

# Where did the accounting profession in Macedonia halt?

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"Have you ever heard of a child playing accountant ... or wants to become an accountant when it grows up ...?"

Jackie Mason  
Stand-up comedian

## Abstract

Will there ever be an end to the plight of the accountants? On 26.07.2012, a Law for performing accounting was introduced in order to bring order in the accounting profession both in terms of professionalism, knowledge, continuing education, and in terms of real valorization of labor and responsibility of the accountants. It was expected that it will put an end to the chaos that reigned in this particular intellectual profession and the accountants' efforts would finally be more recognized and valued. The level at which the accounting in Macedonia was degraded, with the entry into force of this law, will finally be raised, and activities of accountants would be immensely valued and evaluated.

The institutional framework for the profession provides licenses, several levels of accounting, continuous learning and education, vocational hierarchical scale at which the acquisition of experience can thrive, taking exams for the future purpose of acquiring licenses and many other changes.

The legal solution is a compromise, which would allow the existing accountants with inadequate education (nurse, mechanical technician, a high school student, electrical engineer, primary education, etc.) and the ones who have work experience, to gain certificates in accounting or gain the title of chartered accountant. What is very important in this Law is the recognition of the Economic Faculty Degree (as for many other professions is also right, pharmacy, technical studies, etc.) with which the title accountant can be obtained, and one can become a certified accountant. One can only become a lawyer by graduating law school, and a graduated pharmacist only by graduating in Pharmacy, as well as an Auditor with a degree from the Economic Faculty, an authorized accountant title can and should be obtained by graduating at the Faculty of Economics.

Although only three years have passed since the adoption of this law, there were three amendments that further regulate the basic version of the law. The Institute of Accountants and Chartered Accountants has not functioned as a professional association which needs to advocate the improvement of quality and the dignity of the profession.

**Keywords:**

Professionalism, knowledge, continuing education, real valorization of labor, responsibility

**1. Introduction**

Due to lack of regulation, until 2012, people who were pursuing accounting matters had no legal responsibility towards the proper accounting practices, had no obligation with their signature to verify the accuracy of the annual accounts, and financial reports, and compliance with legal provisions. Vocational education and respect for generally accepted ethical principles of the profession as a confirmation of the high quality performance and public confidence in the profession is the choice of Accountants.

Accountants and accounting offices realize their interests through membership in associations or chambers. The integration was often local, and there was no professional body on the national level, which had the capacity to promote the profession, conduct professional exams, organize professional training, and monitor the application of ethical standards and initiating disciplinary proceedings.

Unregulated relations and the lack of rules in the realization of this profession have led to unfair competition and reduced quality and discipline in the job. That is why there was a need to enact a new Law for Accounting, which would determine the criteria which the legal persons must meet in order to acquire the right to perform accounting work, as well as prescribing the procedure and the conditions for taking the exam for the acquisition of the certificate for Accountant and the certificate for Public Accountant. Furthermore, this would shape the organizational structure of those providing service in accounting matters, and organization and control of the accountants.

Following the debate in the Parliament of the Republic Macedonia and in the relevant Committees, the Law regarding accounting matters was adopted, and later published in the Official Gazette of RM no. 95/12 from 26.07.2012 year and then entered into force eight days after publication or on 03.08.2012 year.

The Law establishes the criteria which individuals and entities must meet to acquire the right to perform accounting work. It also regulates the procedure and conditions for taking the exam for obtaining the certificate for accountant and certified accountant and provides for the right Accountant sole proprietor, sole proprietor-authorized accountant and company performing accounting work to perform accounting after getting a license to operate from the Institute of Accountants and Certified Accountants Republic Macedonia as organized accountants.

**2. Historic overview of the development of accounting in Macedonia**

On 26.07.2012, was adopted a Law for accounting ("Official Gazette" No.95 / 12) which regulates the performance of the accounting profession in the country. It defines the conditions under which the accounting will be carried out, the entities that can perform accounting, conditions for taking the exam for accountants and certified public accountant, the obligation for continuous professional development, disciplinary measures and violations. ...

Due to application of the provisions of the Act, the Ministry of Finance starting from 03.08.2012, within period of six months of adoption of the Law (2 to 03.0 .2013 year) have issued certificates of accountants and certified accountants. The Ministry issues the certificates persons who meet the criteria for education and work experience in bookkeeping. *On 29.09.2012, the first licenses are granted for an accountant and a certified accountant.*

According to the Law, on October 15 ("Official Gazette" No.127 / 12) published the regulations acts (requirements) for obtaining licenses for passing exams, the entries in the registers, etc.

