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Public Practice of Accounting in the Dominican Republic

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Haskins & Sells Foundation

American Institute of Accountants

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PUBLIC PRACTICE OF ACCOUNTING IN THE

DOMINICAN REPUBLIC

Prepared for

AMERICAN INSTITUTE OF ACCOUNTANTS

Under the Auspices of

HASKINS & SELLS FOUNDATION, INC.

By

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New York, N. Y., March 1951

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DOMINICAN REPUBLIC

General Information

Geography:

The Dominican Republic occupies the eastern two-thirds of the mountainous Island of Hispaniola, which lies southeast of Cuba and northeast of Jamaica in the Caribbean Sea. The country has an area of 19,325 square miles. The western and smaller part of the same island is the Republic of Haiti.

The capital is Ciudad Trujillo, with an estimated population of 147,372 (1948).

People:

According to official reports, the Dominican Republic had a population of 2,115,805 in August 1950. This population is largely composed of a class of mixed persons of Spanish, African, and Indian blood, with some whites of Spanish extraction, and with Negroes constituting about 19 percent of the total. The language of the country is Spanish, but English is spoken quite generally and is taught in the schools from the fourth year of elementary through the secondary schools.

Progress in education has been impeded by frequent wars and the usual problems associated with poverty and a scattered population. Since 1930 the Dominican Republic has been making continuous efforts to provide greater educational opportunities. As late as 1943, official figures showed that nearly 84 percent

of the population could not read or write. A campaign against adult illiteracy was commenced in 1941 and, as a result of the determined efforts of the Government, by 1948 the illiteracy rate was said to have dropped to about 37 percent of the population.

Economy:

Agriculture is the chief source of wealth, sugar cultivation being the principal industry. There are 14 sugar "centrals" of which 9 are owned and operated by United States companies. Cocoa is the second principal crop. Other important exports are leaf tobacco, maize, molasses, and bananas.

The Dominican Republic contains various mineral deposits, principal among which are gold and copper. Iron, petroleum, silver, platinum, and marble have also been found.

Due to the occupation of the country by the United States Marines during the period from the First World War to 1934, order and security were established. As a result, roads and railroads were built, and a considerable gain in commercial production was effected.

Manufacturing is still confined mainly to processing of agricultural products. Besides the sugar mills, other industries in the country are: two textile mills, large cement factory, two breweries, paper mill, factory producing henequin for sugar bags, and cotton seed oil and peanut oil plants. In 1950 a light machine-gun manufacturing plant, built at a cost of \$7,000,000, went into

production. Heavy machinery, equipment, raw materials, and chemicals have to be imported. In 1947, the United States supplied about 85 percent of the country's imports and took about one-third of its exports.

SECTION I

PUBLIC PRACTICE OF ACCOUNTING BY NATIONALS

Basic Laws and Regulations

The Dominican Republic is governed under the Constitution proclaimed on January 10, 1947. Naturalized Dominicans enjoy the same civil rights as native Dominicans.

The following laws, decree, and resolution relate to the public practice of accounting:

Law No. 633 of 1944, regulating the functions of Contadores Publicos Autorizados (Certified Public Accountants).

Resolution No. 695 of the Secretary of State Education and Fine Arts, Year 1944, authorizing the establishment of a School for Expert Accountants and prescribing the plan of studies necessary for Certified Public Accountants.

Decree No. 2,383 of January 7, 1945, ordering the establishment of the School for Expert Accountants.

Law No. 1,173 of May 25, 1946, amending Law No. 633 with respect to the powers of Certified Public Accountants in the employ of the Government or certain subordinate administrative authorities.

It should be noted that neither Law No. 633, nor any other law, restricts public practice to only Certified Public Accountants. Therefore, the practice of accounting is free in the Dominican Republic.

Concept of the Profession

Until recent years the practice of accounting was of relatively small importance in the Dominican Republic. Business enterprises were for the most part of individual ownership, extremely local in character, and very small as regards capitalization or worth. Simple bookkeeping methods were adequate for the needs of these enterprises and in most instances only a cash book was maintained. Beginning around 1930, industrial, government, and business organizations started to grow, with the result that up-to-date accounting methods were needed to supplant the elementary systems in use. The installations of new accounting systems brought to light the complete lack of trained accountants. To meet this need, the Dominican Government in 1944 enacted Law No. 633 concerning Certified Public Accountants and providing for the establishment of a school of accountancy.

