

Professional Certification System of Accounting Industry

Preface

To act in concert with the moderate and diversified development of the Macao economy, professional certification of industries has become a trend. In view of the differences in professional certification requirements of different industries and the increasing demand for accounting talents from the society, the Talents Development Committee, being oriented to the needs of industries, is planning to first collect the certification status of the accounting industry in Macao, and then further understand and master the professional information of the accounting industry so as to explore whether the relevant professional qualifications or certifications can be integrated with overseas standards and requirements and whether they will not only facilitate promotion of the accounting professional certification system, but also serve as references for future accounting personnel or Macao residents who wish to become accountants to obtain relevant certificates through examinations in order to increase their own competitiveness in the market and also increase their opportunities for upward mobility.

1. Accounting industry overview

The international accounting or financial reporting standards are mainly based on the International Financial Reporting Standards (IFRS), the US Generally Accepted Accounting Principles (US GAAP) and the Chinese Accounting Standards.

The accounting profession in Macao is divided into two categories, namely, accountants and auditors, depending on the scope of work. Generally, for most of the accounting profession in the world, only the title of accountant is used, which is not further subdivided. One who has obtained the title of “Certified Public Accountant” (especially Practicing) is already qualified to sign audit reports.

1.1 Macao registered accountants¹

Macao registered accountants are engaged in a wide range of works, including providing accounting services, book-keeping and tax declara-

¹ Legislation related to accountants: The *General Rules for Accountants* approved by Decree-Law No. 72/99/M and the *Accounting Standards* approved by Administrative Regulation No. 25/2005.

tion. Up to December 31, 2017, there were 3 registered accounting companies and 189 registered accountants providing related services in Macao.

A Macao registered accountant may “practice individually” or “perform his duties as a shareholder of a registered accounting company”, or engage in activities in accordance with a contract for supply of labor signed with an “individual registered accountant or a registered accounting company, or an auditor or an auditor company”; in addition, a registered accounting company located outside Macao may apply to be registered as a Macao registered accounting company, but at least one of the shareholders must be a permanent resident of Macao or a certified public accountant who is allowed to reside permanently in Macao.

The general conditions for a Macao resident to obtain the qualification of a registered accountant: ① adult; ② his academic qualification being the degree of obtaining the twelfth grade, or his learning being acknowledged by the Committee for the Registry of Auditors and Accountants (Comissão de Registo dos Auditores e dos Contabilistas, CRAC) to guarantee him to work on professional training courses in this profession; ③ having passed the compulsory exams with qualified results.

Among these conditions, the four assessment exams conducted by the Committee for the Registry of Auditors and Accountants (CRAC) include: the “General Accounting”, the “Cost Accounting”, the “Taxation Knowledge of the Macao Special Administrative Region” and the “Commercial Code”.

Having passed the exams, the titles can be obtained after registration: Registered Accountant / Registered General Accountant (R.A. / R.G.A. in abbreviation) and the right can be exercised to sign tax declarations of companies concerned and annual renewal of license is necessary.

1.2 Macao auditors²

The scope of work of Macao auditors includes services of auditing and auditing opinions on top of the service scope of registered accountants. Up to December 31, 2017, there were 115 registered auditors in Macao and 14 registered auditor companies, including international accounting firms.

A Macao registered auditor may “practice individually” or “perform

² Legislation related to auditors: The *General Rules for auditors* approved by Decree-Law No. 71/99/M and the *Auditing Standards* approved by Administrative Regulation No. 23/2004.

his duties as a shareholder of a registered auditing company”, or engage in activities “in accordance with a contract for supply of labor signed with an individual auditor or an auditing company”; in addition, a registered auditing company located outside Macao may apply to be registered as a Macao registered auditing company, but at least one of the shareholders must be a permanent resident of Macao or a registered auditor who is allowed to reside permanently in Macao. However, for any person who is qualified as an auditor and who was previously qualified as a registered accountant in Macao, his qualification as a registered accountant shall be replaced by the qualification of auditor. Therefore, the current number of registered auditors in Macao is relatively small.

