

## Content

Title :	Certified Public Accountant Act <b>Ch</b>
Date :	2016.04.20
Legislative :	<p>1. Full text of 43 articles enacted and promulgated on 30 June 1945 by the ROC government</p> <p>2. Article 6 amended and promulgated on 10 May 1947 by the ROC government</p> <p>3. Full text of 42 articles amended and promulgated on 12 May 1951 by presidential order</p> <p>4. Article 2 amended and promulgated on 20 October 1958 by presidential order</p> <p>5. Full text of 48 articles amended and promulgated on 22 August 1963 by presidential order</p> <p>6. Full text of 51 articles amended and promulgated on 26 May 1977 by presidential order</p> <p>7. Amended and promulgated per 5 December 1983 Presidential Order No. (72)-Taiwan-President-(I)-Yi-6688</p> <p>8. Articles 47 and 51 amended and promulgated per 7 May 1997 Presidential Order No. (86)-ROC-President-(I)-Yi-8600104800</p> <p>Article 47 amended and promulgated per 10 December 2001 Executive Yuan Order No. (90)-Taiwan-Finance-071000; for enforcement from 1 January 2002</p> <p>9. Articles 3, 5, 6, 11, 13, 28, 31, 35, 36, 37, 41, 45, 47, 48, and 50 amended and promulgated on 21 November 2001 per Presidential Order No. (90)-ROC-President-(I)-Yi-9000224670</p> <p>10. Article 8 amended and promulgated per 29 May 2002 Presidential Order No. ROC-President-I-Yi-09100108360</p> <p>11. Full text of 81 articles amended and promulgated per 26 December 2007 Presidential Order No. ROC-President-I-Yi-09600175591; for enforcement from the date of promulgation</p> <p>12. Articles 6 and 81 amended and promulgated per 10 June 2009 Presidential Order No. ROC-President-I-Yi-09800145161; for enforcement from 23 November 2009</p> <p>13. Article 3 amended and promulgated per 4 February 2015 Presidential Order No. ROC-President-I-Yi-10400012381</p> <p>14. Articles 8, 13, and 81 amended and promulgated per 20 April 2016 Presidential Order No. ROC-President-I-Yi-10500032521</p>
Content :	<p>Chapter 1 General Principles</p> <p>Article 1</p> <p>This Act is enacted to establish a professional system for certified public accountants (CPAs) and safeguard the quality of the profession, so as to ensure that CPAs play their proper professional role in the economic sphere.</p> <p>Article 2</p> <p>The mission of CPAs is to improve the quality of their practice, improve their professional skills, and promote economic development.</p> <p>Article 3</p> <p>The competent authority under this Act is the Financial Supervisory Commission.</p> <p>Article 4</p> <p>The term "attest" or "attestation" as used in this Act refers to where a CPA, acting pursuant to laws or regulations of the competent authority with the relevant jurisdiction, carries out an audit, review, secondary review, or special audit, prepares an opinion based thereon, and affixes his or her</p>

signature or seal to the opinion.

#### Article 5

A citizen of the Republic of China (ROC) who has passed the CPA examination, holds a CPA certificate, and possesses the qualifications of a CPA may practice as a CPA.

A person who has duly acquired a CPA certificate prior to the enforcement of this Act may continue to practice as a CPA.

#### Article 6

A person to whom any of the following circumstances applies may not practice as a CPA:

1. Has previously received a final and unappealable sentence to a punishment of not less than one year of imprisonment for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. Notwithstanding the foregoing, this provision does not apply if three years have already passed since service of the term was completed or pardon was received after partial service of the prison term.
2. Has been declared by a court to be under guardianship or assistance and that declaration has not been voided.
3. Has been declared bankrupt and his or her rights have not yet been reinstated.
4. Suffers from mental illness or is in irregular physical or mental condition, two or more medical physicians of the appropriate specialty have been consulted upon request of the competent authority, and the competent authority has determined that he or she is unable to practice.
5. Has been dismissed from public service as a result of disciplinary sanction and the period during which he or she is barred from reappointment has not yet expired.
6. Has been disciplined by being barred from practice as provided for in this Act.

Where any of the above circumstances applies to a person already practicing as a CPA, his or her CPA certificate will be voided or revoked.

Notwithstanding the foregoing, however, where the CPA certificate has been voided or revoked as a result of any of the circumstances under subparagraphs 1 through 5 of the preceding paragraph he or she may still apply for a CPA certificate under this Act once the cause ceases to exist.

#### Article 7

A person who wishes to apply for a CPA certificate shall submit an application and documentary proof of qualifications in applying to the competent authority for issuance thereof.

#### Article 8

The holder of a CPA certificate may practice nationwide as a CPA only after he or she has established or joined a CPA firm, applied to the competent authority for practice registration, and joined, as a practicing member, at least the provincial or municipal certified public accountants association ("CPA association") where the head office (or branch) of his or her CPA firm is located; the CPA association may not refuse membership to such a person.

Provincial and municipal CPA associations shall forward the membership information of their members to the National Federation of Certified Public Accountants Associations of the R.O.C. (the "national federation") for

registration and recordation.

#### Article 9

A practicing CPA at a CPA firm may not serve simultaneously as a co-located practitioner, partner, shareholder, or employee of another CPA firm.