The function of a Certified Public Accountant, according to Law No. 633 of 1944, is to investigate the economic conditions and accounts of a company or enterprise for the purpose of rendering a report to the partners, stockholders, owners, or creditors who may have requested this service.

Public accounting, in the manner provided by Law No. 633, is regarded as a profession. The Law states that for all legal purposes, Certified Public Accountants shall be considered professionals and may use the initials "CPA" after their names as an indication of their profession. They must obtain licenses to

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practice in the same manner as other professionals practicing university or "liberal" professions. Nevertheless, Certified Public Accountants were not included in the professions listed in the 1949 census which showed the following: Lawyers, doctors, dentists, pharmacists, engineers, and surveyors.

In 1944 and 1945, at least three accountants were licensed to practice, as indicated by Decrees published in the official periodical.

Regulatory Authority

The Executive Power is the regulatory authority for Certified Public Accountants. He issues licenses to candidates who satisfy the requirements and revokes them for cause.

Article 14 of Law No. 633 provides that when the number of Certified Public Accountants in the Republic reaches 15, they shall constitute the Institute of Certified Public Accountants. The Law also states that such Institute shall have a Board of Directors who shall have the right to recommend to the Executive Power the revocation of licenses of accountants who have violated rules for professional conduct or who have committed acts of misconduct. This Institute had not been formed by the end of February 1951.

Who May Practice

Registered Accountants:

In order to practice as a Certified Public Accountant, in the manner provided by law, a person must be a Dominican citizen, at least thirty years of age, in possession of his civil and political rights, and have the title of Expert Public Accountant awarded by the School for Expert Accountants. He must also furnish a bond of 2,500 pesos in cash or national or municipal bonds, or a surety bond.

Non-registered Accountants:

Inasmuch as the Law on Certified Public Accountants is not a regulatory law, it does not prohibit accountants from engaging in public practice without being licensed. Of course, they may not use the title Contador Publico Autorizado (Certified Public Accountant) or the initials CPA.

Exercise of the Profession

Definition:

Practice of the profession by a Certified Public Accountant appears to consist of the performance of accounting services when he is requested, in writing, to make an investigation of a particular business enterprise by a party who has a legal right to know the financial condition of such concern.

Article 1 of Law No. 633 declares that "all partners, stockholders, co-partners, bondholders or other recognized credi-

tors of a commercial company or business, of whatever kind, whose holdings represent at least 5 percent of the capital of the company or business, shall have the right at all times to be acquainted with the economic condition and the accounts of the company or business. Article 2 of this law provides that the commission of investigating the economic condition and accounts of a business shall be in charge of professional men with the title of Certified Public Accountant.

Article 3 of the law states that all requests to a Certified Public Accountant to make an investigation must be made in writing by the interested party, explaining his right to request it, and stating the exact points which the investigation should cover. According to Article 5 of the law, the following points may be covered, without limiting the investigations that may be made:

Opening books of account; study of balance sheet; verification of results obtained; application of profits and distribution of dividends; analysis of the liquidation of income and expense budgets; verification of the accounts presented by the manager, agents, or board; balance sheet; extracts of accounts, minutes, and budgets for public offices; inventory increase or reduction of capital; percentage of amortization of assets and their accounting; cost of production and services; compliance with the statutes and performance of contracts by the company; and in general all records, operations, and accounts which will demonstrate the economic condition or business being investigated and its present and future prospects.

Special Functions of Certified Public Accountants:

Certified Public Accountants may also carry out investigations of official entities or physical or legal persons on behalf of governmental and municipal authorities and may serve as experts

when designated by the Court of the Republic in proceedings which require expert testimony.

Law No. 1173, published on May 25, 1946, amended Law No. 633. The amendment provided that the reports of Certified Public Accountants have informative value only for the persons at whose request they were prepared and they may not be cited as a legal or official basis in any case, except when they are used in judicial proceedings by an expert. Also, when such reports refer to investigations made for the Dominican State, the District of Santo Domingo or Municipal Governments in connection with tax matters, they shall be regarded as authentic documents with respect to the records and data contained therein.

