

Law 26 of 1999 on Auditing of Accounts

The Law consists of 80 articles. The Ministry of Supply and Trade (MST) - currently referred to as "Ministry of Industry and Trade"- shall give effect to this Law. It was issued on 16 April 1999.

Article (4)

Chartered accountants are classified into two categories:

1. Practicing chartered accountants who work full time and have a work license in accordance with the Law;
2. Non-practicing chartered accountants who obtain a chartered accountant license;

Article (5)

Those who apply for a chartered accountant license should:

- a. be a natural Yemeni person;
- b. be at least 26 years old;
- c. hold a university degree, at least bachelor's, with specialization in accountancy;
- d. have experience after graduation in the field of auditing of accounts or in teaching at a college or high institute in the field of accountancy as follows:
 - i. four years after acquiring the bachelor's degree;
 - ii. two years after acquiring the master's degree;
 - iii. one year after acquiring the Ph.D.
- e. pass the exam, holders of Ph.D. in accountancy are excepted;
- f. have civil competence, and have not been sentenced for a crime in violation of honor or integrity unless rehabilitated.

Article (6)

The committee indicated in this chapter shall be the committee in charge of comparing scientific certificates.

Article (7)

In order to acquire a chartered accountant license:

1. The applicant should submit an application to the competent department in the MST, the documents and qualifications specified in this Law shall be attached to the application;
2. The competent department shall write a receipt of the submitted documents;

3. The competent department shall write down the data of the application and attachments;
4. The application shall be submitted to the committee in 30 days from the date of receipt, and the committee shall study it and make a decision in 30 days from the date of submission;
5. Those whose applications have been refused may not re-apply except after one year from the date of refusal.

Article (11)

Practicing accountants who have effective licenses may establish professional firms/offices, provided that each partner practices his profession within the firm and the limits of category applied therein.

Article (12)

An accounts auditing firm shall not be granted a license to practice its profession unless it meets the following conditions:

1. Be a general partnership;
2. All partners must have licenses in accordance with this Law;
3. The head office of the partnership must be in Yemen;
4. The chartered accountant must not be a partner in more than one auditing firm;
5. The chartered accountant must not independently practice the profession outside the firm or work for other parties.

Article (13)

Non-Yemeni accounts auditing branches of firms or Non-Yemeni natural persons shall be licensed to practice the profession in the Republic of Yemen, provided they meet the following conditions:

1. participate with one or more Yemeni chartered accountant(s), the Yemeni partner(s) shall own at least 25 percent of the capital;
2. the firm's name shall include at least the name of one Yemeni partner;
3. the partnership agreement shall be written in Arabic and documented by the official competent authority in the presence of partners;
4. all partners shall be natural persons registered in the tables of practicing chartered accountants; in case one of the partners is a non-Yemeni legal person, he has to possess a license as a chartered accountant in his own country, and the manager or one of the managers shall be one of the Yemeni partners;

5. submit an accredited copy of the license obtained in the country of the parent company accompanied by the agreement and articles of partnership;
6. the ratio of Yemeni technical cadre working in the firm shall be at least two thirds of the total technical cadre;
7. the ratio of the work team as assistants to licensed chartered accountants shall not exceed 4:1.

Article (15)

An accounts auditing firm may be licensed only after registration in the trade registry, and a copy thereof should be attached to the application for registering in the registry of accounts auditing firms.

Article (27)

The MST shall license chartered accountants in accordance with the provisions of this Law.

Article (34)

The license of practicing chartered accountants shall be renewed annually.

Article (40)

A chartered accountant shall practice the profession in the following areas:

1. auditing of accounts and financial lists and comment on them in line with the principles of the profession;
2. giving advise in financial, administrative and tax-related issues;
3. carrying out liquidations in accordance with the effective laws;
4. undertaking any tasks set forth in the effective laws, provided these tasks shall be undertaken by the chartered accountants.