#### Article 10

A CPA engaged to handle a case may collect reasonable remuneration, at a rate agreed upon with the client.

When deciding on the amount or rate of remuneration, a CPA shall give overall consideration to manpower and time requirements as well as the degree of risk involved in a given case, and may not use improper means to solicit business.

Rules governing the matters to be taken into overall consideration and the improper means referred to in the preceding paragraph shall be drafted by each CPA association and filed with the competent authority for review and approval. The same applies in the event of an amendment.

#### Article 11

A CPA shall perform professional services in accordance with the laws and regulations of each competent authority with the relevant jurisdiction.

A CPA engaged to provide auditing and attestation of a financial report shall do so in accordance with the regulations for auditing and attestation prescribed by the competent authority, except as otherwise provided for by law.

The regulations for auditing and attestation referred to in the preceding paragraph shall specify matters related to the audit procedures to be carried out by the CPA, the audit working papers, the audit report, and other matters to be observed.

### Chapter 2 Practice Registration

#### Article 12

The holder of a CPA certificate may not apply to the competent authority for practice registration unless he or she has completed pre-professional training or has at least two years of experience as an assistant in attestation work at a CPA firm.

The competent authority shall prescribe regulations governing CPA pre-professional training methods, retraining, CPA practice registration eligibility requirements, application documents, registration procedures, registration items, public disclosure of registration materials, and other matters to be observed.

The competent authority may designate a subordinate agency to implement the registration matters referred to in paragraph 1, or it may have them implemented by another government agency or private-sector organization.

#### Article 13

CPAs shall pursue continuing professional education. Regulations governing minimum course hours of continuing professional education, the subjects to be taught, what institutions are to administer it, the fees to be charged, procedures for handling rules infractions, and other related matters shall be drafted by the national federation and reported to the competent authority for finalization and issuance.

Where a CPA is not in compliance with the provisions of the preceding paragraph in relation to the course subjects and minimum hours of attendance in continuing professional education courses, the national

federation shall notify the CPA to make up for the required attendance. If the required attendance has not been made up within the prescribed time period, a request shall be filed with the competent authority to suspend the CPA from CPA practice. If the required attendance is made up within one year of the date of suspension, he or she may ask the national federation to file a request with the competent authority to reinstate him or her for CPA practice.

#### Article 14

Where any of the following circumstances applies to a CPA, the competent authority shall void or revoke his practice registration.

1. The CPA has died.
2. The CPA is not practicing the CPA profession as a member of a CPA association.
3. Any one of the first five subparagraphs under paragraph 1 of Article 6 applies, and the competent authority has voided or revoked the CPA's certified public accountant certificate.
4. The CPA has been suspended from practice pursuant to the provisions of paragraph 2 of the preceding article, and one year has passed without him or her being reinstated for practice.
5. The CPA was a citizen of the ROC, but has lost his or her ROC citizenship.

Where the registration of a CPA has been voided or revoked pursuant to the provisions of any of subparagraphs 2 through 5 of the preceding paragraph, he or she may still apply for practice registration under the provisions of this Act once the cause ceases to exist.

### Chapter 3 CPA Firms

#### Section 1 Organization and personnel

#### Article 15

CPA firms are classified into four types, as follows:

1. Single-person CPA firm.
2. Co-location CPA firm.
3. Joint CPA firm.
4. Incorporated CPA firm.

#### Article 16

A CPA firm may establish branches. A branch of a CPA firm shall be headed by a practicing CPA. One practicing CPA shall head no more than one branch, and the total number of branches established by a CPA firm may not exceed the number of practicing CPAs at that firm.

Unless otherwise approved by the competent authority, the branches established in accordance with the provisions of the preceding paragraph shall number no more than one branch in any special municipality, county, or county-level city.

#### Article 17

A CPA firm and its branches shall register with the national federation. Rules governing the particulars to be registered by a CPA firm and its branches shall be drafted by the national federation and filed with the competent authority for review and approval. The same applies in the event of an amendment.

Where a registered particular as referred to in the preceding paragraph has been changed, the change shall be registered with the national federation

within ten days from the date of its occurrence.

#### Article 18

An assistant who helps a CPA carry out attestation work shall possess one of the following qualifications:

1. Has passed the CPA examination.
2. Has graduated from an educational institution at the level of junior college or above, and has completed a combined total of at least ten credits of coursework in subjects related to accounting, auditing, taxation, or computer science.
3. Has passed a senior or junior civil service examination for accounting or auditing officials.
4. Has worked in the field of accounting or auditing for two or more years after graduation from a senior vocational school for commerce.

Within ten days after the end of each half fiscal year, any hiring or dismissal of assistants involved in attestation work shall be reported by a CPA firm to the national federation for recordation.

#### Article 19

order to safeguard the interests of the general public and promote the good of society, the competent authority may dispatch personnel to inspect the operations and operations-related financial status of a CPA firm that has been approved to provide attestation services to public companies. A CPA firm may not avoid, impede, or refuse to cooperate with such an inspection.

#### Section 2 Single-person, co-location, and joint CPA firms

#### Article 20

A CPA may act individually in establishing a single-person CPA firm, or two or more CPAs may act together either as co-located practitioners in organizing a co-location CPA firm or as partners in organizing a joint CPA firm, to engage in CPA practice.

A person joining a co-location or joint CPA firm shall possess the qualifications of a registered CPA.

