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ACT SUPPLEMENT

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THE ACCOUNTANTS AND AUDITORS (REGISTRATION)
(AMENDMENTS) ACT, 2021

ARRANGEMENT OF SECTIONS

Section Title

PART I

PRELIMINARY PROVISIONS

1. Construction.

PART II

GENERAL AMENDMENTS

2. General amendments.
3. Amendment of section 2.
4. Amendment of section 4.
5. Repeal and replacement of section 6.
6. Addition of section 6A.
7. Repeal and replacement of section 7.
8. Amendment of section 9.
9. Repeal of sections 10, 11, 12, 13 and 14.
10. Amendment of section 18.
11. Amendment of section 21.
12. Repeal and replacement of section 24.
13. Amendment of section 25.
14. Repeal and replacement of section 26.
15. Amendment of section 27.
16. Addition of section 27A.
17. Amendment of section 28.

18. Amendment of section 29.
19. Amendment of section 30.
20. Addition of sections 30A, 30B and 30C.
21. Amendment of section 31.
22. Amendment of section 35.
23. Repeal and replacement of section 36.
24. Repeal and replacement of section 40.
25. Addition of section 40A.
26. Amendment of section 42.
27. Addition of section 42A.
28. Amendment of section 44.
29. Addition of section 48.

THE UNITED REPUBLIC OF TANZANIA



NO.7 OF 2021

I ASSENT

SAMIA SULUHU HASSAN
President

[28th September, 2021]

An Act to amend the Accountants and Auditors (Registration) Act, Cap. 286 with a view to making better provisions for the regulation of accountants and auditors.

ENACTED by the Parliament of United Republic of Tanzania.

PART I
PRELIMINARY PROVISIONS

Construction
Cap. 286

1. This Act may be cited as the Accountants and Auditors (Registration) (Amendments) Act, 2021 and shall be read as one with the Accountants and Auditors (Registration) Act, hereinafter referred to as the “principal Act”.

PART II
GENERAL AMENDMENTS

General
amendments

2. The principal Act is amended generally by deleting the terms “certified public accountant in public practice, certified public accountant, graduate accountant, accounting technician and practising firm “wherever they appear and substituting for them the words “registered members.”.

Amendment
of section 2

3. The principal Act is amended in section 2, by-
(a) deleting the definition of the terms “accountant”, “auditor”, “Certified Public Accountant in Public

Practice”, “Register” and “member” and substituting for them the following:

“accountant” means a person registered with the Board as a certified public accountant to perform accountancy functions;

“auditor” means a person registered as a Certified Public Accountant in Public Practice, holding a valid practising certificate issued under this Act to perform auditing functions;

“certified public accountant in public practice” means a person registered as such under section 7;

“Register” means a register of members and firms maintained by the Board in accordance with section 7;

“member” in relation to-

(a) the Board, means a member appointed pursuant to the First Schedule;

(b) a registered member, means a member registered by the Board in accordance with section 7; and

(c) the Appeals Board, means a member appointed under section 24;”;

(b) inserting in their appropriate alphabetical order the following definitions:

“accountancy” means a practice in which a professional accountant provides the

measurement, recognition, preparation, analysis or disclosure of financial and relevant non-financial information, or auditing of or provision of assurance and advisory services on financial information and, where applicable, non-financial information and preparing and analysing tax information;

“audit firm” means an institution registered as such by the Board to provide audit services to a private or public entity;

“certified public accountant in academics” means a person registered as such pursuant to section 7;

“registered member” means a person registered in any of the categories specified under section 7 of this Act;

“reporting entity” means an entity that prepares or is required to prepare financial statement;

“public interest entity” means a reporting entity with unique characteristics as shall be prescribed by the Board;

“standards” includes financial reporting standards, auditing standards, ethical standards, educational standards and any other standards issued by the Board;

“tuition provider” means an institution accredited and registered by the Board to

conduct review classes for candidates preparing to sit for the National Board of Accountants and Auditors (Tanzania) examinations;”;
and

- (c) adding the words “or certified public accountant in public practice” at the end of the definition of the term “graduate accountant”.

