



## HIGHLIGHT

### 【Legal Reform】

Sector law and guidelines enter into force  
New sector law & regulations introduced  
Various transitional provisions

### 【Standards Update】

FRS publications available for sale in the CIP

### 【AML Column】

Series on application of risk-based approach

## CRAC Members 2020

**Chairperson:** Iong Kong Leong

**Effective members:** Yung Chi Chung  
Ng Pou Man  
Vong Hou Piu  
Cheang Kin Lap

**Reserved members:** Kou Ka I  
Si Chan Chan  
Cheong Sio Tong  
Bao King To

## STATISTICAL DATA

The following has been registered with the Committee for the Registry of Auditors and Accountants:

Auditors	123
Accountants	195
Audit firms	14
Accounting firms	3

Updated on: 30 November 2020

## 【Legal Reform】

# SECTOR LAW & GUIDELINES ENTER INTO FORCE: INDUSTRY SHOWS CONCERN & CRAC HOSTS EXPLANATORY SEMINAR

In addition to Law No.20/2020 (Qualification and Practice Regime of the Profession of Accountants), a number of sector-related regulations also enter into force starting 1 December 2020, which include Administrative Regulation No.42/2020 (Professional Committee of Accountants), Administrative Regulation No.43/2020 (Examinations and Continuing Professional Development Requirements of Accountants), and Order of the Secretary for Economy and Finance No.82/2020 (setting of examination, registration and other fees). We will be looking into certain parts of these regulations in this issue of the newsletter (page 2).

Since its announcement back in September, the accounting industry has expressed concern over Law No.20/2020, and a number of institutions have paid visit to CRAC, which were greeted by Iong Kong Leong (CRAC chairman) Yung Chi Chung and Ng Pou Man (both CRAC members). The meeting parties discussed requirements under the new law as well as other corresponding issues. Meanwhile, CRAC hosted an explanatory seminar about the Qualification and Practice Regime of the Profession of Accountants at the World Trade Centre on 28 November (Saturday), of which approximately 200 people were in attendance. Apart from presenting the content of the new regime, including the transitional provisions of different stakeholders therein, a Q&A session was held in order to answer the queries that attendees have had. Iong Kong Leong, Yung Chi Chung, Ng Pou Man and Cheang Sai On (CRAC secretary) hosted the seminar. We will provide an extract of the content related to transitional provisions in this issue of newsletter (page 3).



Explanatory Seminar about  
Qualification and Practice Regime of the Profession of Accountants  
(left to right) Ng Pou Man, Iong Kong Leong and Yung Chi Chung

## 【Legal Reform】

# NEW LAW AND REGULATIONS INTRODUCED SET PARAMETERS FOR CPC, EXAMS AND CPD

The Administrative Council has approved two administrative regulations in November 2020 that are related to the accounting sector: Administrative Regulation No.42/2020 (Professional Committee of Accountants) and Administrative Regulation No.43/2020 (Examinations and Continuing Professional Development Requirements of Accountants). Both administrative regulations can be viewed and downloaded via the Official Printing Bureau website ([www.io.gov.mo](http://www.io.gov.mo)) and Financial Services Bureau website ([www.dsf.gov.mo](http://www.dsf.gov.mo)). (Note: English translations of both administrative regulations are not available at this time.)

## PROFESSIONAL COMMITTEE OF ACCOUNTANTS MAXIMUM 13 MEMBERS, 3 SPECIALIST COMMITTEES ESTABLISHED

In accordance with Administrative Regulation No.42/2020, members comprising the Professional Committee of Accountants (hereinafter *the Committee*) has expanded from 5 members (as was in CRAC) to 13 members in order to raise the committee's representativeness; the term of office would extend from 1 year to 2 years in order to ensure stability in policy-setting and work execution. Meanwhile, duties of the committee members are also explicitly defined which include attendance in meetings and confidentiality among others.

In addition, the Committee has established 3 specialist committees (sub-committees), namely the Accreditation and Continuing Professional Development Committee, the Examinations Committee, and the Standards and Disciplinary Committee, each responsible for matters within its own domain. The Financial Services Bureau provides technical, administrative and logistic support for the Committee and covers all the expenses necessary for the Committee's operation.

## EXAMINATION OF ACCOUNTANTS 6 SUBJECTS – VALIDITY OF PASS GRADGES EXTENDED

In accordance with Administrative Regulation No.43/2020, the examination of accountants is comprised of 6 subjects: accounting, audit, financial cost management, tax knowledge, commercial law knowledge and corporate strategy management. The pass grade for individual subjects shall remain valid until the end of the calendar year of which 4 years have lapsed after the date the grade has been approved. The examination regulations as well as the syllabus are drafted and published by the Examinations Committee.

