

# 2014 ASEAN MUTUAL RECOGNITION ARRANGEMENT ON ACCOUNTANCY SERVICES

*Signed in Nay Pyi Taw, Myanmar on 13 November 2014*

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## 2014 ASEAN MUTUAL RECOGNITION ARRANGEMENT ON ACCOUNTANCY SERVICES

*Signed in Nay Pyi Taw, Myanmar on 13 November 2014*

The Governments of Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, Lao People's Democratic Republic, Malaysia, the Republic of the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand, and the Socialist Republic of Viet Nam, Member States of the Association of South East Asian Nations (hereinafter collectively referred to as "ASEAN" or "ASEAN Member States" or singularly as "ASEAN Member State");

**RECOGNISING** the objectives of the ASEAN Framework Agreement on Services (hereinafter referred to as "AFAS"), which are to enhance cooperation in services amongst ASEAN Member States in order to improve the efficiency and competitiveness, diversify production capacity and supply and distribution of services of their services suppliers within and outside ASEAN; to eliminate substantially restrictions to trade in services amongst ASEAN Member States; and to liberalise trade in services by expanding the depth and scope of liberalisation beyond those undertaken by ASEAN Member States under the General Agreement on Trade in Services (hereinafter referred to as "GATS") with the aim to realising free trade in services;

**NOTING** that Article V of AFAS provides that ASEAN Member States may recognise the education or experience obtained, requirements met, and license or certification granted in other ASEAN Member States, for the purpose of licensing or certification of service suppliers;

**NOTING** the decision of the Bali Concord II adopted at the Ninth ASEAN Summit held in 2003 calling for completion of Mutual Recognition Arrangements (hereinafter referred to as "MRAs" or singularly as "MRA") for qualifications in major professional services by 2008 to facilitate free movement of professionals/skilled labour/talents in ASEAN;

**RECALLING** the ASEAN Mutual Recognition Arrangement (MRA) Framework on Accountancy Services signed by the ASEAN Economic Ministers on 26 February 2009 in Cha-am, Thailand, which lays down the broad principle and framework for the negotiations of bilateral or multilateral MRAs on accountancy services between or among ASEAN Member States; and

**DESIRING** to conclude multilateral MRA under Article V of the ASEAN MRA Framework on Accountancy Services to promote the flow of relevant information and exchanging expertise, experiences and best practices suited to specific needs of ASEAN Member States;

**HAVE AGREED** on this ASEAN Mutual Recognition Arrangement on Accountancy Services (hereinafter referred to as "this Arrangement") as follows:

### ARTICLE 1 OBJECTIVES

The objectives of this Arrangement are:

- 1.1 To facilitate mobility of accountancy services professionals across ASEAN Member States;

- 1.2 To enhance the current regime for the provision of accountancy services in the ASEAN Member States; and
- 1.3 To exchange information in order to promote adoption of best practices on standards and qualifications.

## ARTICLE 2 DEFINITIONS

In this Arrangement, unless the context otherwise requires:

- 2.1 **Accreditation** refers to quality assurance of qualified accountants by National Accountancy Bodies and/or Professional Regulatory Authorities.
- 2.2 **Certification** refers to the issuance of a certificate or license to those who have met specified requirements for registration by either a National Accountancy Body or a Professional Regulatory Authority.
- 2.3 **Country of Origin** refers to the ASEAN Member State where the Professional Accountant is registered as a member of the National Accountancy Body and/or is licensed to practise accountancy by the National Accountancy Body and/or the Professional Regulatory Authority.
- 2.4 **Criteria** or **Standards** refers to the conditions required by a National Accountancy Body and/or a Professional Regulatory Authority to be met by the Professional Accountant.
- 2.5 **Domestic Regulations** refers to laws, by-laws, regulations, rules and orders of the respective ASEAN Member States, as well as directives, guidelines and standards relating to Accountancy Services issued by the respective National Accountancy Bodies and/or Professional Regulatory Authorities.
- 2.6 **Host Country** refers to the ASEAN Member State where the ASEAN Chartered Professional Accountant (ACPA) applies to practise or is authorised to practise accountancy services.
- 2.7 **National Accountancy Body (NAB)** refers to the designated professional accountancy body as listed in **Appendix I**. ASEAN Member States may have different nomenclatures for this term.
- 2.8 **Participating ASEAN Member State** refers to an ASEAN Member State which has not ceased its participation in this Arrangement pursuant to Article 11.4 or has re-participated in this Arrangement pursuant to Article 11.5.
- 2.9 **Professional Accountant** refers to a natural person who is a national of an ASEAN Member State and is assessed by the National Accountancy Body and/or Professional Regulatory Authority of any participating ASEAN Member States as being technically, morally, ethically and legally qualified to undertake professional accountancy practice. ASEAN Member States may have different nomenclatures and requirements for this term.
- 2.10 **Professional Regulatory Authority (PRA)** refers to the designated government body or its authorised agency in charge of regulating the practice of accountancy services as listed in **Appendix I**. ASEAN Member States may have different nomenclatures for this term.
- 2.11 **Recognition** refers to acceptance by a National Accountancy Body and/or a Professional Regulatory Authority of demonstration of compliance with their requirements.

