INTRODUCTION

This guide gives you an overview of the requirements to practise as an accountant in Singapore. Broadly, we cover the regulatory environment in Singapore and discuss registration requirements for accountants, including tax agents, auditors and financial planners. We also briefly examine the risk, liability and insurance in Singapore.

This material is intended to be an introduction to the requirements only. Members are responsible for ensuring they are aware of, and comply with, all regulators’ requirements in the countries in which they work.

This material is aimed at CPA Australia members who do not provide public accounting services into Australia or New Zealand; who are interested in public practice; and who are based outside of Australia or New Zealand.

CPA Australia members who provide public accounting services into Australia or New Zealand and earn more than $10,000 gross in fees each calendar year must hold a Public Practice Certificate. This requirement applies to all members, no matter where in the world they are located.

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INTRODUCTION TO THE ACCOUNTING PROFESSION IN SINGAPORE

Singapore’s accounting landscape has undergone tremendous change in the last decade. In October 2008, the Committee to Develop the Singapore Accountancy Sector (CDAS) was formed. The committee, whose members include leading members of the accounting profession, business community, academia and public sector, was tasked to undertake a fundamental review of the accountancy sector, with the aim of positioning Singapore as the leading international centre in Asia for accountancy services and professionals.

The CDAS report was issued in mid April 2010 and proposed 10 recommendations, which included:

- a post-university ‘qualification programme’ that is relevant for training audit professionals and commercial accountants
- development of niche specialization and pathways such as internal audit and risk management, business valuation and international tax
- further liberalisation of the rules and regulations governing the ownership of public accountancy
- the formation of a new statutory body (Singapore Accounting Commission or SAC) to oversee the implementation of the CDAS recommendations.

The SAC was officially launched in April 2013 with a mandate to “oversee the strategic direction for, and promote, facilitate and assist in, the growth and development of the accountancy sector and its related fields in Singapore”. One of its key pillars is the new Singapore Qualification Program (SQP) which requires a university graduate entry to the profession, together with a set of professional examinations and practical experience requirements in order to qualify as a professional accountant.

Those who wish to qualify as professional accountants post-June 2013 will be required to sit and pass the new qualification program and its examinations. The new Singapore Chartered Accountant designation fulfils the qualification requirements of the Accountants Act. The local professional body, Institute of Singapore Chartered Accountants or ISCA, is appointed by SAC as the “designated entity” to administer the SQP.

In 2017, as part of the national review of Singapore’s economy strategies, the “Committee on Future Economy” released its report and recommendations. Part of the report included the Committee’s recommendations for the accounting sector:

- strengthen Singapore’s global market position in accounting services
- transform the accounting sector through enhancing productivity, collaboration and innovation
- build thought leadership through driving standards and research
- equip accounting professionals to be future-ready through deepening skill sets and industry expertise.

The CPA Australia Singapore Division supports members through advocacy, education, knowledge sharing and training to give them a competitive advantage and add value to their professional development, recognition and status. The CPA Australia qualification is recognised as meeting the qualification requirement for registration as public accountant under Singapore’s Accountants Act 2004. There is a mutual recognition agreement between CPA Australia and Institute of Singapore Chartered Accountants that would see members of one body being recognised by the other. CPA Australia members in Singapore work in professional service firms, banking and finance industry, as well as in corporates, SMEs and the public sector.

REGULATORY ENVIRONMENT FOR PROFESSIONAL PRACTICE

The Accounting and Corporate Regulatory Authority (ACRA) was created in April 2004 as a result of a merger between the then Registry of Companies and Businesses (RCB) and the Public Accountants Board (PAB). The formation of ACRA is part of a move by the government to move away from industry self-regulation in the wake of major accounting scandals such as Enron in the United States. ACRA’s role is to achieve synergies between
monitoring of corporate compliance with disclosure requirements and the regulation of public accountants performing statutory audit. The primary legislative framework in relation to professional accounting practice is the Accountants Act 2004.