Registration

General Conditions:

Application for a license to practice as a Contador Publico Autorizado (Certified Public Accountant) must be made through the State Secretary of Treasury and Commerce in the manner provided by law relative to licenses for practicing other professions.

Application Requirements:

These requirements have been supplied under "Who May Practice" at page 6.

No examination is required before a candidate is licensed. The law is silent as to experience, but since a candidate must be at least 30 years of age, the inference is that he must have acquired some practical experience in the years following graduation from the School for Expert Accountants.

License to Practice:

When a person is licensed to practice as a CPA, the Executive Power issues a decree to that effect, which is published in the official periodical. The Executive Power, under the law, may issue licenses to individuals, without the requisite diploma from the School of Expert Accountants, who have performed responsible duties in connection with accounting matters in certain governmental offices.

Recognition of Foreign Degrees:

Under Article 24 of Law No. 633 the CPA license could be issued to Dominican citizens who held a diploma of Contador Mercantil (Business Accountant) awarded by a foreign institution, satisfied all conditions other than that of diploma from the national School for Expert Accountants, and had been performing for more than two years the duties of departmental bookkeeper. This provision of the law apparently applied only to persons who had obtained foreign diplomas prior to the publication of Law No. 633. The point is not clear as to whether Dominican citizens who have completed accounting studies in the United States or elsewhere outside of the Dominican Republic would be licensed as CPAs, without examination, after the effective date of the law.

Accountants in Practice at Date of Restrictive Legislation:

In 1944 when the CPA Law was enacted, there were probably few, if any, Dominican accountants engaged in public practice. As previously mentioned, the Law provided that in certain instances,

licenses could be issued, without examination and without the required diploma, to persons who satisfied all the other requirements and who held responsible accounting positions in governmental service. Provision was also included in the Law for licensing persons, after examination, who had been performing the duties of principal bookkeeper for the Administrative Council of Santo Domingo or of auditor and accountant for banking institutions recognized by the Government.

Education of Accountants

To meet the need for trained accountants, the Dominican Government in 1944 enacted the CPA law, previously discussed, authorizing the establishment of a Superior School for Expert Accountants and official commercial schools. The Superior School was exclusively empowered by this law to furnish the second cycle, or prescribed 4-year course of study for the diploma of Expert Accountant. Commercial schools were authorized to offer the first cycle of studies, comprising a 3-year course for the diploma of Bachelor in Commercial Studies.

Before a student may commence the studies of the second cycle, he must have the diploma of Bachelor in Commercial Studies, or the diploma of Mercantile Expert issued by previously existing commercial schools. Since the minimum age for admission to commercial schools that are subsidized by the State is 15 years, the student is about 18 years old when he receives his Bachelor's diploma. After completing the 4-year secondary course, he is

about 22 years of age. Other candidates, at least 17 years of age, who pass an entrance examination on bookkeeping, elementary accounting, mathematics, Spanish language, commercial correspondence, geography, history, civics, and physical sciences may also be admitted to the School for Expert Accountants.

The following is the curriculum prescribed by Resolution 695 of 1944 leading to the title of Expert Accountant, which is a prerequisite for a CPA license:

	<u>Semester Hours</u>
First Year-	
Commercial and financial calculations	3
Accounting	3
Legislation (mercantile, customs, and banking)	2
Physical sciences -- applied chemistry and industrial technology	3
Economic geography	3
Political and national economy	3
Statistics	3
	<u>20</u>
Second Year-	
Commercial and financial calculations II	3
Accounting II	3
Legislation (mercantile, customs, and banking) II	2
Notions of usual law	3
Physical sciences -- applied chemistry and industrial technology II	3
Statistics	3
Political and national economy	3
	<u>20</u>
Third Year-	
Commercial and financial calculations III	3
Accounting III	3
Compared legislation on commercial societies	3
Organization and administration of enterprises	2
Administrative law	2
Public treasury (finance) and economic administration of the State	3
Accounting theory and investigation practice (auditing)	3
Banking technique and practice	3
	<u>22</u>

	<u>Semester Hours</u>
Fourth Year-	
Commercial and financial calculations IV	3
Accounting IV	3
Organization and administration of enterprises	4
Mercantile law	2
Public treasury (finance) and economic administration of the State II	3
Accounting theory and investigation practice (auditing) II	4
Banking technique and practice II	3
Credit documents and international exchange	<u>2</u>
	24

It should be noted that Law No. 633 expressly provides that accounting theory and auditing practice are required subjects which must be taken during the third and fourth years of the above-mentioned 4-year course, regardless of any degree or intensification of studies which might excuse a student from taking the last two years of prescribed study.

