






What are **practice promotion pitfalls** and **section 42 offences**?

In the three years ended 30 June 2020, the Institute has handled more than **45** cases concerning improper practice promotion and alleged offences under section 42 of the Professional Accountants Ordinance.

Practice promotion pitfalls	Section 42 offences
<ul style="list-style-type: none"> offering to provide audit services without proper credentials sending unsolicited promotional materials including service fee information in promotional materials or websites 	<ul style="list-style-type: none"> individuals or companies fraudulently holding themselves out as CPAs or CPA practices offering services that only practising CPAs can provide maximum penalties <ul style="list-style-type: none"> - HK\$25,000 fine - 12-month imprisonment term 
<p>How does the Institute deal with the pitfalls?</p> <ul style="list-style-type: none"> disapproval letter for minor cases Resolution by Agreement for moderate cases disciplinary proceedings for serious cases 	<p>How does the Institute deal with the offences?</p> <ul style="list-style-type: none"> report suspected offences to the police for investigation issue warning letters requesting removal of misleading promotional information monitor the progress of corrective actions assess conduct of members who might be associated with unlicensed CPA practices to identify improper conduct 
<p>Key figures (three years ended 30 June 2020)</p> <ul style="list-style-type: none">  19 disapproval letters issued  10 cases in which the Institute proactively identified improper conduct 	<p>Key figures (three years ended 30 June 2020)</p> <ul style="list-style-type: none">  15 cases reported by the Institute to the police  8 cases in which the Institute proactively identified section 42 offences
<h2>How can you help?</h2>	
<p>Members and registered students should:</p> <ul style="list-style-type: none"> adhere to the ethical requirements concerning practice promotion activities in section 900 <i>Practice Promotion</i> in the Code of Ethics for Professional Accountants (previously section 450) refrain from conducting improper practice promotion activities directly or indirectly take immediate corrective actions upon being notified of possible breaches by the Institute <p>Members of the public are advised to:</p> <ul style="list-style-type: none"> ensure service providers are licensed CPA practices before engaging them discontinue engagements with unlicensed CPA practices for regulated services (e.g. statutory audits under the Companies Ordinance) promptly report suspected section 42 offences to the police or the Institute 	