commissaires aux comptes*.

Breaches of professional standards in any field may result in disciplinary action in accordance with Article 88 of the Decree of 12 August 1969. In ascending order of gravity, these sanctions are:

- Warning;
- reprimand, possibly notified to one or more of the companies in which the person concerned is acting as *commissaire aux comptes*;
- temporary suspension for a period not exceeding five years, either in general or limited to one or more forms or categories of enterprise;
- striking off the list (Article 29 of the Decree of 12 August 1969).

The last two penalties, once they are definitive, are brought to the attention of the companies in which the *commissaire aux comptes* in question exercises his activities, and are also published in the *Bulletin Officiel des Annonces Civiles et Commerciales* (Official Gazette of Civil and Commercial Notices) (Articles 107, 108 and 110 of the Decree of 12 August 1969).

Moreover, at the request of the Public Prosecutor, and in cases of emergency, a *commissaire aux comptes* against whom criminal proceedings have been instituted may temporarily be barred by the regional disciplinary board from exercising his activities for a maximum period of one year in one or more types or categories of enterprise (Article 112 of the above-mentioned Decree).

Regardless of where the alleged breaches were committed, the regional registration committee meets as the regional disciplinary board in order to decide upon the disciplinary action to be taken against members of the regional society.

The national registration committee meets as the national disciplinary board to decide on appeal against decisions of the regional disciplinary board.

Experts-comptables (professional accountants): only persons belonging to the *Ordre* (Association) are entitled to use the title of "*expert-comptable*" and exercise the profession.

The *Ordre* or the Public Prosecutor's Office may decide to initiate proceedings against those who ignore these provisions. Illegal exercise of the profession of *expert-comptable* constitutes an offence punishable by imprisonment.

Accountancy law has a variety of sources. The main standard-setting body is currently the *Conseil National de la Comptabilité*, whose role is to issue opinions and recommendations in the accountancy field with respect to all sectors of the economy. It should be noted, however, that reforms are currently being introduced with a view to unifying the development of accounting standards.

Finland

The Finnish Institute of Authorized Public Accountants develops these standards.

The monitoring bodies are:

- The Auditing Board of the State within the Ministry of Trade and Industry;
- the Auditing Board of the Central Chamber of Commerce;

- the Auditing Committee of a regional Chamber of Commerce; and
- the Auditing Board of the Chartered Public Finance Auditors within the Ministry of Finance.

The consequence of a breach of the standards for the auditor is cancellation of authorization. Also sanctions, warning and remark, can be used, when a KHT- or HTM-accountant is in question.

Greece

The implementation of these standards is controlled by the Institute statutory auditors and the tax auditors. Penalties exist for breach of these standards.

Italy

Pursuant to CONSOB's decision of 1 March 1994, accounting principles issued by *Consiglio Nazionale dei Dottori Commercialisti* and *Consiglio Nazionale dei Ragionieri e Periti Commerciali* constitute points of reference in conducting auditing. However, non compliance with such principles implies that the auditor would have to refer exclusively to principles provided by law.

Ireland

Accounting standards are developed by the Accounting Standards Board - ASB - which is a division of the Financial Reporting Council - FRC. The FRC is an independent body not controlled by the profession.

Auditing standards are developed by the Auditing Practices Board - APB - which is a Committee of the main accountancy bodies.

Monitoring of compliance with accounting and auditing standards is undertaken by the individual professional bodies. Breaches of standards are likely to result in disciplinary action by the professional body against the member and/or firm concerned which may result, if fault is proven, in a range of penalties from admonishment to loss of practising rights in the area concerned to expulsion from the professional body.

Clients who believe they have suffered loss as a result of the failure of a member and/or firm to comply with relevant standards may seek legal redress through the Courts.

Luxembourg

The Law of 28 June 1984 and the Grand Duchy Regulations of 29 January 1993 provide for criminal sanctions against persons illegally exercising the profession or carrying the title of *réviseur d'entreprise* (statutory auditor). Criminal law and ordinary civil law also apply (e.g: forgery). Moreover, the *Institut des Réviseurs d'Entreprises* (Institute of Statutory Auditors) has a disciplinary board whose chairman is also chairman of the District Court of Luxembourg and which has disciplinary powers over all members of the profession with respect to:

- Violation of legal and regulatory provisions concerning the exercise of the profession;
- professional misconduct or negligence;
- acts that are inconsistent with professional tact and dignity, honour and integrity.

Receivers and liquidators act under the supervision of a bankruptcy judge whose authorization is required for any important decisions. As lawyers, however, they are under the disciplinary authority of the *Conseil de l'Ordre des Avocats* (Bar Council), without prejudice to any civil or criminal judicial proceedings to which their acts may give rise.

Clients are subject to ordinary civil, commercial or criminal law.

Portugal

See answer to question 12.

Sweden

The public accountants monitor the implementation of national standards and are in turn monitored by the Supervisory Board of Public Accountants.

United Kingdom

Accounting standards are developed by the Accounting Standards Board (ASB), which is a subset of the Financial Reporting Council (FRC). Compliance by listed companies with accounting standards is monitored by a sister body of the ASB, the Financial Reporting Review Panel. The FRC is an independent body not controlled by the profession. Statutory compliance is monitored on a limited basis by the Companies Division of the Department of Trade and Industry.

Auditing standards are developed by the Auditing Practices Board, which is a Committee of the six main accountancy bodies. Monitoring of compliance is undertaken by the individual professional bodies in their roles as regulators.

Breaches of standards in all the areas are likely to result in disciplinary action by the professional body against the member and/or firms involved and may also result in a loss of practising rights in the area concerned, for example, the removal of an insolvency licence or the right to undertake the audits of companies.

Clients who have suffered loss can, of course, seek legal redress and/or compensation in certain limited circumstances.

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.

Austria

1. Use of International Accounting Standards (IASs) only in cases where they are compatible to national law. In this case they may be partly or fully introduced into national technical pronouncements.
2. International Standards on Auditing (ISAs) are recognized and partly introduced into national technical pronouncements.
3. National education requirements are in general more advanced than those recommended by International Education Guidelines.

Belgium

While they have not actually been transposed into domestic law as such, the IASC and IFAC standards are used in the development of accounting and auditing standards.

Germany

International standards developed by IFAC and IASC are recognized and used in Germany to the extent that they have been implemented into national law and standards. Implementation is committed to harmonization wherever possible.

Denmark

The standards of IFAC and IASC are recognized by the Institutes of State-Authorized Public Accountants and Certified Accountants. They also have a strong impact on the content of the national standards. The standards are not recognized in the legislation. Due to recent trends in the relationship between the EU Accounting Directives and the International Accounting Standards, the IASs at least may play an indirect role in the preparation of legislation on accounting, especially with regard to accounting rules for listed companies.

The Institute of State Authorized Public Accountants is through membership of IFAC committed to publish guidelines published by IFAC even though they may not necessarily respect the Danish legal standard "generally accepted auditing standards". The international standards are recognized and reflected in the work of the Danish Institute wherever possible when preparing and issuing Danish Auditing Standards.

Membership of IASC implies that the Institute has agreed to support the objectives of IASC, hence international accounting standards agreed upon in IASC are published. When issuing national accounting standards, standards issued by IASC are reflected whenever in accordance with national legislation. When issuing accounting standards a statement of accordance with IASC standards is included as an appendix.

International auditing standards from IFAC and accounting standards from IASC are submitted to all members of FSR.

Spain

International Accounting Standards (IAS) are not applicable; the standards applicable are those contained in the commercial code and its detailed implementing rules and in the accounting rules applying to specific sectors.

International Accounting Standards are not applied owing to the need for special rules geared to the characteristics of Spanish firms and the fact that Spanish accounting standards necessarily derive from Community directives which in some cases are at variance with the IASs.

Spanish technical accounting standards for the most part include those laid down in International Accounting Standards with some exceptions stemming from the peculiarities of Spanish auditing and commercial law.

France

The international standards developed by the IASC are not recognized. The regulations applicable in the accountancy field are based solely on national accounting standards. The Government has just tabled a bill providing for the creation of a "*Comité de Réglementation Comptable* (Accountancy Regulatory Committee) which will be able to take steps with a view to recognizing a certain number of international standards.

Finland

The Finnish Institute of Authorized Public Accountants is planning to reform its recommendations to be in accordance with IFAC as far as applicable.

Provisions of IASs are taken into account when reforming national accounting legislation. Not all provisions are implemented and some of those implemented are voluntary.

Greece

The Greek standards conform both the Community Directives and the International Accounting Standards (IASC).

Italy

The international standards may be used only if the national ones do not cover certain subjects and provided that they are in compliance with the Italian law. National auditing standards are, in substance, in line with IFAC's standards.

Ireland

Both the Accountancy Standards Board and the Auditing Practices Board take account of international standards developed by IASC and IFAC when promulgating their guidance. Both bodies seek to ensure that their guidance is equivalent and consistent, to the extent possible, with international standards.

Portugal

See answer to question 12.

Sweden

Yes, they are recognized as guidelines for national standards.

United Kingdom

International standards are recognized to the extent that they are reflected in national standards and both the Accounting Standards Board and the Auditing Practices Board are committed to harmonization wherever possible.

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

Austria

1. A general ethical code for all professional activities is laid down in the WTBO supplemented by WTDO (see question 2 above). There exist no specific ethical codes for particular professional activities. The ethical code set by law is extended by Chamber Decisions and legal opinions adopted by the Chamber dealing with particular aspects (e.g. confidentiality).

2. The policy objectives of the legal ethical code are in particular:

- To safeguard the clients (Article 35 WTBO);
- to avoid incompatible professional activities (Article 34 WTBO);
- to guarantee the esteem of the profession (Article 47 WTBO).

Belgium

There is no special ethical code, but members of the profession are subject to the ethical requirements imposed by the law and by their respective Institutes.

Germany

The ethical code laid down by laws and the professional charters govern all activities performed by the professionals. There is no differentiation according to type of activities.

Denmark

An ethical code on accounting only exists inasmuch as it is implied in the Preferred Best Practices on Accounting. This is, however, as much a code for the preparers of accounts, i.e. the Board of Directors of a Company, as it is relevant for the Auditors.

In Denmark no comprehensive ethical code of auditing and consulting has been developed but ethical guidelines exist in terms of technical papers published by and distributed to members of the Institute of State Authorized Public Accountants. Furthermore, it should be stated that the Danish legislation on auditors contains provisions on ethical behaviour, e.g. restrictive rules on auditors' independence. Also the Institute assists members in the identification of occasions in which they might be at risk of failing to recognize or conform to the high standards of conduct expected of members of the Institute.

The Institute has not issued a code on ethical behaviour for insolvency as this is not a service traditionally provided by auditors, but provided by lawyers in Denmark.

Spain

The three associations have their own code governing the general conduct of their members although it applies chiefly to auditing. After the entry into force of the law on audits such codes should be considered as a source of obligations and of internal corrective measures applied by the associations to their members and not as infringements and administrative sanctions; this is because only the ICAC can apply administrative sanctions in these matters in line with the procedure, infringements and sanctions set out in the Law on audits (Article 15).

France

There is a code of professional ethics for *commissaires aux comptes* (statutory auditors) constituting a body of rules applicable to all members of the Society. The code lays down rules with respect to the exercise of the profession. It addresses the following points: general rule of independence, use of titles and position, relations between *commissaires aux comptes* and their professional associations, relations among *commissaires*, and professional training.

The code also establishes rules with respect to practice. It addresses the rules of independence when practising and the way in which duties are to be carried out, relations with third parties, and fees.

Experts-comptables (profession accountants) are called upon to respect a number of specific ethical rules, both in their personal behaviour (e.g. no advertising), as well as in their relations with clients (e.g. professional secrecy), with their colleagues, with professional associations or with the public authorities. These rules are embodied in the amended Order of 19 September 1945 establishing the *Ordre des experts-comptables* (Association of Professional Accountants) and regulating the title and the profession of *expert-comptable*, in the code of professional duties and in the internal regulations of the *Ordre*. Moreover, professional practices and recommendations by professional bodies provide a useful reference for professional behaviour.

These professional ethics are based on the principle that, as professionals, *experts-comptables* must, in their relations with their surroundings, live up to the confidence placed in them by respecting certain rules of behaviour, particularly with respect to professional integrity and independence.

Finland

In relation to auditing.

Greece

With regard to audit a particular ethical code exists. In the aforementioned presidential decree to be finalized an ethical code for accountants is included.