The University of Santo Domingo in Ciudad Trujillo is one of the oldest institutions in the Americas and the only institution of higher learning (other than a School of Diplomacy and Consular Service) in the Republic. As at the beginning of 1951 the University had no School of Economics or Business Administration but plans for the establishment of economic studies were then being considered.

Some Aspects of Practice

With Respect to Corporations

Annual Audits and Statutory Auditors:

Under the provisions of the Commercial Code, a board of inspectors must be elected by the shareholders of every corporation. The first duty of this board is to see that all legal requirements

for the establishment of the company have been observed. The board of inspectors must submit to the meeting of the shareholders an annual report of company operations. There is no requirement that the board of inspectors shall be composed of CPAs or independent auditors.

There is no governmental institution in the Dominican Republic charged with the supervision of the organization and operation of commercial or industrial enterprises. Therefore, annual audits of such organizations are not required. Article 615 of the Commercial Code of 1924 provides that jurisdiction in commercial matters is vested in the Court of First Instance. Banking institutions are subject to the supervision of the Superintendent of Banks and the Monetary Board and insurance companies, to the Superintendent of the Insurance Department.

It has already been stated (beginning at page 7) that, under the provisions of Law No. 633, any partner, stockholder, co-partner bondholder, or other recognized creditor of a commercial company or industrial enterprise of any type, whose interest represents at least 5 percent of the capital of the organization, has the right to have an audit made of the company's books and accounts by an auditor duly licensed as a CPA. This right is accorded to interested parties notwithstanding anything to the contrary in the constitution or by-laws of the company to be audited.

Article 2 of the Law expressly provides that the commission of investigating the economic condition and accounts of companies or businesses shall be in charge of professionals with the title of

Contador Publico Autorizado (Certified Public Accountant). Article 3 of the Law prescribes that requests to CPAs must be formally made in writing and must indicate the exact points to be covered. The CPA must number and register all commissions which are open to inspection by officials of the Internal Revenue Department.

Once the CPA has accepted an assignment, he must send a notice to the particular company to be examined, by registered mail with return receipt requested. The CPA who is authorized to make the investigation of a particular company has access to all offices, shops, books, accounts, documents, and files, and the responsible officials of such company must give him all the help necessary for carrying out the investigation.

The CPA must make his report on the investigation in duplicate, the original of which is delivered to the client who requested the services, the duplicate being retained in the accountant's files. Both the original and duplicate of the report must be signed and stamped by the accountant, who certifies under oath that the facts and data contained in the report are true. An accountant is permitted to state his personal opinion upon facts and data, it being understood that the certification provided by law refers only to the objective facts and data contained in the report.

The Law provides for the imposition of penalties of fines of from 50 pesos to 5,000 pesos¹ or imprisonment of one month to a year, or both, on officials who impede or maliciously attempt to

¹ U.S. equivalents \$50, \$5,000.

hinder the work of accountants. Similar penalties are imposed on accountants who do not observe secrecy with respect to their reports and on any persons who communicate the contents of any report obtained from a Certified Public Accountant, except by court order and except when the business itself has had the audit made and releases the information. A licensed accountant who fails to render his report within the time provided for, in the absence of any extension granted in writing, may be punished at the request of the client with a penalty of up to 30 days' imprisonment or up to 50 pesos, or both. Any person who has been adversely affected by a misleading report rendered by a CPA has a legal right to prosecute the accountant responsible for such report.

Tax Returns:

Law No. 1,927 of February 11, 1949, as amended in 1950, is the Income Tax Law, many sections of which are devoted to a prescription as to how income derived from international transactions is to be allocated for taxation. It contains no requirement that corporation tax returns must be signed by CPAs, but the right is reserved to the Directorate General of the Income Tax to "establish the true profits" of establishments whose accounting does not clearly reflect the net profits from taxable sources.