CPAs who establish a joint CPA firm shall include the words "joint CPA firm" in the firm's name.

A single-person or co-location CPA firm may not use a name that would cause persons to misidentify it as a joint or incorporated CPA firm.

Single-person CPA firms, co-location CPA firms, and joint CPA firms may, as operations require, carry professional liability insurance.

The term "co-location CPA firm" in the paragraph 1 means a form of business that is run together by co-located practitioners who accept business separately and assume liabilities separately.

#### Article 21

A CPA who establishes a CPA firm in accordance with the provisions of the preceding article shall satisfy each of the following requirements:

1. Holds the qualifications of a CPA with practice registration.
2. Has not been disciplined by suspension from practice, or the period of suspension from practice has expired and the CPA's practice registration was not voided or revoked.

#### Article 22

CPAs establishing a joint CPA firm shall enter into a partnership contract expressly setting forth the following matters:

1. The name of the firm.

2. The full name and occupational title of the firm's responsible person.
3. A description of the practice to be handled by the firm.
4. The full names of the partners.
5. The authorized capital, and each partner's capital contribution.
6. The ratios for sharing of profits and losses among the partners.
7. The distribution of voting rights.
8. The procedures for adoption of resolutions at partners' meetings.
9. The procedures for entry and withdrawal of partners, grounds for withdrawal, and related rights and obligations.
10. The procedures for merger and dissolution, and grounds for dissolution.
11. The right to ownership of working papers and related documents, and procedures for borrowing and inspection thereof.
12. The date on which the contract is entered into.

A stipulation regarding sharing of profits and losses as set forth in subparagraph 6 of the preceding paragraph may not provide for exemption from the liability set forth in Article 681 of the Civil Code.

#### Article 23

A joint CPA firm is not subject to the provisions of the Civil Code set forth in Article 673, paragraph 2 of Article 674, Article 683, the proviso in subparagraph 1 of Article 687, or Article 688.

#### Section 3 Incorporated CPA firms

##### Article 24

CPAs may establish an incorporated CPA firm to engage in CPA practice.

A person joining an incorporated CPA firm as a shareholder shall possess the qualifications of a CPA with practice registration.

CPAs who establish an incorporated CPA firm shall include the words "incorporated CPA firm" in the firm's name.

The minimum capital of an incorporated CPA firm shall be prescribed by the competent authority.

##### Article 25

To be established, an incorporated CPA firm shall meet the following conditions:

1. Has at least three shareholders who possess the qualifications of a CPA with practice registration.
2. Has capital equal to or greater than the minimum capital prescribed by the competent authority pursuant to the provisions of paragraph 4 of the preceding article.

A CPA may not serve as a promoter of an incorporated CPA firm if he or she has been disciplined by suspension from practice and the period of suspension has not yet expired, or if his practice registration has been voided or revoked.

##### Article 26

To establish an incorporated CPA firm, the promoters referred to in subparagraph 1 of paragraph 1 of the preceding article shall unanimously agree on and adopt articles of incorporation and then apply to the competent authority for approval of registration, submitting application documents, the articles of incorporation, documentary proof of compliance with the provisions of the preceding article and Article 31, and any other documents that the competent authority may require.

After the establishment of an incorporated CPA firm has been registered, if

there is any change to the firm's name, address, capital, chairperson, or a director, or in the event of merger, dissolution, suspension of business operations, resumption of business operations, establishment of a branch, or any other matter prescribed by the competent authority, the competent authority shall be contacted within ten days of the date when the matter occurs in order to amend the registration or apply for registration.

The particulars of a registration as set forth in the preceding paragraph shall be made public by the competent authority.

After the establishment of an incorporated CPA firm has been registered, particulars that should have been registered but were not, and matters that were registered and subsequently changed but not amended, shall not be effective as against third parties.

#### Article 27

Within 30 days of the date on which the competent authority approves the registration of its establishment, an incorporated CPA firm shall register with the national federation. Where the latter registration is not duly carried out, the competent authority may revoke its approval of the establishment registration.

#### Article 28

The articles of incorporation of an incorporated CPA firm shall expressly set forth the following items:

1. The name of the firm.
2. A description of the practice to be handled by the firm.
3. Authorized capital.
4. The beginning and ending dates of the accounting year.
5. The ratios or bases for distribution of profits and losses.
6. The number of directors.
7. The distribution of voting rights.
8. Types of meetings, procedures for convocation thereof, and method for adoption of resolutions.
9. The procedures for entry and withdrawal of shareholders, grounds for withdrawal, and related rights and obligations.
10. The right to ownership of working papers and related documents, and procedures for borrowing and inspection thereof.
11. The procedures for merger, dissolution, and liquidation, and grounds for dissolution.
12. The date on which the articles of incorporation are adopted.

Any amendment to the articles of incorporation of an incorporated CPA firm shall be put up for a vote of the shareholders and approved by at least two-thirds of the voting rights, and shall also be reported within ten days of the amendment to the competent authority for recordation.

An incorporated CPA firm shall have at least three directors, who shall select one person from among their number to serve as chairperson, and the chairperson shall serve as the representative of the incorporated CPA firm.

#### Article 29

After its incorporation has been registered, if an incorporated CPA firm fails to meet any of the conditions set forth under Article 25, paragraph 1, the competent authority may order it to make rectification within a prescribed time period. Where rectification is not made, the competent authority may revoke its approval of the registration.