## CONTINUING PROFESSIONAL DEVELOPMENT REQUIREMENTS 90 HOURS OVER 3 YEARS, MINIMUM 15 HOURS PER YEAR

In accordance with Administrative Regulation No.43/2020, accountants are required to complete a minimum of 90 hours of continuing professional development (hereinafter *CPD*) activities within a period of 3 years in succession, at least 60 hours of which must be verifiable CPD activities. Meanwhile, accountants are required to complete a minimum of 15 hours of CPD activities in any single year. CPD activities may be carried out in a variety of formats, which include attending training courses, seminars or workshops, serving as instructors, writing professional articles, dissertations and publications, as well as participating in the works of the professional technical committee. Rules regarding the implementation of CPD requirements are specified in the guidelines issued by the Accreditation and Continuing Professional Development Committee.

## 【Legal Reform】

# VARIOUS TRANSITIONAL PROVISIONS FROM THE NEW REGIME

( EXCERPT FROM SEMINAR OF 28 NOVEMBER 2020 )

Law No.20/2020 (Qualification and Practice Regime of the Profession of Accountants, hereinafter *New Regime*) enters into force starting 1 December 2020. The transitional provisions of the new regime have been of great concern to the accounting profession. For this reason, we have provided an excerpt containing information presented at the seminar of 28 November (Table 1 through 7) for our readers. However, please refer to the legal text of Law No.20/2020 for specific transitional provisions, which prevail over this article in case of inconsistency. All MSAR laws are available from the Official Printing Bureau website ([www.io.gov.mo](http://www.io.gov.mo)). (*Note: English translation of Law No.20/2020 is not available at this time.*)

**TABLE 1: TRANSITIONAL PROVISIONS FOR AUDITORS**

	First issuance: Accountant registration certificate	First issuance: CPA practice permit	First issuance: CPA practice card
Application required	x		
Payment of fees required	x		✓
Validity	31 December 2023	Infinite	31 December 2021

**TABLE 2: TRANSITIONAL PROVISIONS FOR SUSPENDED AUDITORS**

	First issuance: Accountant registration certificate	First issuance CPA practice permit	First issuance CPA practice card
Application and payment of fees required	✓		
Deadline for submitting applications	By 30 May 2021	6 months after the status of 'incompatibility of functions' ceases or 30 November 2023 (for cases other than 'incompatibility of functions')	
Validity	31 December 2023	Infinite	31 December of the year in which the card is issued

(Cont'd page 4)

**TABLE 3: TRANSITIONAL PROVISIONS FOR AUDITOR CANDIDATES**

Status on 1 December 2020	Equivalence under new regime	Validity
Internship time already approved by CRAC	Satisfy the requirements about audit work experience for applying practice permit	Until 30 November 2023
Already started internship, internship then to be completed subsequently and to be approved by CPC		3 years from the approval date
Exempted from internship by CRAC		Until 30 November 2021

**TABLE 4: TRANSITIONAL PROVISIONS FOR ACCOUNTANTS**

	First issuance: Accountant registration certificate	Inscribed on the list of persons who could provide accounting and tax services
Application required	x	
Payment of fees required	x	✓
Validity	31 December 2023	31 December of the year in which the person is inscribed

**TABLE 5: OTHER TRANSITIONAL PROVISIONS FOR ACCOUNTANTS**

	Participation in designated audit courses	Participation in evaluation of audit experience <sup>1</sup>	Possession of CPA qualifications obtained abroad that are approved by CPC
Period	On or before 30 November 2023		
Pass evaluation / obtain qualifications for practice	Satisfy the requirements of knowledge needed to apply practice permit	Satisfy the requirements about audit work experience for applying practice permit by 30 November 2023	Satisfy the requirements of knowledge and about audit work experience for applying practice permit by 30 November 2023

**Note 1: Condition for participation: 1. First-time registration was made in accordance with Decree-law No.17/78/M of 3<sup>rd</sup> June; 2. The person has provided services for clients in all five calendar years prior to the law entering into force.**

**(Cont'd page 5)**



**TABLE 6: TRANSITIONAL PROVISIONS FOR SUSPENDED ACCOUNTANTS (FOR REASONS OTHER THAN ‘NON-COMPATIBILITY OF FUNCTIONS’<sup>2)</sup>**

