



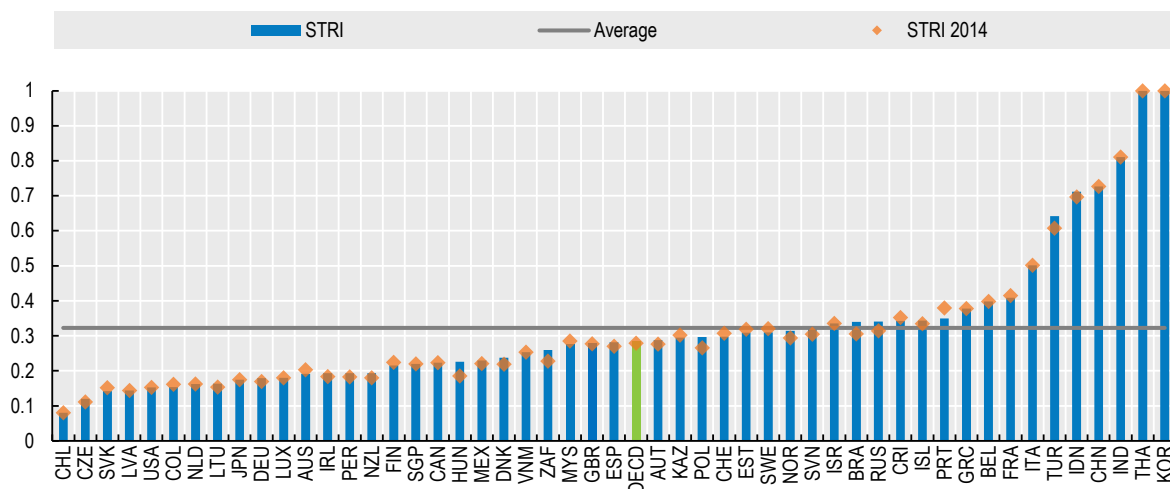
Accounting and Auditing Services 2021

Key findings

- The average 2021 STRI in the accounting and auditing services sector is 0.32 out of a maximum of 1 (most trade restricted) indicating a relatively high overall level of restrictiveness. Individual country scores diverge considerably, ranging between 0.08 and 1.
- The best performing countries in the sector are Chile, the Czech Republic and the Slovak Republic. Most reforms in 2021 were recorded in Australia, New Zealand and the United Kingdom.
- Restrictions on foreign entry are the main drivers of trade restrictiveness in the sector, with contributions to the total index values of 41% in OECD economies and 51% in non-OECD economies.
- OECD estimates suggest that halving the distance to best practice in this sector is associated with a reduction in the costs of cross-border trade in accounting and auditing services between 7% and 24% for the average country included in the STRI database.

The STRI covers accounting, auditing and book-keeping services (ISIC Rev 4 code 692). The international market for these services is dominated by a handful of corporations characterised by a high degree of concentration, organised as a network, and generally owned and managed independently with presence in a large number of countries.

Figure 1. STRI in accounting services services, 2021



Note: The STRI indices take values between zero and one, one being the most restrictive. The indices are based on laws and regulations in force on 31 October 2021. The STRI regulatory database covers the 38 OECD countries, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russian Federation, Singapore, South Africa, Thailand, and Viet Nam.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