#### Article 30

The practice of an incorporated CPA firm may not be undertaken by any party other than the firm's shareholders.

When a shareholder of an incorporated CPA firm carries out attestation work, the incorporated CPA firm shall affix its seal to his or her work, which shall further be signed or sealed by the CPA who has carried out the attestation work.

A seal affixed pursuant to the preceding paragraph shall have been registered with the national federation.

#### Article 31

An incorporated CPA firm shall carry professional liability insurance.

The minimum coverage of the professional liability insurance that an incorporated CPA firm is required under the preceding paragraph to carry, and the manner in which it is implemented, shall be prescribed by the competent authority through regulations, taking into account such matters as the amount of capital, number of shareholders, and the size and nature of the practice of individual firms.

Where the professional liability insurance carried by an incorporated CPA firm does not comply with the provisions of the regulations referred to in the preceding paragraph, the competent authority may either order the firm to suspend all or part of its practice for up to six months, or revoke its approval of the firm's registration.

#### Article 32

An incorporated CPA firm may not lend enterprise funds to another party; its enterprise funds may only be used for the following purposes:

1. For deposit with bank.
2. Purchase of government or financial bonds.
3. Purchase of treasury bills, negotiable certificates of deposit, and commercial paper.
4. Other purposes approved by the competent authority.

An incorporated CPA firm may not provide guarantees, endorse negotiable instruments, or provide property for use as collateral by another party.

#### Article 33

An incorporated CPA firm shall file its annual financial report with the competent authority within six months after the end of its accounting year. Regulations governing the content and preparation of the financial reports referred to in the preceding paragraph and other matters to be observed shall be prescribed by the competent authority.

#### Article 34

When distributing earnings, an incorporated CPA firm shall set aside ten percent as legal reserve. Notwithstanding the foregoing, however, this requirement does not apply where the amount set aside as legal reserve already exceeds total authorized capital.

The legal reserve referred to in the preceding paragraph may only be capitalized or used to compensate for losses suffered by the incorporated CPA firm.

#### Article 35

A shareholder of an incorporated CPA firm shall withdraw from the firm under any of the following circumstances:

1. Death.



2. There exists cause for withdrawal as set forth in the articles of incorporation.
  3. Withdrawal occurs in accordance with the provisions of Article 37, paragraph 2.
  4. A request for withdrawal is put to a vote by the entire body of all other shareholders and approved by at least two-thirds of the voting rights, provided that where the provisions of the articles of incorporation require a higher majority, those provisions shall govern.
  5. The shareholder loses his or her qualifications to practice as a CPA.
- Article 36

An incorporated CPA firm shall be dissolved under any of the following circumstances:

1. There exists grounds for dissolution as set forth in the articles of incorporation.
2. The firm merges with another incorporated CPA firm.
3. Bankruptcy.
4. The competent authority voids or revokes its approval of the firm's registration.
5. The firm fails to commence operations within six months after its incorporation, or it commences operations but subsequently suspends them of its own accord for six months or longer, and the competent authority orders dissolution.

With respect to the time period set forth in subparagraph 5 of the preceding paragraph, where there is a legitimate reason for failure to commence operations, application may be filed with the competent authority for an extension.

#### Article 37

An incorporated CPA firm may merge with another incorporated CPA firm upon a vote by the shareholders in which consent is indicated by at least two-thirds of the voting rights. Notwithstanding the foregoing, however, where the provisions of the articles of incorporation require a higher majority, those provisions shall govern.

A shareholder who does not consent to the merger referred to in the preceding paragraph may withdraw.

An application shall be filed with the competent authority to register the survival, extinguishment, or consolidation of any incorporated CPA firm through a merger as referred to in paragraph 1.

#### Article 38

An incorporated CPA firm is an incorporated association established in accordance with the provisions of this Act for the purpose of providing professional CPA services, and for the purpose of engaging in the professional services set forth under this Act.

The provisions of Articles 73 to 75, 79 to 97, and 99 of the Company Act apply mutatis mutandis to incorporated CPA firms.

### Chapter 4 Professional Services and Liabilities

#### Article 39

A CPA may perform the following types of professional services:

1. Attestation of financial reports or other financial information.
2. Services related to accounting system design, management or tax consultancy, auditing, verification, arrangement, liquidation, appraisal,

financial analysis, asset valuation, or property trust.

3. To serve as an inspector, liquidator, bankruptcy administrator, arbitrator, will executor, reorganization manager, reorganization supervisor, or as another type of trustee.

4. To serve as an agent in cases involving taxation, or to perform attestation on income tax returns filed by profit-seeking enterprises.

5. To serve as an agent in cases involving registrations of companies or trademarks, and in other cases relevant to such registrations.

6. To serve as an agent for administrative appeal cases involving any of the professional services under the preceding five subparagraphs, or to serve as an agent for tax-related administrative litigation under the Code of Administrative Litigation Procedure.

7. To perform various assurance services, including ongoing auditing, assurance on system reliability, and assurance on investment performance.

8. To perform services otherwise related to accounting, auditing, and taxation matters.

#### Article 40

A CPA shall be legally liable for any act he or she takes in the performance of professional services.

A CPA who is helped in the performance of attestation work by an assistant shall faithfully fulfill the duty to manage and oversee the assistant's work.