In administering the Accountants Act, ACRA is assisted by the Public Accountants Oversight Committee (PAOC, see Accountants Act, s. 15). The Committee has wide ranging powers and duties, including the keeping and maintenance of registers of public accountants, public accounting corporations, public accounting firms and public accounting limited liability partnerships (LLP). The Committee also administers continuing professional education programs for public accountants and assists ACRA in determining, prescribing and reviewing the codes of professional conduct and ethics for public accountants and the standards, methods and procedures to be applied by public accountants when providing public accountancy services.

In addition, PAOC handles enquiries into any professional misconduct and complaints against any public accountant, accounting corporation, accounting firm or accounting LLP and, if necessary, institutes disciplinary proceedings.

In July 2007, ACRA issued its first ‘Practice Monitoring Programme’ (PMP) report as part of its efforts in promoting audit quality and building market confidence in audit opinions in Singapore. The PMP, also called ‘audit inspections’, involves distinct review programs for auditors of public interest entities and non-public interest entities. The review process itself takes a consultative and iterative approach, with the overall objective of ascertaining whether public accountants have complied with the prescribed auditing standards, methods, procedures and other requirements. Subsequent PMP reports continue to stress the importance of all stakeholders to better understand the value of an audit. Specifically, the challenge is for public accountants to continue to communicate and enhance the values that they bring.

For example, the 2012 PMP report noted that public accounting firms are making good progress in implementing Singapore Standards on Quality Control 1 (SSOC 1) Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements. Two specific audit risk areas were highlighted.

- Accounting estimates: deficiencies in this audit risk area generally arose in instances where the auditor did not sufficiently test or challenge management’s forecasts, views or representations and estimates in financial statement items such as impairment assessments of financial and non-financial assets including inventory obsolescence, and provisions and accruals.
- Group audit: deficiencies in this audit area generally arose because the group auditor’s procedures were insufficient to evaluate the component auditor’s competence and objectivity and whether the component auditor’s work was sufficient and appropriate for the purpose of group reporting.

The 2014 PMP report introduced a new ‘post-inspection root cause analysis’ to help ensure that remediation efforts would yield wider firm-wide benefits and prevent the recurrence of audit deficiencies across all future audit engagements. Going forward, inspection frequency was also adjusted according to public interest risks. Firms that audit more than 10% share of market capitalisation of listed companies will be subjected to annual inspection and those with less than 10% will be subjected to triennial inspections.

The 2016 PMP report, being the 10th year of the programme, provided trends in inspection findings and audit quality indicators. It also outlines the targets for the newly developed Audit Quality Indicators (AQI) Disclosure Framework, which was jointly produced with CPA Australia, available at <https://www.acra.gov.sg/uploadedFiles/Content/Publications/Guides/ACRA-CPAA%20Joint%20Publication%20on%20AQI.pdf>

For further information on other PMP reports, refer to <https://www.acra.gov.sg/Publications/Reports/Practice_Monitoring_Programme_Public_Reports/>.

PAOC is empowered under the Accountants Act 2004 to impose various penalties for failing the PMP, such as restricting the provision of public accountancy services by the public accountant, completing a remedial program as specified by PAOC or, in certain cases, PAOC may refuse to renew the registration of the public accountant concerned or suspend or cancel the registration of the public accountant. These are expressed through a number of ‘Practice Directions’ and “Audit Practice Bulletins”, issued from time to time. Selected examples of public...
directions and audit practice bulletins are discussed below. For a complete list, refer to <http://www.acra.gov.sg/Publications/Practice_Directions> and <https://www.acra.gov.sg/publications/Audit_Practice_Bulletin/> respectively.

Practice Direction No. 1 of 2009 sets out the mandatory requirement that will be imposed by the PAOC on all public accountants who did not pass the PMP, to appoint peer reviewer(s) to review any three of their audit engagements within a 12-month period after the PAOC order. The objective of the peer review requirement is to help the public accountants involved to improve the quality of their work. In addition, Practice Direction No. 3 of 2009 made it compulsory for a public accountant who did not pass the practice review to attend a mandatory three-day course with the objective of improving the quality of their professional work.