Italy

A particular ethical code exists for all activities carried out by the Dottori Commercialisti and Ragionieri. For firms registered by CONSOB, DPR 31 March 1975 No. 136 contains specific rules relating to independence and professional qualifications.

Ireland

Each of the recognized accountancy bodies has an Ethical Guide for Members and/or a Code of Professional Ethics and Conduct. These set out certain fundamental principles which an institute should respect in all their profession and business relationships. All members are required to observe proper standards of professional conduct and to refrain from misconduct. Detailed statements within that Guide deal with certain issues particular to, for example, auditing or to insolvency.

Luxembourg

Réviseurs d'entreprises (statutory auditors) and lawyers alike are required to observe certain ethical principles. These are not in the form of a code as such, but cover a broad range of elements

including, in particular, integrity, tact, dignity, honour and independence. They are endorsed by the disciplinary board and the Bar Council.

The Netherlands

A particular ethical code does not exist in regard to special activities such as audit, accounting, insolvency, etc. Different ethical rules exist with regard to the fact if a Register-Accountant or Accountant-Administratieconsulent acts as:

- (1) A public accountant;
- (2) an accountant in the employ of government or industry;
- (3) not as an accountant.

These rules apply to all activities undertaken in one of the three categories.

Portugal

In July 1987 an ethical code was published for statutory auditors in the performance of their professional activities.

The certified accountants' statute includes standards of an ethical nature covering accountants' relations with clients, the tax authorities, colleagues and their association.

The respective Chamber has disciplinary jurisdiction over statutory auditors and firms of statutory auditors. Its bodies include a disciplinary council.

The disciplinary measures imposed on certified accountants by their association are: warning; fine; suspension of up to three years and expulsion.

Sweden

An ethical code exist for audit. Its main policy objective is to guarantee independence for public accountants.

United Kingdom

The three Institutes of Chartered Accountants have a joint ethical code ("Guide to Professional Ethics"). The remaining three bodies each have their own separate codes. The codes apply to any field of endeavour in which their members earn their livings.

The codes deal with all accountancy roles, including those of accountants employed in commerce, industry and education. Specific guidance exists on audit, other financial reporting roles and non-reporting roles, as well as individual ethical statements on insolvency practice and corporate finance advice. The main policy objective is to assist members in the identification of occasions in which they might be at risk of failing to recognize or conform to any of the high standards of conduct expected of members by the professional bodies in question.

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?

No ethical code/enforcement thereof at **Community level**.

Austria

1. Parliament sets the general rules, the Chamber develops detailed regulations.
2. Monitoring is in general the task of the Chamber, the Ministry for Economic Affairs is the supervising authority.
3. Breaches of ethics are handled by a body on ethics (disciplinary committee) run by the Chamber according to legal disciplinary proceedings regulated by law in WTDO. Fines are regulated by law (Article 48 WTBO).
4. There are particular regulations (e.g. exclusion of partners) concerning legal persons and partnerships (Article 49 WTBO).

Belgium

Each of the Institutes is qualified to monitor compliance with the existing ethical rules:

- Royal Decree of 10 January 1994 for *réviseurs* (statutory auditors);
- Article 88 of the Law of 21 February 1985 for *experts-comptables* (professional accountants).

Denmark

The Institute of State-Authorized Public Accountants develops technical papers on ethical matters as well as standards on technical issues to its members. The Board of the Institute may in particular situations expel a member, if the member has behaved improperly.

France

Commissaires aux comptes (statutory auditors): there is a code of professional ethics laid down by the *Compagnie nationale des commissaires aux comptes* (National Society of Statutory Auditors) and annexed to the code of professional standards (audit standards).

Experts-comptables (professional accountants): a code of professional duties has been drawn up by the *Conseil Supérieur de l'Ordre* (Council of the Association) and issued by the Minister for Economic Affairs and Finance. The rules of procedure are drawn up by the *Conseil supérieur* and endorsed by the Minister for Economic Affairs and Finance. Their observance is monitored by the *Conseil supérieur*.

Professional liability resulting from any breach of the above-mentioned rules may be raised before the disciplinary boards of the *Ordre* which have the sovereign authority to determine the seriousness of the breaches reported. Disciplinary measures may go as far as expulsion from the *Ordre*.

Finland

The Finnish Institute of Authorized Public Accountants.

Greece

The Economic Chamber will monitor the implementation of the ethical code - according to the above-mentioned presidential decree - and sanctions such as licence removal are foreseen. The Council of Surveillance of the Institute of Statutory Auditors monitors the audit's code.

Italy

Non compliance with "*Consiglio Nazionale dei Ragionieri e Periti Commerciali*" and "*Consiglio Nazionale dei Dottori Commercialisti*" standards may result in measures disciplinary in nature. Violation of legal norms in matters related to independence and professional skill of auditing firms registered by CONSOB may lead to:

- The revocal of the auditing contract;
- a suspension of the firm;
- the striking off of the firm from the register.

Ireland

See answer 15 above.

Where a member and/or a firm breaches the ethical code the member and/or firm concerned may be subject, if fault is proven, in a range of penalties from admonishment to loss of practising rights in the area concerned to expulsion from the professional body.

Monitoring of compliance with accounting and auditing standards is undertaken by the individual professional bodies.

Clients who believe they have suffered loss as a result of the failure of a member and/or firm to comply with relevant standards may seek legal redress through the Courts.

Luxembourg

The *Institut des Réviseurs d'Entreprises* (Institute of Statutory Auditors) (as well as the Bar Association) are responsible for determining professional and ethical standards, whose observance is monitored by the disciplinary board of the *Institut* (and by the Bar Association Council).

The following disciplinary measures may be applied in ascending order of gravity:

- Warning;
- reprimand;
- fine of BF 50 to 500,000;
- suspension of the right of membership of the Board of the *Institut des Réviseurs d'Entreprises* for a period of up to six years;

- suspension for a period of up to five years;
- definitive ban on exercising the profession.

An appeal may be lodged before the civil division of the Court of Appeal. Legal persons are convicted through the natural persons of which they are composed and who have the power to commit them.

Portugal

See answer to question 15.

Sweden

The ethical code is developed by the Swedish Association of Authorized Public Accountants, the Swedish Society to Registered Accountants and the Supervisory Board of Public Accountants which has preferential right of interpretation. The Board has a range of disciplinary measures in case of breach of the ethical code, the ultimate is to revoke the authorization/approval.

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

This is not regulated at **Community level**. See answers in Section I.C.6 of OECD survey (document S/WPPS/W/4/Add.2) except for Greece and Italy and information provided hereunder.

Austria

1. Marketing and advertising is only permitted in accordance with rules set by the Chamber (Article 39 WTBO). In general it is very limited.
2. Solicitation is regulated in detail by the *Allgemeine Auftragsbedingungen für Wirtschaftstreuhänder - AAB* set by the Chamber (see question 2 above).

Belgium

Yes, except with respect to the communication of objective information:

- Articles 26 and 27 of the Royal Decree of 10 January 1994 for *réviseurs* (statutory auditors);
- Articles 32 to 36 of the draft Royal Decree establishing ethical rules for *experts-comptables* (professional accountants).

Denmark

In Denmark, the general legislation on marketing applies. There are no specific restrictions on marketing by auditing firms.

Finland

There are no real restrictions. When advertising and marketing the requirements of good business practice and high professional ethics must be considered.

Greece

Advertising is prohibited only for statutory auditors.

Italy

Solicitation and advertising by professional accountants are forbidden by the ethics code.

Ireland

Subject to prohibitions on promotional material containing disparaging references/comparisons to the services of others, promotion which amounts to harassment of a prospective client, "cold calling", or the provision of a commission/fee to third parties for the introduction of an investment business client - such restrictions are specified in the Ethical Guide - there are no restrictions on marketing, solicitation or advertising.

Portugal

Already answered (OECD and IFAC studies).

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

This is not regulated at **Community level**. See answers in Section I.C.7 of OECD survey (document S/WPSS/W/4/Add.2) except for Greece and Portugal and information hereunder.

Austria

Regulated minimum fees. Rules of fee-setting (*Honorarordnung*) are set by the Chamber (Article 17 WTKG).

Belgium

No, there are no restrictions in this area, which is governed by the ordinary rules of competition.

Denmark

In the Danish legislation on auditors is stated that fees should be within reason. The Institute of State-Authorized Public Accountants has set up a special committee to deal with complaints concerning fees charge by State authorized public accountants.

France

Commissaires aux comptes (statutory auditors): although fees are determined freely, there is a scale establishing the minimum number of hours to be worked according to the turnover of the company audited.

There are no restrictions on fee-setting for *experts-comptables* (professional accountants).

Finland

None.

Greece

There is only a minimum fee-setting for the statutory auditors.

Italy

Professional: Minimum/maximum levels of fees are proposed by the professional and approved by the Ministry of Justice.

Auditing firms: CONSOB monitors the congruity of fees proposed by the auditing firms, having regard to the qualitative level of auditing performance.

Ireland

There are no restrictions on fee-setting.

Portugal

The rule for fee-setting is contractual freedom. For statutory auditors minimum levels are set according to the size of the firm.

IV. LICENSING REQUIREMENTS AND PROCEDURES

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

European Community

In relation to accountants carrying out statutory audits there are the following minimum requirements set under Directive 84/253/EEC:

- Membership of a professional body (in the jurisdiction, elsewhere): no obligation at Community level;
- registration with the Ministry or any other institution: yes, approval has to be granted by a designated authority or by a professional association provided that they are authorized by national law to grant approval;
- subscription to a professional indemnity insurance: no obligation at Community level;
- taking of an oath: no obligation at Community level;
- absence of any criminal record: yes, only persons of good repute and professional integrity may be approved;
- police enquiry: depends on the relevant Member State;
- minimum age: no provision at Community level;
- other (please specify).

Most member States have further requirements: see answers in Section I.B.1 and partly I.C.1 of OECD survey (document S/WPPS/W/4/Add.2) and information hereunder.

Austria

1. Obligatory membership within the Chamber of Public Accountants (*Kammer für Wirtschaftstreuhänder*).
2. Professional licence (*Berufsbefugnis*) issued by the Office of the Chamber according to the legal requirements concerning professional qualification; intabulation into the "Register of Austrian Public Accountants" maintained by the Chamber.
3. Obligatory professional indemnity insurance (Article 16 WTBO).
4. Obligatory oath before the Minister for Economic Affairs (Article 21 WTBO).
5. Absence of any criminal record necessary (Article 5 WTBO).
6. No police inquiry foreseen.
7. 24 years by law; in practice 26 years for Licensed Tax Advisor, 30 years for Certified Public Accountant (Article 4 WTBO).

8. Other requirements: in particular proof of sound economic conditions (e.g. no bankruptcy) (Article 6 WTBO).

Belgium

- Membership of an Institute;
- subscription to a professional insurance;
- taking of an oath: for *réviseurs* (statutory auditors) and *experts-comptables* (professional accountants);
- absence of any criminal record: yes;
- police enquiry: no;
- minimum age: 25 years for *réviseurs* and *experts-comptables*.

Denmark

State Authorization or certification is issued by the Danish Commerce and Companies Agency which is a part of the Ministry of Business and Industry. A fee is payable to the Agency for its granting of the status State-Authorized Public or Certified Accountant.

The applicant must be domiciled in Denmark. This does not, however, apply to EU citizens. The applicant must be of legal age and not subject to guardianship, not be in suspension of payments or under bankruptcy proceedings.

Further conditions include: that the applicant be insured against any financial claims which might arise in connection with his/her work as a State-Authorized Public Accountant. The Danish Commerce and Companies Agency regulates this issue, including the scope and nature of the insurance and its duration.

Certain ethical requirements must be fulfilled. An application for certification as State-Authorized Public or Certified Accountant may thus be rejected if the applicant has a criminal record involving matters which give ground for fear that the position as State-Authorized Public or Certified Accountant may be abused. Information on this point is obtained from the Danish central crime register, with the applicant's consent.

An application may also be rejected if there is reason to suspect that the applicant will not conduct his/her business as an accountant in a sound manner. The basis of such assessment must be the applicant's prior performance in positions as employed or self-employed.

Finally, an application may be rejected if the applicant has a debt of Dkr 50,000 or more to the State.

France

No one may style himself an *expert-comptable* (professional accountant) or exercise the profession without being a member of the *Ordre* (Association).

