

REGISTER OF CERTIFIED ACCOUNTANTS



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The establishment of a new Register under the jurisdiction of the Serbian Business Registers Agency (SBRA) – Register of Certified Accountants

From January 2021, in addition to the existing ones, Serbian Business Registers Agency will be in charge of another register that will keep records of certified accountants.

The main novelty brought by the amendments to the Law on Accounting ("Official Gazette of RS", No. 73/2019, hereinafter: "the Law"), which also attracted the greatest public attention, is the establishment of the Register of Certified Accountants (hereinafter: "the Register").

Although this change came into force in January 2020, the first entry applications for the Register will be able to be submitted a year later, from January 2021.

In the following, we will see what the new Law on Accounting brings us, as well as how to get the title of a certified accountant.

- **NOVELTIES ENACTED BY THE NEW LAW ON ACCOUNTING**

The amendment of the Law implies that all entrepreneurs and legal entities will be able to engage in the professional provision of accounting services only if they make an entry into the Register and meet the additional conditions provided by the Law. This way they acquire the title of a certified accountant.

The legislator has set a rather extensive deadline for registration in the Register, so everyone who intends to provide these services professionally will have the opportunity to do so by January 1, 2023. As a result, from that date, only legal entities and entrepreneurs who are already registered will be able to provide accounting services, i.e. keep business books and compile financial reports for other legal entities.

A sole formation of the register is a major step forward in our legal system, as it will definitely increase the level of legal certainty in the way that in the near future business books will not be able to be kept by people who are not qualified to do so, that is, the ones who did not meet conditions prescribed by the Law.

It is certain that the amendments to the Law also affect the profession to which this Law directly refers, since in the past it was largely left to itself and thus had a good detour for various malfeasances and even criminal acts.

In addition, changes have been made for the benefit of business entities, clients, since in this way they will be able to rely on the competence, objectivity and expertise of the accountant they hired.



- **HOW TO GET TO THE TITLE OF CERTIFIED ACCOUNTANT**

- **FIRST STEP: Submitting an Application**

Entry in the Register is done on the basis of a submitted License Issuance Request for accounting services (hereinafter: “the Request”).

What arouses discontent among accountants is the fact that the Law provides only one organization authorized to receive applications for registration, namely the Chamber of Certified Auditors.

Along with the Request, additional documentation is submitted, by which the Applicant proves he met requirements for enrollment.

- **SECOND STEP: The Chamber examines if enrollment requirements are met**

In order for the entry in the Register to be valid, the Applicant must meet certain requirements and submit appropriate evidence to prove the fulfillment of these requirements.

	Legal Entity	Entrepreneur
1.	Registered predominant activity in providing accounting services	Registered predominant activity in providing accounting services
2.	The founder, beneficial owner and member of the governing body of the legal entity have not been convicted by a final judgment for a criminal offense in terms of the law governing the liability of legal entities, or have not been convicted of a criminal offense in the Republic of Serbia or a foreign country	Has not been sentenced to imprisonment for a crime in the Republic of Serbia or a foreign country
3.	There is at least one full-time employee with professional title in the field of accounting or auditing, which was acquired at professional organization that is a member of the International Federation of Accountants	There is at least one full-time employee with professional title in the field of accounting or auditing, which was acquired at professional organization that is a member of the International Federation of Accountants
4.	A legal entity, associate of a legal entity, a legal entity related to the legal entity that has a registered predominant activity in providing accounting services, founder or beneficial owner has not been convicted of a criminal offense in terms of the law governing liability of legal entities, that is, has not been convicted and imprisoned for a criminal offense in the Republic of Serbia or a foreign country	An associate of the entrepreneur has not been sentenced to imprisonment for a criminal offense in the Republic of Serbia or a foreign country
5.	Fee payment - 24.000,00 RSD	Fee payment - 17.000,00 RSD

Note: A legal entity is obliged to prove the identity of the beneficial owner of that legal entity in the manner and in terms of the law governing the central records of beneficial owners

- **License to perform business in the field of accounting - a requirement that has caused the greatest controversy**

Requirement no. 3 is the one that draws the most attention, that is, the necessary license to perform business in the field of accounting.