Under the provisions of the CPA law, as amended, it appears that CPAs may be engaged by the tax authorities to conduct tax investigations and that accountants who may also be licensed and who are in governmental service are authorized to make examinations for tax purposes.

Professional Accountants Engaged In Practice

Standards and Code of Ethics:

Inasmuch as the accounting profession is still in its early formative stages, it is not possible to form any judgment as to the standards of nationals engaged in public practice. The profession is not yet organized and no code of ethics has been formulated.

Independence of Professional Accountants:

The CPA Law is silent on this subject.

Fees:

According to the law, fees for services of Certified Public Accountants shall be that agreed upon in writing between the parties. The law also provides that the Executive Power shall publish, when requested by the Institute of Public Accountants, a schedule of minimum fees. Inasmuch as the Institute has not yet been formed, no such schedule has been issued.

Number of Professional Accountants in Practice:

As at the beginning of 1951 there were six CPAs in the Dominican Republic, of whom only one was actually engaged in practice. Several others had "inactive firms." There were then about seven other persons in process of obtaining their degrees, and it is expected that there will be about seven more eligible by July or August 1951.

Professional Accounting Society

There is no professional accounting society in existence in the Dominican Republic at the present time.¹ It has already been stated that under the provisions of the CPA Law, an Institute shall be formed when the number of Certified Public Accountants reaches fifteen. Rules and regulations with respect to internal operations of such society will then be promulgated in the form of a decree by the Executive Power, and all licensed public accountants must become members.

If and when the Institute is formed, pursuant to the terms of the CPA Law, a Board of Directors, composed of seven members, will have the following powers:

- 1) To recommend to the Executive Power rules and by-laws and any amendments thereof.
- 2) To recommend to the Executive Power the revocation of licenses of Certified Public Accountants who have violated the rules for professional conduct or committed other acts of misconduct, even though they may not be penalized by law.
- 3) To submit to the Executive Power a schedule of fees for services of Certified Public Accountants.
- 4) To act, when required, as referees between Certified Public Accountants and their clients in matters regarding remuneration.
- 5) To study and report on all matters regarding Certified Public Accountants which may be submitted to the Institute by the Executive Power.

¹ March 1951.

SECTION II

PUBLIC PRACTICE OF ACCOUNTING BY UNITED STATES CITIZENS AND OTHER NON-NATIONALS

Basic Laws and Regulations

Both the Dominican Constitution and the Commercial Code are silent in respect to the rights of aliens to engage in commercial activities. Article 13 of the Civil Code does provide, however, that foreigners who have received permission to become domiciled in the country shall enjoy the same civil rights as Dominican nationals, with certain exceptions relative to initiation of civil suits and the acquisition of real estate. Article 73 of the Law on Judicial Organization, among other requisitions, states that a lawyer must be of Dominican nationality; otherwise, foreigners may engage in any of the university or "liberal" professions. Public accounting is not a university profession.

As earlier pointed out, foreigners may not hold the title of Certified Public Accountant in the Dominican Republic. However, the basic laws relative to Certified Public Accountants are permissive in nature and do not regulate the public practice of accounting. Therefore, United States citizens and other non-nationals are not prevented from engaging in practice as "public accountants and auditors."

Qualification of a United States CPA

Inasmuch as Law No. 633 of 1944 declares as the first condition for obtaining a CPA license that the candidate must be a Dominican citizen, it is obvious that a United States citizen can not qualify for the title of CPA in the Dominican Republic. But, since the public practice of accounting by unlicensed persons is still free, a United States citizen would not, at least at the present time, be required to be qualified under the laws of the Dominican Republic. He can not, of course, use the title Certified Public Accountant or the initials CPA, and he may not act as an expert in cases before the judicial authorities.

Permanent Practice

In practice, the Dominican Government places few legal restrictions upon the operation of a business or industry by aliens, and, except for the practice of law, foreigners may engage in any of the university professions. As pointed out in the preceding paragraph, the public practice of accounting is unregulated. One United States accounting firm has maintained an office in the Republic for a number of years; other firms occasionally send representatives to perform specific audits.

Practice may be conducted under a firm name, and there is no requirement that a native, qualified accountant must be a member of any such firm, or that a partner must reside in the country. There is nothing in the CPA Law which says that a native qualified accountant may not engage in practice with a United States CPA or a foreign accounting firm.

