



When is a practising certificate required?



Purpose

This guidance has been approved by ICAS' Authorisation Committee in accordance with Regulation 3.3 of ICAS' Public Practice Regulations. It provides information to members to help them consider whether they are required by ICAS' Rules and Regulations to hold a practising certificate (PC).

Application

This guidance is relevant to all ICAS members. While the decision on who requires to hold a PC rests with the Authorisation Committee, all members are expected to be aware of the requirements and ensure that they are complying with them.

Members who fail to identify the need for a PC may find themselves liable to disciplinary action under ICAS' Rules and Regulations.

What is the Authorisation Committee?

The Authorisation Committee is appointed by the Regulation Board to be responsible for granting, supervising, suspending, and removing the regulatory licences issued by ICAS, including PCs. The Committee normally meets six times a year and comprises a mixture of CAs and lay members.

Where are the PC requirements?

The PC requirements for members are set out in the ICAS Rules and in the Public Practice Regulations, which are available for review on the [ICAS website](#).

The details are mostly in the Public Practice Regulations, with the Rules (7.1.1) simply stating that members shall only engage in practice if they are complying with the Regulations

When are members considered to be engaging in practice?

Regulation 3.4 of the Public Practice Regulations states that members will be considered to be engaging in practice if they satisfy one of two conditions:

1. They are providing accountancy or related services to someone other than their employer, for a fee.
2. They are a principal in a firm providing accountancy or related services, or deemed by the Authorisation Committee to be holding themselves out as such a principal.

Regulation 3.1 confirms that members who are engaging in practice must hold a PC, unless they are otherwise exempt. The various grounds for exemption are covered in this guidance.

What is the geographic coverage of ICAS' PC requirements?

When considering the geographic coverage of the PC requirements, there are two aspects to consider: (1) the location of the practising member, and (2) the location of the member's clients.

Member's location

A member engaging in practice must hold a PC if they are based in the UK, which, for the purposes of this guidance, includes Scotland, England, Wales, Northern Ireland, the Channel Islands, and the Isle of Man. The location of clients is not relevant so long as the member is based in the UK.

Client location

A member engaging in practice outside the UK will only be required to hold a PC if they are providing accountancy or related services to clients based in the UK.

Even if a PC is not required from ICAS, members working outside the UK should make sure they understand the regulatory requirements in the country or countries where they are working.

What do the Regulations mean by ‘accountancy or related services’?

Appendix 1 contains a list of services which the Authorisation Committee considers to be accountancy or related services for the purpose of the guidance. As this is not a definitive list, any members with doubts over the treatment of their services should contact ICAS.

What if accountancy or related services are not the core service provided?

ICAS previously did not require members to hold a PC if the accountancy services provided were deemed to be incidental to the core services of a firm, which were not accountancy or related services.

This has always been a complicated area, with queries to ICAS demonstrating that there were very few instances where the accountancy services provided satisfied the incidentality test. As such, the exclusion appeared to create confusion for some members who ought to have held PCs.

In addition, the incidentality exclusion created a disconnect with the requirements of the [Money Laundering Regulations](#), which do not include similar provisions, with no *de minimis* level for accountancy services.

Therefore, to clarify the position for members, and to ensure consistency with the Money Laundering Regulations, ICAS decided in 2024 that the PC requirement should apply for members where the services provided by the firm require to be supervised for AML.

While the Authorisation Committee retains its power to grant a member an exemption from the requirement to hold a PC, and might still choose to exercise it where questions over incidentality arise, it is anticipated that this will apply in exceptional circumstances only.

What do the Regulations mean by a principal?

‘Principal’ is defined in the ICAS Rules as “*a sole practitioner or a partner or member or director of an entity*”. This should be given a wide interpretation, covering various corporate structures, salaried and equity partners, and members of an LLP.

References to ‘directors’ also have a broad scope, including statutory directors, de facto directors, and shadow directors of a company.

When might a member be considered as being held out as a principal?

Individuals being held out as principals are also considered to be engaging in practice and must hold a PC. This might happen where clients of the firm have been led to believe, or might reasonably otherwise assume, that a member is a principal in a firm. Another example would be where there are no other accountants in positions of seniority in the firm who are members of an accountancy body.

As firms take different approaches to job titles, there may be instances where a member’s job title include director or partner but they are not considered by the firm to be a principal. In such circumstances, it must be made clear to clients that such members are not principals (e.g. through information in the firm’s terms of engagement, on its website, or on its letterhead).

PC requirements for statutory regulatory schemes

Members who are regulated by ICAS in relation to statutory schemes may also require to hold a PC, in addition to such separate licences as may be required under the scheme.

Audit

ICAS’ Audit Regulations state that all Responsible Individuals (RIs) must hold a PC, regardless of whether or not they are a principal in the firm. This is a key requirement of the audit eligibility provisions so should not be overlooked.

An RI can only be granted a PC by the body of which they are a member, regardless of who licences the firm for audit. By way of example:

- An ICAS member who is an RI in a firm licensed for audit by ICAEW must hold an ICAS PC.
- An ICAEW member who is an RI in a firm licensed for audit by ICAS must hold an ICAEW PC.

This requirement also applies to members signing accountants' reports under the ATOL scheme.

Insolvency

ICAS' Insolvency Regulations, as supported by associated eligibility guidance, state that all Insolvency Practitioners (IPs) who accept appointments must hold a PC if they are a member of a professional body which issues such authorisations. All IPs who are licensed by ICAS must hold an ICAS PC.