Ministry of Finance, Financial System Sector, Unit for Accounting System, Payment Operations and Audit is responsible for the legal framework and key legal acts in the accounting system and harmonization of national legislation with the European Union.

The institutional framework includes (according to the Company Law): Central Registry and the Public Revenue Office. In accordance with other laws regulating this matter, in the institutional network for this activity include the following institutions: National Bank of Macedonia, the Agency for Insurance Supervision, Agency for Supervision of Fully Funded Pension Insurance, Commission for Securities and the Institute Accountants and Chartered Accountants of the Republic of Macedonia.

According to the Law accountants and chartered accountants in the Republic of Macedonia are organized in the Institute of Accountants and Chartered Accountants of the Republic of Macedonia, which is an entity. The Institute will establish a subsidiary to a territorial principle for one or more units of local government. Branch offices have no legal personality.

The Institute will perform the following:

- 1) Keep a Register of Accountants, Chartered Accountants Register, Register of sole proprietors - accountants, Register of sole proprietors - Chartered Accountants and Register of companies performing accounting work;
- 2) Supervise the operation of the service accounting services, sole proprietors - accountants and sole proprietors - authorized accountants and companies performing accounting work;
- 3) Organize and examination for acquisition of certified accountant or certified accountant;
- 4) Issues a certificate of accountant and certified accountant;
- 5) Issue and revoke licenses of sole proprietors - accountants, sole proprietors - authorized accountants and companies performing accounting work;
- 6) Decides on applications for approval of qualification for accountant or certified accountant acquired abroad;
- 7) Organizes approval and examination of qualification for accountant or certified accountant acquired abroad;
- 8) Organizes and conducts training for continuous professional development;
- 9) Monitors the application of the Code of Ethics for Professional Accountants of IFAC;
- 10) Translates IFRS and IFRS IAS;
- 11) Cooperates with other relevant professional bodies in the country and abroad
- 12) Performs other duties prescribed by the Acts.

The Institute funds to finance its operations will be provided by: annual fees of performers of accounting work, fees for issuing licenses, fees for the exam for obtaining a certificate of accountant and certified accountant, fees for issuing certificates for certified accountant without the exam, performing the exam fees for the recognition of professional qualifications acquired abroad; Benefits from the implementation of continuous professional development, revenues from the sale of publications, donations and collected fines for disciplinary measures.

By the time of establishment of the Institute, the preparatory work related with the commencement of its work will be performed by committee formed by the Minister of Finance. Commission prepares acts for the founding assembly of the Institute. Constituent Assembly of the Institute will be held within three months from the date of entry into force of the law, when the organs will be elected and all acts of the Institute will be approved.

The bylaws stipulated in this Law shall be passed within three months from the date of entry into force of the law.

Exactly 3 months after the law (of 03.11.2012 year) was passed, the Constituent Assembly of the Institute of Accountants and Chartered Accountants of R EPUBLIC Macedonia was held. The founding assembly brought Decision for establishing the Institute and the Statute of the Institute. On the ceremony that was held in the Government of Macedonia, Deputy Prime

Minister Zoran Stavreski said: from now on in front of you accountants and chartered accountants lays severe and extensive obligations: registration of the Institute, selection of Board and committees, establishment of subsidiaries, introducing records, conducting training and examinations, issuing certificates and licenses, implement controls, etc. .. He urged the accountants to actively engage in the work of the Institute and to contribute to its successful operation and establishment in recognizable professional association. The Ministry of Finance remains open for further cooperation in order to establish professional, transparent, professional and responsible accounting practices.

In 2013, the Ministry of Finance carried out the responsibilities arising from the Law on accounting matters and relate to monitoring the work of the Institute of Chartered Accountants Chartered Accountants of the Republic of Macedonia and approval of operational regulations of the Institute.

Of 24.12.2012 was adopted the Law on Amendments to the Companies Act which carried its compliance with the Law on accounting matters. According to the amendments to amendments of the Company Law, the annual accounts and financial statements signs accountant or certified accountant who drew them up, with the stated date of their drafting and signing and registration number under which he is registered at the Institute of Accountants and Chartered Accountants of the Republic of Macedonia.

In accordance with the transitional provisions of the Companies Act, these provisions will be applicable from 16 March 2013. That means that annual accounts and financial statements of companies whose deadline for submission is February 28 and proprietors whose deadline is March 15 2013, must be signed by accountants or certified accountants. However, consolidated annual accounts and financial reports, which deadline submission is 31 March, must be signed by an authorized accountant who has prepared them.

