

# ASEAN Mutual Recognition Arrangement Framework on Accountancy Services

The Governments of Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic, Malaysia, 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 State 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 (AFAS), which are to enhance cooperation in services amongst ASEAN Member States in order to improve the efficiency and competitiveness, diversity, production capacity, and supply and distribution of services of their service 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 (GATS) with the aim to realising a free trade area in services;

**NOTING** that Article V of AFAS provides that ASEAN Member States may recognise the education and 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") for qualifications in major professional services by 2008 to facilitate free movement of professional/skilled labour/talents in ASEAN;

**DESIRING** to provide a Mutual Recognition Arrangement Framework (hereinafter referred to as "MRA Framework") on Accountancy Services to facilitate the negotiations of MRAs in the Accountancy Services among ASEAN Member States as well as promoting the flow of relevant information and exchanging expertise, experiences and best practices suited to specific needs of each ASEAN Member State;

**RECOGNISING** the right of each ASEAN Member State to regulate the supply of the Accountancy Services sector within its territory;

**NOTING** the different levels of development of Accountancy Services among ASEAN Member States;

**HAVE AGREED** on this MRA Framework to encourage ASEAN Member States who are ready, to enter into bilateral or multilateral negotiations on MRAs on Accountancy Services.

## ARTICLE I

### OBJECTIVES AND PRINCIPLES

1.1 This MRA Framework lays down the broad principle and framework for the negotiations of bilateral or multilateral MRAs on Accountancy Services between or among ASEAN Member States.

1.2 The objectives of this MRA Framework are:

1.2.1 To facilitate the negotiations of MRAs on Accountancy Services between or among ASEAN Member States by providing a structure towards the conclusion of such MRAs; and

1.2.2 To exchange information in order to promote and take into consideration the development of the best practices on standards and qualifications in the accountancy profession.

1.3 In achieving the above objectives, ASEAN Member States shall be guided by the following

principles:

- 1.3.1 Promoting efficiency and quality of standards of the accountancy profession in ASEAN Member States;
- 1.3.2 Enhancing cooperation in the accountancy profession among ASEAN Member States;
- 1.3.3 Respecting and conforming with the Domestic Regulations of the participating ASEAN Member States without lowering the standards and requirements of the accountancy profession in each ASEAN Member State; and
- 1.3.4 All negotiations between or among ASEAN Member States for the conclusion of bilateral or multilateral MRAs on Accountancy Services shall be based on objectivity, fairness and reciprocity.

## **ARTICLE II**

### **DEFINITIONS AND SCOPE**

In this MRA Framework, unless the context otherwise indicates:

- 2.1 Accountancy Services refers to the activities covered under Central Product Classification (hereinafter referred to as "CPC") 862 of the Provisional CPC of the United Nations as well as other accountancy related services or services incidental to an Accountancy Services provider, the inclusion of which shall be mutually agreed between or among the ASEAN Member States negotiating bilateral or multilateral MRAs on Accountancy Services;
- 2.2 Country of Origin refers to the ASEAN Member State where the Practising Professional Accountant is registered as a member of and/or licensed to practice accountancy by the National Accountancy Body and/or the Professional Regulatory Authority;
- 2.3 Criteria/Standards generally, these two words are used synonymously to mean a specification of conditions required by National Accountancy Body and/or Professional Regulatory Authority to be met by the Practising Professional Accountant;
- 2.4 Domestic Regulations refers to laws, by-laws, regulations, rules, orders of respective ASEAN Member States as well as directives, guidelines and standards, relating to Accountancy Services, issued by the respective National Accountancy Body (NAB) and/or Professional Regulatory Authority (PRA);
- 2.5 Host Country refers to the ASEAN Member State where a Practising Professional Accountant from another ASEAN Member State applies for recognition to work in;
- 2.6 National Accountancy Body and/or Professional Regulatory Authority ("NAB and/or PRA") refers to the designated professional accountancy body or designated government agency in charge of each ASEAN Member State as in Appendix I;
- 2.7 Practising Professional Accountant ("PPA") refers to a natural person who is a national of an ASEAN Member State, who is assessed by the NAB and/or PRA as being technically, morally, and legally qualified to undertake independent professional accountancy practice and is registered as a member of and/or licensed to practice accountancy by the NAB and/or the PRA. ASEAN Member States may adopt different nomenclatures and requirements in referring to PPAs when negotiating their bilateral or multilateral MRAs on Accountancy Services; and
- 2.8 Recognition refers to acceptance by an NAB and/or PRA of compliance with its requirements.

## **ARTICLE III**

### **BASIS FOR RECOGNITION**

The ASEAN Member States hereby recognise that education, licences, demonstration of competence and experience may be the principal elements considered in granting mutual recognition.

#### **3.1 Education**

The ASEAN Member States agree that a PPA of an ASEAN Member State who seeks recognition in another ASEAN Member State should have met the educational requirements in effect in the Country of Origin. Such individual's educational credentials may be accepted as having satisfied the educational

requirements of the Host Country's NAB and/or PRA.