Audit Practice Bulletin No. 3 of 2016, for example, provides additional clarifications re the Continuing Professional Education (CPE) requirements for public accountants, as part of the renewal for certificate of registration for public accountants. Audit Practice Bulletin No. 2 of 2016 provided guidance on the implementation of auditing standards SSA 701 on *Communicating Key Audit Matters in the Independent Auditor’s Report.*

The Companies Act 2004 (s. 10) prohibits the appointment of a person other than a registered public accountant to act as an auditor of a company. If an accounting firm is appointed as the auditor of a company in the name of the firm, such appointment shall take effect and operate as if all the partners of the firm have been appointed as auditors of the company. Where an accounting corporation is appointed as the auditor of a company in the name of the corporation, such appointment shall take effect and operate as if the directors and employees of the corporation who are practising as public accountants in that corporation have been appointed as auditors of the company.

**Registration as public accountants**

Section 10(1), and its supplementary rules, called ‘Accountants (Public Accountants) Rules 2004 Schedule 2’, prescribe the following requirements for registration as public accountants.

Applicants must have:

- passed the final examination of an accredited accounting degree program or passed the membership requirement of recognised professional bodies such as CPA Australia
- an aggregate of 2,500 hours of ‘Qualifying Audit Experience’ (QAE) post qualification as a member of a professional accounting body (effective 1 February 2015, Practice Direction No. 2 of 2015)
- from 1 April 2005, completed 40 hours of continuing professional education during the 12 months immediately preceding the date of the application
- completed the ‘Public Practice Program’ (effective September 2010, Practice Direction No. 3 of 2010) as run by the Institute of Singapore Chartered Accountants (ISCA)
- proficiency in local laws, specifically company law and taxation
- membership in the Singapore professional accounting body, the Institute of Singapore Chartered Accountants (ISCA).

The Accountants Act, section 56(1) prohibits a person from practising as a public accountant, holding him/herself out to be a public accountant or using in connection with his/her name or otherwise assuming, using, or advertising any title or description tending to convey the impression that he/she is a public accountant, unless duly registered as a public accountant. This is further elaborated in Practice Direction No. 1 of 2017.

In addition, Practice Direction No. 7 of 2007 explicitly prohibits renewal as a public accountant if the applicant has failed to pass any practice review or failed to comply with any order or requirement made by the PAOC. Applicants must also meet the required standard of professional conduct or practice as determined by ACRA and comply with the prescribed requirements relating to continuing professional education (CPE). The CPE requirement for original registration is currently set at a minimum of 40 CPE hours to be acquired during the period of 12 months immediately preceding the application. For renewal, public accountants must acquire a total of 120 hours over a rolling three-year period, with a minimum of 20 structured learning hours each calendar year. In each CPD triennium, at least 90 of the 120 hours must be in the form of structured learning in the areas of core expertise listed in ACRA’s Public Accountant CPE Syllabus (see Practice Direction No. 2 of 2010).
Registration as public accounting corporations, firms or limited liability partnerships

Sections 17, 18 and 18A of the Accountants Act prescribe the rules for registration of public accounting firms, corporations, and LLP respectively.

Registrants for accounting firms must demonstrate to the PAOC that:

- ‘one of the primary objects of the firm or proposed firm is to provide public accountancy services’
- at least two-thirds, or such other proportion as may be prescribed, of the partners are public accountants, or if the partnership has only two partners, one of those partners is a public accountant
- the business of the partnership, so far as it relates to the supply of public accountancy services in Singapore, will be under the control and management of one or more partners who are public accountants ordinarily resident in Singapore.

Every accounting corporation shall have either the words ‘Public Accounting Corporation’ as part of its name or the acronym ‘PAC’ at the end of its name, and no person, firm or company other than an approved accounting corporation shall have such words or acronym as part of or at the end of its name, as the case may be. In addition, notwithstanding section 27 of the Companies Act, an accounting corporation which is a limited company need not have the word ‘Limited’ or ‘Berhad’ as part of its name, and an accounting corporation that is a private company need not have the word ‘Private’ or ‘Sendirian’ as part of its name.