2.12 **Registered Foreign Professional Accountant (RFPA)** refers to an ASEAN Chartered Professional Accountant (ACPA) who has successfully applied to and is authorised by the National Accountancy Body and/or Professional Regulatory Authority of a Host Country to work in that Host Country.

2.13 Words in the singular include the plural.

## **ARTICLE 3 SCOPE**

3.1 This Arrangement shall cover the provision of accountancy services covered under Central Product Classification (hereinafter referred to as "CPC") 862 of the Provisional CPC of the United Nations, except for signing off of the independent auditor's report and other accountancy services that requires domestic licensing in ASEAN Member States.

3.2 Notwithstanding paragraph 1, cross-border movement of Professional Accountants providing external auditing services and other accountancy-related services that requires domestic licensing in ASEAN Member States may continue to be facilitated through bilateral and/or multilateral MRAs between or among ASEAN Member States.

## **ARTICLE 4 RECOGNITION, QUALIFICATIONS, AND ELIGIBILITY**

### **4.1 QUALIFICATIONS TO APPLY TO BE AN ASEAN CHARTERED PROFESSIONAL ACCOUNTANT (ACPA)**

A Professional Accountant is eligible to apply through the Monitoring Committee of his or her Country of Origin, to be registered as an ASEAN Chartered Professional Accountant (ACPA) on the ASEAN Chartered Professional Accountant Register (ACPAR) provided that he or she possesses the following qualifications:

- 4.1.1 has completed an accredited accountancy degree or professional accountancy examination programme recognised by the National Accountancy Body (NAB) and/or Professional Regulatory Authority (PRA) of the Country of Origin or Host Country, or has been assessed and recognised by the National Accountancy Body and/or Professional Regulatory Authority as having the equivalent of such a degree;
- 4.1.2 possesses a current and valid professional registration certificate in the Country of Origin issued by the National Accountancy Body (NAB) or Professional Regulatory Authority (PRA), of that Country of Origin and in accordance with its policy on the registration, licensing and/or certification of the practice of accountancy;
- 4.1.3 has acquired relevant practical experience of not less than three (3) years cumulatively within a five (5) year period following the qualification referred to in Article 4.1.1 above;
- 4.1.4 has complied with the Continuing Professional Development (CPD) policy of the Country of Origin; and
- 4.1.5 has obtained certification from the National Accountancy Body (NAB) and/or Professional Regulatory Authority (PRA) of the Country of Origin, that he or she has no record of any serious violation of technical, professional or ethical standards, local and international, applicable to the practice of accountancy.

#### **4.2 ASEAN CHARTERED PROFESSIONAL ACCOUNTANT (ACPA)**

4.2.1 Upon receiving an application from a Professional Accountant pursuant to Article 4.1, the Monitoring Committee of his or her Country of Origin shall submit the application on his or her behalf to the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC). In doing so, the Monitoring Committee shall:

4.2.1.1 assess the Professional Accountant according to the Guidelines on Criteria and Procedures in **Appendix II**; and

4.2.1.2 be guided by **Appendix III** in preparing an Assessment Statement for the purpose of the application.

4.2.2 Upon acceptance of the application by the ASEAN Chartered Professional Accountant Coordinating Committee and payment of the necessary fees, a Professional Accountant shall be emplaced on the ASEAN Chartered Professional Accountants Register (ACPAR) and accorded the title of ASEAN Chartered Professional Accountant (ACPA).

#### **4.3 ELIGIBILITY OF AN ASEAN CHARTERED PROFESSIONAL ACCOUNTANT (ACPA) TO PRACTISE IN A HOST COUNTRY**

4.3.1. An ASEAN Chartered Professional Accountant (ACPA) shall be eligible to apply to the National Accountancy Body (NAB) and/or Professional Regulatory Authority (PRA) of a Host Country to be registered as a Registered Foreign Professional Accountant (RFPA). The applicant shall submit with his application a sworn undertaking to:

(a) be bound by local and international codes of professional conduct in accordance with the policy on ethics and conduct established and enforced by the Country of Origin;

(b) be bound by Domestic Regulations of the Host Country; and

(c) work in collaboration with a local Professional Accountant in the Host Country subject to the Domestic Regulations of the Host Country.