Amendment
of section 4

4. The principal Act is amended in section 4(1), by-

- (a) adding immediately after paragraph (j), the following:

“(k) supervise and regulate accountancy training conducted by the tuition providers;

- (l) conduct audit quality review of accountancy services; and

- (m) foster collaboration between the Board and other institutions dealing with accountancy services.”; and

- (b) renaming paragraphs (k) and (l) as paragraphs (n) and (o) respectively.

Repeal and
replacement
of section 6

5. The principal Act is amended by repealing section 6 and replacing for it the following:

“Appointment
of Executive
Director

6.-(1) Subject to subsection (2), the Minister shall appoint the Executive Director of the Board on such terms and conditions as he may determine.

(2) A person shall be eligible to be appointed as Executive Director, if he-

- (a) is a holder of at least master degree in accounting, finance, management or economics;

- (b) has an accountancy professional qualifications obtained from a recognised institution;

- (c) is registered by the Board as a certified public accountant or certified public accountant in public practice; and
- (d) has at least ten years work experience out of which, eight years being in managerial position.

(3) The Executive Director shall be responsible to the Board for the administration and management of the functions and affairs of the Board.”.

Addition of section 6A

6. The principal Act is amended by adding immediately after section 6 the following:

“Disclosure of information

been-

6A.-(1) A person who is or has

- (a) an employee of or a consultant employed by the Board; or
- (b) a member of the Board or committee established under this Act,

shall not disclose any information relating to the affairs of the Board or of any other person which he has obtained during the performance of his duties or the exercise of his functions under this Act, unless such disclosure is made-

- (i) with the written authorisation of the person from whom the information was obtained;
- (ii) in accordance with this Act or any other written law; or
- (iii) in compliance with an order of the court.

(2) A person who is or has been-

- (a) an employee of or a consultant employed by the Board; or
- (b) a member of the Board or of any committee established

under this Act,

shall not, for his own personal benefit or benefit of any other person, make use of any information which has been obtained by him in the performance of his duties or the exercise of his functions.

(3) For the purposes of this section, “disclosure or making use of any information” includes permitting any other person to have access to any information relating to the affairs of the Board.

(4) Any person who contravenes this section commits an offence and shall, upon conviction, be liable to a fine of not less than two million shillings but not exceeding five million shillings or to imprisonment for a term of not less than one year but not exceeding three years or to both.”.

Repeal and replacement of section 7

7. The principal Act is amended by repealing section 7 and replacing for it the following:

“Registration of members

7.-(1) Subject to the provisions of subsection (2), a person shall upon-

- (a) payment to the Board of the prescribed fee;
- (b) making an application to the Board in the prescribed manner; and
- (c) meeting relevant qualification requirements specified pursuant to this Act,

be entitled to be registered under this Act and have his name entered in the Register as-

- (i) a graduate accountant or in the acronym “GA”;
- (ii) a certified public accountant in public practice or in the acronym “CPA-PP”;
- (iii) a certified public accountant or in the acronym

- “CPA”;
- (iv) a certified public accountant in academics;
 - (v) an auditor for public interest entity;
 - (vi) a practising firm;
 - (vii) an accounting technician or in the acronym “AT” ;
 - (viii) a temporary certified public accountant or in the acronym “TCPA”;
 - (ix) a temporary certified public accountant in public practice or in the acronym “TCPA-PP”;
 - (x) an honorary member;
 - (xi) a retired member; or
 - (xii) any other category of members as may be determined by the Board.

(2) For the purpose of subsection (1), the Board shall, by by-laws published in the *Gazette*, specify conditions and qualifications necessary for registration of each category under subsection (1).

(3) Notwithstanding the provisions of subsection (1), accountants and auditors who were recognised and registered as such prior to 15th January, 1972 shall, unless disqualified for any other reason under this Act, continue to be members registered under this section.

(4) A person registered under this section shall be issued with a certificate of registration.

(5) A person who does not qualify for registration under subsection (1) but who is an accounting or auditing personnel and has not completed relevant studies to qualify for registration, shall have a title in accordance

with the prescription of titles as shall be issued by the Executive Director.

(6) The Executive Director shall keep and maintain a Register of registered members and firms in which shall be entered all categories of persons registered under this section.”.

Amendment of section 9 **8.** The principal Act is amended in section 9(2) by inserting the words “Executive Director” between the words “hand of the” and “shall”.