The general conditions for a Macao resident to obtain a registered auditor's qualification: ① adult; ② obtaining an economic, management, financial, accounting, administrative bachelor's degree or profession recognized in the Region, or a bachelor's degree or profession identified by the CRAC as in the same professional field; ③ obtaining qualified results for the internship; ④ taking the compulsory exams with qualified results.

Among these conditions, the internship time is determined by the CRAC as the case may be, with a period for not more than 18 months. For one who has already obtained an accounting practicing qualification outside Macao, or has work experience in the accounting profession, the relevant internship period may be reduced or exempted.

In the compulsory exams, candidates need to be assessed in five exam subjects, including: the “General Accounting and Financial Accounting”, the “Cost Accounting”, the “Taxation Knowledge in Macao Special Administrative Region”, the “Commercial Code” and the “Auditing Standards”; in addition, the CRAC may also exempt up to three exams based on the candidate's conditions, but the “Taxation knowledge of the Macao Special Administrative Region” and the “Commercial Code” are subjects that cannot be waived.

Having passed the exams, those who are registered can obtain the titles of Auditor/Registered Auditor (Auditor or Auditor de Contas); in addition, annual renewal of license is necessary for a registered auditor.

It is noteworthy that accountants and auditors in Macao are governed respectively by different general rules and there is no provision for mutual recognition of subjects between the two. Therefore, if a registered accountant intends to apply for registration as a registered auditor, he/she must

pass the exams for all the subjects.

In the future, the “Regulations for Certified Public Accountants” will be issued and in the draft of the “Regulations for Certified Public Accountants”, a proposal to “merge the two professional categories” of registered accountants and registered auditors will be put forward together with other new provisions including the distinction between professional qualification and practicing qualification.

1.3 Number of Persons Registered in Recent Years

Number of Auditors

	2014	2015	2016	2017	1 st Season of 2018
Number of New Registration/Restoration	2	1	3	2	0
Number of Cancellation/Termination of Registration	-1	-1	-2	-2	-2
Grand Total of Persons Registered	114	114	115	115	113

Sources : Committee for the Registry of Auditors and Accountants of Macao, <<Official Gazette>> of the Macao Special Administrative Region

Number of Certified Public Accountants

	2014	2015	2016	2017	1 st Season of 2018
Number of New Registration/Restoration	10	7	9	5	0
Number of Cancellation/Termination of Registration	-6	-3	-6	0	-2
Grand Total of Persons Registered	177	181	184	189	187

Sources : Committee for the Registry of Auditors and Accountants of Macao, <<Official Gazette>> of the Macao Special Administrative Region

1.4 Number of Trainee Reserve

Number of Persons obtaining in recent years/expected to obtain the Bachelor of Accountancy in Macao

(Expected) Year obtained	2016	2017	2018	2019	2020
Obtained in Macao	104	118	119	86	104

Obtained outside Macao	87	84	93	70	52
Grand Total	191	202	212	156	156

Source : Tertiary Education Services Office

2. The current status of the accounting industry in Macao

2.1 The unique application of local practicing qualifications of the accounting profession

When a certified public accountant or a registered auditor has the practicing qualification in one place, he/she can issue and sign a valid accounting/auditing report with his/her opinions in it in accordance with his or her functions and the local auditing standards.

A Macao Registered Auditor may sign and issue auditing reports in accordance with Macao's *Auditing Standards and Application of Auditing Technical Standards* (Aplicação das Normas Técnicas de Auditoria). Since Macao's Commercial Code does not require for statutory audit of companies in general, and only Macao's concessionary companies, banks and insurance companies that are regulated by the Monetary Authority need to submit audit reports to the relevant regulatory agency. Such audit reports must be signed by registered auditors in Macao.

2.2 Diversity of accounting qualifications

In light of the clients of the accounting profession in Macao, certified public accountants/auditors practicing in Macao wish to obtain the qualification as practicing certified public accountant in their clients' related regions (overseas regions).