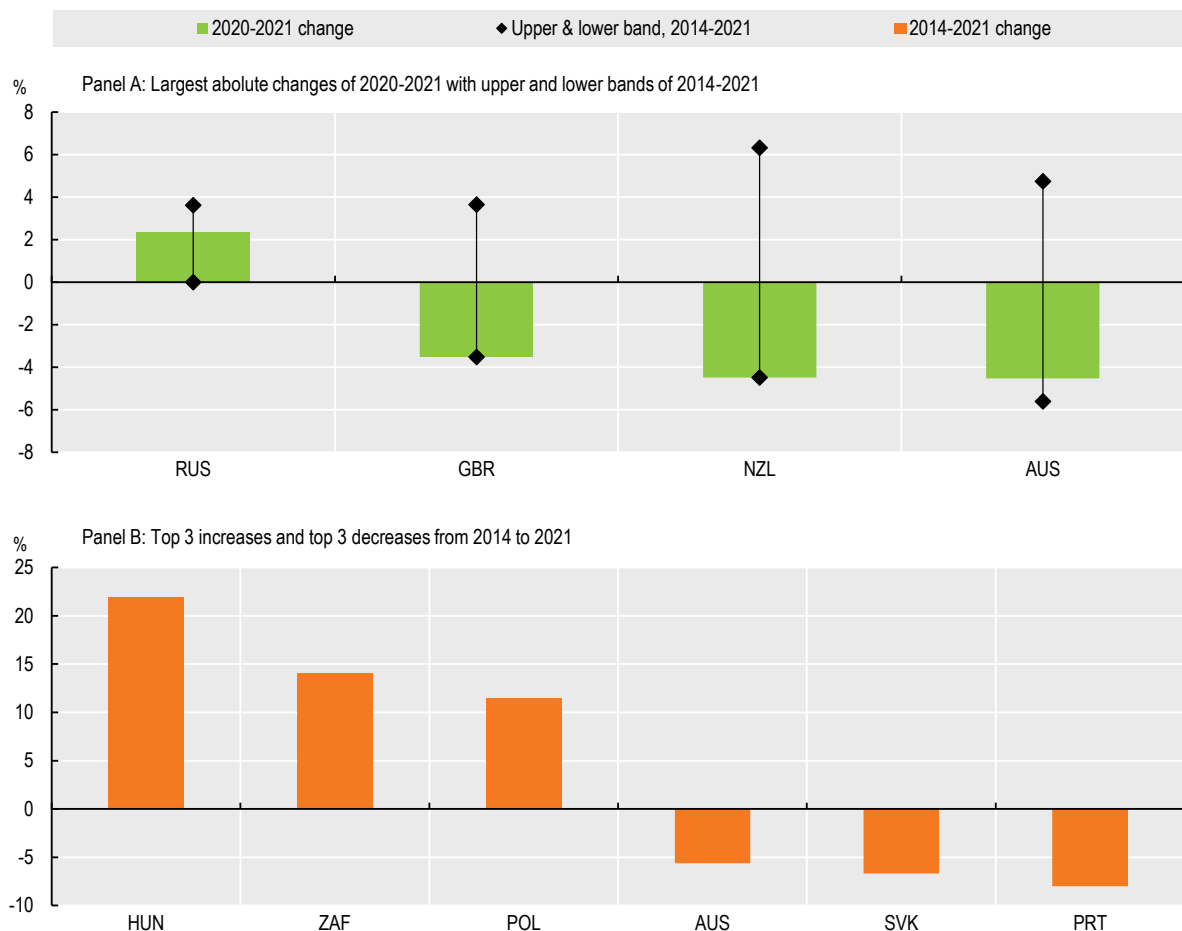
Source: OECD STRI database (2021).

The 2021 STRI in the accounting and auditing services sector range between 0.08 and 1, with a sample average of 0.32 (Figure 1). There are 33 countries below and 17 countries above the average. The best performing countries in the sector are Chile, the Czech Republic and the Slovak Republic.

The requirements for obtaining a license to practice and the activities reserved for licensed professionals largely define market access for foreign suppliers. In cases where only nationals can obtain a license and a license is required to practice and to hold shares in auditing or accounting firms, market access for foreign suppliers is very limited. When these apply to both accounting and auditing services, and are coupled with non-availability of temporary licensing as an additional channel for entry into the market, the sector is completely closed. This is the case for the two countries in the sample that have a score of one.

Several countries introduced regulatory changes affecting the STRIs in 2021 and more so since 2014 (Figure 2). In 2021, the STRIs in this sector saw the biggest changes in the Russian Federation (2%), the United Kingdom (-4%), New Zealand (-4%) and Australia (-5%). Since 2014, on the one hand, we have observed countries that became more restrictive over the years such as Hungary (22%), South Africa (14%) and Poland (11%). On the other hand, progressive liberalisations over the years were identified in countries such as Australia (-6%), the Slovak Republic (-7%), and Portugal (-8%).

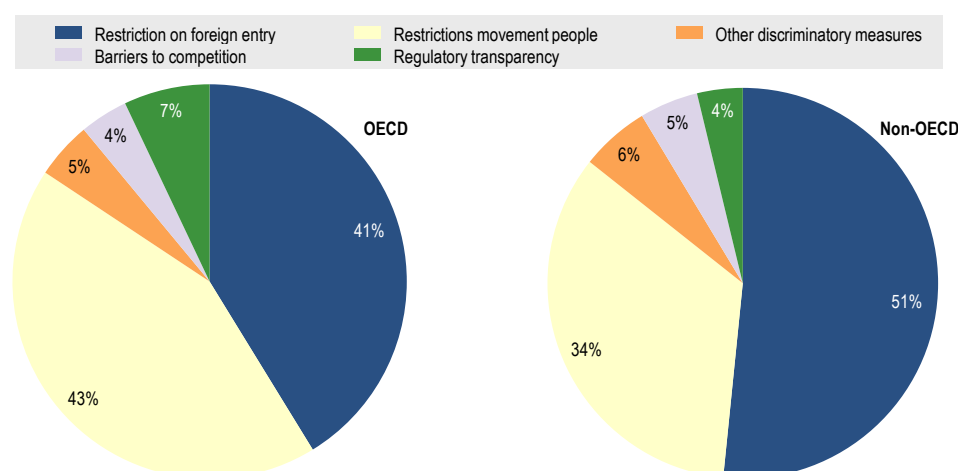
Figure 2. Change since 2014 and change in the last year, by country



Note: Selection criteria for Panel A was based on largest absolute changes since 2020. Panel B selection is the three largest increases, and the three largest decreases in the STRI since 2014.