There is no limitation as to size of staff of an accounting firm. Under the provisions of the Labor Laws at least 70 percent of the personnel of all enterprises or establishments must be Dominican nationals and Dominicans must receive 70 percent of the total wages and salaries paid. In computing this percentage, the law excepts technicians or persons holding positions because of special knowledge -- provided no properly qualified, unemployed Dominicans are available; and foreigners married to Dominican nationals who have resided in the country continuously for more than three years; or foreigners having Dominican born children and who have resided in the country for more than five years. Also excepted are representatives or agents of employers, or persons engaged in direction, management, or supervision, whose qualifications are proved by public instrument or other document.

There appears to be nothing in the present laws to prevent replacement of present staff of an accounting firm with United States citizens. Possibly, the only type of engagement that may not be undertaken by a United States citizen or accounting firm is one involving the testimony of an expert before the courts, or one involving an investigation for tax purposes on behalf of the Government.

Isolated Engagements

It has been the custom of foreign banks and corporations established in the Dominican Republic to have United States accountants visit their local branches regularly to audit their accounts

and to report on their financial condition. These accountants have never been required to comply with any provisions of law, and it would appear that Law No. 633 is not applicable to their activities.

United States citizens and Canadians may enter the Dominican Republic on a tourist card and perform work in connection with reports for local use and publication (except as already indicated) and for use in the United States and elsewhere.

Immigration Requirements

Permanent Residence:

The aim of the Dominican Government has been to increase the population of the country. Therefore, it has facilitated the entry of immigrants. The conditions for admission are simple: They must be of good conduct and of good health. Persons who are predominantly Caucasian, or of a race native to the Western Hemisphere and who enter the country as immigrants, must pay a \$6 fee for a residence permit. Those immigrants who are not of the above races must pay a fee of \$500. Residence permits must be renewed during January of each year.

Temporary Entry:

United States and Canadian citizens are permitted to enter the Dominican Republic without a passport. A maximum stay of 60 days is permitted initially, but an extension for an additional period of not more than 60 days may be granted by the Director

General of Immigration. A tourist card, issued by a transportation company, is sufficient to admit either a United States citizen or a Canadian, if his only purpose is to obtain information regarding a business enterprise or to conduct an audit.

Accountants Established In Practice

Stagg, Mather, & Hough is the only United States accounting firm maintaining an office in the Dominican Republic. This firm has been established in practice there for a number of years.

Other foreign firms may have an established practice in the country without maintaining offices.

SECTION III

TREATIES AND LEGISLATION PENDING

Treaty between the Dominican Republic and the United States:

There is no treaty presently in force between the Dominican Republic and the United States providing for reciprocity with respect to academic studies or recognition of professional degrees. Neither is there any commercial treaty between the two countries containing reciprocal provisions relative to the practice of public accounting by citizens of either country within the territory of the other. Inasmuch as United States accountants are freely permitted to enter the Dominican Republic for the purpose of investigating or auditing companies in which United States capital is invested, no such commercial treaty is presently necessary to effect this privilege for United States citizens.

Treaties between the Dominican Republic and Other Countries:

The Dominican Republic has entered into a convention with Chile relative to the recognition of studies made in one country by the other country.

The Republic also has a most-favored-nation commercial agreement with Mexico. However, opinion is not available as to whether or not Dominican citizens would be able to perform accounting services in Mexico in view of the restrictions in force in that country, including the requirement that Mexican CPAs must be university graduates which is not the situation in the Dominican Republic.

Legislation Pending:

So far as is known at this time, there is no legislation pending in the Dominican Republic which is aimed at regulating the profession and which would, if enacted, prevent the public practice of accounting by United States citizens, either on a permanent basis or temporarily.

It is possible that some legislation may be enacted at an early date relative to the official curriculum for the School of Economics in the University of Santo Domingo which is expected to be established. This is the usual custom in Latin American countries. In view of the fact that the School for Expert Accountants is already authorized to issue the diploma which is necessary for the CPA license, it is not anticipated that any degree which the University may be authorized to confer in economics or accounting will supersede such diploma.