A recent development in Singapore is the concept of accounting partnership with a limited liability (The Accountants Amendment Act 2006). To be an accounting LLP, the entity would have to be registered as an LLP under the Limited Liability Partnerships Act 2005 and obtain approval to be an accounting LLP under the Accountants Act. The rules for such registration are specified in section 18A of the Accountants Act.

Sections 17, 18 and 18A of the Accountants Act are provided in the Appendix. The complete Accountants Act is available at <http://statutes.agc.gov.sg>.

Registration as financial advisers

In Singapore, financial advisers are licensed and regulated under the Financial Advisers Act (Cap. 110). The Monetary Authority of Singapore (MAS) administers the two types of licences: financial adviser’s licence and financial adviser representative’s licence. A financial adviser’s licence is awarded to a corporation with a physical presence in Singapore, with a paid-up capital of $150,000 or $300,000 (depending on the type of financial advisory services offered). Financial advisers may provide services such as advising others on investment products, issuance of research reports covering investment products, marketing of any collective investment schemes, as well as arranging life policies for others. Individuals who are employed by the financial advisers to carry out such services are required to be licensed as financial adviser’s representatives under the Financial Advisers Act.

As detailed in the MAS Guideline, FAA-G01, last revised 2010, Guidelines on Criteria for the Grant of a Financial Adviser’s Licence, in assessing an application for a financial adviser’s licence, MAS takes into consideration:

- the track record, management expertise and financial soundness of the applicant and its parent company or major shareholders
- ability to meet the minimum financial requirements and professional indemnity insurance requirements prescribed under the Financial Advisers Act
- strength of internal compliance systems
- business plans and projections.

The financial adviser representative’s licence is granted to an individual based on requirements that the applicant must:

- be at least 21 years old
- satisfy the minimum academic qualification and examination requirements (See MAS Guideline, FAA-N13, last revised 2013, Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers)
satisfy the fit and proper criteria (see MAS Guideline, FSG-G01, last revised in October 2018, Guidelines on Fit and Proper Criteria).

Financial adviser representatives are required to pass the Capital Markets and Financial Advisory Services Examination (CMFAS Exam) if they intend to provide the following financial advisory services:

- advising others, either directly or through publications or writings, whether in electronic, print or other form, concerning the following investment products: securities, collective investment schemes, futures contracts and life policies
- marketing of any collective investment scheme
- arranging of any contract of insurance in respect of life policies, other than a contract of reinsurance.

Candidates seeking registration may be eligible for exemptions from the nine CMFAS Exam modules if they have an education background in accounting, finance or actuaries studies.

In March 2012, the Monetary Authority of Singapore announced an industry wide review called ‘Financial Advisory Industry Review (FAIR)’, with two main objectives: (i) to enhance the professional standing and competence of financial advisers; and (ii) to create a more competitive and efficient system for the distribution of life insurance and investment products. The focus of the review will center on:

- raising the competence of financial advisory representatives
- raising the quality of financial advisory firms
- making financial advice a dedicated service
- lowering distribution costs of insurance products
- promoting a culture of fair dealing.

Registration as tax advisers

There is currently no official requirement for registration or accreditation as a tax adviser in Singapore. Taxation services are usually offered by public accounting firms for corporations.

In August 2009, the Institute of Certified Public Accountants of Singapore (now Institute of Singapore Chartered Accountants, ISCA) and the Inland Revenue Authority of Singapore announced that they will be setting up a new institute to accredit tax practitioners, as part of efforts to improve the efficiency and quality of tax audits in Singapore. The Singapore Institute of Accredited Tax Professionals (SIATP), subsequently established in early 2010, offers its members three levels of accreditation: Accredited Tax Advisor (ATA), Accredited Tax Practitioner (ATP) and Accredited Tax Practitioner (Provisional). SIATP has also introduced specialist pathways for Goods and Services Tax, and Income Tax. Whilst it is not compulsory for tax professionals to join the Institute, it will offer some form of professional recognition (and eventually perhaps accreditation) as well as opportunities to participate in continuing professional development courses. For further information visit the SIATP website.