Repeal of sections 10, 11, 12, 13 and 14 **9.** The principal Act is amended by repealing sections 10, 11, 12, 13 and 14.

Amendment of section 18 **10.** The principal Act is amended in section 18, by-
(a) designating the contents of section 18 as subsection (1); and
(b) adding immediately after subsection (1) as designated the following:
“(2) The certificate issued pursuant to sections 18 and 19 shall be valid for a period of three years and may, upon application in the prescribed manner and upon payment of fees prescribed by the Board, be renewed.”.

Amendment of section 21 **11.** The principal Act is amended in section 21(a) by deleting the words “registered accountant or auditor” and substituting for them the words “registered member”.

Repeal and replacement of section 24 **12.** The principal Act is amended by repealing section 24 and replacing for it the following:

“Establishment of Accountants and Auditors Appeals Board **24.**-(1) There is hereby established an appeals board to be known as the Accountants and Auditors Appeals Board which shall consist of-
(a) a Chairman who shall be appointed by the President from amongst retired judges or any person with qualifications which may

warrant such person to be appointed as a judge; and
(b) six other members appointed by the Minister as follows:

- (i) a law officer representing the Attorney General, who shall be the Vice Chairman;
- (ii) one senior member from the Ministry responsible for finance;
- (iii) one senior member from the Bank of Tanzania;
- (iv) one senior member representing higher learning institutions; and
- (v) two members from association representative of all accountancy professionals or private sector.

(2) The Accountants and Auditors Appeals Board shall have power to regulate its own proceedings.”.

Amendment
of section
25

13. The principal Act is amended in section 25(1) by deleting the words “and every order of the Appeals Board under this section shall be final, conclusive and binding upon all parties concerned, and shall not be subject to review by any court”.

Repeal and
replacement
of section
26

14. The principal Act is amended by repealing section 26 and replacing for it the following:
“Use of certain styles and titles **26.** A person who is registered under this Act shall, in so far as his name remains in the Register, be entitled to adopt and to

use the style and title specified under section 7.”.

Amendment
of section
27

- 15.** The principal Act is amended in section 27, by-
- (a) deleting paragraph (a) and substituting for it the following:
 - “(a) not being a registered member or firm falsely pretends to be a registered member or firm;”;
 - (b) deleting the closing phrase and substituting for it the following:
 - “commits an offence and shall on conviction, be liable-
- (a) in the case of an individual person, to a fine of not less than five million shillings but not exceeding ten million shillings or to imprisonment for a term not exceeding two years or to both; and
 - (b) in the case of a practising firm, to a fine of not less than five million shillings or ten percent of the firm’s gross audit fee, whichever is greater, provided that the amount charged shall not exceed thirty million shillings.”

Addition of
section 27A

16. The principal Act is amended by adding immediately after section 27 the following:

“Practice
review of
audit firm

27A.-(1) For the purpose of enhancing audit quality, the Board may review the practice of any audit firm and for that purpose, the Board may-

- (a) inspect any relevant document in the possession or under the control of the audit firm, make copies of or take any abstract of or extract from any document; and
 - (b) seek information or clarification from the audit firm.
- (2) An audit firm shall, at the request

of the Board, produce any relevant document in its possession or under its control for the purposes of subsection (1).

(3) Where the Board is satisfied that upon audit conducted the audited report does not meet the required standards, the Board may-

- (a) order the audit firm to pay a fine of not less than five million shillings or ten percent of the firm's gross audit fee, whichever is greater, provided that, the amount charged shall not exceed thirty million shillings; or
- (b) impose sanctions prescribed under section 21."

Amendment
of section
28

17. The principal Act is amended in section 28 by-

(a) deleting subsection (5) and substituting for it the following:

“(5) Nothing in this Act shall be construed as entitling any body of persons, whether corporate or unincorporated, to be registered as, or as empowering the Executive Director to register any body of persons as, certified Public Accountant in Public Practice or Certified Public Accountants.”; and

(b) deleting subsection (6) and substituting for it the following:

“(6) A person who contravenes the provisions of this section commits an offence and shall, on conviction be liable-

- (a) in the case of an individual person, to a fine not exceeding ten million shillings or to imprisonment for a term not exceeding two years or to both; and

(b) in the case of a practising firm, to a fine of not less than ten million shillings or ten percent of the firm's gross audit fee, whichever is greater, provided that, the amount charged shall not exceed twenty million shillings.”.