#### Article 41

A CPA may not commit any misconduct, or violate or neglect any required professional duties, in the course of his or her practice.

#### Article 42

A CPA shall be liable to compensate any appointing party, client, audited entity, or interested party for any damage incurred as a result of any of the circumstances contemplated in the preceding article.

Except where providing attestation services to a public company, the CPA's liability for damages under the preceding paragraph, if incurred as a result of negligence, shall be no more than ten times the total amount of the professional fees received for that year from the appointing party, client, or audited entity.

Where the circumstance of paragraph 1 applies to a shareholder of an incorporated CPA firm, the shareholder shall be liable jointly and severally with the incorporated CPA firm for the damages.

Where the incorporated CPA firm does not carry professional liability insurance as required by the competent authority, all the shareholders shall be jointly and severally liable for damages with the incorporated CPA firm for that portion of damages corresponding to the insurance coverage shortfall.

An incorporated CPA firm that pays damages under paragraph 3 is entitled to claim recovery from the shareholder.

#### Article 43

Where the competent authority with the relevant jurisdiction has any doubt regarding the attestation made by a CPA in the performance of professional practice, it may inquire of the CPA concerned or request to review any attestation-related documents and audit working papers, and the CPA may not refuse or avoid cooperation with the inquiry or request.

Where the attestation-related documents and audit working papers of the preceding paragraph are possessed by a CPA firm pursuant to a contract or to its articles of incorporation, the CPA firm shall furnish the same to the CPA to make them available for the inquiry or review by the competent authority with the relevant jurisdiction.

Before taking over an audit from another CPA, the successor CPA shall solicit the views of the former CPA, who shall provide a true and factual response in keeping with his or her professional position. The successor CPA may request working papers from the former CPA to review them for the audit that he or she has taken over.

#### Article 44

No CPA may serve as a civil servant, or as a director, supervisor, or managerial officer of a government-owned business entity, unless the CPA's practice registration has been canceled upon application. However, the CPA may reapply for practice registration once the reason for cancellation ceases to exist.

#### Article 45

For two years after separation from a civil service position in which the work involved any of the matters set out in subparagraph 1, 4, or 5 of Article 39 during the two years prior to separation from service, a civil servant may not provide services relating to any such matter when practicing as a CPA in the district where he or she previously served as a civil servant.

#### Article 46

A CPA may not engage in the following conduct:

1. Permit others to practice under his or her name.
2. Practice under the name of another CPA.
3. Accept employment from a non-CPA to perform CPA services.
4. Take advantage of one's position as a CPA to engage in improper industrial or commercial competition.
5. Perform practice related to matters in connection with which one is an interested party.
6. Use the title of CPA to act as a guarantor in matters beyond the scope of CPA services.
7. Purchase real or personal property under his or her management as a CPA.
8. Solicit, agree to accept, or accept unlawful benefit or compensation.
9. Solicit business by improper means.
10. Advertise for promotional purposes not related to commencement of business, office relocation, merger, accepting client engagements, or introduction of the CPA firm.
11. Disclose confidential information obtained in the performance of professional services without the permission of the appointing agency, client, or audited entity.
12. Engage in other conduct that could tarnish the reputation of CPAs, as specified by the competent authority.

Rules governing the content and scope of advertising related to the accepting of client engagements or introduction of the CPA firm, as referred to in subparagraph 10 of the preceding paragraph, shall be drafted by the national federation and filed with the competent authority for review and approval.

The provisions of subparagraphs 7 through 12 of paragraph 1 apply mutatis mutandis in the case of an incorporated CPA firm.

#### Article 47

A CPA to whom any of the following circumstances applies may not contract to perform attestation on financial reports:

1. The CPA is currently employed by the client or audited entity to perform routine work for which he or she receives a fixed salary, or currently serves as a director or supervisor thereof.
2. The CPA has previously served for the client or audited entity as a director, supervisor, managerial officer, or an employee with material influence over attestation, and has been separated from the position for less than two years.
3. The CPA is a spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the client or audited entity.
4. The CPA, or the spouse or a minor child thereof, has invested in the client or audited entity, or shares in financial gains therewith.
5. The CPA, or the spouse or a minor child thereof, has lent or borrowed funds to or from the client or audited entity. However, this does not apply if the client is a financial institution and the borrowing or lending is part of a normal business relationship.
6. The CPA provides management consulting or other non-attestation services that affect his or her independence.
7. The CPA fails to comply with regulations, as prescribed by the competent authority with relevant jurisdiction, governing CPA rotation, handling accounting matters on behalf of clients, or other matters that affect his or her independence.

Where any of subparagraphs 1, 2, 4, or 5 under paragraph 1 applies to a practicing CPA at a CPA firm, other practicing CPAs may not contract to perform attestation on financial reports, either.

Where any of subparagraphs 4 through 6 under paragraph 1 applies to the relationship between an incorporated CPA firm and a client or an audited entity, its shareholders may not contract to perform attestation on financial reports.

#### Article 48

None of the following circumstances may apply to a CPA who contracts to perform attestation on financial reports or other financial information.