PROFESSIONAL INDEMNITY INSURANCE

According to the Accountants Act, ‘professional indemnity insurance’ includes insurance indemnifying a public accountant, an accounting corporation, an accounting firm or an accounting LLP against liability to compensate a third party who has sustained financial loss or any other damage or injury due to a breach of professional duty or to any professional negligence on the part of such public accountant, accounting corporation, accounting firm or accounting LLP, as the case may be (including any such negligence by any director of such accounting corporation or any partner of such accounting LLP), or fraud or dishonesty.

In the case of LLPs, in addition to the rules for registration as an accounting firm, an accounting LLP must be covered by professional indemnity insurance in accordance with section 28 of the Accountants Act. Specifically, every accounting LLP shall be covered by professional indemnity insurance of not less than one of the following amounts, whichever is the highest:

- $1 million
- a sum equal to the total of $500,000 for every corporate practitioner in the accounting LLP
where applicable, a sum equal to two-and-a-half times the gross income of the accounting LLP in the last completed financial year of the accounting LLP subject to a maximum sum of $50 million.

Also, according to the *Financial Advisers Act*, one of the requirements for grant or renewal of a financial adviser’s licence is that the applicant should have in force a professional indemnity insurance policy, the cover of which is consistent with such limit and deductible requirements as may be prescribed. In the Act, ‘professional indemnity insurance policy’ means a contract of insurance with an insurer under which a person is indemnified in respect of the liabilities arising out of or in the course of his business as a financial adviser.

**FURTHER READING**

- Accounting and Corporate Regulatory Authority (ACRA)  
  [http://www.acra.gov.sg]
- Public Accountants Oversight Committee  
  [http://isca.org.sg/tkc/aa/standards/]
- Singapore Institute of Accredited Tax Professionals  
  [http://www.siatp.org.sg]
- Singapore Statutes Online  
  [http://statutes.agc.gov.sg]
- Monetary Authority of Singapore  
  [www.mas.gov.sg]
- Singapore Accountancy Commission  
  [http://www.sac.gov.sg]

**APPENDIX – EXTRACTS FROM ACCOUNTANTS ACT 2004**

**Part III—Registration of public accountants**

**Qualifications for registration**

10. —

(1) Any person who —

(a) has attained the age of 21 years; and

(b) satisfies the prescribed requirements relating to —.

(i) qualifications;

(ii) practical experience; and

(iii) membership in any professional accountancy body or organisation,

shall be entitled, on payment of the prescribed fee, to be registered as a public accountant under this Part.

(2) The Authority may, after consultation with the Oversight Committee and subject to such conditions as it thinks fit, exempt any person from any prescribed requirements referred to in subsection (1)(b).

**Application for registration**

11. —

(1) Any person who desires to be registered as a public accountant under this Part may make an application to the Oversight Committee in such form or manner as the Oversight Committee may require.

(2) An application under subsection (1) shall be accompanied by —

(a) the prescribed fees; and
(b) a declaration by the applicant verifying any information contained in or relating to the application.

(3) The Oversight Committee may require an applicant for registration to undergo such interviews as the Oversight Committee may determine.

(4) The Oversight Committee may refuse to register any applicant who —

(a) in the opinion of the Oversight Committee —
   (i) is not of good reputation or character;
   (ii) is engaged in any business or occupation that is inconsistent with the integrity of a public accountant; or
   (iii) is otherwise unfit to practise as a public accountant; or
(b) has had his registration, licence or approval to practise as a public accountant in any other country withdrawn, suspended, cancelled or revoked.

(5) Where the Oversight Committee refuses to register an applicant, it shall by notice in writing inform the applicant of its refusal.

(6) Any person who is aggrieved by any refusal of the Oversight Committee under subsection (4) may, within 30 days of the notice given under subsection (5), appeal to the Minister whose decision shall be final.

Part IV—Accounting corporations, accounting firms and accounting LLPs

Approval of accounting corporations

17. —

(1) A public accountant who wishes to have a company or proposed company approved as an accounting corporation may apply to the Oversight Committee for approval of —

(a) the company as an accounting corporation; and
(b) the name or proposed name of the accounting corporation.