Amendment
of section
29

18. The principal Act is amended in section 29-

(a) by deleting subsection (6) and substituting for it the following:

“(6) Any person who contravenes the provisions of this section commits an offence and shall, on conviction be liable-

(a) in the case of an individual person, to a fine not exceeding ten million shillings or to imprisonment for a term not exceeding two years or to both; and

(b) in the case of a practising firm, to a fine of not less than ten million shillings or ten percent of the firm's gross audit fee, whichever is greater, provided that, the amount charged shall not exceed thirty million shillings.”; and

(b) in subsection (9) by deleting the words “or the Tanzania Audit Corporation”.

Amendment
of section
30

19. The principal Act is amended in section 30-

(a) in subsection (1)(a), by deleting the words “one hundred million shillings” and substituting for them the words “seven hundred million shillings”;

- (b) in subsection (1)(b), by deleting the words “fifty million shillings” and substituting for them the words “five hundred million shillings”;
- (c) in subsection (2)(a), by deleting the words “one hundred million shillings” and substituting for them the words “three hundred million shillings”;
- (d) in subsection (2)(b), by deleting the words “fifty thousand million shillings” and substituting for them the words “one hundred and fifty million shillings”; and
- (e) in subsection (3), by deleting the words “six hundred thousand shillings” and substituting for them the words “fifty million shillings”.

Addition of sections 30A, 30B and 30C

20. The principal Act is amended by adding immediately after section 30 the following:

“Submission of audited financial statements

30A.-(1) Financial statements prepared under this Act shall be audited by a certified public accountant in public practice.

(2) Every auditor shall, within thirty days from the date of completion of the report, submit to the Board the auditee’s audited financial statements and annual report.

(3) For the purpose of subsection (2), the Board shall establish a database for keeping the audited financial statements submitted under this section.

(4) An auditor shall be responsible and accountable for financial statements audited and submitted by him to the Board under this section.

(5) A person who contravenes the requirements of this section commits an offence and shall, on conviction, be liable to a fine of not less than five million shillings but not exceeding ten million shillings or ten percent of the firm’s gross

audit fee, whichever is greater, provided that, the amount charged shall not exceed thirty million shillings.

(6) For the purpose of this section, “auditor” includes an audit firm.

Board may review financial statements and reports

30B.-(1) The Board may, on its own motion or upon request by any user of the audited financial statements, review the audited financial statements and reports of a reporting entity submitted under section 30A.

(2) For the purpose of subsection (1), the Board may require production of further information or clarification from-

- (a) any officer or director of a public interest entity or other entities; and
- (b) any auditor or audit firm responsible for the audit of the financial statements of that entity.

(3) A person who refuses to produce further information under this section, commits an offence and shall, on conviction, be liable to a fine not exceeding twenty million shillings or to imprisonment for a term not exceeding two years or to both.

Monitoring of registered member

30C.-(1) For the purpose of ensuring compliance with the provisions of this Act, the Board shall monitor the conduct of any registered member and, for that purpose, the Board may seek information or clarification from the registered member.

(2) A registered member who refuses to provide information or

clarification sought under this section commits an offence and shall, on conviction, be liable to a fine not exceeding five million shillings or to imprisonment for a term not exceeding two years or to both.”.

Amendment
of section
31

21. The principal Act is amended in section 31-

(a) in subsection (1), by deleting the phrase “prepared or certified by a Certified Public Accountant or a Certified Public Accountant in Public Practice” and substituting for it the phrase “prepared by a Certified Public Accountant or audited by a Certified Public Accountant in Public Practice”; and

(b) by deleting subsections (4) and (5) and substituting for them the following:

Cap. 212 “(4) Every audited financial statement of a body corporate required to be submitted to any public officer or public authority under the Companies Act or any other written law shall be certified by a certified public accountant in public practice.