Finland

- Membership of a professional body (in the jurisdiction, elsewhere): no;
- registration with the Ministry or any other institution: yes;
- subscription to a professional indemnity insurance: no;
- taking of an oath: no;
- absence of any criminal record: yes;
- policy enquiry: no;
- minimum age: no;
- other: give an affirmation before the court: yes.

Greece

In relation to statutory auditors there are the requirements set under the Eighth Company Directive (EC legislation). For the accountant - tax consultants the requirements are: membership of Economic Chamber of Greece and absence of a criminal record.

Italy

- Membership of a professional body (in the jurisdiction, elsewhere);
- registration with the Ministry or any other institution;
- subscription to a professional indemnity insurance (only for regulated auditing firms);
- absence of any criminal record.

The Ministry of Justice holds the *Registro dei revisori contabili* (register of auditors) D.lgs 88/92 and CONSOB holds the special register of Audit Companies DPR 136/75.

Ireland

See answer to questions 7 and 9 above.

Luxembourg

Natural persons must:

- Provide proof of their professional good repute;
- have a professional establishment in Luxembourg;
- where they exercise their profession individually, do so only in their own name, and refrain from using any pseudonym or impersonal title;

- refrain from exercising any activity that might infringe on their professional independence and from occupying any salaried post other than in a legal entity engaged in statutory-auditing;
- be independent with respect to the person or body whose accounts they are called upon to audit.

Portugal

In Portugal statutory auditors must have a civil liability insurance, with a minimum limit of Esc 25,000,000.

The minimum age is 25.

The job of auditor to the Securities Market, provided for in the corresponding code, may be performed only by firms of statutory auditors.

The Securities Market Commission has set a limit of Esc 500,000 for the civil liability insurance.

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

Austria

Obligatory membership at the Chamber of Public Accountants, entry fee and annual Chamber-fee (*Kammerumlage*).

Belgium

The replies to this question given by the delegation of the Netherlands are also valid for Belgium, with the exception of the last condition, which is not applied, and the last but one, since there is no entry fee, but an annual membership fee.

Germany

The condition of membership of the professional bodies is that an individual has successfully completed the professional examination and has been officially appointed as *Wirtschaftsprüfer/vereidigter Buchprüfer/Steuerberater*. If these conditions are fulfilled the professional is automatically member of the professional body (compulsory membership) established under public law. The membership of private organizations is voluntary.

Denmark

Eligible for membership of the Institute of State-Authorized Public Accountants and persons having obtained licence from the Danish Commerce and Companies Agency. Membership can be retained even if licence is deposited.

As membership of the Institute requires achievement of licence, the condition for admission to the Institute of State-Authorized Public Accountants implies the following licensing conditions:

State-authorized public accountants shall be appointed by grant of licence from the Danish Commerce and Companies Agency.

Eligible for licence is any person:

- Who is resident in Denmark (or in any other EU Member State or country which has enacted the EES Agreement);
- who has not been declared incapable of managing his own affairs;
- against whom proceedings in bankruptcy have not been taken;
- who has passed a special examination;
- who for the last three years after having completed his/her theoretical education has been employed in an office of a State-authorized public accountant; and
- who has insured against or given security for any financial liability he/she may incur during his/her performance of the duties of a State authorized public accountant.

Criteria for membership of the Institute of Certified Accountants are the following:

- Accountants who are registered in the register of accountants (*revisorregisteret*) in compliance with existing legislation have the right to membership of the FRR as ordinary members (FRR Regulations §3,1);
- an accountant can become an extraordinary member of the FRR by approval of the executive board, after the accountant in question has requested deletion from the register of accountants (FRR Regulations §3,5).

Spain

Conditions for membership of a professional body vary, but generally involve payment of fees and adherence to its rules. Sometimes a specific academic qualification is required or a special authorization to carry out audits. Nonetheless, membership of a professional body does not imply that its members are auditors as this depends on registration with the ROAC and compliance with the appropriate requirements.

France

In order to be eligible for membership of the *Compagnie des commissaires aux comptes* (Society of Statutory Auditors), the candidates must:

- Meet the conditions for registration and for statutory auditing (see replies to questions 9 and 10);
- not be subject to any of the prohibitions or forfeitures provided for in the Decree Law of 8 August 1935 and the Law of 20 August 1947;
- not be banned;
- not be personally bankrupt (Article 186 of Law No. 85-98 of 25 January 1985);
- have taken an oath (cf. Article 219-4 of the Law of 24 July 1966);

- pay a subscription;
- not come under any of the general disqualifications set forth in Article 219-3 of Law No. 66-537 of 24 July 1967 (violation of independence, salaried employment, commercial activity) or the specific disqualifications set forth in the law of 1996 for different types of company.

Professional body concerned: *Ordre des experts-comptables* (Association of Professional Accountants). Membership confirmed by entry in the *Ordre's* register. In addition to possessing the necessary qualifications, in order to be included in the register, the candidate must:

- Be a French national or a national of a European Community member State (special procedure for foreigners);
- be in possession of his civil rights;
- not have been convicted of any criminal offence affecting his good repute, in particular, any conviction banning him from managing or administering a company;
- possess the French accountancy diploma;
- provide the guarantees as to good character deemed necessary by the *Ordre*;
- be in a situation compatible with membership of the *Ordre*: such membership is incompatible with any occupation or act that could infringe his independence, as well as any salaried employment except with another member of the *Ordre*, with any commercial act, any authority to receive, hold or hand over funds (Article 22 of the Order of 19 September 1945). These disqualifications also apply to the candidate's spouse and to all persons having close ties to or substantial interests with him.

Members of the *Ordre* working in a private capacity must provide a business address.

Experts-comptables are required to take out insurance covering civil liability for damage caused in the course of their work.

Finland

The examination has to be passed before one can be accepted as a member of the professional body. The membership is, however, not compulsory.

Greece

No.

Italy

These conditions are: nationality; residence; prior academic qualification; honorability test; to be appointed to a board of statutory auditors, i.e. individuals must be included in the register of auditors kept by the Ministry of Justice; practice and examination.

Ireland

Each of the accountancy bodies imposes its own conditions regarding eligibility for membership. The criteria relate to education (passing the relevant professional examinations), satisfactory training/professional experience, as well as fitness for membership.

To be admitted to membership of this Institute a student has to complete a training period of at least three years, and be successful in a series of examinations to achieve the relevant professional qualification. To be eligible for a "practising certificate" an individual must have at least two years relevant post-qualifying experience.

Luxembourg

The conditions are the same as those set out in the answer to question 19. In addition, candidates must pay a subscription to the *Institut des Réviseurs d'Entreprises* (Institute of Statutory Auditors), which is also empowered to require the payment of a professional insurance premium.

The Netherlands

The conditions for admission to the membership of the professional bodies are:

- Sufficient qualification;
- declaration of good behaviour (absence of a criminal record);
- not being bankrupt;
- not being placed under guardianship;
- not being prohibited from exercising the accountants profession by penal sentence;
- payment of an entry fee of NLG 250;
- ballot (objection to membership can be made during a period of one month after which the Council of the professional body will decide).

Foreign accountants should have their diplomas assessed and take part in an aptitude test.

Portugal

In addition to the above requirements, the membership conditions for statutory auditors stipulate that they must:

- Be morally fit to practise the profession;
- enjoy full civil and political rights;
- not have been convicted of a serious offence or declared incapable of administering persons or goods by judgment of the court of last resort, unless judicial rehabilitation is obtained;

- have Portuguese nationality or in the case of foreigners, fulfil all the conditions of membership always provided that their country of origin allows Portuguese citizens to practise the profession corresponding to that of auditor on equal conditions with its nationals.

In addition to those already mentioned, the membership conditions for certified accountants stipulate that they must:

- Be fit to practise the profession;
- not be banned or disqualified from practising the profession;
- not have been convicted of felony, specifically of a tax, economic or financial nature, unless granted rehabilitation, nor disqualified or declared unfit;
- have Portuguese nationality or in the case of foreigners resident in Portugal, they must have a knowledge of Portuguese and meet the remaining requirements - always provided that there is reciprocal treatment in their country of origin.

Sweden

Requirements for membership are approval or authorization from the Supervisory Board of Public Accountants. The Swedish Society of Registered Accountants also requires proof of continuous training.

United Kingdom

As specified above, each of the six UK accountancy bodies imposes its own conditions regarding eligibility for membership. These criteria relate generally to education (passing the professional examinations), experience and fitness for membership.

21. Are there specific licensing requirements for professional firms?

(a) Minimum capital

No obligation at **Community level**.

Finland

Only in a limited liability company - FIM 15,000.

Ireland

No.

Sweden

Yes, for public or private limited companies.

(b) Number of partners

No obligation at **Community level**.

Finland

No.

Ireland

No.

Sweden

No.

(c) Membership of a professional body

No obligation at **Community level**.

Finland

No.

Ireland

Yes.

Sweden

No.

(d) Registration with the Ministry or any other institution

Yes, designated authority or professional associations authorized by national law to grant approval.

Finland

Yes.

Ireland

Yes.

Sweden

Yes, registration with the Supervisory Board of Public Accountants in respect of authorized or approved accountants.

(e) Professional indemnity insurance

No obligation at **Community level**.

Finland

No.

Ireland

Yes.

Sweden

Yes.

(f) With reference to natural persons carrying out accountancy activities on behalf of the firm

Natural persons who carry out statutory audits on behalf of firms of auditors must satisfy the conditions set out in the Directive, in particular as regards qualification requirements; member States may provide that such natural persons must also be approved.

Finland

No.

Ireland

Yes.

Sweden

No.

(g) With reference to voting rights

A majority of voting rights must be held by natural persons or firms of auditors who satisfy the requirements of the Directive, in particular as regards qualification requirements, member States may provide that such natural persons must also be approved.

Finland

No.

Ireland

Yes.

Sweden

No.

(h) With reference to management/administration of the firm

A majority of the members of the administrative or management body of a firm of auditors must be natural persons or firms of auditors who satisfy the requirements of the Directive, in particular in terms of qualifications; member States may provide that such natural persons or firms of auditors must also be approved. Where such body has no more than two members, one of those members must satisfy at least those conditions.

Finland

Yes.

Ireland

Yes.

Sweden

Yes.

(i) Other (please specify)

Since requirements at **Community level** are minimum, most member States set often more detailed rules.

Austria

Particular requirements for legal persons and partnerships are laid down in Article 7 and Article 29 of the WTBO. In general the legal framework for natural persons is applicable with the following additional requirements:

- Firms may incorporate in the following legal forms: joint-stock companies (*Aktiengesellschaft*), private limited companies (*Gesellschaft mit beschränkter Haftung*), unlimited partnership (*Offene Handelsgesellschaft*), limited partnership (*Kommanditgesellschaft*), registered business pool (*Erwerbsgesellschaft*);
- partners or shareholders, members of the board and legal representatives must have Austrian or EEA citizenship, local qualification, residency in Austria;
- personal shares for joint-stock companies;
- shareholders or partners have to be public accountants or their husband/wife or their children;
- ownership and decision making: more than 51 per cent locally qualified public accountants, up to 49 per cent husband/wife and children;
- under GATS-commitment: foreign public accountants - who must be authorized according to the law of their home country - may only hold equity participation and shares in operating results up to 25 per cent; in this case no local residency, no local qualification, no membership to Chamber, no Austrian or EEA citizenship.

Belgium

The conditions applicable are those set out in (c), (d), (e) (except for *réviseurs* (statutory auditors), to whom a similar measure will apply in the near future), (f), (g) (except for non-members, who may only hold a limited number of shares) and (h).

In Belgium, firms of *réviseurs* or *experts-comptables* (professional accountants) may act in their own capacity, but they must obligatorily be represented by a clearly identified natural person.

Denmark

On specific licensing requirements for professional firms, State-authorized public accountants and certified accountants may only conduct business as a one-man business, a partnership, or as a public or private limited company.

Public and private accountancy companies must fulfil the general requirements of the relevant Danish Companies Act. Thus they must have a minimum capital of Dkr 500,000 and Dkr 125,000 respectively, and they must be registered with the Danish Commerce and Companies Agency. The two national institutes impose additional requirements on public and private accountancy companies.

In private or public accountancy companies, all board members must be State-authorized public accountants or certified accountants. The same applies to company managers.

The shares may be held only by State-authorized public or certified accountants. Certain exemptions apply to certain employees who may own a limited number of shares and who, within strict limits, may also hold voting rights.