1. The CPA has concealed circumstances in an audited entity's financial report or other financial information despite clear knowledge that they were directly prejudicial to the interests of an interested party, or has issued a false or improper attestation report thereon.
2. A financial report or other financial information provided by a client or audited entity has not been prepared in accordance with laws and regulations or generally accepted accounting principles or practices, thereby causing people to misunderstand matters of material significance, but the CPA has not pointed out this fact because of failure to exercise due professional care.
3. The CPA has failed to abide by applicable laws and regulations or generally accepted auditing standards, thereby issuing a false or improper attestation report on a financial report or other financial information

with material falsehoods or errors.

4. In completing working papers and issuing an attestation report, the CPA has failed to abide by laws and regulations or generally accepted auditing principles.

5. The CPA has failed to issue an appropriate attestation report in accordance with laws and regulations or generally accepted auditing principles.

6. The CPA has shown improper motive or neglect of duty, with the result that a financial report or other financial information on which the CPA has provided attestation damages the interests of a client, audited entity, or interested party.

#### Article 49

A CPA who contracts to perform attestation on a financial report shall refuse to attest under any of the following circumstances:

1. The client or audited entity attempts to have the CPA provide false or improper attestation.

2. The audited entity intentionally fails to provide necessary data.

3. It is otherwise impossible to provide fair and thorough attestation due to concealment or fraud by the audited entity.

A CPA who has contracted to perform attestation on the financial report of a public company and refuses to attest pursuant to the provisions of the preceding paragraph shall thereupon provide written notice to the client's directors and supervisors or a supervisory unit with functions equivalent to those of supervisors, and shall also provide a copy of the notice to the competent authority with the relevant jurisdiction; the supervisors or the supervisory unit with functions equivalent to those of supervisors shall, by the day next following receipt of such notice, provide written notice to the competent authority with the relevant jurisdiction.

A CPA who refuses to attest pursuant to the provisions of paragraph 1 may still demand the remuneration originally agreed upon.

#### Chapter 5 Professional Associations

##### Article 50

CPAs shall organize provincial and municipal CPA associations. The provincial and municipal CPA associations shall organize a national federation where the seat of the central government is located.

Provincial and municipal CPA associations shall be established where the seats of the provincial and municipal governments are located. However, this limitation does not apply where a provincial or municipal competent authority for civic organizations approves the establishment of such an association in another locality.

##### Article 51

A provincial or municipal CPA association shall be founded by nine or more CPAs who are in business within the administrative district of the province or municipality; where there are fewer than nine CPAs in a province or municipality, the CPAs there shall either join the association in a neighboring province or municipality, or establish an association jointly with the CPAs in a neighboring province or municipality.

##### Article 52

The national federation shall be initiated and organized by provincial and municipal CPA associations.

Provincial and municipal CPA associations shall join as members of the national federation.

#### Article 53

The competent authority for civic organizations shall serve as the competent authority for CPA associations. However, the entities forming the membership thereof shall operate under the direction and supervision of the competent authority for CPAs as set out in Article 3.

#### Article 54

The provincial and municipal CPA associations shall each convene a general assembly once per year, and may as necessary convene extraordinary assemblies. An extraordinary assembly shall be convened upon the request of one-fifth or more of the members, or when the board of supervisors issues a letter of convocation.

The national federation shall convene a general congress once every two years, and may as necessary convene extraordinary general congresses.

#### Article 55

The articles of association of a provincial or municipal CPA association shall expressly set forth the following items:

1. Its name, district, and location.
2. The number of directors and supervisors, their powers and terms of office, and the manner of their election and dismissal.
3. Rules of procedure for general assemblies and meetings of the board of directors and board of supervisors.
4. Matters relating to joining or leaving membership.
5. Membership fees.
6. Rules on suspension of membership rights when a member violates the association's articles of association or other rules adopted by the association.
7. Other necessary matters regarding the handling of association affairs.

#### Article 56

A provincial or municipal CPA association shall convene a meeting of its board of directors and its board of supervisors 10 days before the convening of a general assembly; five days before the assembly, it shall send a letter inviting the provincial or municipal competent authority for civic organizations and competent authority for CPAs to dispatch an observer(s) to attend the assembly and provide direction or oversight of elections.

#### Article 57

A provincial or municipal CPA association shall file the following information with the provincial or municipal competent authority for civic organizations and competent authority for CPAs:

1. Articles of association of the CPA association.
2. A membership register, and matters relating to joining or withdrawing from membership.
3. The number of persons elected as directors and supervisors, and their names.
4. The times and locations of meetings of the general assembly or board of directors and board of supervisors, and minutes of the meetings.
5. Motions and resolutions.

The filings of the preceding paragraph shall be forwarded by the provincial

or municipal competent authority for civic organizations to the central competent authority for civic organizations for review and recordation.

#### Article 58

If a provincial or municipal CPA association violates a law or regulation or the articles of association of the CPA association, the provincial or municipal competent authority for civic organizations may impose any one of the following sanctions:

1. A warning.
2. Nullification of its resolution(s).
3. Arrangement.

When the provincial or a municipal CPA association undergoes arrangement, it may be dissolved and reorganized.

The sanctions set out in paragraph 1, subparagraphs 1 and 2 may also be imposed by the competent authority for CPAs.

#### Article 59

The national federation shall establish a CPA professional liability assessment committee to provide assessments of CPA professional liability upon request.

Rules governing the organizational structure and functions of the CPA professional liability assessment committee referred to in the preceding paragraph, and its performance of assessments, shall be prescribed by the national federation in provisions that form part of its articles of association.