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In conclusion, it should be stated that the foregoing study of Public Practice of Accounting in the Dominican Republic has been prepared on the basis of a review of the laws and regulations dealing with accounting practice and other information which has been obtained from sources believed to be reliable. A list of such sources is furnished in the attached appendix.

Sources of Information

American Institute of Accountants, New York, N. Y.

Camara Oficial de Comercio, Agricultura e Industria,
Ciudad Trujillo, Republica Dominicana.

Dominican Consulate, 630 Fifth Avenue, New York, N. Y.

Dominican Republic, "The Statesman's Year-Book 1949"; New York:
The Macmillan Company, p. 878.

Education in the Dominican Republic, Bulletin 1947, No. 10,
Washington: United States Office of Education.

International Reference Service, Vol. VI, No. 111, November
1949, Washington: United States Department of Commerce.

Pan American Union, Washington, D. C.

Price, Waterhouse & Co., New York, N. Y.

Stagg, Mather & Hough, New York, N. Y.

A Statement of the Laws of the Dominican Republic in Matters
Affecting Business in its General Aspects and Activities,
prepared by Antonio Tellado, Jr., Lawyer of Ciudad Trujillo,
under auspices of Inter-American Development Commission,
October 1947.

United States Department of Commerce, American Republics
Division, Washington, D. C.

United States Library of Congress, Washington, D. C.

Universities of the World Outside U.S.A. 1950, Washington:
American Council on Education, p. 327.

University of Santo Domingo, Ciudad Trujillo, Dominican Republic.

MEMORANDUM RE PUBLIC PRACTICE OF ACCOUNTING IN THE
DOMINICAN REPUBLIC

Status of Profession:

Although a university degree is not required for license as a Contador Publico Autorizado (Authorized, or Certified Public Accountant) in the Dominican Republic, a person so licensed is probably regarded as practicing a "liberal" profession.

Regulatory Laws:

Various laws, beginning with Law No. 633 of 1944, and including Law No. 1,173 of 1946, deal with the functions of Contadores Publicos Autorizados (Certified Public Accountants). Official courses of study are also covered by the laws. However, public practice of accounting is not restricted to only CPAs.

Regulatory Authority:

The Executive Power (the President) of the Dominican Republic is the regulatory authority. The 1944 Law provides for the establishment of an Institute of Public Accountants when the number of CPAs reaches fifteen. This organization has not yet been formed.

Registration:

Application for license to practice as a CPA must be made through the State Secretary for Treasury and Commerce.

Conditions for Practice:

In order to be licensed as a CPA, a person must be a Dominican citizen. A diploma from the School for Expert Accountants, awarded upon the completion of a 4-year course, is required for this license. Higher education is obtainable at the University of Santo Domingo which confers the title of Expert in Economics and Public Finance upon the completion of the 4-year course.

The minimum age for a CPA is 30. There is no requirement that a CPA must have practical accounting experience, but in view of the minimum age stipulated, the inference is that some experience is necessary.

CPAs are not required to pass any examinations before being licensed. A CPA candidate must be in possession of his civil and political rights, and must also file a bond.

✓ Professional Accountants in Practice:

As of the beginning of 1951 there were six CPAs in the Dominican Republic, of whom only one was actually engaged in public practice. Several others had "inactive firms." There were then about seven other persons in process of obtaining their degrees, and it is expected that there will be seven more eligible by July or August 1951.

Opinion is not available as to the standards of practice in use by the nationals engaged in public practice. The accounting profession is still in its early formative stages, is not yet organized, and is not subject to any rules for professional conduct.

Although the formation of an Institute of Public Accountants is authorized by the Law of 1944, it has not yet been organized.

✓ Practice by United States Citizens or Firms:

In view of the citizenship requirement, United States citizens may not be licensed as CPAs in the Dominican Republic. However, there is no restriction against public practice as "public accountants and auditors." Only one United States accounting firm (Stagg, Mather & Hough) is maintaining an office in the Dominican Republic.

✓ Treaties and Legislation Pending:

There is no treaty between the United States and the Dominican Republic under which United States citizens may enter the latter country for the purpose of performing audits on behalf of United States investors. In view of the present liberal policy in effect in the Dominican Republic no such treaty is required.

There is believed to be no legislation pending which is aimed at regulating the public practice of accounting or restricting it to nationals.