### 3.2 Licences

Where licences are required from governmental or regulatory bodies other than the NAB and/or PRA of each ASEAN Member State, the ASEAN Member States shall, subject to their Domestic Regulations, use their best endeavours to facilitate the PPA of the other ASEAN Member States to obtain the necessary approval.

### 3.3 Demonstration of Competencies

The ASEAN Member States recognise the need to require the PPA seeking recognition to demonstrate competencies to assure that the PPA has satisfactory knowledge of the Domestic Regulations of the Host Country.

### 3.4 Experience

A PPA seeking recognition shall meet the experience requirements specified by the Host Country.

### 3.5 International Federation of Accountants (IFAC) Standards and Guidelines

ASEAN Member States are encouraged to take into account the standards and guidelines set out by IFAC. The professional competencies and qualifications threshold for the practice of accountancy in ASEAN Member States shall be established, maintained and upheld according to these standards taking into consideration the Domestic Regulations of each ASEAN Member State.

## ARTICLE IV

### DOMESTIC REGULATION

#### 4.1 Domestic Regulations

Any bilateral or multilateral MRAs on Accountancy Services between or among ASEAN Member States shall not prejudice the rights, powers and authority of each ASEAN Member State and its NAB and/or PRA and other regulators of the profession to set and regulate the necessary Domestic Regulations.

#### 4.2 National Accountancy Body and/or Professional Regulatory Authority

The NAB and/or PRA of each ASEAN Member State, where applicable, shall be responsible for the following:

4.2.1 Granting recognition to the PPA who applies to work solely or in collaboration with the PPA of the Host Country, subject to Domestic Regulations;

4.2.2 Monitoring the professional practice of the PPA granted recognition to practice Accountancy Services in the Host Country;

4.2.3 Setting and/or maintaining, where applicable, standards of professional and ethical practice in Accountancy Services; and

4.2.4 Exchanging information regarding Domestic Regulations, practices and developments in Accountancy Services in the ASEAN Member States with the view to harmonise the practice in accordance with regional and/or international standards.

## ARTICLE V

### MUTUAL RECOGNITION ARRANGEMENTS

Following the signing of this MRA Framework, ASEAN Member States are encouraged to negotiate and conclude bilateral or multilateral MRAs on Accountancy Services.

5.1 Subject to the circumstances of each ASEAN Member State, an MRA may be concluded with the involvement and/or consent of the NAB and/or PRA and the relevant government agencies. A sample MRA is attached at APPENDIX II.

5.2 ASEAN Member States are encouraged to keep to the spirit of the World Trade Organisation (WTO) Guidelines for Mutual Recognition Agreements or Arrangements in the Accountancy Sector. A copy of

the Guidelines is attached at APPENDIX III.

5.3 ASEAN Member States are urged to keep to the spirit of this MRA Framework when negotiating an concluding bilateral or multilateral MRAs on Accountancy Services.

5.4 The provisions of this MRA Framework shall apply to nationals of ASEAN Member States unless otherwise provided for in bilateral or multilateral MRAs on Accountancy Services.

## **ARTICLE VI**

### **AMENDMENTS**

6.1 The provisions of this MRA Framework may only be amended by written agreement by the Government of all ASEAN Member States.

6.2 APPENDIX I (List of NAB and/or PRA) may be amended administratively by the ASEAN Secretary General upon notification by an ASEAN Member State of any change to its NAB and/or PRA. The ASEAN Secretary-General shall thereafter notify the other ASEAN Member States of the change.

## **ARTICLE VII**

### **DISPUTE SETTLEMENT**

7.1 ASEAN Member States shall at all times endeavour to agree on the interpretation and application of this MRA Framework and shall make every attempt through communication, dialogue, consultation and cooperation to arrive at a mutually satisfactory resolution of any matter that might affect the implementation of this MRA Framework.

7.2 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 MRA Framework.

## **ARTICLE VIII**

### **FINAL PROVISIONS**

8.1 The terms and definitions and other provisions of the GATS and AFAS shall be referred and applied to matters arising under this MRA Framework for which no specific provision has been made under it.

8.2 This MRA Framework shall enter into force 3 months after the date of signature by all ASEAN Member States.

8.3 This MRA Framework 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 by their respective governments, have signed this ASEAN Mutual Recognition Arrangement Framework on Accountancy Services.

**DONE** at Cha-am, Thailand, this Twenty Sixth Day of February in the Year Two Thousand and Nine, 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:

**CHAM PRASIDH**

Senior Minister and Minister of Commerce

For the Republic of Indonesia:

**MARI ELKA PANGESTU**

Minister of Trade

For the Lao People's Democratic Republic:

**NAM VIYAKETH**

Minister of Industry and Commerce

For Malaysia:

**TAN SRI MUHYIDDIN YASSIN**

Minister of International Trade and Industry

For the Union of Myanmar:

**U SOE THA**

Minister for National Planning and Economic Development

For the Republic of the Philippines:

**PETER B. FAVILA**

Secretary of Trade and Industry

For the Republic of Singapore:

**LIM HNG KIANG**

Minister for Trade and Industry

For the Kingdom of Thailand:

**PORNTIVA NAKASAI**

Minister of Commerce

For the Socialist Republic of Viet Nam:

**VU HUY HOANG**

Minister of Industry and Trade

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