

# [ PRESIDENTIAL DECREE NO. 692, May 05, 1975 ]

## THE REVISED ACCOUNTANCY LAW

**I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order the following as part of the law of the land:

SECTION 1. Short Title. - This Decree shall be known and cited as "The Revised Accountancy Law".

### ARTICLE I - Objectives and Definitions

SEC. 2. Objectives. - This Decree provides for and shall govern:

- (a) The standardization and regulation of accounting education;
- (b) The examination for registration of certified public accountants; and
- (c) The supervision, control, and regulation of the practice of accountancy in the Philippines.

SEC. 3. Practice of Accountancy, Defined. - Practice of accountancy shall constitute in a person, be it in his individual capacity, or as a partner or staff member in an accounting or auditing firm, holding out himself as one skilled in the knowledge, science, and practice of accounting, and as qualified to render professional services as a certified public accountant; or offering or rendering, or both, to more than one client on a fee basis or otherwise, services such as the audit or verification of financial transactions and accounting records; the preparation, signing, or certification for clients of reports of audit, balance sheets, and other financial, accounting and related schedules, exhibits, statements, or reports which are to be used for publication or for credit purposes, or to be filed with a court or government agency, or to be used for any other purpose; the installation and revision of accounting systems, the preparation of income tax returns when related to accounting procedures; or when he represents clients before government agencies on tax matters related to accounting or renders professional assistance in matters relating to accounting procedures and the recording and presentation of financial facts or data.

A Certified Public Accountant shall be considered in the practice of his profession, if the nature and character of his employment whether as an officer or employee in a private enterprise or educational institution involves decision-making requiring professional knowledge in the science of accounting or when he represents his private employer before any government agency on tax matters related to accounting, and such employment or position requires that the holder thereof must be a Certified Public Accountant; or if he holds or is appointed to a position in the accounting occupational group in the government or in government-owned or controlled corporations, including those performing proprietary functions, where a civil service eligibility as a Certified Public Accountant is a prerequisite.

### ARTICLE II - THE BOARD OF ACCOUNTANCY

SEC. 4. The Board of Accountancy and its composition. - The Board of Accountancy shall be composed of a chairman and six (6) members to be appointed by the

President of the Philippines upon recommendation of the Professional Regulation Commission.

The Board shall elect a vice-chairman from among its members for a term of one year. The Chairman shall preside in all meetings of the Board and in the event of a vacancy in the office of the Chairman, the vice-chairman shall assume such duties and responsibilities until the end of the term or until such time as a Chairman is appointed.

SEC. 5. Functions of the Board of Accountancy. -The Board of Accountancy shall have the following functions:

- a. To determine and prescribe minimum requirements leading to the admission of candidates to the certified public accountant's examinations;
- b. To determine and prepare the contents of licensure examinations; score and rate the examination papers and submit the results thereof to the Commission within two hundred forty (240) days after the last examination day unless otherwise directed by the Commission;
- c. To look from time to time into the conditions affecting the practice of the accountancy profession and whenever necessary, adopt such measures as may be deemed proper for the enhancement and the maintenance of high professional, ethical and technical standards;
- d. To investigate violations of the Accountancy Law and the rules and regulations promulgated thereunder and for this purpose to issue summons, subpoena and subpoena duces tecum to violators or witnesses thereof and compel their attendance to such investigations or hearings;
- e. To promulgate decisions on such administrative cases subject to review by the Commission;
- f. After due process, to suspend, revoke, or reissue certificates of registration for causes provided for by law or by the rules and regulations promulgated therefor;
- g. To perform such other functions and duties as may be deemed necessary to effectively implement policies with respect to the regulation and practice of the profession.

SEC. 6. Qualification of Board Members. - No person shall be appointed a member of the Board of Accountancy unless he:

- a) is a citizen of the Philippines;
- b) is of good moral character;
- c) is a duly registered Certified Public Accountant in the Philippines;
- d) has been in the practice of accountancy for at least ten years, and
- e) is not directly or indirectly connected with any school, college, or university granting degrees that may qualify graduates with such degrees for admission to the Certified Public Accountant examinations, or with Certified Public

Accountant's Review School or Institute, nor shall have any pecuniary interest in such school, college, university or Certified Public Accountant's Review School or Institute.