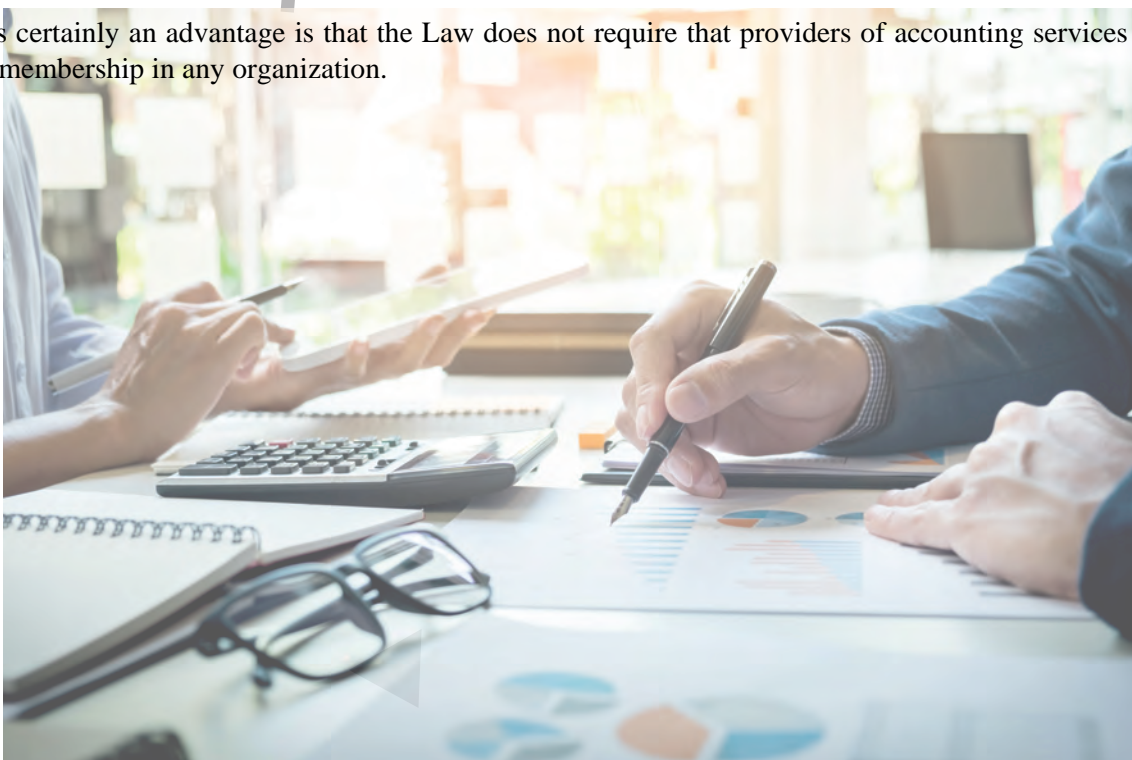
Bearing in mind that there are currently around 7.000 accountants in the Republic of Serbia, and that only a third of that number, that is, about 2.000 have a license, this requirement will undoubtedly affect a large number of people who provide said service.

Therefore, accountants who do not have the appropriate qualifications from 2021 will have to take an exam in order to acquire them.

Licenses will be issued only by member organizations of the International Federation of Accountants, and in Serbia the only member is the Federation of Accountants and Auditors (hereinafter: "the Federation").

One of the criticisms of the new Law concerns the existence of only one organization authorized to conduct examinations and it points out that this creates a monopoly position of the Federation, also that the situation of termination of the Federation may occur and that taking exams should be within the competence of appropriate state bodies and organizations. There is also a proposal from the profession to organize a new agency, following the example of the Agency for Licensing of Bankruptcy Trustees.

What is certainly an advantage is that the Law does not require that providers of accounting services need to have a membership in any organization.



THIRD STEP: Chamber Decision

After proving the fulfillment of the aforementioned requirements, the Chamber issues a permit, that is a Resolution establishing the fulfillment of the requirements.

The Resolution is an administrative act which is final and against which the Applicant will not have the possibility to file an appeal, but only the possibility of initiating an administrative dispute.

FOURTH STEP: Registration of a legal entity or entrepreneur in the Register

Based on the issued Decision of the Chamber, the Business Registers Agency makes an entry in the register.