### **3. Amendments to the law on conducting the accounting matters**

With the Law on accounting matters adopted in 2012 among other things was regulated the status of an accountant or a chartered accountant that can be acquired only by person who has successfully passed the appropriate exam. The adoption of the program of taking the exam for getting certified accountant or certified accountant and conduct examinations are under the jurisdiction of the Institute of Accountants and Chartered Accountants of the Republic Macedonia.

The subjects that need to be examined in order to obtain the appropriate certificate, the mandatory training of candidates before exams, the manner and procedure of examinations are not regulated by existing provisions Act. Considering the above, as well as the rapid development of information technologies is a need to propose appropriate amendments to the Law on performing accounting work is aimed at improving the manner and procedure of the examination for obtaining the certificate of an accountant or authorized accountant.

In order to provide practical and theoretical knowledge and skills to create trained candidates for examinations for obtaining certified accountant or certified accountant, and increased professionalism and transparency in the conduct of examinations performed is an amendment to the Law on accounting.

The amendments to the law (published in Fig. Gazette no. 188/2013 of 31.12.2013) are specifying the criteria regarding the higher education which the candidate has to meet in order to be able to take the exam for obtaining a certificate for accountant or chartered accountant. Namely, the person should have completed four years higher education VII/1 degree or studied the Bologna Declaration and obtained at least 240 credits under the European Credit Transfer System (ECTS) in economics or business. It introduces an obligation

for the Institute with a decision to determine whether the applicant meets the requirements for the examination of an accountant or a bookkeeper, and is given the opportunity when it refused to take the exam, the candidate to initiate an administrative dispute before the competent court within 30 days of the receipt of the decision.

There was added twenty-one new articles (15-a through 15-p) in which are:

- Defined that the exam consists of the first part (theoretical) to verify the theoretical knowledge of the candidates and a second part (practical example), which will examine the application of the laws practice. It also regulates the content of each part, and how to enforcement them.

- More closely define the program for taking the exam for the certificate of accountant or certified accountant who should determine the Institute of Accountants and Chartered Accountants of RM should consist of syllabus and regulations.

- Introducing training courses of the program for the exam. The training will have to implement educators with ten years of experience in the field which will hold a lecture, engaged by the Institute. In addition, training educators will have to prepare and based on questions and / or tasks for the exam accountant or chartered accountant. Because verification issues for examination and revision and updating of the issues the Institute will have to form Commission.

- Professional and administrative work for the conduct of the test shall be performed Institute, a technical examination would have to conduct a legal entity registered in the Central Registry selected by the Institute

- Training and examination will be conducted on the basis of the stated need by the Institute, but at least once a year, and in case you do not apply a sufficient number of candidates, the Institute cannot carry out training or exam

- The procedures are prescribed by the Institute

- The number of issues on the first and second part of the exam will prescribe Institute. The candidate must pass all examinations of the first part in a maximum of three consecutive sessions, the second of two consecutive sessions after the theoretical part. If the candidate does not pass the second part of the exam, it is considered that it has not passed. At the same time, the candidate who has not passed the exam has the right to inspect and submitting written comments to the Commission for verification, review and updating of test questions. The Institute will be obliged to establish a publicly accessible electronic system for the examination of an accountant and a certified accountant, who should contain based on issues and pointing the regulations and literature which contains answers to questions

- Define duration of the parts of the exam and the threshold for successfully passing the exam. The Institute will be obliged to establish a Commission on Audit of the regularity of the conducted examinations

- The cost of training and passing the exam will bear candidate

- Provided fine and for violation of provisions

- By-laws should be enacted within six months from the date of entry into force of this law.

- Institute establishes single electronic system for the examination of an accountant and a certified accountant

- The procedures for examination to the starting date of application of this law will end up under the provisions of the regulations under which started

- Regulates the entry into force and implementation of the law.

After only one month of the law amendment to perform accounting work done is re amendment (published in the Official Gazette. Gazette "no. 27/2014 of 05.02.2014 which entered into force on 13.02.2014). The amendments:

- extended period of validity of already issued temporary certificates of accountant and chartered accountant of the Ministry of Finance from 24 months to 48 months

- It provided that the Register of Accountants, the Register of Chartered Accountants, the Register of sole proprietors - accountants, Register of sole proprietors - Chartered Accountants and the Register of companies performing accounting work will be established in a period of four months from the date of election of the Board of Institute of Accountants and Chartered Accountants of the Republic of Macedonia. In a period of six months from the date of election of the Board existing legal entities registered to perform accounting work, they are obliged to comply with the law and to apply for entry into the register to the Institute. The first exam for obtaining the certificate of accountant or chartered accountant will be implemented within nine months from the date of election of the Management Board. Assembly of the Institute chooses the President and members of the Supervisory Board and the committees through public notice and after receiving a positive opinion from the Minister of Finance. The Supervisory Board in turn, elects the president and the members of the Board upon prior positive opinion of the Minister of Finance.