(2) An application under subsection (1) shall be made in accordance with the prescribed requirements and shall be accompanied by the prescribed fee.

(3) Subject to subsection (4) and any other provisions of this Act, the Oversight Committee may, on receiving an application made under this section, approve the company or proposed company concerned as an accounting corporation if and only if —

(a) one of the primary objects of the company or proposed company is to provide public accountancy services;
(b) the share capital of the company or proposed company that is paid up or to be paid up is not less than $50,000 or such other sum as may be prescribed;
(c) the articles of association of the company or proposed company provide that
   (i) not less than two-thirds, or such other proportion as may be prescribed, of the directors (including the chairman) shall be public accountants, or
   (A) if the company or proposed company has only one director, that that director shall be a public accountant; or
   (B) if the company or proposed company has only two directors, that one of those directors shall be a public accountant;
   (ii) not less than two-thirds, or such other proportion as may be prescribed, of the voting shares of the company or proposed company shall be owned by corporate practitioners; and
   (iii) only natural persons may own any shares of the company or proposed company;
(d) the business of the company or proposed company, so far as it relates to the provision of public accountancy services in Singapore, will be under the control and management of one or more directors of the company who are public accountants ordinarily resident in Singapore; and

(e) the company or proposed company is or will be covered by professional indemnity insurance in accordance with section 28 and the prescribed requirements.

(4) If the Oversight Committee grants its approval for a proposed company to be an accounting corporation, the approval shall not take effect until the company is formed and registered under the Companies Act (Cap. 50).

[Accountants 2001 Ed., s. 19]

Approval of accounting firms

18. —

(1) A public accountant who wishes to have a firm or proposed firm approved as an accounting firm may apply to the Oversight Committee for approval of —

(a) the firm as an accounting firm; and

(b) the name or proposed name of the accounting firm.

(2) An application under subsection (1) shall be made in accordance with the prescribed requirements and shall be accompanied by the prescribed fee.

(3) The Oversight Committee may, on receiving an application made under this section, approve the firm or proposed firm concerned as an accounting firm if and only if —

(a) one of the primary objects of the firm or proposed firm is to provide public accountancy services;

(b) at least two-thirds, or such other proportion as may be prescribed, of the partners are public accountants, or if the partnership has only two partners, one of those partners is a public accountant; and

(c) the business of the partnership, so far as it relates to the supply of public accountancy services in Singapore, will be under the control and management of one or more partners who are public accountants ordinarily resident in Singapore.

Approval of accounting LLPs

18A. —

(1) A public accountant who wishes to have a limited liability partnership or proposed limited liability partnership approved as an accounting LLP may apply to the Oversight Committee for the approval of —

(a) the limited liability partnership as an accounting LLP; and

(b) the name or proposed name of the accounting LLP.

(2) An application under subsection (1) shall be made in accordance with the prescribed requirements and shall be accompanied by the prescribed fee.

(3) The Oversight Committee may, on receiving an application made under this section, approve the limited liability partnership or proposed limited liability partnership concerned as an accounting LLP if and only if —

(a) one of the primary objects of the limited liability partnership or proposed limited liability partnership is to provide public accountancy services;

(b) the capital of the limited liability partnership or proposed limited liability partnership that is paid up or to be paid up is not less than $50,000 or such other sum as may be prescribed;

(c) at least two-thirds, or such other proportion as may be prescribed, of the partners are public accountants, or if the partnership has only two partners, one of those partners is a public accountant;
(d) the accounting LLP or proposed accounting LLP is or will be covered by professional indemnity insurance in accordance with section 28 and the prescribed requirements; and

(e) the business of the accounting LLP, so far as it relates to the supply of public accountancy services in Singapore, will be under the control and management of one or more partners who are public accountants ordinarily resident in Singapore.

Source: Government of Singapore, Accountants Act 2004 (Cap. 2), ss. 10, 11, 17, 18 and 18a (reproduced with the permission of the Attorney-General’s Chambers of Singapore).