#### Article 60

The national federation shall set out provisions in its articles of association governing the organizational structure and procedures of functional committees for practice reviews, professional ethics, discipline, public policy, international affairs, professional education, and member dispute mediation.

The provisions of Articles 55 to 58 apply *mutatis mutandis* to the national federation.

### Chapter 6 Disciplinary Matters

#### Article 61

A CPA to whom any of the following circumstances applies shall be subject to disciplinary proceedings:

1. Has received a final and unappealable sentence for a crime, and the charge merits a determination that the reputation of CPAs has been harmed.
2. Has been sanctioned by a tax collection authority for evading taxes, or for helping or instigating another person to do so, and the circumstances are serious in nature.
3. Has committed a serious error or omission in attestation on a financial report or an income tax return filed by a profit-seeking enterprise.
4. Has received an administrative sanction for a violation of another applicable law or regulation serious enough to affect the reputation of CPAs.
5. Has committed a serious violation of the articles of association of a CPA association.
6. Has committed another serious violation of this Act.

#### Article 62

Disciplinary actions and sanctions against CPAs are as follows:

1. An administrative fine of not less than NT\$120,000 and not greater than NT\$1.2 million.
2. A warning.
3. A reprimand.
4. Suspension from practice for not less than two months and not more than two years.
5. Disbarment.

#### Article 63

Where the circumstances set out in any of the subparagraphs under Article 61 obtain with respect to a CPA, the competent authority with the relevant jurisdiction or the national federation may report the pertinent facts and evidence to the CPA Discipline Committee and petition the latter to take disciplinary action.

An interested party who discovers that the circumstances set out in any of the subparagraphs under Article 61 obtain with respect to a CPA may also report the pertinent facts and evidence to the competent authority with the relevant jurisdiction or to the national federation and petition the latter to forward the matter to the CPA Discipline Committee for disciplinary action.

#### Article 64

Where a CPA is subject to disciplinary proceedings, the matter shall be handled by the CPA Discipline Committee.

Where a CPA has been reported for disciplinary action, the CPA Discipline Committee shall notify the CPA and order the latter to submit a response or appear before the Committee to provide a statement within 20 days of delivery of notification; if he or she fails to submit a response or appear before the Committee to provide a statement within that time period, a resolution may be adopted ex parte.

A CPA who submits a response in accordance with the provisions of the preceding paragraph shall send copies of the original response to either the national federation or the competent authority with the relevant jurisdiction (whichever one originally referred the matter for disciplinary action).

#### Article 65

When the CPA Discipline Committee discovers a suspected crime in the course of handling a disciplinary matter, it shall file an information.

#### Article 66

When the person subject to disciplinary proceedings does not accept the resolution of the CPA Discipline Committee, within 20 days of the day next following service of the decision he or she may petition the CPA Disciplinary Rehearing Committee for a rehearing.

#### Article 67

The organization and procedural regulations of the CPA Discipline Committee and the CPA Disciplinary Rehearing Committee shall be prescribed by the competent authority.

The members of the CPA Discipline Committee and the CPA Disciplinary Rehearing Committee of the preceding paragraph shall be hired by the competent authority from among the following three types of persons, each of which shall comprise one-third of committee membership:

1. Representatives of CPA associations.



2. Scholars or fair and impartial persons with expertise in law or accounting.

3. Representatives of relevant administrative agencies.

Regulations to govern hiring of the committee members referred to in subparagraph 2 of the preceding paragraph shall be separately prescribed by the competent authority.

#### Article 68

After a disciplinary action against a CPA becomes final, the CPA Discipline Committee or the CPA Disciplinary Rehearing Committee may publicly announce the results of its resolution and publish its resolution in a government gazette.

### Chapter 7 Penal Provisions

#### Article 69

A person who performs or hires a practicing CPA to perform attestation on financial reports as contemplated in Article 39, subparagraph 1 or attestation on income tax returns filed by profit-seeking enterprises as contemplated in Article 39, subparagraph 4 without having obtained CPA qualifications shall be punished by imprisonment for not more than five years, detention, and/or a criminal fine of not less than NT\$600,000 and not more than NT\$3 million.

#### Article 70

A CPA who lends his or her CPA seal and certificate or the firm logo for use by a person lacking CPA qualifications shall be punished by an administrative fine of not less than NT\$600,000 and not more than NT\$3 million, and shall also be ordered to cease the behavior within a prescribed period of time. If the behavior has not been ceased within the prescribed time period, or if after being ceased the violation is repeated, the CPA shall be punished by imprisonment for not more than three years, detention, and/or a criminal fine of not less than NT\$600,000 and not more than NT\$3 million.

#### Article 71

A person lacking CPA qualifications who advertises, solicits business, or performs CPA services while assuming the title of a CPA, CPA firm, accounting firm, or another title that could easily cause others to mistakenly believe they are dealing with a CPA firm, and who is ordered to cease the behavior within a specified period but fails to do so, or who after ceasing the behavior subsequently repeats the violation, shall be punished by an administrative fine of not less than NT\$300,000 and not more than NT\$1.5 million, and shall also be ordered to cease the behavior within a prescribed period of time. If the behavior has not been ceased within the prescribed time period, or if after being ceased the violation is repeated, the person shall be punished by imprisonment for not more than two years, detention, and/or a criminal fine of not less than NT\$400,000 and not more than NT\$2 million.