No special insurance applies to the company as such. The company *per se* cannot be State-authorized/certified as an accountant. The professional responsibility for the activities carried out rests with the individual accountant personally, who is covered by his mandatory indemnity and guarantee insurance.

The objects of the company may not, however, exceed the professional activities which the accountants are permitted to conduct under statutory regulations. Exemptions may, however, be granted by the Danish Commerce and Companies Agency.

A partnership involves by definition at least two members, and no requirements apply to the minimum number of members.

Spain

Registration of companies with the ROAC requires, pursuant to Article 10 of the Law on Audits, that:

- All members are natural persons;
- the majority of members are auditors and they hold the majority of the voting rights and company capital;
- the majority of the administrators and directors are auditors; in the case of a sole administrator that person should be an auditor.

France

There are special requirements in the case of the statutory auditing of accounts by firms of *commissaires aux comptes* (statutory auditors) (Article 218 of the Law of 24 July 1996). For these firms, which are legal persons, authorization is subject to the following criteria:

- Three quarters of the firm's capital must be held by *commissaires aux comptes*;
- the posts of manager, chairman of the board of directors, of the supervisory board or managing director must be held by natural persons who are *commissaires aux comptes*;
- the functions of *commissaires aux comptes* may only be exercised within one firm (Article 218 mentioned above);
- registration on the list drawn up by the regional commission in each place where a court of appeals has its seat;
- registration of the firm with the clerk of the court of appeals;
- professional insurance.

Requirements for natural persons:

There are three general conditions (Article 3 of the aforementioned Decree):

- Domicile within the jurisdiction of the court of appeals of the place where it is desired to exercise the profession;
- minimum age of 25 years;
- satisfactory guarantees good character.

Reciprocal conditions for non-GATS citizens:

- Professional qualifications (recognition of qualifications at an equivalent level is possible);
- a minimum of two years of professional practice involving knowledge of French legislation on auditing (Article 5 of the aforementioned Decree).

Experts-comptables (professional accountants) are authorized to practice:

- either within a partnership (*sociétés civiles professionnelles* (professional partnerships)) whose company name must be composed solely of the names of all the partners;
- or in certain commercial firms (*sociétés d'exercice libéral (SEL)* (professional firms); *sociétés anonymes* (SA) (public limited companies); *sociétés à responsabilité limitée* (SARL) (private limited companies)) that are named accountancy firms.

They may not however practise in firms whose name implies that the partners are traders (for example *sociétés en nom collectif*, (general partnerships)).

Requirements regarding capital:

- In *sociétés civiles*: *sociétés civiles professionnelles* Article 6 of the Order, all the partners must be members of the *Ordre* (Association);
- in other companies (SA, SARL, SEL) a majority of the capital must be held by *experts-comptables* (the percentage varies according to the form of the company).

Firms practising the accountancy profession are included in a special section of the *Ordre's* Register.

Firms registered with the *Ordre* enjoy the same rights and obligations as members of the *Ordre* with the exception of voting and eligibility rights.

In addition, firms must transmit to regional councils a list of their members and any changes made thereto.

Italy

Professional firms

See answer to question 3 above.

Auditing firms

Auditing firms which apply to be registered by CONSOB must comply with the following requirements:

- They may not conduct activities other than auditing and consulting in accounting organizations when related to auditing;
- the majority of voting rights must rest with natural persons registered as auditors;
- members of the board should not have violated company criminal law or committed serious criminal offences;
- an insurance policy in operation.

Individuals

Management restriction - legal representatives and majority of partners/directors must be registered auditors.

Ireland

No.

The "Yes/No" answers given above refer to the carrying out of statutory audits or acting as investment intermediaries by a member or a member firm of the professional bodies. See also answer to questions 3 and 7 above.

Where a member of a professional accountancy body is carrying on an insolvency practice he/she will be required to carry adequate professional indemnity insurance and, in particular types of assignment where control is exercised over an undertaking's asset, to have adequate bonding arrangements in place with regard to those assets.

For an individual or a firm of chartered accountants to attain the status of "registered auditor" and so be permitted to carry out statutory audits under the Companies Act, 1963 to 1990, he/they must meet and continue to comply with the Audit Regulations promulgated by the relevant professional body.

Greece

Regarding companies carrying out statutory audit the requirements are those mentioned in the Eighth Company Directive (EC legislation). Regarding accountancy firms all of the partners should be members of the Economic Chamber.

Luxembourg

In order to obtain a licence, legal persons must meet the following requirements:

- Have a professional establishment in Luxembourg;
- be a national of a European Community State or a State that allows legal persons from Luxembourg to practise auditing without any discrimination in comparison with its own legal persons;
- natural persons who carry out the statutory auditing of the documents mentioned under Article 1 on behalf of a legal person must meet the necessary requirements (see question 19) and have the authority to make undertakings on behalf of the legal person;
- the majority of directors or managers must be natural persons who meet the conditions mentioned in question 19;
- the majority of voting rights attached to the shares of the legal person must be held by natural persons who meet the aforementioned requirements or by authorized legal persons.

Where necessary, the Minister for Justice may cancel the licence granted to a legal person that does not meet one or other of the above requirements, but he may grant a period of two years to regularize the situation:

- Where the audit is carried out by a legal person, the documents must be signed by a natural person who meets the requirements laid down;
- legal persons may not vote or be eligible for membership of the Institute

The Netherlands

Firms as such cannot act as auditors in The Netherlands. Therefore there are no special licensing requirements for firms.

However, the professional bodies have made special rules for those members who exercise the profession in the employ of a limited company. This is only allowed if:

- The majority of shares is held by accountants in the employ of the company;
- the majority of the directors are accountants who also hold the majority of the voting rights in the Board of Directors;
- adequate provisions are made for an indemnity insurance;
- adequate provisions are made for the confidentiality of files if the company is ended.

Portugal

Firms of statutory auditors are non-stock corporations whose members are necessarily statutory auditors.

Their constitution is subject to prior approval of the draft articles of association by the Chamber of Statutory Auditors and once set up they registered with this body.

They must have a minimum capital of Esc 400,000 and civil liability insurance of a minimum amount of 25,000,000 per member.

Public accountants may also set up firms of accountants.

Sweden

The accountants must be professionally active as public accountants.

United Kingdom

There are requirements only for the regulated activities set out below:

Requirement	Regulated area		
	Company auditing**	Insolvency*	Investment business**
Minimum capital	No	No	No
Number of partners	No	No	No
Membership of professional body	Yes	Yes	Yes
Registration with Ministry or other institution	Yes	Yes	Yes
Professional indemnity insurance	Yes	Yes	Yes
Re-activities of natural persons within firms	Yes	No	Yes
On voting rights	Yes	No	Yes
On management and administration	Yes	No	Yes
Other - Bonding of clients' assets	No	Yes	Yes

*Against an activity indicates that the individual is regulated;

**Against an activity indicates that the firm is regulated.

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.

See question C.5 in IFAC survey except for Greece and Portugal.

Austria

1. No specific dates to be observed for filing an application.
2. Six months at most, in general one month.
3. No differences between individuals and firms.

Belgium

The Training Committee and the Licensing Committee of the respective Institutes fix the exact dates.

Denmark

See answer 21 above.

France

An application for registration may be made at any time to the regional council of the *Ordre* (Association) in the area in which the individual lives or the company has its head office. The regional council must take a decision within a period of three months from the date of filing of the application.

Finland

KHT- and HTM-examinations are arranged once a year. A natural person can file an application for the KHT- or HTM-examination yearly by 30 April (in 1996).

The whole procedure takes about eight months.

Firms can file an application any time of the year. The procedure takes about one month. When the firm fulfils the conditions laid down, the Board of the Central Chamber of Commerce or the committee of a regional chamber of commerce accepts the new applicant.

Greece

Concerning the statutory auditors, applications can be filed at any time of the year, where as the examination takes place once a year. Accountants may file an application at any time and the licence procedure is completed in 30 days.

Italy

Individuals: once qualified, application for registration may be filed at any time of the year. The same applies to firms when registration in CONSOB's register is sought. Duration for registration: six months for companies, two months for individuals.

Ireland

An application for formal recognition as "registered auditor" or "investment intermediary" can be made at any time during the year. The period for consideration and decision on such application would usually not exceed eight weeks, the precise period depending on the circumstances of each case.

Portugal

The exam to become a statutory auditor is held at least once a year.

Sweden

An application for licensing can be filed at any time of the year. The licensing procedure does normally take two months.

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.

European Community

Licensing requirements under the Eighth Directive 84/253/EEC only apply to statutory auditors or firms of statutory auditors. By definition, they apply to all accountants or firms of accountants, which are, *inter alia*, entitled to carry out statutory audits.

Directive 89/48/EEC, which only applies in cases where individuals who are nationals of EC member States move within the Community, provides that in cases where the host member State requires proof of good character or repute or that the applicant has not been declared bankrupt, or where a certificate that the incoming professional is of good physical or mental health is required by the host State, the host member State is obliged to recognize documents issued for that purpose in the member State from which the incoming professional comes. The host member State may require that the documents are presented no more than three months after their date of issue.

Austria

1. Licensing covers the whole spectrum of activities of the respective profession. The spectrum of activities is defined by law (WTBO).
2. A restriction to particular activities - e.g. with relation to professional examination or proof of competence - is not possible.
3. No specific regulation regarding acceptance of documentation issued in other countries as far as they allow a decision. The essential documents have to be translated into German.

Belgium

Partnership with a foreign *réviseur* (statutory auditor) is allowed only if the latter's qualifications are recognized as equivalent in accordance with the Eighth Directive.

In each instance, the Council of the Institute requires proof of the professional qualifications of the person concerned in his country of origin, together with a certificate showing that he has been

responsible for audits (Articles 4 *ter* of the Law of 22 July 1953). A similar procedure is provided for *experts-comptables* (professional accountants) in Article 3 of the Royal Decree of 22 November 1990 on diplomas.

Germany

Once the professional has been officially appointed as *Wirtschaftsprüfer/vereidgter Buchprüfer/Steuerberater* by the Highest Land Authority he has the right to perform all types of activities to which he is authorized. There are no differences in terms of licensing requirements and/or procedures according to the activities covered by the appointment.

France

As accountancy and auditing are two different professions, the requirements for registration and practice differ. Membership of the *Ordre des experts-comptables* (Association of Professional Accountants) allows all activities covered by the *Ordre's* monopoly to be practised without restriction (bookkeeping, centralization, organization and checking of accounts ...).

The same requirements for licensing and registration on the list apply to *commissaires aux comptes* (statutory auditors), both in relation to their general auditing tasks and specific duties such as implementing the early-warning procedure (insolvency cases) (Article 29, Law of 1 March 1984).

Finland

None. Only auditing is covered by the licence.

Natural persons have to give proof of:

- Working experience;
- basic education;
- studies; and
- examination.

Foreign documentation is accepted in certain parts.

Italy

Yes. Differences in terms of licensing requirements and procedures:

Individuals

Requirements and procedures for being registered in the *Albo of Dottori Commercialisti* and in the *Albo of Ragionieri e Periti Commerciali* are provided for respectively by DPR No. 1067 dated 27 October 1953 and DPR No. 1068 dated 27 October 1953 modified by Law of 12 February 1992 No. 193 (see answer to question 9 above).

Documentation: citizenship, residence, civil rights, professional exam. Documents issued in other countries in principle are accepted only when mutual recognition is operating.

Auditing firms

The following documentation is required for the registration in CONSOB's register:

- A copy of the memorandum of incorporation;
- insurance policy;
- registration's certificate as auditor for the majority of the partners and board's members;
- copy of appointment as board's members and internal auditors members, with their relevant file numbers;
- copy of financial statements, including the board of directors report and internal auditors report of the last three years. Foreign firms operating in Italy having a permanent organization must provide, in addition to its annual accounts, the financial statements of the firm;
- report on the firm's history, organizational and operational structure and its relevant means, offices, staff, distinct by categories; list of auditing contracts completed and those currently undertaken and any other useful information which may demonstrate ethical qualifications, efficient organization and adequate technical skill in Italy and abroad.

The following documentation is required for registration of professional auditor at the Ministry of Justice's Register:

For individuals

- Domicile in Italy;
- absence of orders of disqualification or suspension for managerial posts in corporations and companies; absence of precautionary measures and custodial sentences for specific offences;
- university degree or professional school certificate after a course which lasts at least three years, covering economic, business or legal subjects;
- a three-year training period in the auditing of company balance sheets and consolidated balance sheets with an auditor or a public official engaged in auditing activities;
- passing a written and oral exam on the following subjects: accounting, management accounting, company balance sheets and consolidated balance sheets, auditing of company books and balance sheets, civil and commercial law, bankruptcy law, tax law, labour and social security law, information and computer technology, economics and business management, basic principles in financial management, mathematics and statistics.