	First issuance: Accountant registration certificate	Inscribed on the list of persons who could provide accounting and tax services
Application and payment of fees required		✓
Deadline for submitting application	By 30 May 2021	By 30 November 2023
Validity	31 December 2023	31 December of the year in which the person is inscribed

**TABLE 7: TRANSITIONAL PROVISIONS FOR SUSPENDED ACCOUNTANTS (DUE TO ‘NON-COMPATIBILITY OF FUNCTIONS’<sup>2)</sup>**

	First issuance: Accountant registration certificate	Inscribed on the list of persons who could provide accounting and tax services	First issuance: CPA practice permit	First issuance: CPA practice card
Application and payment of fees required				✓
Deadline for submitting application	By 30 May 2021	By 30 November 2023	After 30 November 2023, 6 months after the status of ‘incompatibility of functions’ ceases	
Validity	31 December 2023	31 December of the year in which the person is inscribed / permit or card is issued		

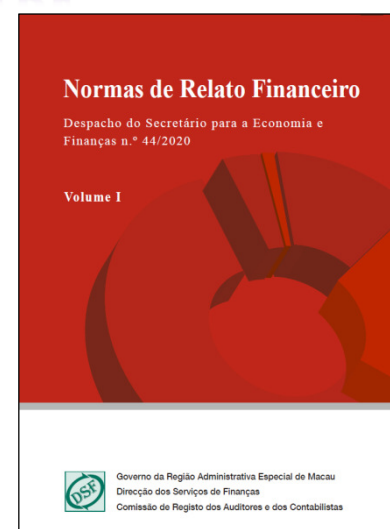
**Note 2: One may participate in designated audit courses within 3 years from the date the law enters into force. Passing of assessment is regarded as equivalent to satisfying the knowledge requirement necessary for the application of practice permit.**

## 【Standards Update】

### FRS PUBLICATION: AVAILABLE FOR SALE IN THE PUBLIC INFORMATION CENTRE

The new Financial Reporting Standards (FRS), approved via Order of the Secretary for Economy and Finance No.44/2020, are contents of the law and may be downloaded from the Official Printing Bureau website ([www.io.gov.mo](http://www.io.gov.mo)). In addition, to facilitate reading, CRAC has compiled and published a publication for FRS. The publication is available in two volumes in Portuguese and Chinese languages from the Public Information Centre.

- Title: Financial Reporting Standards (Volume I & II)
- Price: 680.00 (per set), same price for Portuguese and Chinese
- Location: Public Information Centre, Rua do Campo, nos 188-198, Vicky Plaza, Macau
- Telephone enquiries: (853) 2835 2862
- Office hours: 9 am to 6pm, Monday to Friday  
(Closed on Saturdays, Sundays and government public holidays)  
(Note: English translation of FRS is not available at this time.)



## 【AML Column】

### SERIES ON APPLICATION OF RISK-BASED APPROACH: TRANSACTIONS/SERVICE AND ASSOCIATED DELIVERY CHANNEL RISKS

**(Foreword):** Risk-based principles are crucial to the effective implementation of measures of prevention and suppression of money laundering and financing of terrorist crimes. Auditors and accountants should take appropriate steps to identify and evaluate firm-wide risks regarding money laundering and financing of terrorism, and to adopt appropriate measures based on the degree of associated risks.

The Financial Action Task Force (FATF) has published several guidance documents in June 2019, two of which are related to auditors and accountants: *Risk-based Approach for the Accounting Profession* and *Guidance for a Risk-based Approach for Trust and Company Service Providers (TSCPS)*. These guidance documents pointed out the three most common types of risks: *country/geographic risk*, *client risk* and *transaction/service and associated delivery channel risk*. We have presented both country/geographic risk and client risk in the previous two issues of newsletter, and we shall look into transaction/service and associated delivery channel risk in this issue of newsletter.



### TRANSACTION/SERVICE AND ASSOCIATED DELIVERY CHANNEL RISKS

Auditors and accountants should identify, assess and respond to money laundering and financing of terrorism risks prior to, during and after providing professional services. The most common situations/risks are:

1. Providing professional services: but auditors and accountants do not possess associated professional knowledge;
2. Being appointed as client's representative: having provided assurance to a third party regarding the client's position, reputation and goodwill prior to obtaining corresponding understanding of the client's businesses;
3. Assisting the acquisition/creation of legal persons and legal arrangements and services: abuse, using to conceal proprietorship or actual economic purposes;
4. Receiving payment for services: accepting client's payment through non-related party or unidentified third party, or payment made by cash (where cash payment is not the usual mean of commercial payment);
5. Assisting the client to transfer immovable properties or other high-value assets: transactions must be completed in short period of time but without apparent justifiable reasons.