Some Macao companies, such as branches or subsidiaries of foreign companies operating in Macao, Macao registered companies listed in Hong Kong, etc., are required to submit audit reports or auditors' opinions to Hong Kong or foreign regulatory agencies in accordance with their own circumstances. The relevant documents must be signed by persons with local practice qualifications. Therefore, these Macao companies must engage auditors with local auditing qualifications to process and sign such documents.

As the accounting standards adopted in Mainland China, Hong Kong

and Macao are also different, for example: Macao's accounting/auditing standards adopt the *Accounting Standards* approved by Administrative Regulation No. 25/2005 and the *Auditing Standards* approved by Administrative Regulation No. 23/2004; Hong Kong's Accounting Standards adopt the Hong Kong Financial Reporting Standards (The contents are essentially the same as the International Financial Reporting Standards), and the Accounting Standards in Mainland China adopt the Chinese Accounting Standards. Therefore, the professional qualification requirements of the accounting profession often depend on the requirements of clients. For these reasons, registered auditors working in Macao, when obtaining the qualification of registered auditors of Macao, hope to obtain at the same time the international accounting professional qualifications outside Macao so as to be able to submit or sign relevant accounting reports to various regions.

2.3 Encouragement from the profession for international accounting practicing licenses

Due to the fact that the qualification of a certified public accountant granted to exercise an international accounting practicing qualification is not limited by the location of the personnel, an international accounting practicing qualification can be exercised even in Macao. In order to improve its competitiveness in the market and to meet the needs of its clients, the whole accounting industry in Macao recommends and encourages its employees to obtain licenses of international accounting practicing qualifications outside Macao particularly because the qualification of an auditor is not easy to obtain in Macao. Some employers in the industry will provide paid holidays or allowances to assist their employees in obtaining licenses, and will raise their salaries accordingly after they have obtained relevant licenses.

3. Situation of Macao's system integration with other places

3.1 Situation of mutual recognition of CPA qualifications and qualification exam exemption

Based on the different taxation systems and legislation in different countries, there is no direct mutual recognition system in the general accounting industry. However, there is a qualification exam exemption system.

Individuals holding qualifications as certified public accountants outside Macau may be exempted at most for three exam subjects when they

take exams for the auditor/accountant qualifications in Macao. Law and taxation are compulsory exam subjects. At present, those who hold Macao auditor/accountant qualifications are not exempted from any exam subject when they take exams for practicing qualifications outside Macao.

However, regarding the accounting professional programs of universities in Macao, as their programs are recognized by some international accounting bodies, those who have obtained relevant accounting professional degrees (See the appendices) can be exempted from some of the exam subjects when they enter for exams of the relevant accounting qualifications.

In addition, the Union of Associations of Professional Accountants of Macau, the Monetary Authority and CRAC will regularly and jointly conduct seminars to promote the professional and continuous development of the accounting profession and the degree of integration with the international community. Some of the training may be used to meet the need for continuing education of accounting qualifications in other regions.

4. Development of talents in Macao's accounting profession

4.1 Opportunities for talent mobility

There are many advantages for Macao residents to develop in the accounting profession. In addition to qualifying as certified public accountants/registered auditors in Macao, Macao residents can also enter for the unified national exams for certified public accountants in Mainland China through the CRAC exam site in Macao. For exams in the professional stage, there are 6 subjects including Accounting, Auditing, the Financial Cost Management, the Corporate Strategy and Risk Management, the Economic Law, and the Tax Law. Having passed the exams in the professional and comprehensive stages, candidates can obtain the qualifications of the certified public accountants of the People's Republic of China (national practicing qualifications). In addition, if Macao residents can obtain the practicing membership of the Hong Kong Institute of Certified Public Accountants at the same time, it will help the flow of talents in the regions, even in the entire country, and develop their businesses.

For those who are qualified for international practice, even if they are not qualified for practice in Macao, they can still exert their abilities in Macao with their international practicing qualification to meet the needs of their clients. At the same time, qualifications for practicing outside Macao

can serve as some exemption conditions for obtaining qualifications as Macao's registered auditors, which do help as a positive factor for their return.

