

Only licensed persons may provide accounting services 2/11/24

From 1 July 2023 entities and individuals wishing to provide accounting services are required to hold an external accountant licence from the State Revenue Service (SRS).

Statutory requirements

Section 34(1) of the Accounting Act states that a company's books are kept by an accountant or by an external accountant under a written agreement with the company's CEO for the performance of specified duties. This includes preparing company accounts, consolidated accounts and other statutory financial statements as required by the relevant legislation. Accounting tasks include tax calculations, which may be done within the company and in the accounting service provider's entity by the accountant or another person that meets the requirements. The types of tax calculations include:

- VAT returns
- Corporate income tax returns
- Personal income tax returns
- Statements of mandatory national social insurance contributions
- Statements of amounts paid to individuals
- Other tax statements

The SRS has issued an opinion stating that if an accounting service agreement is limited to activities associated with calculating wages, salaries and related taxes, and the service provider does not provide the full accounting cycle, including preparation of financial statements, then an external accountant licence is not required.

The SRS explains that an external accountant licence is not intended for particular activities but allows general accounting activities, including organisation of a client's books. An external accountant is responsible and operates under a client agreement that defines his duties, rights and responsibilities.

PwC's position differs from the SRS's opinion that if a company enters into an agreement with an accounting service provider only to calculate wages and salaries or to prepare financial statements, the provider does not need an external accountant licence. We believe this interpretation may be abused by splitting a company's accounting functions between two or more unlicensed service providers.

Under the current legislation an external accountant licence may be obtained by an entity or individual that offers external accounting services and is registered with the SRS as a subject of the Accounting Act. An entity needs a single licence, rather than one for each employee individually. To obtain a licence, the entity must have one person that operates as the accountant in charge and meets the statutory requirements, including at least three years' experience in accounting and suitable education with a Level 4 professional qualification in accounting, economics, management or finance. The accountant in charge may also be a member of the board if he meets these requirements for experience and education in accounting.

A licence may be obtained remotely by completing the form "Application for External Accountant Licence" on the SRS Electronic Declaration System. Operating without a licence may be sanctioned by a warning, fine, suspension or even a temporary ban that prevents the person from performing their duties under the

Anti Money Laundering and Counter Terrorism and Proliferation Financing Act.