4.3.2. Upon approval, the successful applicant shall, subject to Domestic Regulations, be permitted to work as a Registered Foreign Professional Accountant (RFPA) in the Host Country, not in independent practice, but in collaboration with designated Professional Accountants in the Host Country, within such area of his own competency as may be approved by the National Accountancy Body (NAB) and/or Professional Regulatory Authority (PAA) of the Host Country.

### **ARTICLE 5 NATIONAL ACCOUNTANCY BODY AND/OR PROFESSIONAL REGULATORY AUTHORITY**

The National Accountancy Body (NAB) and/or Professional Regulatory Authority (PAA) of each participating ASEAN Member State shall be responsible for the following:

- 5.1 Considering applications from and registering ASEAN Chartered Professional Accountants (ACPAs) as Registered Foreign Professional Accountants (RFPAs);
- 5.2 Monitoring and assessing the professional practice of the Registered Foreign Professional Accountants (RFPAs) and ensuring the compliance of such practice with this Arrangement;
- 5.3 Reporting to relevant local and international bodies the developments in the implementation of this Arrangement;
- 5.4 Maintaining high standards of professional and ethical practice in accountancy within the ASEAN Member State to which they belong;
- 5.5 Where the ASEAN Member State to which the National Accountancy Body (NAB) and/or Professional Regulatory Authority (PRA) belongs is a Host Country, notifying the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) Secretariat (set up under Article 7.5) promptly in writing when a Registered Foreign Professional Accountant (RFPAs) practising in that ASEAN Member State has contravened this Arrangement,
- 5.6 Where the ASEAN Member State to which the National Accountancy Body (NAB) and/or Professional Regulatory Authority (PRA) belongs is a Country of Origin, notifying the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) Secretariat (set up under Article 7.5) promptly in writing when an ASEAN Chartered Professional Accountant (ACPA):
  - (a) is no longer qualified to practise accountancy services in that ASEAN Member State, has not complied with Continuing Professional Development (CPD) policy of that ASEAN Member State, or;
  - (b) has seriously violated technical, professional or ethical standards either in that ASEAN Member State or in the Host Country whereby such violations have led to deregistration or suspension from practice;
- 5.7 Promulgating rules and regulations to enable the implementation of this Arrangement; and
- 5.8 Exchanging information with one another regarding laws, practices and prevailing developments in the practice of accountancy within the region with the view to harmonisation in accordance with regional and/or international standards.

## **ARTICLE 6 MONITORING COMMITTEE**

- 6.1 A Monitoring Committee (MC) shall be established in and by each participating ASEAN Member States to develop and maintain a process of submitting, on behalf of Professional Accountants eligible under Article 4.1, applications to be emplaced on the ASEAN Chartered Professional Accountants Register (ACPAR) maintained by the ASEAN Chartered Professional Accountants Coordinating Committee.
- 6.2 The Monitoring Committee (MC) shall also be authorised to certify the qualification and experience of individual Professional Accountants directly or by reference to the National Accountancy Bodies (NABs) and/or Professional Regulatory Authorities (PRAs).
- 6.3 The specific responsibilities of the Monitoring Committee (MC) for the development and maintenance of the ASEAN Chartered Professional Accountants Register (ACPAR) are set out in Articles 6.4 below and in **Appendices II, III and V** to this Arrangement.

- 6.4 The Monitoring Committee (MC) of each participating ASEAN Member State shall further undertake to:
- 6.4.1 Ensure that all Professional Accountants registered as ASEAN Chartered Professional Accountants (ACPAs) by the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) Secretariat comply fully with the requirements specified in this Arrangement, and that a substantial majority of these Professional Accountants have demonstrated their compliance through the procedures and criteria as shown in **Appendices II, III and V**;
  - 6.4.2 Ensure that Professional Accountants applying for registration as ASEAN Chartered Professional Accountants (ACPAs) are required to provide evidence that they have complied with the Continuing Professional Development (CPD) policy of the Country of Origin;
  - 6.4.3 Ensure that Professional Accountants registered as ASEAN Chartered Professional Accountants (ACPAs) apply from time to time for renewal of their registration, and in so doing, provide evidence that they have complied with the Continuing Professional Development policy of the Country of Origin;
  - 6.4.4 Ensure the implementation and execution of the amendments agreed to under Article 9.4 as directed by the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC); and
  - 6.4.5 Where Article 5.5 or 5.6 is applicable, withdraw and deregister the said ASEAN Chartered Professional Accountant (ACPA) from the ASEAN Chartered Professional Accountants Register (ACPAR).