For companies

- A standing head office or other office in Italy;

- the company's purpose must be limited to auditing and accounting organization;
- the legal representatives responsible for auditing and the majority of directors must be registered auditors;
- in association of persons (partnership and limited partnerships) the majority of members calculated on the basis of their numbers and shares must be constituted by registered auditors;
- in capital companies (public companies), *società in accomandita per azioni*, private companies) registered auditors must have the majority of voting rights in the members meetings; in public companies and in *società in accomandita per azioni* registered shares and not by endorsement.

The implementation regulations provided for by the aforesaid decree are being drawn up and shall lay down the papers required for registration.

Ireland

For auditing the requirements are:

- (a) Evidence of voting majority of principals in possession of auditing qualification recognized by the State in accordance with the EU Eighth Directive;
- (b) evidence of possession of professional indemnity insurance cover;
- (c) application for licence in standard form which creates a regulatory contract between the professional body and the firm.

For investment business, the requirements are:

- (a) Evidence of membership of professional body or of an undertaking to accept its standards and discipline;
- (b) evidence of possession of professional indemnity insurance cover;
- (c) application for licence in standard form which creates a regulatory contract between the professional body and the firm.

Luxembourg

See question 9.

Portugal

Already answered (IFAC study).

Sweden

There are no differences in this respect. Diplomas and certificates of theoretical and practical education issued in other countries are acceptable.

United Kingdom

In the UK there are no differences in licensing requirements related to the activity which the individual/firm wishes to conduct: audit, insolvency or investment business.

1. Statutory auditing

Under the Companies Act 1989, a company must have its annual accounts audited by a sole practitioner, a partnership or a corporate practice which has been registered by one of the Recognised Supervisory Bodies (RSBs). The following bodies have been granted RSB status by the Department of Trade and Industry:

- The Institute of Chartered Accountants in England and Wales (ICAEW);
- the Institute of Chartered Accountants of Scotland (ICAS);
- the Institute of Chartered Accountants in Ireland (ICAI);
- the Chartered Association of Certified Accountants (ACCA);
- the Association of Authorised Public Accountants (AAPA).

The first step for a non-EU national wishing to undertake audit work in the United Kingdom is to establish whether he/she has an appropriate qualification as defined by the Act.

Once a foreign accountant has established that he/she holds an appropriate qualification, he/she has to apply to an RSB for registration as a company auditor. The applicant must also comply with rules relating to:

- (a) The ownership and control of registered auditors;
- (b) the fit and proper status of registered auditors;
- (c) the independence and integrity of registered auditors;
- (d) registered auditors' compliance with technical standards;
- (e) the maintenance of competence by registered auditors;
- (f) registered auditors' ability to meet claims arising from audit work.

2. Insolvency practice

Under the provisions of the Insolvency Act 1986 and the Insolvency (Northern Ireland) Order 1989, all persons wishing to undertake insolvency appointments in relation to United Kingdom registered companies must hold an insolvency licence.

The normal route for holders of accountancy qualifications obtained outside the United Kingdom is to apply to the Secretary of State for Trade and Industry (or as appropriate the Minister of State for Economic Development in Northern Ireland) for a licence.

In the case of the Insolvency Act 1986, applicants must pass an examination in insolvency set by the Joint Insolvency Examination Board, and must apply to the relevant Recognized Professional Body for a licence.

3. Investment services

Under the provisions of the Financial Services Act 1986 any firm (including a sole trader) that wishes to carry on investment business must be authorized to do so. Authorizations are granted on the basis of experience requirements and a requirement that applicants are "fit and proper" persons; in a very limited number of cases, proof of capital adequacy may also be required. Investment business for which authorization is required, as defined in the Act, covers a wide span of investment activity including giving investment advice, managing investments and arranging investment deals.

Holders of accountancy qualifications obtained outside the United Kingdom must either be covered by their employer's authorization or will need to apply to one of the SROs or RPBs if they wish to engage in investment business as defined by the Act.

The appropriate route for authorization will be determined by the nature of the activities undertaken by the firm, by the amount of investment business to be carried out, and by the qualifications of those principals managing the firm. Authorization is granted to individuals and to firms, depending on the route taken.

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

European Community

Under Directive 84/253/EEC member States must see to it that persons who carry out statutory audit are doing so in a proper way especially as regards professional integrity and independence. Where the requirements in relation to natural persons carrying out statutory audits on behalf of a firm or in relation to voting rights and members of the administrative or management body of a firm are no longer fulfilled the approval of a firm of auditors must be withdrawn.

Belgium

The disciplinary board of each institute may cancel the licence given to an individual or firm.

Germany

In cases where the licensing conditions are no longer respected the official appointment of a professional or the official recognition as a professional firm is to be revoked by the Highest Land Authority. In addition, disciplinary measures (i.e. a reprimand, a *fine*, exclusion from the profession) may be taken.

Spain

Failure to abide by the requirements laid down for registration with the ROAC by natural persons or auditing firms will entail temporary or definitive removal from the register depending on whether the cause can be remedied or not.

Voluntary resignation, administrative sanction (temporary or definitive removal), death or the winding-up of the company may result in removal from the ROAC (Article 33 of the Audit Regulation).

Failure to maintain the guarantees for exercise of the activity (insurance, deposit or special guarantee laid down in Article 35 of the Regulation) will entail removal of the firm since only practising auditors may be registered. In the case of natural persons the absence of the guarantees will not entail removal from the register but cancellation of registration as a practising auditor and registration as a non-practising auditor or a provider of services on behalf of a third party.

France

If a *commissaire aux comptes* (statutory auditor) no longer meets the requirements laid down for the profession, he may be subject to disciplinary sanctions and criminal proceedings and suspended or struck off the list.

For legal persons, the decision on striking off establishes the liquidation of the firm and orders that it should be wound up.

Experts-comptables (professional accountants): For natural or legal persons, the Regional Council of the *Ordre* (Association) to which the accountant belongs may require him to regularize his situation and, if this is not done, may decide to strike him off the *Ordre's* list of members, either through the application of a disciplinary sanction or a penal sentence, or *ex officio* (failure to pay professional subscriptions or to meet the criteria for remaining on the list).

Finland

Cancellation of authorization. Also sanctions, warning and remark, can be used. The Auditing Board of the State has to, on the motion of the Auditing Board of the Central Chamber of Commerce, cancel the authorization, where an auditor is no longer professionally qualified or does not meet other requirements for authorization. The same applies where an auditor has deliberately or out of gross negligence violated against the Auditing Act or any provisions prescribed by virtue thereof, or has, in spite of a warning, repeatedly violated his duties as an authorized auditor.

Greece

Disciplinary or administrative sanctions.

Italy

Individuals: disciplinary penalties (temporary suspension, striking off).

Firms: measures by CONSOB (temporary suspension, striking off): see above.

Ireland

Apparent non-compliance with, for example, relevant auditing standards, would be examined, in the first instance, by a member of this Institute's Monitoring Unit. The matter (together with that person's findings) would be referred to the Audit Registration Committee for decision. The Committee could restrict, suspend, or withdraw registration. Depending on the circumstances, the matter may also be referred to the Investigation and Disciplinary Committee.

All firms are visited on a five-year cycle.

In the case of all the professional bodies, if the conditions/requirements under which entitlement to practise as a "registered auditor" or act as "investment intermediary" are no longer met, then following necessary investigation, the licence to practise in the particular area would be withdrawn.

Luxembourg

The Minister for Justice may withdraw the licence of persons who no longer meet one of the conditions.

Nevertheless, he may grant legal persons that no longer fulfil one and/or other of the following requirements a period of two years in which to regularize their situation:

- The majority of directors or managers must be natural persons who meet the stipulated requirements;
- the majority of voting rights attached to the shares of the legal person must be held by natural persons who meet the requirements or by authorized legal persons.

Withdrawal of a licence leads to striking off the list of the *Institut des Réviseurs d'Entreprises* (Institute of Statutory Auditors).

The Netherlands

When an accountant does not respect the licensing conditions the professional body may lodge a complaint with the Disciplinary Board. If the complaint is found valid this may lead to suspension or expulsion of the member and to suspension or deletion of his inscription in the accountants register (his licence). One can appeal to decisions of the Disciplinary Board at the *College van Beroep voor het bedrijfsleven* (Court of appeal for the business sector).

An individual accountant is responsible to the professional body that the rules for firms (see question 21) are respected.

Portugal

As already stated, statutory auditors and certified accountants must register with the profession's disciplinary bodies prior to taking up their professional activities.

Sweden

The authorization/approval is revoked.

United Kingdom

If the conditions are no longer met, then the licence to practise in the particular area is withdrawn. Depending on the reasons for the withdrawal, membership of the professional body may also be lost.

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?

European Community

For nationals of EC member States, who hold a diploma in accountancy delivered in an EC member State, or who hold a diploma obtained in a third country which has already been recognized by an EC member State and who have acquired additional professional experience in that member State (at least three years), and who move from one member State to another, the General System for the Recognition of Professional Qualifications, and in particular Directive 89/48/EEC on a general system for the recognition for higher-education diplomas awarded on completion of professional education and training of at least three years' duration, applies.

For access to an accountancy profession the first recognition of third country diplomas held by nationals of EC member States and the recognition of diplomas held by nationals of third countries is governed by the legislation of member States and agreements or arrangements concluded by member States or professional bodies. According to Directive 84/253 member States may approve as statutory auditors persons who have obtained all or part of their qualifications in a third country provided they consider the qualifications equivalent to those required under the law of the relevant member State in accordance with Directive 84/253 and if the incoming professionals can demonstrate that they have acquired the legal knowledge required in that member State for purposes of statutory audit.

For explanatory note on Community System on the recognition of professional qualification of professionals who are EC nationals, see Communication in document S/WPPS/W/3. For arrangements made by member States, other than the EC General System, see responses contained in Section B.5 and B.6 of OECD survey (document S/WPPS/W/4/Add.2) except for Greece, Italy, Portugal and Finland; Ireland, Luxembourg and Belgium in part, and the information hereunder.

Austria

1. Recognition (*Nostrifikation*) of university studies, recognition of professional practice, both on an individual basis.
2. In any case no credit for professional examination.
3. There exist no bilateral agreements.

Belgium

Yes. The reference concerning the IRE is to Article 4 *ter* of the Law of 22 July 1953 and Article 14 of the training regulations. The reference concerning the IEC is to Article 3 of the Royal Decree of 22 November 1990 on diplomas.

Germany

For recognition of qualifications acquired by foreign professional in another country there are no other arrangements than the EU General System (Directive for the Recognition of Higher Education Diplomas 89/48/EEC). There are no bilateral agreements with other countries.

Denmark

Danish legislation allows recognition of State-authorized public and certified accountants from third countries who are able to document that they have completed studies in another country which are comparable with the Danish course required for State-authorized public or certified accountants, and who otherwise fulfil the conditions required to gain the status of State-authorized public or certified accountant.

No bilateral agreement exists with any other country concerning automatic mutual approval of State-authorized public or certified accountants.

France

Commissaires aux comptes (statutory auditors)

Yes, in accordance with the system for the verification of qualifications. See the reply to question 10.

Experts-comptables (professional accountants)

An aptitude test is provided for the purpose of verifying qualifications:

- For all candidates nationals of a non-member State of the European Community who request registration and are not in possession of a French accountancy diploma;
- for citizens of member States of the European Community when they have received training that focuses on subjects that are substantially different from those in the French accountancy diploma programme or when the State in which they practised the profession does not regulate the profession or regulates it differently.

Finland

Yes, a citizen of a State of the European Economic Area with professional qualification in any member country of the EEA may be authorized as a KHT-accountant. Prior to the authorization, the applicant must pass a part of the examination of professional competence as specified by the Auditing Board of the Central Chamber of Commerce and give an affirmation before the Court.

The above-mentioned applies equally to HTM accountants.

In case a person does not have an authorization for an accountant in the EEA he has to fulfil the general requirements for authorization according to the Auditing Act.

Greece

The "Diploma Directive" applies. There are no bilateral agreements.

Italy

First question: Yes. Under the conditions provided for the EU legislations.

Second question: No.