- The possibility of individuals to the date of entry into force of the latter amendments to the law (as of 13.02.2014) is eligible to obtain a certificate of an accountant or bookkeeper to apply to the Ministry of Finance and submit evidence. The application can be submitted no later than 06.05.2014. By beating assurance (based First the request) will apply 30 months. This possibility applies where a person has provisionally certified accountant and meanwhile to fulfill the conditions for certified accountant and where a person has provisionally certified accountant or certified accountant and meanwhile to fulfill the conditions for a permanent certificate.

- After the period of validity of the certificates, certificate holders do not have right to work until they not pass the exam for accountant or authorized by accountant.

On 08.24.2015, the parliamentary procedure is issued a new, *third row*, a bill amending the law on accountants. This time, they regulate misdemeanor cases and amount to criminal sanctions for providers of accounting services, merchantindividual - accountant, merchantof individual - chartered accountant, company performing accounting work, the Institute of Accountants and Chartered Accountants, as well as responsible person in legal entities. It also stipulates that infringement proceedings in the first instance lead a competent court. According to Article 155 of the Law on Offences ("Official Gazette br.124 / 15), public authorities are obliged within six months to harmonize the laws which prescribe penalty sanctions. In order to harmonize the Law on accounting matters with the Law on Misdemeanors are proposing this change to the law.

With solutions from the law sets a fixed amount to the amount of the fines based on that will be determining the fine according to the Law on Misdemeanors. Prescribing the amount of the fine for the responsible person in the legal entity and sole proprietor amounting to 30% of weighed fined the sole proprietor or legal entity. Misdemeanor sanctions will be imposed by a competent court.

#### **4. New, no fee accountant\*s obligations**

With the intention of simplifying and accelerating the procedures for registering a new company in 2013, through the Companies Act changes. Namely, prescribed the obligation application for registration of a new business entity except paper to perform well through the system for e-registration and registration in person or by agent pursuant to the one-stop shop for keeping the commercial register and other legal entities. The signature and other documents which are

attachments to the application for registration of a legal entity shall be authenticated by a notary if it is submitted as an attachment via the e-registration, signed by an appropriate electronic signature application or registration agent.

Registered agent can be an entity that will apply to the Central Registry for obtaining authorization for performing activities of a transfer agent and thus meets the following conditions:

- to be registered as a sole proprietor or company;
  - to have employed people with certified accountant / chartered accountant according to the conditions under the law;
  - to meet technological requirements and equipment appropriate exercise of authority and personal qualified digital certificate, according to the Law on Electronic Data and Electronic Signature and
  - have signed a declaration on protection of personal data before beginning the work.
- These obligation accountants perform without charge for work performed.

## 5. Conclusion

Finally, the time was to regulate the profession of chartered accountant because now everyone can be a professional in their field, but an accountant could be just about anyone (and primary education and high school student, and nurse Engineer at, and machine technician etc.). That is why accounting is considered a craft, not as extremely important profession that requires continuous training and monitoring and implementation of International Financial Reporting Standards (practice shows that many economists difficulty accept and apply).

It has been three years since the publication of the first certification of an accountant and a certified accountant. Their validity is 48 months. Considering that the process for passing numerous exams (theoretical and practical part) for obtaining compulsory license prior educational process, the question is when and how to derive the exam. Will I need again to prolong the validity of existing solutions?

The amendments provide that candidate must pass all examinations of the first part in a maximum of three consecutive sessions, and the second in two consecutive sessions after the theoretical part. If the candidate does not pass the second part of the exam, it is considered that it has not passed. It should be reexamine this legal solution both in terms of the sequence of sessions (possible candidate is unable to take due to illness due to other professional development because a study tour abroad because ..... ) and terms how many times a candidate can take the exam (still working on that need extensive studios approach).

The euphoria and sincere satisfaction the adoption of Law on accounting matters shortly lasted. We need political will to make decisive steps necessary to finally bring order in the profession. What is currently hindering the process of functioning of the Institute of Accountants and Chartered Accountants appointment of members of the Supervisory Board of the Institute?

It n practices Macedonia is still the outstanding bill to amend. Q order to bring certain legal solution should be a study on the feasibility of that decision, to assess how long you need the institutions that the new legal solution obliged to adopt legal acts and organize new management or supervisory bodies. If this makes meaningful, then it will not need laws to be changed so often.

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