## **ARTICLE 7**

### **ASEAN CHARTERED PROFESSIONAL ACCOUNTANT COORDINATING COMMITTEE**

- 7.1 The ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) shall be established and shall have the authority to confer and withdraw the title of ASEAN Chartered Professional Accountant (ACPA). This authority may be delegated in writing from time to time by the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) to the Monitoring Committee (MC) in each participating ASEAN Member States. The ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) shall comprise of one appointed representative from each Monitoring Committee (MC) of the participating ASEAN Member States.
- 7.2 The functions of the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) shall include:
- 7.2.1 Facilitating the development and maintenance of the ASEAN Chartered Professional Accountants Register (ACPAR);
  - 7.2.2 Promoting the acceptance of ASEAN Chartered Professional Accountants (ACPAs) in each participating ASEAN Member Country as possessing general technical and professional competence that is substantially equivalent to that of Professional Accountants registered or licensed in the Country of Origin;

- 7.2.3 Developing, monitoring, maintaining and promoting mutually acceptable standards and criteria for facilitating practice by ASEAN Chartered Professional Accountants (ACPAs) throughout the participating ASEAN Member States;
- 7.2.4 Seeking to gain a greater understanding of existing barriers to such practice and to develop and promote strategies to help governments and licensing authorities reduce those barriers and manage their processes in an effective and non-discriminatory manner;
- 7.2.5 Encouraging the relevant government and licensing authorities to adopt and implement streamlined procedures for granting rights to practice ASEAN Chartered Professional Accountants (ACPAs), through the mechanisms available within ASEAN;
- 7.2.6 Identifying and encouraging the implementation of best practice for the preparation and assessment of accountants; and
- 7.2.7 Continuing mutual monitoring and information exchange by whatever means that are considered most appropriate, including but not limited to:
- (a) sharing of information and regular communication concerning assessment procedures, criteria, systems, manuals, publications and lists of recognised Professional Accountants; and
  - (b) informing all National Accountancy Bodies (NABs) and/or Professional Regulatory Authorities (PRAs), when it has been notified that an ASEAN Chartered Professional Accountant (ACPA) is no longer qualified to undertake professional accountancy practice in the Country of Origin, has not complied with the Continuing Professional Development (CPD) policy of the Country of Origin, or has seriously violated technical, professional or ethical standards either in the Country of Origin or the Host Country, whereby such violations have led to deregistration or suspension from practice or withdrawal from the ASEAN Chartered Professional Accountants Register (ACPAR).
- 7.3 The ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) may, whenever it deems appropriate, invite the non-participating ASEAN Member States to attend as observers to its meetings.
- 7.4 The ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) shall report its progress of work to ASEAN Coordinating Committee on Services (CCS).
- 7.5 The administration of the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) shall be facilitated by a Secretariat. The establishment and funding of the Secretariat shall be decided by the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC).
- 7.6 General Meetings of the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) shall be held at least once in each two (2) year period to deal with applications for emplacement on the ASEAN Chartered Professional Accountant Register and/or applications by Monitoring Committees to review the Guidelines on Criteria and Procedures (**Appendix II**), Assessment Statement (**Appendix III**), Assessment Statement Flowchart (**Appendix V**) and other related guidelines, procedures and documentation, and recommend any amendments.



## ARTICLE 8 MUTUAL EXEMPTION

- 8.1 The participating ASEAN Member States recognise that any arrangement, which would confer exemption from further assessment by the National Accountancy Body (NAB) and/or Professional Regulatory Authority (PRA), where applicable, that control the right to practise in each Member State, could be concluded only with the involvement and consent of the National Accountancy Body (NAB) and/or Professional Regulatory Authority (PRA) and the relevant government agencies;
- 8.2 The participating ASEAN Member States note that licensing or registering authorities have statutory responsibility for protecting the welfare, public safety, environment, and social stability of the community within their jurisdictions, and may require Professional Accountants seeking the right to professional accountancy practice to submit themselves to some form of supplemental assessment;
- 8.3 The participating ASEAN Member States consider that the objectives of such assessment should be to provide the relevant authorities with a sufficient degree of confidence that the Professional Accountants concerned:
- 8.3.1 understand the general principles behind applicable codes of practice and laws;
  - 8.3.2 have demonstrated a capacity to apply such principles safely and efficiently; and
  - 8.3.3 are familiar with other special requirements operating within the Host Country.