Article (42)

Without prejudice to the laws and decrees entered into force, no corporation or firm which is required by the Law to have a chartered accountant, may dismiss this accountant while undertaking his duties except if he violates the provisions of the Law.

Article (52)

To ensure that the practicing chartered accountant is neutral and independent, he may not:

1. work for the state or the public, mixed, or private sector whether he is paid or unpaid, with the exception of Yemeni university professors/teachers;
2. work in trade, industry or any other job;
3. use the media to propagate himself in a dishonest manner;
4. compete with his colleagues and trade in his post in order to get fees improperly;
5. accept to be assigned to work as a chartered accountant in any authority where he is a partner, a member of the board of directors, or working in an administrative, financial, or commercial activity; or he is a relative to any member of the board of directors or the director general until the fourth degree in kinship; any such assignment shall be deemed invalid;
6. deal with the authority (e.g. purchase, sell, barter....) whose accounts are conducted by him;
7. audit the accounts of a unit/body where he used to work for as an employee unless he has left the job for at least three years.

Article (65)

The Yemeni Chartered Accountants Association (YCAA) shall be deemed a professional association which has a legal personality and independent financial credit; it shall be concerned with organizing its affiliates and shall contribute to the improvement of auditing and accountancy.

Article (66)

Chartered accountants must be members in the YCAA, a chartered accountant may not practice his profession unless he/she is a YCAA member.

Article (67)

Without prejudice to the right of proceeding a criminal or civil lawsuit before the court when necessary, in case he does not follow the principles of the profession, a chartered accountant shall be punished with any of the following disciplinary actions:

- a. written notification;
- b. written warning;
- c. provisional suspension of the license, for no more than three years.

Article (68)

A granted license may be cancelled, and the name of the chartered accountant may be crossed from the list of chartered accountants by a

ministerial decree (issued by the minister of MST) based on a proposal from the competent department, in case the chartered accountant:

1. fails to conform to a condition set forth under Article (5) of this Law;
2. stops practicing the profession for three consecutive years without notifying the MST of this stoppage;
3. violates any provision set forth under Article (13) of this law.
4. practices the profession after obtaining the license but does not affiliate himself to the YCAA within three months from the issuance of the license;
5. obtains a license based on false data.

Article (71)

Without prejudice to other penalties set forth in other effective laws, the chartered accountant may be imprisoned for a period of not more than two years and not less than six months in case he makes the following actions:

1. writing down false data in any report, accounts, or document while practicing as a chartered accountant;
2. preparing a report that does not go with the truth, or approving of untrue incidents in a document which must be legally issued or due to the principle of the profession;
3. approving of the distribution of non-existing dividends;
4. making no notification to the competent authority of a crime of deception, fraudulence, forging and the like;
5. disclosing the secrets of the company;
6. signing reports on accounts which are not audited by him or by his assistants.

Article (72)

A person shall be imprisoned for no more than one year and no less than six months, or shall be fined a sum no less than 100,000 and no more than YR 300,000 if he:

- a. operates without obtaining a license in accordance with the Law;
- b. resumes operating without obtaining a legal license;
- c. is a foreigner who operates without obtaining the license in accordance with the Law.

Article (73)

A fine, not less than YR 100,000, shall be paid by:

1. Every non-Yemeni chartered accountant practices the profession for his own interest;

2. Every chartered accountant uses a commercial or legal name for his office or firm;
3. Every chartered accountant employs a foreigner as a chartered accountant while the latter does not have a license to practice the profession;
4. Every partner in a general partnership does not practice the profession for this partnership;
5. Every partner in a general partnership practices the profession not within the partnership itself whether independently or whether with/for others;
6. Every partner assigns an unlicensed executive director.

Article (76)

The Tax Authority shall be obliged not to accept final accounts from the assignees unless they have been issued by a licensed chartered account.

Article (77)

The following authorities shall be deemed experienced places:

1. Auditing and accountancy offices registered at the MST;
2. Universities and high institutes, in the field of teaching auditing and accountancy;
3. The Central Agency for Monitoring and Auditing, in auditing.