(5) Any person who contravenes any of the provisions of this section commits an offence and shall, on conviction, be liable-

(a) in the case of an individual person, to a fine of not less than five million shillings but not exceeding ten million shillings or to imprisonment for a term not exceeding two years or to both; and;

(b) in the case of a practising firm, to a fine of not less than ten million shillings or ten percent of the firm’s gross audit fee, whichever is greater, provided that, the amount charged shall not exceed thirty million shillings.”.

Amendment
of section
35

- 22.** The principal Act is amended in section 35, by-
- (a) designating the contents of section 35 as subsection (1); and
 - (b) adding immediately after subsection (1) as designated the following:
 - “(2) Notwithstanding subsection (1), the Board shall not delegate its powers to-
 - (a) invest, prescribe fees, charges and commissions, borrow or lend money; and
 - (b) issue final examination results, save for provisional results.”.

Repeal and
replacement
of section
36

23. The principal Act is amended by repealing section 36 and replacing for it the following:

“Account
s and
audit

36.-(1) The Board shall keep proper books of account, and shall prepare the annual financial statements for the immediate preceding financial year not later than the 30th day of September in the following financial year in accordance with the prescribed accounting standards issued by the Board.

(2) The annual financial statements shall be audited by the Controller and Auditor General or an auditor appointed by the Controller and Auditor General.

(3) The Board shall, as soon as possible after receiving the audited report from the Controller and Auditor General, submit to the Minister the audited financial statements.”.

Repeal and
replacement
of section
40

24. The principal Act is amended by repealing section 40 and replacing it with the following:

“Annual
performance
report

40.-(1) The Board shall prepare and submit to the Minister within four months

after the close of each financial year the annual report on the performance of the Board for the previous financial year.

(2) The Minister shall, at the earliest available opportunity, cause a copy of the report referred to under subsection (1) to be laid before the National Assembly.”.

Addition of section 40A

25. The principal Act is amended by adding immediately after section 40 the following:

“Financial year 40A. The financial year of the Board shall be the period of one year ending on the 30th June.”.

Amendment of section 42

26. The principal Act is amended in section 42-

(a) in paragraph (c), by deleting the words “knowingly and willfully makes” and substituting for them the words “makes or certifies”; and

(b) deleting the closing phrase and substituting for it the following:

“commits an offence and shall, on conviction, be liable-

(a) in the case of an individual person, to a fine of not less than ten million shillings or to imprisonment for a term not exceeding two years or to both; and

(b) in the case of a practising firm, to a fine of not less than ten million shillings or ten percent of the firm’s gross audit fee, whichever is greater, provided that, the amount charged shall not exceed thirty million shillings.”.

Addition of section 42A

27. The principal Act is amended by adding immediately after section 42 the following:

“Compounding of offences **42A.**-(1) Notwithstanding the

provisions of this Act relating to penalties, where a person admits in writing that he has committed an offence under this Act, the Executive Director or a person authorised by him in writing may, at any time prior to the commencement of the proceedings by a court of competent jurisdiction, compound such offence and order such person to pay a sum of money not exceeding one half of the amount of the fine to which such person would otherwise have been liable to pay if he had been convicted of such offence.

(2) Where the person fails to comply with the compounding order issued under this section within the prescribed period, the Executive Director or a person authorised by him may, in addition to the sum ordered, require the person to pay an interest at the rate prescribed in the regulations.

(3) Where the person fails to comply with subsection (2), the Executive Director may enforce the compounding order and interest accrued thereof in the same manner as a decree of a court.

(4) The Executive Director shall submit quarterly reports of all compounded offences under this section to the Director of Public Prosecutions.

(5) Offences to be compounded under this section and the manner of compounding offences shall be as prescribed in the regulations made under this Act.”.

Amendment of
section 44

28. The principal Act is amended in section 44, by-

- (a) deleting paragraph (c); and
- (b) renaming paragraph (d) as paragraph (c).

Addition of
sections 48

29. The principal Act is amended by adding immediately after section 47 the following:

“General
offence

48. A person who contravenes any of the provisions of this Act for which no specific penalty is provided, commits an offence and shall, on conviction, be liable to a fine of not less than five million shillings but not exceeding ten million shillings or to imprisonment for a term of not less than six months but not exceeding two years or to both.”.

Passed by the National Assembly on the 3rd September, 2021.

NENELWA J. MWIHAMBI
Clerk of the National Assembly