## ARTICLE 9 AMENDMENTS

- 9.1 Any ASEAN Member State may request in writing any amendment to all or any part of this Arrangement.
- 9.2 Unless otherwise provided by this Arrangement, the provisions of this Arrangement may only be modified through amendments mutually agreed upon in writing by the Governments of all participating ASEAN Member States. Any such amendment agreed to shall be made in writing and shall form part of this Arrangement and shall come into force on such date as may be determined by all the ASEAN Member States.
- 9.3 Notwithstanding Article 9.2 above, any amendment to **Appendix I** can be made administratively by the ASEAN Member State concerned and notified in writing to the ASEAN Secretary-General, and the ASEAN Secretary-General shall thereafter notify the rest of the ASEAN Member States of the same.
- 9.4 Notwithstanding Article 9.2 above, the provisions in **Appendices II, III and V** and other related guidelines, procedures and documentation may be modified through amendments mutually agreed upon in writing by all the National Accountancy Bodies (NABs) and/or Professional Regulatory Authorities (PRAs) of the participating ASEAN Member States, provided that the amendments shall not contradict or modify any of the provisions in the main text of this Arrangement. All approved changes shall be implemented by the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC).
- 9.5 Any amendment agreed to under Article 9.4 shall be done in writing and shall form part of this Arrangement and shall come into force on such date as may be determined by the participating ASEAN Member States.

- 9.6 Any amendment shall not prejudice the rights and obligations arising from or based on this Arrangement prior or up to the date of such amendment.

## ARTICLE 10 DISPUTE SETTLEMENT

The provisions of the ASEAN Protocol on Enhanced Dispute Settlement Mechanism, done at Vientiane, Lao PDR on the 29 November 2004, shall apply to disputes concerning the interpretation, implementation, and/or application of any of the provisions under this Arrangement.

## ARTICLE 11 FINAL PROVISIONS

- 11.1 The terms and definitions and other provisions of the GATS and AFAS shall be referred to and shall apply to matters arising under this Arrangement for which no specific provision has been made herein.
- 11.2 In the event that any provision in Articles 1 to 11 is inconsistent with any provision in **Appendices II to V**, the provision in Articles 1 to 11 shall take precedence.
- 11.3 This Arrangement shall enter into force on the date of signature by all ASEAN Member States.
- 11.4 Any ASEAN Member State wishing to cease participation in this Arrangement shall notify the ASEAN Secretary-General in writing at least twelve months prior to the date of its effective date of non-participation, and the ASEAN Secretary-General shall thereafter notify the rest of the ASEAN Member States of the same.
- 11.5 Notwithstanding Article 11.4, ASEAN Member State who wishes to re-participate in this Arrangement shall notify the ASEAN Secretary-General in writing of its effective date of re-participation, and the ASEAN Secretary-General shall thereafter notify the rest of the ASEAN Member States of the same.
- 11.6 This Arrangement shall be deposited with the ASEAN Secretary-General, who shall promptly furnish a certified copy thereof to each ASEAN Member State.

**IN WITNESS WHEREOF**, the undersigned, being duly authorised thereto by their respective governments, have signed this Arrangement.

**Done** at Nay Pyi Taw, Myanmar, this Thirteenth Day of November in the Year Two Thousand and Fourteen in a single original copy in the English Language

For Brunei Darussalam

**LIM JOCK SENG**

Second Minister of Foreign Affairs and Trade

For the Kingdom of Cambodia

**SUN CHANTHOL**

Senior Minister and Minister of Commerce

For the Republic of Indonesia

**MUHAMMAD LUTFI**

Minister of Trade

For the Lao People's Democratic Republic Democratic Republic

**KHEMMANI PHOLSENA**

Minister of Industry and Commerce

For Malaysia

**MUSTAPA MOHAMED**

Minister of International Trade and Industry

For the Republic of the Union of Myanmar

**KAN ZAW**

Union Minister for National Planning and Economic Development

For the Republic of Philippines

**GREGORY L. DOMINGO**

Secretary of Trade and Industry

For the Republic of Singapore

**LIM HNG KIANG**

Minister for Trade and Industry

For the Kingdom of Thailand

**CHUTIMA BUNYAPRAPHSARA**

Permanent Secretary, Acting for the Minister of Commerce

For the Socialist Republic of Viet Nam

**VY HUY HOANG**

Minister of Industry and Trade