Source: OECD STRI database (2021).

Figure 3. STRI policy areas for accounting and auditing services by OECD and non-OECD economies, 2021



Source: OECD STRI database (2021).

The measures in the STRI database are organised under five policy areas (Figure 3). Restrictions on foreign entry include barriers related to establishing and operating companies such as foreign equity limits or requirements on board of directors and cross-border data flows. Restrictions on the movement of people cover barriers that affect the temporary entry of foreign services providers through quotas, labour market tests and short durations of stay. Other discriminatory measures include discrimination of foreign services suppliers as far as taxes, subsidies and public procurement are concerned. Barriers to competition include information on anti-trust policy, government ownership of major firms and the extent to which government-owned enterprises are exempt from competition laws. Regulatory transparency includes information on consultations and dissemination prior to laws and regulations entering into force. It also records information on obtaining a license or a visa. In this sector, barriers related to Restrictions on foreign entry are most prominent and amount to 41% in OECD economies and 51% in non-OECD economies.

Table 1 lists the most common restrictions identified in each policy area. Under restrictions on foreign entry, foreign equity limits are rarely used in both accounting and auditing services. Yet, many countries restrict the firms' ownership to locally-qualified professionals, particularly in auditing services. Ownership restrictions are often coupled with requirements that the majority of the board (or equity partners in the case of partnerships) and the manager of auditing firms must be locally qualified. Commercial presence is required to provide cross-border auditing services in 26 countries. Accounting and auditing services are skilled labour intensive and subject to licensing in a number of countries. For instance, auditing is subject to a license requirement almost everywhere. Under restrictions to the movement of people, common limitations include nationality and domicile requirements to practice, and the absence of a temporary licensing system for auditing services. Local examinations for foreign professionals are also prominent in auditing services. Under other discriminatory measures, barriers related to accessing public procurement markets for foreign tenderers remain the most common challenge. Under barriers to competition, minimum capital requirements are common as well as restrictions on advertising which is often subject to specific regulation and conditions for auditing services. Government recommendations for auditors' fee exist in seven countries while in other seven countries fees are regulated. Under barriers related to regulatory transparency, procedural hurdles related to business visas are the most common challenges in this sector. In addition, the public consultation process for new legislative instruments falls short of best practice in 14 countries and the time prior to the entry into force of new laws is considered short in ten countries.

Table 1. Top 5 most relevant measures by policy area, 2021

Policy area	Measure	Countries having a restriction ¹
Restrictions on foreign entry	Board of directors: majority must be licensed professionals (auditing)	40
	Acquisition and use of land and real estate by foreigners is restricted	35
	Manager must be a licensed professional (auditing)	34
	Commercial presence is required in order to provide cross-border services (auditing)	26
	Equity restrictions applying to not licensed individuals or firms (auditing)	23
Restrictions to movement of people	Memo: Licence or authorisation is required to practice (auditing)	49
	A temporary licensing system is in place (auditing)	42
	Foreign professionals are required to take a local examination (auditing)	41
	Domicile required for licence to practice (auditing)	31
	Nationality or citizenship required for licence to practice (auditing)	18
Other discriminatory measures	Public procurement: Procurement regulation explicitly prohibits discrimination of foreign suppliers	44
	Public procurement: The procurement process affects the conditions of competition in favour of local firms	26
	Public procurement: Explicit preferences for local suppliers	26
	Memo: The procurement process below the value thresholds affects the conditions of competition in favour of local firms	20
	Laws, regulations or relevant standard-setter impose standards that deviate from international standards on auditing	6
Barriers to competition	Minimum capital requirements	32
	Restrictions on advertising (auditing)	15
	Fee-setting: mandatory minimum and/or maximum fees (auditing)	7
	Fee-setting: recommended minimum and/or maximum fees (auditing)	7
	Other restrictions in barriers to competition	6
Regulatory transparency	Range of visa processing time	31
	Number of documents needed to obtain a business visa	29
	Cost to obtain a business visa	15
	There is an adequate public comment procedure open to interested persons, including foreign suppliers	14
	There is a legal obligation to communicate regulations to the public within a reasonable time prior to entry into force	10

Notes

1. The count for "memo" type of measures, which are not scored in the STRI, indicate the number of positive answers recorded for that measure across the 50 countries covered.

Top most relevant measures are selected on the basis of the following criteria: (1) most restricted horizontal measures (i.e. same answer across sectors), (2) most restricted sector-specific measures, (3) key measures or (4) memos affecting the score of other measures through hierarchy rules.

Source: OECD STRI database (2021).

More information

- » Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>
- » Read more about services trade policies and their impacts in [Services Trade Policies and the Global Economy](#)
- » Benz, S. and A. Jaax (2020), "The costs of regulatory barriers to trade in services: New estimates of *ad valorem* tariff equivalents", *OECD Trade Policy Papers*, No. 238, OECD Publishing, Paris, <https://doi.org/10.1787/bae97f98-en>.
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org