

Recognition of Professional Qualifications in the EU

Current Status:

- The rights of EU citizens to establish themselves or to provide services anywhere in the EU are fundamental principles of European Community law. FEE has long supported the objective of free movement for professionals between member states of the EU and, therefore, supports the work of the European Commission to overcome existing obstacles to the mutual recognition of professional qualifications between member states.
- Accountants provide a wide range of services to private and public entities, the scope of which varies from country to country. Due to the variety of situations, a single, sectorial Directive harmonising entry to the profession of accountant has not been proposed.
- One of the accountancy profession's main activities, auditing, is dealt with separately by a specific Directive, which lays down the requirements for persons who are allowed to carry out statutory audits. Known as the 8th Directive, it provides extensive regulation of statutory audit, including qualification and free movement of auditors.
- In 2002, a FEE survey found that the requirements of the 8th Directive largely inspired the national competent authorities when establishing the conditions to practice as an accountant.
- The Directive 2005/36/CE establishes a general system for the recognition of professional qualifications regulating both the establishment and the cross-border provision of services.
- The following conditions apply in case of establishment in another member state:
 - o Professional qualifications gained in the home member state will be recognised by competent authorities in the host member state where the professional wants to establish.
 - o Before reaching a decision on an application, the competent authority will compare the professional education and training in the home member state with that required in the host member state. If it finds that there are significant differences, it may make recognition conditional on the fulfilment of additional requirements. The applicant may be required to complete an adaptation period or an aptitude test in the host member state.
 - o Member states may stipulate an aptitude test where the knowledge of local laws and regulations in the host member state is essential to the proper delivery of the service. Under the regime of the Directive 89/48, this system has been consistently applied to accountants and auditors by the competent authorities in each EU member state.
- Under the new Qualification Directive, the following regime will apply in case of temporary and occasional provisions of services:
 - o The services must be provided under the title of the member state of establishment. The national competent authorities do not perform a preliminary check of the equivalence of qualifications. This regime does not apply to statutory audit.
 - o Member states may require automatic temporary registration with pro-forma membership of a professional organisation.

(continued overleaf)

- o The practitioner shall be subject to professional rules of the member state where services are provided and to the disciplinary provisions applicable in this member state.

Next Steps:

- Article 15 of the new Directive provides for waiving of compensation measures for substantial differences in education, on the basis of common platforms. FEE will consider whether it is useful to take new initiatives applicable to accountants for other activities than statutory audit.
- FEE accepted to cooperate with the European Commission on a pilot project of exchange of information between competent authorities of the Member States.
- Mutual recognition of qualifications for statutory audit purpose is dealt with separately in the Directive on Statutory Audit of 17 May 2006.

FEE Reference:**Admission to the Profession of Accountant and Auditor - A Comparative Study (2003)**

http://www.fee.be/publications/default.asp?library_ref=4&content_ref=266

Internal Market for Services and the Accountancy Profession; Qualification and Recognition (2007)

http://www.fee.be/publications/default.asp?content_ref=761&library_ref=4

European Reference:**Directive on the Recognition of Professional Qualification (2005)**

The Directive is expected to be published in the Official Journal before the end of 2005. The European Commission's website will be updated as soon as the official text is updated.

http://europa.eu.int/comm/internal_market/qualifications/index_en.htm

Council Directive 89/48/EEC

Directive of 21 December 1988 on a general system for the recognition of higher-education diplomas awarded on completion of professional education and training of at least three years' duration.

Official Journal L 019 , 24/01/1989 P. 0016 - 0023 (<http://europa.eu.int/eur-lex/en/index.html>)

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About FEE:

“FEE (Fédération des Experts comptables Européens – Federation of European Accountants) represents 43 professional institutes of accountants and auditors from 32 European countries, including all 27 EU Member States.”