4.2 Trend of the development of Macao's accounting system

The system of registered accountants and registered auditors adopted in Macao was established in 1999. After years of evolvement, single accountant qualification system has been widely adopted in the international community. However, the registration system in Macao is also being optimized.

Every year in Macao, two exam sessions will be held for the qualification of registered accountants and registered auditors, yet, the number of candidates for each year is rather small. Since 2008, altogether 20 individuals have been successfully registered as Macao auditors, which shows that their gold content is very high. The industry also reflects that the assessment is very stringent, especially, the exams of the "Taxation Knowledge in the Macau Region" and the "Commercial Code". At the same time, the industry also hopes that "universities, industries, the Government and the Lawyers Association of Macao (Associação Dos Advogados De Macau)" will be able to provide joint support to help those who intend to engage in the accounting/auditing profession. However, the insufficient number of auditors also has an impact on the implementation of the internship system for obtaining the qualification of registered auditors, and it also affects the day-to-day accounting/auditing work.

Looking ahead, "merging the two professional categories" of registered accountants and registered auditors will greatly optimize the relevant system and better fit the international trend. We believe that such merger will not only reinforce the professionalism of the accountants, but also enhance the conformity with the international standards. We also expect that those registered in Macao accounting profession will be granted more opportunities for exemption from exam subjects when entering other international qualification exams.

Appendix:

1. Situation of exemption from exam subjects for individuals who have obtained accounting degrees from universities in Macao:

Name of the professional qualification: Certification of the Association of Chartered Certified Accountants (ACCA)

Institution name: University of Macau	
Degree name	Exemption
Bachelor of Science in Faculty of Business Administration (Accounting - Professional Accountancy)	9 papers (Paper F1 –F9) exempted out of the foundation exam
Bachelor of Science in Faculty of Business Administration (Accounting - Accounting and Information Systems)	9 papers (Paper F1 –F9) exempted out of the foundation exam
Master of Science in Faculty of Business Administration (Accounting)	9 papers (Paper F1 –F9) exempted out of the foundation exam

Institution name: Macao Polytechnic Institute	
Degree name	Exemption
Bachelor of Accounting in School of Business	9 papers (Paper F1 –F9) exempted out of the foundation exam

Institution name: Macao University of Science and Technology	
Degree name	Exemption
Bachelor of Business Administration in School of Business (Accounting)	9 papers (Paper F1 –F9) exempted out of the foundation exam
Master of Accounting in School of Administration and Management	8 papers (Paper F1 –F8) exempted out of the full foundation exam

ACCA Foundation Stage:

Program category	Program serial No.	Program Name
Knowledge programs	F1	Accountant in Business (AB)
	F2	Management Accounting (MA)
	F3	Financial Accounting (FA)
Skill programs	F4	Corporate and Business Law (CL)
	F5	Performance Management (PM)
	F6	Taxation (TX)
	F7	Financial Reporting (FR)
	F8	Audit and Assurance (AA)
	F9	Financial Management (FM)

ACCA Professional Programs:

Program category	Program serial No.	Program Name
Core programs	P1	Governance, Risk and Ethics(GRE)
	P2	Corporate Reporting (CR)
	P3	Business Analysis (BA)
Elective programs (Choose 2 out of 4)	P4	Advanced Financial Management (AFM)
	P5	Advanced Performance Management (APM)
	P6	Advanced Taxation (ATX)
	P7	Advanced Audit and Assurance (AAA)

**Professional qualification name: Certified Practicing Accountant (CPA),
Australia**

Institution School name: University of Macau	
Degree name	Exemption
Bachelor of Science in Faculty of Business Administration (Accounting - Professional Accountancy)	Full exemption of foundation exams
Bachelor of Science in Faculty of Business Administration (Accounting - Accounting and Information Systems)	Full exemption of foundation exams