SEC. 7. Tenure of Office and Compensation of Members. - The Chairman and members of the Board of Accountancy shall hold office for three years: Provided, That the first and second, third and fourth, and fifth and sixth members and the chairman appointed under this law shall serve for one, two and three years, respectively; Provided, further that the incumbent members of the Board of Accountancy shall serve for their unexpired terms of office or until their successors shall have been appointed and qualified. Vacancies shall be filled by appointments for the unexpired terms only. No person who has served two successive complete terms shall be eligible for reappointment until after the lapse of one year. Appointment to fill an unexpired term is not to be considered as a complete term.

Each member shall receive as compensation a fee not exceeding fifteen pesos for each candidate examined and a per diem not less than ten pesos for each day of attendance in administrative investigations and ocular inspections lasting not less than one hour at a time: Provided, That the total compensation of the chairman or members shall be at such rates as may be provided for in the general appropriation decree for participating in all examinations given during the fiscal year.

SEC. 8. Suspension or Removal of a Member of the Board. - The Professional Regulation Commission shall recommend to the President of the Philippines the removal from the Board of any member whose certificate to practice has been revoked or suspended, and may, after hearing, recommend to the President the removal of any member of the Board for neglect of duty or incompetence or other just cause.

SEC. 9. The Certified Public Accountant Examination. - The Board of Accountancy shall determine and prepare the contents of examinations to qualify Certified Public Accountants, The Board of Accountancy, in coordination with the Professional Regulation Commission, shall conduct the examinations at least once in each calendar year in the Cities of Manila and Cebu: Provided, however, that if conditions warrant, the Board may, upon previous approval of the Professional Regulation Commission, conduct the examinations in other places.

SEC. 10. Admission Requirements for Examinations. -No person shall be admitted to the examination unless he is:

- a) a citizen of the Philippines;
- b) at least twenty-one years of age: Provided, however, that an applicant below twenty-one years of age may be allowed to take the examinations and in case he passes the examinations shall not be issued the certificate until he reaches the required age;
- c) of good moral character;
- d) a holder of the degree of Bachelor of Science in Commerce or its equivalent from any institution of learning recognized by

the government in accordance with the provisions of this Decree; and

- e) In case of a candidate who has failed two complete certified public accountant's examinations, he shall have complied with the requirements for examinations as provided under Section 13 of this Decree.

SEC. 11. Scope of Examination. - The examinations shall be in writing and shall cover the following subjects with the corresponding weight in units unless otherwise modified by the Board upon approval of the Professional Regulation Commission.

<u>Subject</u>	<u>Weight in Units</u>	<u>Minimum Hours</u>
Theory of Accounts	2	3
Business Law and Taxation	2	3
Management Services	2	3
Auditing Theory	2	3
Auditing Problems	2	3
Practical Accounting Problems	2	3
<b>T O T A L</b>	<b>14</b>	<b>21</b>

The contents and coverage of these subjects shall be in accordance with the outline or syllabus prepared and issued by the Board of Accountancy containing the following:

Theory of Accounts - Accounting terminology, accounting principles and procedures, classification of accounts, valuation of assets and liabilities, income determination, developments in the science of accountancy, etc.

Business Law and Taxation - One-Half on the subject of business law covering obligation and contracts, partnerships and corporations, negotiable instruments and other phases of the legal framework of business, and the other half on taxation dealing on income tax, business taxes, transfer taxes, and other taxes affecting accounting practice.

Management Services - Principles and procedures, methods and techniques involved in management consulting services that may be rendered by Certified Public Accountants in areas such as managerial accounting, planning and control operations, design and appraisal of accounting systems, and financial-management related services.

Auditing Theory - Auditing concepts, auditing standards, internal control, auditing procedures and techniques, and the short-form audit report.