### STANDARD ON AUDITING: IMPORTANT REFERENTIAL MATERIAL

Apart from the 3 major types of risk (i.e. country/geographic risk, client risk, transaction/service and associated delivery channel risk), auditors and accountants may also consider the examples of elements of fraud risk listed in International Standard on Auditing (ISA) 240 – The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements, as well as the situations and events in which ISA 315 – Identifying and Assessing the Risks of Material Misstatement suggest that material misstatement risks exist. It should be noted that, even if the service provided by the auditor and accountant was non-audit related, the examples provided in the two standards referred above are worth referring to during the identification, assessment and response to risks of money laundering and financing of terrorism.

## 【Other News】

### FATF UPDATES 'HIGH-RISK JURISDICTIONS LIST'

The Financial Action Task Force (FATF) has updated their 'high-risk jurisdictions list' in October 2020, which has two categories: jurisdictions with strategic deficiencies; and jurisdictions no longer subject to monitoring. Please visit the Financial Intelligence Office for the actual list and other information ([www.gif.gov.mo](http://www.gif.gov.mo)).

### EXTERNAL COMMUNICATION AND EXCHANGE

The Asian-Oceanian Standard-Setters Group (AOSSG) hosted its 12<sup>th</sup> Annual Meeting and working group meetings (virtual meeting) from 23-25 November 2020. Approximately 110 representatives from 13 jurisdictions, including Ng Pou Man (CRAC member), attended these meetings. In addition, an International Accounting Standards Board (IASB) delegate also attended these meetings. The 12<sup>th</sup> Annual AOSSG Meeting and working group meetings were hosted by the Institute of Chartered Accountants of India (ICAI), and covered the following:

- Discussion of the impact of the pandemic on AOSSG affairs, and unanimous approval regarding the associated revisions on AOSSG's memorandum of understanding;
- Presentation of a number of projects on standards update, consultation projects and plans, including International Accounting Standards 1 (IAS 1) and IAS 8 among others by the IASB delegate;
- Presentation of the difficulties and challenges faced in their jurisdictions during application of International Financial Reporting Standards (IFRS), including IFRS 9, IFRS 16 and IFRS 17 among others by various group members.

### EXAMS AND REGISTRATION FEES UNDER THE NEW SECTOR REGIME

Order of the Secretary for Economy and Finance No.82/2020 has set the fees prescribed in Article 58(1) of Law No.20/2020, which include exam fees, revision of exam fees, accountants' registration fees, and issuance of CPA and CPA firms' practice permit fees among others. The SEF Order referred above is available for viewing and download from the Official Printing Bureau website ([www.io.gov.mo](http://www.io.gov.mo)). (*Note: English translation of the SEF Order is not available at this time*)

### EXAMINATION NEWS

Only 1 round of licensing examination for auditors and accountants was held in 2020 because of the pandemic. The examination took place between late October and early November. A total of 124 candidates sat this round of examinations, among which 26 people were candidates for auditors and 98 people were candidates for accountants.

Law No.20/2020 (Qualification and Practice Regime for the Profession of Accountants) and Administrative Regulation No.43/2020 (Examinations and Continuing Professional Development Requirements of Accountants) enter into force starting 1 December 2020. Please note that arrangements regarding subsequent examinations of accountants shall be specified under the accountants' examination regulation.



**【Photo Collection】**

# ACCOUNTING PROFESSION CONCERNS ABOUT NEW SECTOR LAW



Visit from Union of Associations of Professional Accountants of Macao, Sep 2020



Visit from Macao Society of Registered Auditors, Sep 2020



Visit from Macao Society of Accountants, Oct 2020



Visit from Macao Society of Certified Practising Accountants, Oct 2020

**Law No.20/2020 (Qualification and Practice Regime of the Profession of Accountants) and Administrative Regulation No.42/2020 (Professional Committee of Accountants) enter into force on 1 December 2020. Henceforth, the accounting profession of Macao shall be supervised by the Professional Committee of Accountants (CPC) instead. Issue 64 of CRAC Newsletter shall be the final issue published by the CRAC. The CPC may be contacted via the means below. Thank you for your support throughout the years!**

Professional Committee of Accountants  
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Telephone: (853) 8599 5343, 8599 5344  
Fax: (853) 2838 9177



CPC website