Ireland

As noted in answer 8 above, the Minister for Enterprise and Employment is entitled to grant "registered auditor" status to a person who holds an audit qualification granted under the law of another country. The Minister must be satisfied that the person applying "...has an adequate knowledge of the law and practice in the State relevant to the audit of accounts ...". Furthermore, Section 189 of the Companies Act, 1990, specifically empowers the Minister to similarly recognise the qualification of persons who hold:

- (a) a qualification entitling them to audit accounts under the law of a specified country outside the State; or
- (b) a specified accountancy qualification recognized under the law of a country outside the State.

Before making such a decision, the Minister:

- (a) Must be satisfied that the qualification concerned is of a standard not less than is required by the companies acts to qualify a person for appointment as auditor of a company or a public auditor; and
- (b) May direct that such a person should not be treated as qualified for the purposes of Subsection (1) unless he holds such additional education qualifications as the Minister may specify for the purpose of ensuring that such persons have an adequate knowledge of the law and practice in the State relevant to the audit of accounts; and
- (c) May have regard to the extent to which persons qualified under the companies acts, for appointment as auditor of a company or a public auditor are recognized by the law of the country in question as qualified to audit accounts there.

Luxembourg

See questions 3 and 11.

Portugal

We do have the requisite information to answer these questions.

United Kingdom

The IFAC survey suggests for the ICAEW/ICAS/ICAI that all local requirements have to be met by third country nationals. However, the three Institutes of Chartered Accountants in the UK (the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of Scotland and the Institute of Chartered Accountants in Ireland) have reciprocal membership arrangements with:

- The Institute of Chartered Accountants in Australia;
- New Zealand Society of Accountants;
- the South African Institute of Chartered Accountants;
- the Canadian Institute of Chartered Accountant.

Members of each of these bodies can become members of the ICAEW/ICAS/ICAI subject to passing an aptitude test in areas of difference between their original qualification and the United Kingdom chartered accountants qualification. The ACCA has a reciprocal membership arrangement with the New Zealand Society of Accountant.

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 is no recognition of foreign (i.e. non-EC nationals) qualifications as such at **Community level**; this is exercised by the member States.

At Community level the benefits of the "Diploma Directive" are extended to the EEA countries. With the countries with whom the European Community and its member States have concluded association agreements, the possibility to consider the benefits of the "Diploma Directive" has been foreseen but no concrete action has been undertaken.

See answers in C.10 of IFAC survey.

Agreements/arrangements by member States

Austria

No. The professional bodies, in particular the Chamber, are not entitled to conclude legally binding agreements.

Belgium

No.

Germany

There are no agreements on mutual recognition.

Denmark

The positions as State-authorized public accountant and certified accountant are regulated by law and the competence to recognise accountants from other countries is vested in the competent authority, the Danish Commerce and Companies Agency.

France

In principle, no. France has, however, concluded agreements with certain French-speaking African countries to facilitate access by nationals of these States to various services activities (including professional services).

Finland

No.

Greece

No.

Italy

There are no mutual recognition provisions for non-EU accountants and between professional bodies, since that is not allowed by national law.

Ireland

In addition to the Institute of Chartered Accountants in Ireland and the Institute of Certified Public Accountants in Ireland, the three GB-based professional accountancy bodies referred to in answer No. 4 are recognized by the Minister for Enterprise and Employment as professional bodies whose members may qualify to hold a practising certificate to act as statutory auditor.

Similar mutual recognition is granted under the GB Companies Act, 1985, to the Institute of Chartered Accountants in Ireland.

The Mutual Recognition Directive permits a statutory auditor, who is recognized in another member State to apply for recognition as statutory auditor in the Republic of Ireland. The person's qualification is objectively assessed in relation to the scope of each member State's domestic legislation. The normal conversion test applied is that of company law and taxation.

Portugal

Answers have already been provided for statutory auditors and certified accountants. The professions of statutory auditor and certified accountant and the firms set up by them are the only ones for which there is special legislation, the salient points of which have been described in this document. External audit firms are set up in accordance with the general law applicable to commercial firms. Hence there are no special rules governing the constitution of firms of this type by foreign national. We have therefore not answered Sections VI to VII of the questionnaire.

Sweden

There are - except for the agreement with the Nordic countries - no such agreements. The professional bodies are only open for accountants that have acquired approval or authorization from the Supervisory Board or Public Accountants.

United Kingdom

See additional answer given under question 25.

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.

See answers to questions B.5 and 6 of the OECD Categorized Inventory (document S/WWPS/W/4/Add.2) except for Finland, Greece, Italy and Portugal and additional information hereunder.

Austria

1. In general a full local professional examination is necessary. This relates in any case to natural persons ("sole practitioners") and to shareholders or partners who hold more than 25 per cent equity participation and shares in the operating results.
2. The local professional qualification is waived for shareholders up to 25 per cent under the GATS-commitment provided they are fully authorized for the professional activities according to the law of their home country.
3. Whether local training as an employed person is useful, is left to the applicant. In any case it has to be considered as additional to the professional examination. There exists no particular regulation.
4. A local licence (for natural persons) or a local admittance (for legal persons and partnerships) and intabulation into the Register of Austrian Public Accountants is always necessary. The only exemption under the Austrian GATS-commitment relates to foreign qualified shareholders (see answer 27.1 above) and to foreign professionals moving into and temporarily staying in Austria to provide specific services (see answer 35.2).

Belgium

The *Conseil Supérieur du Révisorat et de l'Expertise comptable* (Auditing and Accounting Council) has expressed an opinion on the draft Royal Decrees amending the Royal Decrees on training, examination programmes and criteria, and diplomas for accountancy candidates respectively (Annual Report 93/94 - CSREC).

Denmark

The answer is in two parts, one applying to accountants covered by Directive 89/48/EEC, and one applying to accountants from third countries.

With regard to accountants covered by Directive 89/48/EEC, the maximum requirements applying are that they must pass a qualifying test in which they must demonstrate their knowledge of Danish law, administrative practice and court decisions, including solving the practical tasks which Danish State-authorized public accountants normally meet. The assessment is concrete, thus dispensing with the requirement for a qualifying test in any single case.

With regard to accountants from a third country, there are no fixed procedures for recognition, and the decision to grant or reject an application for recognition will therefore be based entirely on the case in question.

France

There is an aptitude test for nationals of non-member States of the EC. For nationals of member States of the European Community, the aptitude test only applies if the candidate's training focused on subjects that are substantially different from those studied for the French diploma or if his State of origin does not regulate access to the accounting profession, or regulates it differently. The details of the aptitude test are fixed by decree. The test comprises a written examination on the law and professional regulation (QCM) and an oral examination on regulation and professional practice. Professionals are not required to undergo any on-the-job training.

A local licence is always required in order to practise as an accountant.

Finland

A full local examination is not required for citizens from the European Economic Area (EEA). A citizen of a State of the EEA with professional qualification in any State of the EEA may be authorized as an auditor. Prior to the authorization, the applicant must pass a part of the examination of professional competence as specified by the Auditing Board of the Central Chamber of Commerce and give the affirmation before the Court. The authorization for KHT- or HTM-accountant is required for citizens coming outside the EEA.

Greece

Nationality requirement exists in relation to statutory auditors. As far as the accountant - tax consultants are concerned, the issue is under consideration so that the exact conditions for licensing to be met by the foreign professionals will be specified.

Italy

Second question: Yes

Ireland

See answer to question 25 above. It will be necessary to hold the Irish qualification of "registered auditor" or "investment intermediary" if wishing to provide statutory auditing services or investment advice in the Republic of Ireland.

Portugal

See answer to question 26.

United Kingdom

For the arrangement outlined in question 25, the normal route to membership is via a written test to examine knowledge of UK business law (law of contract, company law, UK legal system), UK taxation, Accounting Standards Committee, Accounting Standards Board pronouncements, professional ethics. The written examination may also be supplemented by an oral exam. Each of the UK professional bodies with recognition arrangements has responsibility for setting eligible candidates its own test for membership.

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

See answer to question I.B.3 of OECD Categorized Inventory (document S/WPPS/W/4/Add.2); IFAC survey Sections C.7 and 8 and additional answers hereunder.

Austria

1. Under the Austrian law licensing/accreditation covers the whole legally defined range of professional activities for the profession "certified public accountancy" or "licensed tax advisory". Foreign professionals have in general to meet all the requirements set by law. An exemption of certain requirements may take place under the GATS-commitments, in particular for shareholders up to 25 per cent.

2. It is not possible to be admitted only to certain professional activities within the whole professional spectrum either that of certified public accountant (*Beeideter Wirtschaftsprüfer und Steuerberater*) or of licensed tax consultant (*Seuklerberater*). Admittance therefore is only possible if the applicant meets the professional qualifications for the whole range of professional activities.

Belgium

For *réviseurs* (statutory auditors), Article 4 *ter* of the 1953 basic Law establishing an (*Institut des Réviseurs d'entreprises* (Institute of Statutory Auditors) is applicable, together with the Royal Decree of 14 February 1989 (*Moniteur Belge* of 10 March 1989) prescribing the conditions for accreditation of non-residents, especially Article 2, §2 and 3, concerning the types of attestation to be given to their nationals by foreign authorities regarding their professional competence and integrity and to be used in support of their request for admission to the IRE. The training regulations contained in the Royal Decree of 13 October 1987 (*Moniteur Belge* of 23 December 1987) deal with the recognition of diplomas granted abroad (Article 14) as well as exemption from practical training for persons considered to have obtained abroad a qualification equivalent to that of *réviseur d'entreprises* (Article 24, §2).

For *experts-comptables* (statutory accountants), the applicable provisions are Articles 72, §3, 73 and 74 of the Law of 21 February 1985 establishing the general framework for admission to the Institute, subsequently implemented by Article 8 of the Royal Decree of 14 June 1985 setting out the conditions for admission of foreign members and Article 11 defining the recognition of their qualifications.

The Royal Decree of 20 April 1990 on practical training for accountancy candidates contains a provision allowing foreign candidates whose qualifications obtained abroad meet the recognition criteria to be exempted from practical training. This provision was reaffirmed in Article 12 of the Royal Decree of 20 April 1990 establishing the programme and the requirements for the qualifying examination for *experts-comptables*.

Germany

Foreign professionals who wish to practice regulated activities in the Federal Republic of Germany are only entitled to do this after having obtained the qualification as *Wirtschaftsprüfer/vereidigter Buchprüfer* or *Steuerberater*. The conditions are the same as set for German applicants. EU nationals may obtain the licence by sitting the aptitude test as set out in the Directive 89/48/EEC. For the exercise of non-regulated activities a national licence is not required.

Denmark

To the extent that State authorized public accountants and certified accountants act as accountants in another country, they are expected to conduct their business in a manner which complies with the regulations applying to State-authorized public accountants and certified accountants under Danish jurisdiction. This will therefore also apply to foreign accountants who have gained the status of State-authorized public or certified accountants on the basis of their examination papers from their various countries of origin.

France

For *commissaires aux comptes* (statutory auditors)

The same conditions as those applying to nationals. Requirements for the recognition of diplomas: see the reply to question 10.

Experts-comptables (professional accountants)

These professionals must be registered on the list of the *Ordre des experts-comptables* (Association of Professional Accountants) in order to be able to practise.

Finland

A citizen of a State of the European Economic Area with professional qualification in any State of the European Economic Area may be authorized as a KHT-accountant. Prior to the authorization, the applicant must pass a part of the examination of professional competence as specified by the Auditing Board of the Central Chamber of Commerce and give an affirmation before the Court.

Greece

See answer given to question 27.

Italy

First question

Requirements

On the basis of EU Directive 89/48/EEC.

Individuals

To be resident in Italy; to have an educational background equivalent to the Italian one; to obtain the mutual recognition of his/her foreign qualification or professional (or functional) title; to pass an aptitude test; to obtain the local professional title; to be registered on the professional register.

Auditing firms

A foreign auditing firm must have a permanent organization in Italy in order to be able to obtain registration in the CONSOB's special register and it should comply with requirements mentioned under answer to question 23 above.

Second question

No.

Ireland

See answer to questions 25 and 27 above.

Luxembourg

There is no discrimination either against nationals of the Community of course or against nationals of other countries provided that their country of origin allows Luxembourg nationals to practise the profession of auditor without discrimination in comparison with its own nationals.

In any event, the persons concerned must meet the requirements described above (see in particular the replies to questions 9 and 11).

