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# 香港華人會計師公會 The Society of Chinese Accountants & Auditors

(在香港註冊成立之有限公司)

(Incorporated in Hong Kong as a company limited by guarantee)

20 October 2020

Standard Setting Department  
Hong Kong Institute of Certified Public Accountants  
37<sup>th</sup> Floor, Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong

Invitation to comment on exposure draft (“ED”) of the code of ethics for professional accountants (“COE”) - chapter G section 100 professional ethics relevant to anti-money laundering and counter-terrorist financing (“AML/CTF”) compliance for accounting professionals

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Dear Sir,

The Society of Chinese Accountants and Auditors (“SCAA”) refers to the captioned and would like to express our concerns and provide our comments on the proposed changes of the COE as follows:

**1. Create an unlevel playing field in the professional services market of CPAs and practice units**

The proposed changes of COE aim at widening the scope of supervision from practice units to cover HK Network and Professional Services Entities which applies to the constituents as mentioned in the ED of the COE.

It is not uncommon in the market that the professional services (as defined in the ED) are not only provided by HK Network and Professional Services Entities but also provided by non CPAs or entities whose owners, shareholders or partners are all non CPAs (non CPA entities). Professional services provided by some of those non CPAs or non CPA entities are not prepared by qualified accountants of any professional bodies who are not supervised or regulated by the Hong Kong Institute of Certified Public Accountants (“Institute”). In view of the above and in addition to the extra AML/CFT compliance costs and efforts from the proposed ED, SCAA is of the view that, in long run, this unlevel playing field will have serious disadvantages to CPAs and practice units who are unable to offer competitive fees



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for their professional services.

## 2. **Practical difficulties to determine whether scope in or out of the professional services as defined in the ED**

It comes to the concern of SCAA that in practice, professional services entities shall have difficulties to determine whether their services provided are within the scope of the ED as they usually tend to provide all rounded services to clients. For example, an IT business solution entity, which primarily provides IT professional services to the IT accounting system of its clients, will be required to deliver its solutions together with the ancillary accountancy comments or advices. It is not clear in the ED that whether the extent of such ancillary accountancy comments or advices will bring the IT business solution entity within the scope of the ED or not.

## 3. **Effective date of the proposed change of COE**

It is unclear on the effective date of the proposed change of COE but SCAA believes that sufficient time should be allowed for HK Network and Professional Services Entities to prepare for the changes and to implement the necessary and relevant systems and procedures for the compliance.

Our members, who are mainly practising CPAs, have already faced with great challenges resulting from the COVID-19 pandemic, economic downturn, fee competitions from non CPAs, non CPAs entities and even from bogus CPAs. We understand that the Institute needs to consider the comments from the Financial Action Task Force but we would also like to request the Institute to reconsider the proposed changes of COE in light of the impacts as mentioned above.



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Should you wish to further discuss the issues in more details, please do not hesitate to contact us at 2869 6680.

Thanks for your kind attention!

Yours faithfully,

Wong Chun Sek, Edmund  
President  
Society of Chinese Accountants & Auditors

C.C:

1. Mr. Kong Chi How, Johnson, President of Hong Kong Institute of Certified Public Accountants
2. Mr. Leung Kai-cheong, Kenneth, Member of Legislative Council (Accountancy)