#### Article 72

A person who holds a CPA certificate but fails to complete practice registration or join a CPA association and begin performing CPA services shall be punished by an administrative fine of not less than NT\$120,000 and not more than NT\$600,000, and shall also be ordered to make rectification within a prescribed period of time; if rectification is not made within the

prescribed time period, the person shall be punished by an administrative fine of not less than NT\$240,000 and not more than NT\$1.2 million, and shall also be ordered to make rectification within a prescribed period of time. Where rectification is not made within the second prescribed time period, his or her CPA certificate will be revoked.

#### Article 73

A CPA firm to which any one of the following circumstances applies shall be punished by an administrative fine of not less than NT\$10,000 and not more than NT\$50,000, and shall be ordered to make rectification within a prescribed time period; if rectification is not made within the prescribed time period, consecutive administrative fines of not less than NT\$120,000 and not more than NT\$600,000 shall be imposed until such time as rectification is made:

1. The CPA firm fails to complete or amend its registration in accordance with the provisions of Article 17, paragraph 1 or 3.
2. The CPA firm fails to amend its registration or apply for registration in accordance with the provisions of Article 26, paragraph 2.
3. The CPA firm's articles of incorporation do not include all the items set out under Article 28, paragraph 1, or an amendment to the articles of incorporation are not reported for recordation as required in Article 28, paragraph 2.

A CPA firm to which any one of the following circumstances applies shall be punished by an administrative fine of not less than NT\$120,000 and not more than NT\$600,000, and shall be ordered to make rectification within a prescribed time period; if rectification is not made within the prescribed time period, consecutive fines shall be imposed until such time as rectification is made:

1. The firm violates Article 19 by avoiding, impeding, or refusing to cooperate with an inspection by the competent authority.
2. The firm violates Article 20, paragraph 4 and is ordered by the competent authority to make rectification within a prescribed time period but fails to do so.
3. The firm violates Article 32, paragraph 1 or 2 by lending funds to another party, or by providing guarantees, endorsing negotiable instruments, or providing property for use as collateral by others, or it allocates its funds in a manner that violates paragraph 1 of the same article.
4. The firm fails to file its annual financial report as required in Article 33, paragraph 1, or in its content or manner of preparation the annual report violates the provisions of the regulations prescribed by the competent authority pursuant to paragraph 2 of the same article.

#### Article 74

An incorporated CPA firm shall be subject to an administrative fine of not less NT\$500,000 and not more than NT\$10 million under any of the following circumstances:

1. Practice is performed by a party other than a shareholder, in violation of Article 30, paragraph 1.
2. The firm violates Article 34, paragraph 1 or 2 and is ordered by the competent authority to make rectification within a prescribed time period but fails to do so.

3. The firm fails to faithfully fulfill the duty to perform management and oversight, thereby allowing a shareholder, by violating Article 48 or 49, to materially harm the interests of an interested party or the public.

#### Article 75

An incorporated CPA firm that violates Article 19, 30, 32, 33, or 34 shall be punished in accordance with the provisions of this Act and may also be subject to any of the following sanctions as merited by the severity of the circumstances:

1. A warning.
2. A prohibition from accepting new business for not more than six months, applying to the whole or part of its business.
3. A suspension of the whole or part of its business for not more than six months.
4. Voidance or revocation of approval of the firm's registration.

A shareholder of an incorporated CPA firm who violates this Act in the performance of CPA services shall be disciplined in accordance with the provisions of this Act, and the incorporated CPA firm may also, as merited by the severity of the circumstances, be subject to the sanctions set out in subparagraph 1, 2, or 3 of the preceding paragraph.

#### Chapter 8 Supplementary Provisions

#### Article 76

A foreign national may take a CPA examination in accordance with the law of the ROC.

A foreign national who passes the examination of the preceding paragraph and obtains a CPA certificate shall obtain permission from the competent authority before engaging in CPA practice in the ROC.

#### Article 77

A foreign national who has received permission to engage in CPA practice in the ROC shall comply with the CPA-related laws of the ROC and the articles of association of the appropriate CPA association.

Anyone who violates the preceding paragraph shall be disciplined in accordance with the law, and the competent authority may also void or revoke his or her CPA certificate.

#### Article 78

A CPA who, prior to implementation of this Act as amended on 27 November 2007, already qualified for registration under the pre-amendment provisions, may not continue CPA practice unless he or she submits the relevant documentation and applies to the competent authority for registration within one year of the date of implementation of the amended Act.

#### Article 79

An organization that handled CPA registration prior to implementation of this Act as amended on 27 November 2007 shall prepare a list of registered CPAs and registration data within three months of the implementation of the amended Act and submit the information to the competent authority.

#### Article 80

An entity that established a non-partnership joint CPA firm prior to implementation of this Act as amended on 27 November 2007 shall enter into a partnership contract within two years of the date of implementation of the amended Act and convert to a partnership joint account firm; such an

entity that fails to convert within that time period shall be deemed a co-location CPA firm.

Article 81

This Act shall be enforced from the date of promulgation.

The amendments to this Act shall be enforced from the date of promulgation, with the exception of the 10 June 2009 amendment, which shall be enforced from 23 November 2009.

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