From the moment of registration, for entrepreneurs and legal entities that are registered in it, there is an obligation to inform the Agency about all changes in facts and circumstances on the basis of which they are entered in the Register, within eight days from the date of changes.

Therefore, in order for a person providing accounting services, whether organized as a legal entity or an entrepreneur, to be able to continue providing that service, he will have to ensure that all the above steps are met over the next three years.

However, the Law also provides a sanction, which will occur only in cases of explicitly stated reasons.

SANCTION: Revocation of the license and removal from the Register

An entrepreneur or legal entity may be deprived of a license to provide accounting services, if:

1. ceases to meet the requirements for issuing a license;
2. the permit was issued on the basis of false information;
3. makes a decision on the termination of performing this activity or ceases to exist as a legal entity or entrepreneur;
4. acts contrary to the regulations governing the prevention of money laundering and terrorist financing.

The decision to revoke the license and delete it from the Register is also made by the Chamber.

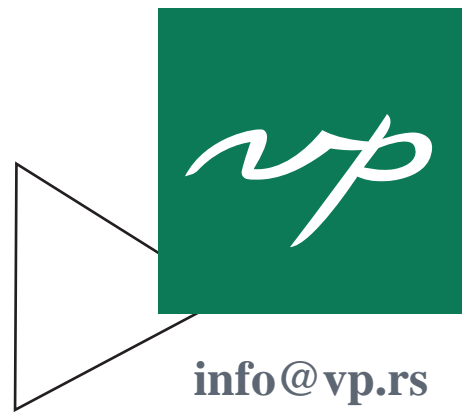
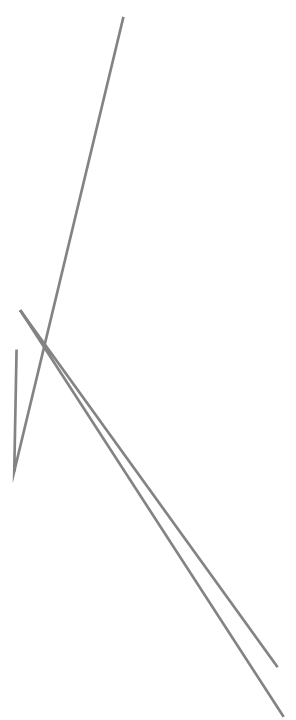
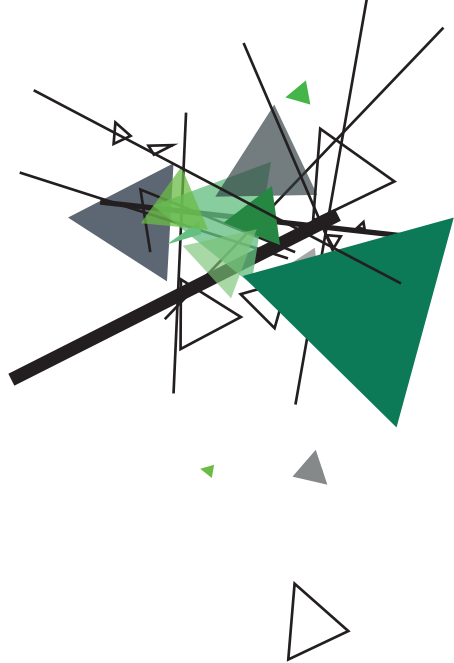
EUROPEAN UNION ATTITUDES

The part of the profession that is dissatisfied with the adopted amendments to the Law refers to the legislation of the European Union, which does not require the licensing of accountants. Also, only a small number of EU member states have this obligation in their laws, but that is why almost all of them have the obligation to license auditors.

There is no denying the fact that Directive 2006/123 / EC stipulates that "service activities are not subjected to a system of licensing and authorization", as well as that "the quality standard through certificates should be on a voluntary basis". However, for now, it remains to be seen whether the entry into the European Union will require new amendments to this Law and harmonization with the solutions of the Union.

The public is aware that a number of accounting service providers have already expressed dissatisfaction with the adoption of this novelty, and that even a constitutional review has been announced. It is certainly indisputable that the Law brings us quite extensive changes, which in the opinion of most professions will increase the level of efficiency and security in our system, but on the other hand it will take time for accounting service providers to comply with them, and certainly much more time for these novelties to show their good side in practice.





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