Institution name: Macao Polytechnic Institute	
Degree name	Exemption
Bachelor of Accounting in School of Business	Full exemption of foundation exams

Institution name: Macau University of Science and Technology	
Degree name	Exemption
Bachelor of Business Administration in School of Business (Accounting)	Full exemption of foundation exams
Master in Accounting in School of Administration and Management	Full exemption of foundation exams

Exam programs:

Program category	Program serial No.	Program Name	
Foundation stage	F1	ECONOMICS & MARKETS	
	F2	FOUNDATIONS OF ACCOUNTING	
	F3	FUNDAMENTALS OF BUSINESS LAW	
	F4	BUSINESS FINANCE	
	F5	FINANCIAL ACCOUNTING & REPORTING	
	F6	MANAGEMENT ACCOUNTING	
CPA stage	P1	ETHICS & GOVERNANCE	
	P2	FINANCIAL REPORTING	
	P3	STRATEGIC MANAGEMENT ACCOUNTING	
	P4	GLOBAL STRATEGY & LEADERSHIP	
	E1	(Choose 2 out of 4)	ADVANCED AUDIT AND ASSURANCE
	E2		ADVANCED TAXATION
	E3		FINANCIAL RISK MANAGEMENT
	E4		CONTEMPORARY BUSINESS ISSUES

✘ The information comes from various institutions and related organizations and is only for reference. In case of any omission, the published information shall prevail.

2. Information of certified public accountants outside Macao

Mainland China

Agency: Chinese Institute of Certified Public Accountants

Title: Certified Public Accountant or CPA in abbreviation / Member of the Chinese Institute of Certified Public Accountants

Conditions for obtainment: Having passed the exam of all the six subjects for the professional stage and 1 comprehensive test subject for professional competence, one can apply to become a member of the Chinese Institute of Certified Public Accountants.

Hong Kong

Agency: Hong Kong Institute of Certified Public Accountants (HKICPA)

Title: Certified Public Accountant or CPA in abbreviation / Member of the Hong Kong Institute of Certified Public Accountants

Conditions for obtainment: When one has completed the professional qualification programs of the Institute, passed the exams and achieved appropriate practical experience in accounting, he/she can become a member of HKICPA; if he/she has at least four years of full-time accredited accounting experience, of which at least one year of the experience must be that as a registered CPA with HKICPA, one can obtain the qualification of “Certified Public Accountant – Practicing”.

United States

Agency: American Institute of CPAs (AICPA)

Title: Certified Public Accountant, or CPA in abbreviation, registered in the United States/ member of the American Institute of CPAs (AICPA in abbreviation)

Conditions for obtainment: Having completed authentication of one's academic qualifications, passed the four subject exams and achieved appropriate accounting practical experience (different requirements from different US states), one can obtain the membership of AICPA.

United Kingdom

Agency: Association of Chartered Certified Accountants (ACCA)

Title: Chartered Certified Accountant or ACCA in abbreviation / member of the Association of Chartered Certified Accountants

Conditions for obtainment: If an ACCA student/associate member has successfully passed the subject exams, accumulated at least three years' relevant work experience and completed the professional ethical unit training course, he/she can become a member and obtain ACCA professional qualifications.

Canada

Agency: Chartered Professional Accountants of Canada (CPA Canada)

Title: CPA Canada

Conditions for obtainment: Having completed the CPA PREP and PEP, and passed the Common Final Exam, one is qualified for CPA Canada.

Australia

Agency: CPA Australia

Title: Australian Certified Practising Accountant or CPA in abbreviation/member of CPA Australia

Conditions for obtainment: Having successfully passed the exams of four required programs and two elective programs and accumulated at least three years' relevant work experience, one can become a member and obtain the professional qualification of CPA Australia.

Japan

Agency: Japanese Institute of Certified Public Accountants (JICPA)

Title: Japanese Certified Public Accountant

Conditions for obtainment: Having passed the first and second exams, obtained the qualification of CPA, accumulated three years' practical work experience and passed the third exam (written and oral), one can obtain the qualification of Japanese CPA.

End