

JURISDICTIONAL PROFILE: **Macao SAR, China**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Macao SAR, China (hereafter “Macao”). The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation’s Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	The Professional Committee of Accountants (CPC).
Role of the organisation	<p>As one of two Special Administrative Regions of China (the other being Hong Kong), Macao has its own legal system, including its own legal framework for developing accounting standards.</p> <p>The CPC is the sole regulatory body of the accounting profession in Macao. Powers vested in the CPC include the issue of CPA license, the setting of Code of Ethics for CPAs, accounting and auditing standards, the supervision of CPA practice and the initiation of disciplinary proceedings on CPAs who violate the law or standards.</p>
Website	http://www.dsf.gov.mo
Email contact	cpc@dsf.gov.mo

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	No.
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	No.
What is the jurisdiction's status of adoption?	<p>Macao operates a two-tier accounting standards system. The Accounting Standards include:</p> <ol style="list-style-type: none"> 1) the General Financial Reporting Standards; and 2) the Financial Reporting Standards. The Financial Reporting Standards are applicable to financial institutions, concessionaries and companies limited by shares. Companies which do not fall into these categories and are required to have proper accounting records can choose to apply the General Financial Reporting Standards or the Financial Reporting Standards. <p>The Financial Reporting Standards consist of the 2015 IFRS Standards.</p> <p>The General Financial Reporting Standards comprises 15 simplified cost-based accounting standards which can be easily applied by SMEs.</p>
Additional comments provided on the adoption status?	<p>Adopting the latest version of IFRS Standards in Macao is desirable but difficult. The reason is that both Chinese and Portuguese are the official languages and IFRS Standards in both languages are available usually several years after the English IFRS Standards are published.</p>
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.	<p>Macao is willing to update the IFRS Standards being used when more recent version of IFRS Standards is available in both Chinese and Portuguese languages.</p>

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?	<p>There is no stock exchange in Macao.</p> <p>There is one authorised financial asset trading company operating in Macao carrying out bond issuance and trading services.</p>
If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?	<p>Not applicable.</p> <p>Issuers of bonds are required to include information about difference between the applicable GAAP to IFRS Standards for the purpose of public offering.</p>
Does that apply to ALL domestic companies whose securities trade in a	<p>Not applicable.</p>

public market, or only SOME? If some, which ones?

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Not applicable.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

Not applicable.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

Companies whose securities do not trade in a public market are not permitted to use IFRS Standards but must use the Accounting Standards (see above).

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

There is no stock exchange in Macao.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Not applicable.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

Not applicable.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

The Financial Reporting Standards of the Macao SAR are required, which are IFRS Standards (2015 version).

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

The Financial Reporting Standards of the Macao SAR.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?

No.

Are IFRS Accounting Standards incorporated into law or regulations?	No.
If yes, how does that process work?	Not applicable.
If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	The Accounting Standards were promulgated through an administrative regulation. Article 6 of the administrative regulation authorizes the Secretary for Economy and Finance to make changes to the Accounting Standards, part of which is the Financial Reporting Standards.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?	Yes
If yes, what is the process?	The 20/2020 Law effective December 2020 gives the CPC the sole authority to issue standards (accounting, auditing, code of ethics, etc.) governing the accounting profession.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?	None.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?	Yes.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?	The Chinese and Portuguese translations are supplied by the IFRS Foundation.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	No.
If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	No.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Accounting Standard?	Not applicable.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so?

Not applicable.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use?

The Financial Reporting Standards are applicable to financial institutions, concessionaries and companies limited by shares. Companies which do not fall into these categories and are required to have proper accounting records can choose to apply the General Financial Reporting Standards or the Financial Reporting Standards.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard?

There is already a set of accounting standards for SMEs in Macao.