Auditing may be practised on the basis of a licence obtained in another country, but the persons concerned must submit a certificate attesting that they have passed with success an aptitude test relating to Luxembourg law (for further details, see the reply to question 9).

Portugal

See answer to question 26.

United Kingdom

In the case of audit, the Secretary of State has power under Section 33 of the Companies Act 1989 to recognize overseas audit qualifications and may declare that persons who:

- Are qualified to audit accounts under the law of a specified country or territory outside the United Kingdom; or
- hold a specified professional qualification in accountancy recognized under the law of a country or territory outside the United Kingdom

shall be regarded as holding an "approved overseas qualification" for UK audit purposes. A qualification shall not be so approved by the Secretary of State unless he is satisfied that it affords an assurance of professional competence equivalent to that afforded by a UK recognized professional qualification.

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.

See answers 1.A.1 and 1.C.3 of OECD Categorized Inventory (see document S/WPPS/W/4/Add.2), except for Ireland, Italy, Luxembourg and Portugal.

Austria

1. For natural persons ("sole practitioners") and shareholders or partners in firms: with the exception of Austrian nationality (this provision is waived for GATS-members only) all provisions which have to be fulfilled by Austrian or EEA citizens have to be covered. There are no special restrictions other than for Austrians.

2. For firms under the Austrian GATS-commitment: for foreign professionals with equity participation and shares in operating results not exceeding 25 per cent: no Austrian professional qualification but authorization to the respective professional activity according to the law of their home country, no residency if not managing director.

Belgium

Partnerships of *réviseurs* (statutory auditors) may exist in the form of professional partnerships under Belgian law (Article 4 *bis* of the Law of 22 July 1953). Any company or partnership that has been granted the status of *expert-comptable* (professional accountant) is, upon request, included in the list of external *expert-comptable* if it practises or intends to practise any or all of the activities defined in Article 78 of the Law of 21 February 1985 (see also Articles 80 and 81 of this Law).

Denmark

When recognition has been gained and State authorization/certification issued, the successful applicant may establish his/her business in accordance with the relevant statutory regulations (cf. the answer to question 21).

France

Experts-comptables (professional accountants) are authorized to practise within partnerships, *sociétés civiles professionnelles* (professional partnerships) and in certain commercial firms *sociétés d'exercice libéral* (professional firms); *sociétés anonymes* (public limited companies); *sociétés à responsabilité limitée* (private limited companies). They may not practise in firms which would involve the partners being traders (for example, *sociétés en nom collectif* (general partnerships)).

Finland

Yes. Only limited liability company, general partnership or limited partnership is possible for KHT firms of auditors or HTM firms of auditors.

Greece

There are no restrictions on the form.

Italy

In Italy, companies or partnerships or professional firms (except auditing firms) are not allowed (see answer to question 3 above).

Ireland

Statutory audits cannot be carried out through a body corporate, but only by natural persons or by a partnership - Section 187(2)(g), Companies Act, 1990.

Luxembourg

There are no legal or theoretical restrictions on the form in which this activity may be practised.

Réviseurs d'entreprises (statutory auditors) who practise their profession individually may only do so under their own name and not under any pseudonym or impersonal title.

In the case of legal persons, the majority of voting rights attached to their shares must be held by natural persons who meet the requirements or by authorized legal persons.

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

European Community

There are no such restrictions at Community level. For firms of auditors approved for Statutory Audit Directive 84/253/EEC only sets out minimum requirements for natural persons carrying out statutory audits on behalf of the professional firm, for the majority of voting rights and for the majority of the members of the administrative or management body of a firm of auditors.

A majority of voting rights must be held by natural persons or firms of auditors who satisfy the requirements of the Directive, in particular as regards qualification requirements. Member States may provide that such natural persons must also be approved and must make sure that they have the necessary professional integrity and independence.

Professionals from third country jurisdictions may be treated in the same way as local professionals, provided that their qualifications have been considered equivalent to those required under the law of the member State concerned. In addition they must have furnished proof of the legal knowledge required in that member State for the purposes of statutory audit and fulfil the criteria on professional integrity and independence set out by the relevant member State. Requirements set by member States may be stricter.

See answers 1.A.2 of OECD Categorized Inventory (document S/WPPS/W/4/Add.2) except for Italy the UK and additional information hereunder.

Austria

1. Yes, in general no foreign direct investment and ownership if the legal provisions applicable for Austrian citizens are not met, in particular local professional qualification, local residency.

2. Under the Austrian GATS-commitment foreign professionals - who must be authorized to the respective professional activity according to the law of their home country - may invest in and own

an Austrian firm up to 25 per cent in equity participation and share in operating results. If these professionals perform as managing director they must be resident in Austria.

Belgium

- Be a Belgian citizen or domiciled in Belgium;
- for *réviseurs* (statutory auditors), registration of firms under foreign law is regulated by the Royal Decree of 14 February 1989, pursuant to Article 4 *ter* of the Law of 22 July 1953;
- *experts-comptable* (professional accountants) must be accredited by the Council of the IEC (Article 12 of the Royal Decree of 20 April 1990 on aptitude requirements - Article 24, §2, of the Royal Decree of 20 April 1990 on practical training.

Germany

The professional law for Wirtschaftsprüfer requires that:

- The shareholders or partners are *Wirtschaftsprüfer* or *Wirtschaftsprüfungsgesellschaften* who comply with the provisions of the professional law for *Wirtschaftsprüfer* or are *vereidigte Buchprüfer*, *Steuerberater*, *Steuerbovollmächtigte* (representatives in tax matters), *Rechtsanwälte* or other persons, whose status as member of the board of management, manager or partner with unlimited liability has been approved under the professional law for *Wirtschaftsprüfer*;
- in the case of limited companies the majority of the shares belongs to *Wirtschaftsprüfer* or *Wirtschaftsprüfungsgesellschaften* who comply with the professional law for *Wirtschaftsprüfer*;
- *Wirtschaftsprüfer* or *Wirtschaftsprüfungsgesellschaften* who comply with the provisions of the professional law for *Wirtschaftsprüfer*, together have the majority of voting rights of shares in stock corporations, partnerships limited by shares, limited liability companies or capital subscribed by limited partners;
- in case of limited companies 100 per cent of the capital must be held by shareholders who are admitted according to the professional law for *Wirtschaftsprüfer*; the majority of the shares must belong to *Wirtschaftsprüfer* or firms of *Wirtschaftsprüfer* up to 49 per cent provided their qualifications are substantially similar to German requirements and their status as member of the board of management, manager or partner with unlimited liability has been approved by the Highest Land Authority.

For the profession of *Steuerberater* locals and/or foreigners must have been admitted according to the professional law. This applies also to tax consulting firms. A 100 per cent of the capital must be held by persons who are admitted according to the professional law.

Denmark

See answer to question 21.

France

Commissaires aux comptes (statutory auditors)

Article 218 of Law No. 66-537 provides for the control of auditing firms by *commissaires* legally registered on the list (qualified locally). The conditions applying to commercial firms are the following:

- Three quarters of the partners must be *commissaires aux comptes*;
- three quarters of the capital must be held by *commissaires aux comptes*;
- the posts of manager, chairman of the board of directors and of the supervisory board, and managing director must be held by natural persons who are *commissaires aux comptes*;
- the functions of *commissaires aux comptes* may only be exercised within one firm.

Experts-comptables (professional accountants)

- (a) *Sociétés civiles* (Partnerships): *sociétés civiles professionnelles* (professional partnerships):

All partners in the firm must be members of the *Ordre* (Association).

- (b) *Sociétés anonymes (SA)* and *Sociétés à responsabilité limitée (SARL)* (Public and private limited companies respectively): accountancy firms:

- In SA, two thirds of the capital and voting rights must be held by *experts-comptables*;
- in SARL, three quarters of the capital and voting rights must be held by *experts-comptables*;
- persons who are not *experts-comptables* may not hold a part of the capital or voting rights likely to endanger the conditions of exercise of the profession or its independence, the rules inherent in the status of *expert-comptable* or the code of ethics attached thereto.

- (c) *Société d'exercice libéral (SEL)*: Professional firms (Law No. 90-1258 of 31 December 1990 and Decree No. 92-1124 of 2 October 1992):

- More than half of the capital and voting rights must be held directly or indirectly by *experts-comptables* working in the firm;
- 25 per cent of the capital must be held by natural or legal persons who have practised or are currently practising as *experts-comptables*.

Finland

Half of the founders of a limited liability company must have permanent residence in the European Economic Area. An exception can be granted by the Ministry of Trade and Industry.

A natural person not residing within the European Economic Area, or a foreign organization or foundation which is established under the laws of a country not belonging to the European Economic

Area, will require a permit of the Ministry of Trade and Industry, in order to be able to become a partner of a general partnership or a general or silent partner of a limited partnership.

More than two thirds of partners in a general partnership or personally liable partners in a limited partnership must be auditors authorized by the Central Chamber of Commerce and employed by the firm, or firms of auditors authorized by the Central Chamber of Commerce. In a limited liability company at least two thirds of all shares and of voting rights has to be held by auditors authorized by the Central Chamber of Commerce and employed by the firm, or by firms of auditors authorized by the Central Chamber of Commerce.

Greece

No.

Italy

For auditing firms registered by CONSOB the majority of voting rights must be rest with natural persons registered as auditors.

Ireland

For accountancy firms, each professional body imposes control/voting requirements which must be met by individuals holding the professional title that body confers. For firms of chartered accountants the relevant percentage is 75, for firms of certified accountants it is 51 per cent.

United Kingdom

In the UK, the professional bodies concerned impose requirements relating to control/voting rights which must be in the hands of individuals holding the professional title which that body confers.

In order to be able to describe a firm as chartered accountants, 75 per cent of control/voting power must be held by members of the ICAEW/ICAS/ICAI or members of the following overseas bodies:

- The South African Institute of Chartered Accountants;
- the Canadian Institute of Chartered Accountants;
- the Institute of Chartered Accountants in Australia;
- the Institute of Chartered Accountants of Zimbabwe.

In order to be able to call a firm certified accountants, the relevant percentage of control and voting power which must be held by certified accountants is 51 per cent.

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

European Community

There is no requirement of a minimum number of local directors, managers or staff at Community level.

Directive 84/253/EEC only requires that a majority of the members of the administrative or management body of a firm of auditors must be natural persons or firms of auditors who satisfy the requirements of the Directive, in particular in terms of qualifications. Member States may provide that such natural persons or firms of auditors must also be approved. Where such body has no more than two members, one of those members must satisfy at least those conditions.

Professionals from third countries may be treated in the same way as local professionals, provided that their qualifications have been considered equivalent to those required under the law of a member State, that they have furnished proof of the legal knowledge required in that member State for the purposes of statutory audit and respect the standards of the relevant member State in terms of professional integrity and independence. Requirements set by member States may be stricter.

See answers to question I.A.3 of OECD Categorized Inventory (document S/WPPS/W/4/Add.2) except for Belgium, Greece, Portugal and Spain and additional information hereunder.

Austria

1. No. In any case directors and managers must be locally qualified and resident in Austria.
2. For employees ("staff") the horizontal part of the GATS-commitment is applicable, in particular concerning intra-corporate transferees.

Belgium

There is no minimum number.

Germany

The professional law of *Wirtschaftsprüfer* permits individuals who are authorized or appointed as auditors in foreign states to become besides *Wirtschaftsprüfer* members of the board of management, managers or partners with unlimited liability of *Wirtschaftsprüfungsgesellschaften* provided that the requirements for their authorization or official appointment are substantially the same as under the German law and that *Wirtschaftsprüfer* who are entitled to exercise the profession under this law receive reciprocal treatment in that foreign State. The number of the aforementioned foreign professionals may not reach the number of *Wirtschaftsprüfer*. In addition, they must be actively engaged in the firm as prescribed in answer 30.

For *Steuerberater* see answer 30.

Denmark

None of the requirements mentioned applies.

France

The managers, chairman of the board of directors or supervisory board, managing directors and members of the board must be *experts-comptables* (professional accountants) belonging to the firm; one half of the directors of public limited companies and two thirds of the directors of private limited companies must also be *experts-comptables*.

Finland

Half of the ordinary and deputy members of the Board of Directors and the Managing Director of a limited liability company must have permanent residence in the European Economic Area. An exception can be granted by the Ministry of Trade and Industry.

More than two thirds of all members and deputy members of the Board of Directors in a limited liability company, as well as the Chairman and the vice Chairman must be auditors authorized by the Central Chamber of Commerce and employed by the firm.

