

Canadian Accounting Industry

Introduction

In 2012, according to the data of Statistics Canada, for the whole accounting services industry's \$15 billion revenue, accounting, bookkeeping and payroll services accounted for 59.1% of the industry's sales. Taxation services (25.3%), management consulting services (7.9%), insolvency and receivership services (2.6%) and other sales of goods and services (5.2%) accounted for the remaining portion of the industry's sales. The business sector accounted for more than three-quarters (76.2%) of sales in 2012. Individuals and households represented 10.9%, government and public institutions 7.7%, and the remainder was from clients outside Canada (5.2%).

99% of businesses (common sense term) are most likely only need non-public accounting services, since, as December 2012, 98.2% of businesses (which fell in Statistics Canada's the definition of business) have less than 100 employees, few of these businesses have more than 50 shareholders. However, due to some reasons including some accountants' misrepresenting, many people especially some business owners mix up public accounting services with non-public accounting services. In their mind, they were hiring public accounting services and their accountants had an accounting professional title and a licence. They are not aware of that there, like in many other industries is specialization within accounting industry. Their accountants' expertise may not fit well their accounting needs. After a while, they have a feeling that their "xxA" accountants are not providing valuable services.

In brief, first, the industry of accounting include taxation services, other than certain public accounting services, is not regulated in Canada; Second, the majority of accounting services demand is directly or indirectly due to taxation instead of financial reporting; Third, the recognition of accounting professional status is a matter of provincial jurisdiction and all accounting professional associations are self-governed bodies; Forth, accountants do not need a licence to provide accounting services other than certain public accounting services; Last and maybe most important, there are both advantages and disadvantages of this non-regulation on non-public accounting services. One of the advantages is lower compliance costs, since taxpayers do not have to pay high fees as for other regulated services. And one disadvantage is that non-public accounting services seekers have to pay more attention so as to have a right non-public accounting services supplier to fit their accounting needs.

Public and Non-Public Accounting Services

For those who do not know what public accounting services are, the best way to ensure an accurate understanding is to read the related law directly. So to avoid any potential biases, we cite here a portion of the current Ontario law --Public Accounting Act (2004 S.O. 2004, CHAPTER 8), one may be surprised that even certain public accounting services are not regulated, and interested in what it indicates.

Public accounting services

2. (1) For the purposes of this Act and subject to any limitations that are prescribed, the practice of public accounting means providing, on a basis that is independent of the person for whom the services are being provided, either of the following services:

1. Assurance engagements, including an audit or a review engagement, conducted with respect to the correctness, fairness, completeness or reasonableness of a financial statement or any part of a financial statement or any statement attached to a financial statement, if it can reasonably be expected that the services will be relied upon or used by a third party.
 2. Subject to subsection (3), compilation services, if it can reasonably be expected that all or any portion of the compilations or associated materials prepared by the person providing the services will be relied upon or used by a third party.
- 2004, c. 8, s. 2 (1).

Inclusion of opinion in assurance engagements

(2) Assurance engagements described in paragraph 1 of subsection (1) may or may not include the rendering of an opinion or other statement by the person who is providing the services. 2004, c. 8, s. 2 (2).

Exception to public accounting

(3) If the compilations or associated materials prepared by the person in providing compilation services that otherwise fall within paragraph 2 of subsection (1) contain a notice in the prescribed form that provides that any assurance given by the person is limited to the accuracy of the computations required in order to complete the compilation, the provision of the compilation services does not constitute public accounting for the purposes of this Act. 2004, c. 8, s. 2 (3).

Licensing of Public Accountants

Public accounting licence required

3. (1) A person who is engaged in the practice of public accounting shall,

- (a) in the case of an individual, be licensed in accordance with this Act; and
- (b) in the case of a professional corporation, hold a certificate of authorization in accordance with this Act. 2004, c. 8, s. 3 (1).

Exception

(2) Despite subsection (1), a person is not required to be licensed in accordance with this Act if the person provides public accounting services exclusively in respect of,

- (a) any public authority or any commission, committee or emanation of a public authority, including a Crown corporation;
- (b) any bank, loan or trust company;

- (c) any transportation company incorporated by an Act of the Parliament of Canada;
or
- (d) any other publicly-owned or publicly-controlled public utility organization.
2004, c. 8, s. 3 (2).

Other practices not precluded

[\(3\)](#) A person is not required to be licensed in accordance with this Act for providing services as,

- (a) a bookkeeper or for engaging in bookkeeping, in cost accounting or in the installation of bookkeeping or business systems, solely by virtue of engaging in those activities; or
- (b) a person preparing or offering to prepare financial statements solely as part of tax returns, if the person offers,
 - (i) no opinion independent of the taxpayer in respect of the financial statements or in respect of the returns, or
 - (ii) no other service requiring a licence under this Act. 2004, c. 8, s. 3 (3).

[\(Link for the whole Public Accounting Act:\)](#)

How Many Accountants are Licensed for Public Accounting Services in Ontario?

In Ontario, after the unification, there are over 80,000 CPAs including all members from three former bodies of CAs, CGAs, and CMAs. Less than 6 per cent of the members have a license in force for public accounting services.

- As of October 31, 2013, the number of valid licences issued by CPA Ontario is **4572**, reduced from **4781** on November 1, 2012, see CPA Ontario's "Annual Supplemental Report to The Public Accountants Council For The Province of Ontario for the 12-month period November 1, 2012 to October 31, 2013"
- As of October 31, 2013, the number of valid licences issued by CGA Ontario is **121**(including 54 of them practising outside of Ontario), increased from **52** on November 1, 2012, , see CGA Ontario's "Annual Supplemental Report to The Public Accountants Council For The Province of Ontario for the period ended October 31, 2013"
- As of October 31, 2013, the number of valid licences issued by CMA Ontario is **zero**, no change from November 1, 2012, see CMA Ontario's "Annual Supplemental Report to The Public Accountants Council For The Province of Ontario for the period ended October 31, 2013"

How can I Find or Confirm a Licensed Public Accountant in Ontario?

Search the [Public Accounting Licence Directory](#) for a CPA Ontario Member by entering their Name, City, or both. The search is not case sensitive and looks for an exact character match, e.g. "Char" will return "CHARLES, Thomas" and "THOMAS, Charles".