The Managing Director and the vice Managing Director, if any, have to be auditors authorized by the Central Chamber of Commerce and employed by the firm.

Greece

As mentioned above, the issue is under consideration.

Italy

Yes (see answer to question 21 above).

Ireland

See answer 30 above.

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.

See answers to question I.A.5 and I.C.3 of OECD Categorized Inventory (document S/WPPS/W/4/Add.2) except for Denmark and Greece and additional information hereunder.

Austria

No. Locally established firms may have international relations according to the legal provisions of the host country.

Belgium

No.

Denmark

None.

France

There are no restrictions.

Finland

None.

Greece

As mentioned above, the issue is under consideration.

Italy

None.

Ireland

None.

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

See answers to question I.A.6 of OECD Categorized Inventory (document S/WPPS/W/4/Add.2) and additional information hereunder.

Austria

No. See answers 3.3 and 3.4 concerning the use of wordings of firms and partnerships.

Belgium

No, it is allowed if the name is that of a foreign auditor. There are no regulations concerning bookkeepers and accountants.

Denmark

No.

France

There are no restrictions: firms may, for example, mention their legal connections with other members of the same profession or the names and addresses of their French and foreign correspondents.

Finland

No.

Greece

As mentioned above, the issue is under consideration.

Italy

No, except auditing firms.

Ireland

No, subject to the general provisions of the Registration of Business Names Act, 1963 - see answer 3 above.

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.

See answers to question I.C.2 in OECD Categorized Inventory (see document S/WPPS/W/4/Add.2) except for Belgium, Ireland, Italy, Sweden and Portugal.

Austria

1. Distinction has to be made between self-employed professionals or shareholders/partners and employees. For both categories the Immigration Law applies. In addition, for employees and minority shareholders/partners without decisive influence on the company/partnership, a labour market test, according to the "Foreign Employee Act" (*Ausländerbeschäftigungsgesetz*), is necessary.

2. No economic needs test according to the horizontal GATS-commitment concerning entry and temporary stay for certain categories of natural persons providing accountancy services, such as inter-corporate transferees, representatives of the service supplier or persons working in a senior position.

Belgium

No.

Denmark

When auditing is a statutory requirement under Danish law, it may only be performed by State-authorized public accountants or certified accountants (cf. answer to question 8). Foreign accountants wishing to provide their professional services in Denmark on a temporary basis are therefore obliged to seek recognition under the provisions noted under question 27.

France

No.

Finland

No.

Greece

As mentioned above, the issue is under consideration.

Italy

Yes.

Ireland

There are no restrictions on the entry of professionals from other member States or from EEA countries. In other cases a work permit, an entry visa and residence permit are usually required. Work permits are granted for periods of one month up to periods of 12 months. They are usually renewable.

The usual criterion applied, in assessing an application for a work permit, is the economic need test which is consideration as to whether the post could be filled from professionals available within the country. Visas and residence permits are only granted to persons holding work permits.

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

See answers to question I.B.2 of OECD Categorized Inventory (document S/WPPS/W/4/Add.2) except for Belgium, Greece, Ireland, Italy, Portugal and UK and additional information hereunder.

Austria

1. In general for the supply of accountancy services an Austrian licence (for natural persons) or admittance (for legal persons and partnerships) and the intabulation into the Register of Austrian Public Accountants is necessary.

2. Following the original GATS specific commitments and the extended horizontal commitment undertaken under the third Protocol to the GATS, foreign service providers may move into and stay temporarily in the territory of Austria to provide specific professional activities in the "accountancy sector", namely accounting, bookkeeping and tax advice. However, these specific professional activities are subject to certain conditions, such as examination before the Chamber and membership to the relevant professional body in the home country. This GATS-commitment does not apply to auditing. In any case no representation before competent authorities is allowed.

Belgium

No.

Denmark

See answer to question 34.

France

No (see question 26).

Finland

No.

Greece

As mentioned above, the issue is under consideration.

Italy

No.

Ireland

See answer 34 above. The procedures would be the same.

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

See answers to question I.C.4 of OECD Categorized Inventory (document S/WPPS/W/4/Add.2) except for Belgium, Germany, Greece, Ireland, Italy, Luxembourg, Portugal and Spain and additional information hereunder.

Austria

No. However, the admission of foreign firms and professionals is limited (see answer to question 29 above).

Belgium

No.

Germany

Local professionals *Wirtschaftsprüfer/vereidgter Buchprüfer* are allowed to exercise their profession as an employee with signing rights with a member of a foreign audit profession or foreign audit firm if the requirements for the exercise of the foreigners' profession correspond substantially to those of the German law regulating the profession of *Wirtschaftsprüfer*.

Local professionals *Steuerberater* are allowed to exercise their profession as an employee of foreign professionals established in a foreign state if the requirements for the exercise of the foreigners' profession correspond substantially to those of the German professional law.

With respect to EU-nationals or nationals coming from the European Economic Area by virtue of the Eighth Directive these requirements are met.

Denmark

See answer to question 34.

France

There are no restrictions.

Finland

No.

Greece

As mentioned above, the issue is under consideration.

Italy

No.

Ireland

No.

Luxembourg

There are no restrictions, but the conditions have to be met. Recruitment policy only concerns firms of *réviseurs d'entreprises* (statutory auditors) provided that they respect Luxembourg's labour legislation.

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.

See answers to question I.B.4 of OECD Categorized Inventory (document S/WPPS/W/4/Add.2) and additional information hereunder.

Austria

1. In general Austrian or EEA nationality is required to perform all accountancy services as self-employed either as sole practitioner or shareholder/partner in a firm.
2. No nationality/citizenship requirement for GATS members.

Belgium

No.

Denmark

Danish law does not require Danish citizenship for applicants to become a State-authorized public or certified accountant.

France

Subject to verification of their diplomas, there are procedures to allow foreign nationals to become registered (see question 26).

Finland

No.

Italy

Yes: to become member of the professional body of *Dottori Commercialisti* and *Ragionieri*, it is necessary to be an Italian or EU citizen belonging to a country with whom a mutual recognition agreement is operating (see answers to questions 19-20 above).

Ireland

No. Answer 34 above sets out the usual 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?

See answers to question I.B.4 and I.C.1 of OECD Categorized Inventory (document S/WPPS/W/4/Add.2) and additional information hereunder.

Austria

1. In general for the provision of accountancy services establishment and residency are required. Accountancy services may only be provided if a natural persons is licensed, a firm admitted to perform the respective spectrum of professional activities. Obligatory membership to the Chamber as well as intabulation into the Register of Austrian Public Accountants.
2. Under the GATS-commitment foreign professionals (who must be authorized to the respective professional activity according to the law of their home country) holding an equity participation and a share in operating results of any Austrian legal entity not exceeding 25 per cent are not required to be resident or prior resident and to be member of the Chamber.
3. A professional establishment in more than one country is not forbidden according to Austrian law but residency in Austria is required.

Belgium

The Royal Decree of 14 February 1989 adopts a very open position in favour of practice of the auditing profession by natural persons domiciled abroad, except for the conditions of competence equivalent to those required for establishment. The only requirement is to set up an office in Belgium where the professional activities will in fact be carried out and where the relevant acts, documents and correspondence will be kept, as well as to agree to observe all the ethical rules applicable to members of the IRE.

In particular, where the professional domicile mentioned is not with another *réviseur d'entreprises* (statutory auditor), the IRE Council will verify whether it is in fact the professional domicile within the meaning of Article 1.5 of the aforementioned Royal Decree of 14 February 1989 (these requirements are consistent with the Decision by the Court of Justice of 20 May 1992 - C Case - 106/91).

Similar regulations apply to *experts-comptables* (professional accountants) in accordance with Article 8 of the Royal Decree of 14 June 1985 and the subsequent decisions by the Council of the Institute.

Denmark

Applicants must be domiciled in Denmark to gain the status of State-authorized public or certified accountant. This requirement does not, however, apply to EU citizens or citizens of those EFTA countries which have signed the EEC Agreement.

France

Commissaires aux comptes (statutory auditors) are registered by the regional commission of the court of appeal within whose jurisdiction their domicile is situated. Firms having the capacity to act as *commissaires aux comptes* are registered by the regional commission with competence for the area in which their head office is situated.

Registered *commissaires* may practise anywhere in France.

In addition, the head office of auditing firms must be situated within the sphere of competence of the regional society that has the largest number of shareholders or members registered with the court of appeal. If two or more regional societies have the same number of shareholders or members, the

site of the head office may be established by the shareholders or members within the sphere of competence of one or other of the societies (Decree No. 69-810, 12 August 1969, Article 166).

For *experts-comptables* (professional accountants), there is no prior residency requirement. Nevertheless, it is necessary to have a professional address in France in order to be registered with the *Ordre des experts-comptables* (Association of Professional Accountants).

It is also possible to have a professional establishment in several countries.

Finland

No. It is possible to have a professional establishment in more than one country.

Italy

Yes (see answers to questions 19-20-27-28 above).

Ireland

The response to question 34 above sets out the usual requirements. There is no reason why a professional establishment could not be set up in more than one country.

Luxembourg

It is necessary to have a professional establishment in Luxembourg in order to receive accreditation. Current or prior residency is not required.

It is possible to have or to operate a professional establishment in one or more other countries.

United Kingdom

There are no residence or establishment requirements imposed on accountants in the UK.

There are no restrictions on UK professional accountant having more than one establishment.

ANNEX I

Explanatory Note on the Accountancy Sector in Italy

In Italy there are two forms of audit: internal, which is peculiar to our system, and external.

Internal audits are carried out by a *Collegio sindacale*, which is an auditing body required by law in certain types of enterprise (public limited companies - S.P.A. -, private limited companies - SRL - subject to certain conditions and cooperatives). Among the duties of this body laid down in Article 2403 of the Civil Code is that of "ensuring that the company's accounts are kept properly, that the balance sheet is consistent with the book entries and that Article 2426 on the valuation of company assets has been complied with".

Following the entry into force of Decree-Law No. 88 of 27 November 1992, which implements the Eighth EEC Directive, members of the *collegio sindacale* must - where such a body is required by law and is legally responsible for auditing the accounts - be accountants qualified to act as auditors and registered with the Ministry of Justice (*revisori contabili*).

External audits are carried out by auditing companies, whose legal status can differ, depending on the type of audit and the type of company audited.

The auditing companies listed in the special professional register kept by CONSOB, the National Companies and Stock Exchange Supervisory Commission, carry out the so-called mandatory certification of companies quoted on the stock exchange and other similar undertakings as laid down in special laws, namely checks on the proper keeping of the accounts, consistency between the balance sheet and the profits and loss account with the book entries and compliance with Article 2425 of the Civil Code on the valuation of company assets (Article 1 of Presidential Decree No. 136 of 31 March 1975).

The legal status of these companies was updated by the above-mentioned Decree 88/1992 so as to align it with the provisions implementing the Eighth Directive.

The compulsory certification of unlisted companies, when laid down by special laws, will likewise be carried out by companies which are to be listed in the register of qualified auditors referred to above, pursuant to Article 6 of Decree 88/1992.

The "old" auditing companies approved by the Ministry of Industry may now carry out only voluntary certifications.

Other accountancy professionals (natural persons), holders of a degree in economics and trade (*dottore commercialista*) and holders of a bookkeeping or a technical diploma in business science (*ragioniere, perito commerciale*) on the registers of the relevant professional organizations (independent public bodies regulated by this Ministry), in accordance with the system of regulation of the professions laid down in Article 2229 of the Civil Code, may carry out only voluntary certifications, unless they are also registered as qualified auditors.

Article 12 of Decree 88/1992 made transitional provision for accountants who met certain requirements at the time the law came into force to register as qualified auditors.

The setting-up of companies by accountants for the collective exercise of the profession is prohibited by Law No. 1815/1939, although they may set up professional associations in which they exercise as individuals.

Decree Law No. 115 of 27 November 1992 implementing Directive 89/48/EEC on the recognition of professional diplomas makes provision for the recognition of foreign accountancy qualifications for the purpose of entry on the registers of accountancy professionals (*dottori commercialisti, ragionieri, periti commerciali*) and for admission to the examination to qualify as auditor as provided for in Articles 3 et seq. of Decree 88/1992.

The free movement of qualified auditors (natural and legal persons) within the European Union and whether Directive 89/48/EEC applies to the qualification of auditor are matters still under consideration by the relevant authorities.