Financial services

Members do not need to hold a PC if they are a principal in a financial services firm which is authorised by the Financial Conduct Authority (FCA) or the Prudential Regulation Authority (PRA), where the firm is not providing accountancy or related services.

However, members in firms authorised by ICAS under the Designated Professional Body (DPB) scheme are required to hold PCs.

PC requirements for charities and non-profit organisations

Members will not normally require a PC if they are providing accountancy services to small charitable, community, religious or sporting bodies (or similar non-profit organisations), providing the member is not conducting this work 'by way of business'. A member will not be conducting this work 'by way of business' where they:

- Are conducting the work free of charge or for a token non-monetary benefit or reward given voluntarily by the charity or non-profit organisation. A non-monetary benefit or reward will only be considered 'token' if it is reasonably assessed to have an equivalent monetary value of £50 or less.
- Are undertaking no more than 10 such appointments.
- Are not conducting an audit.
- Are not undertaking independent examinations for bodies where the independent examination must be carried out by a member of a professional body set out in legislation.
- Are undertaking work as a lay auditor of a small society under the audit exemption provisions of the Co-operative and Community Benefit Societies Act 2014.
- Do not require AML supervision for the work in accordance with the Money Laundering Regulations.

Members who do not require a PC on the basis of the above should ensure that they have confirmed in writing to the relevant organisation(s) that they do not hold a PC and do not have PII.

Do sub-contractors and consultants need PCs?

Due to the variety of subcontractor and consultant roles available, members are advised to contact ICAS to discuss whether a PC is required. While this will largely depend on the nature of the contract with the firm or client, positive answers to the following questions may indicate that a PC is required:

- Does the member's work require AML supervision in accordance with the Money Laundering Regulations?
- Does the member bear the risk if something goes wrong?
- Does the member hold PII?
- Is the member fronting the work for clients?

Where a member is working under a contract of service i.e. an employment contract, they do not require a PC. However, if a member is working under a contract for services, the default position is that they will need a PC unless they can demonstrate to the Committee's satisfaction that, having regard to the above bullet points, they should be exempt from the requirement to hold a PC.

PC requirements for fractional Chief Financial Officer (CFO) / Finance Directors (FD)

While providing fractional CFO/FD services may not automatically be considered to be 'in practice' in the traditional sense, it is possible that providing these services will fall within the requirements to have a PC. This is because the work being carried out is likely to be within the definition of 'accounting or related services'. Where this work is being carried out under a contract of employment there will be no requirement to have a PC, as the accounting or related services are being provided to an employer. Where there is no employee/employer relationship then a PC will be required.

Where the services are being provided by the member through a company in which they are a director or shareholder, then even if there is a contract of employment with that company, a PC will be required as in this situation the member is a principal in a company that is providing accounting or related services.

Where the services are being provided as a subcontractor of a third party entity, members are advised to contact ICAS to discuss whether a PC is required (see above - Do sub-contractors and consultants need PCs?).

How do members apply for PCs?

Members who wish to hold a PC must submit an application to ICAS. Further information is available on the ICAS website [here](#). In addition to completing the application form, members will need to provide certain information, including an up-to-date CV and two references.

PC applications can normally be approved within 3-4 weeks from a complete application being received. Where a decision of the Authorisation Committee is required, a decision on approval may take longer.

How long is a PC valid for?

Members will hold PCs providing that they pay their annual fees, submit all information requested by ICAS, do not have the PC removed by the Authorisation Committee, or surrender their PC.

PII requirements

Members holding a PC must also comply with the requirements for professional indemnity insurance (PII) in ICAS' PII Regulations, which are available on the [ICAS website](#).

Consideration should always be given to the benefits of holding PII when providing services to clients, even if a PC is not required.

AML requirements

It is a criminal offence to offer accountancy services without AML supervision, which ICAS conducts in conjunction with the PC regime. Members who receive a PC from ICAS will normally be supervised by ICAS for anti-money laundering (AML). Such supervision may also be required for members who do not require a PC, if their activities fall with the scope of the Money Laundering Regulations and the associated supervision requirements.

There will be few (if any) circumstances where a member providing accountancy services is required to be supervised under the Money Laundering Regulations, but does not also require a PC.

Use of 'Chartered Accountants' and 'CA'

The requirement for members providing accountancy and related services to hold a PC will apply regardless of whether they trade using the designatory letters 'CA', or describe the firm as 'Chartered Accountants'.

FAQs

Appendix 2 contains a list of frequently asked questions, with confirmation of whether a PC would normally be required in each circumstance.

Further information

Further information in respect of the PC requirements can be requested by email: regulatoryauthorisations@icas.com

Appendix 1

The following is a non-definitive list of activities which the Authorisation Committee normally considers to constitute 'accountancy or related services':

- Bookkeeping (i.e. The entry of transactions into the accounting records).
- Preparation of management or financial accounts.
- External audit and assurance services.
- Internal audit of accounting and internal control systems.
- Advice or consultancy on accounting and financial reporting systems.
- Payroll services.
- Preparation of VAT returns.
- Dealing with personal/business tax returns.
- Providing tax advice.
- Representing a client in a tax situation (e.g. Client is having an investigation and needs someone to deal with the tax authorities).
- Investment business advice undertaken under a licence from a designated professional body.
- Preparation of cash flows and budgets.
- Business funding advice.
- Due diligence (i.e. Investigations into the accounting or financial aspects of a transaction such as a company take over).
- Preparation of business plans.
- Management consulting on accountancy activities. Debt counselling and related services.
- Compliance services (including file reviews) supplied to firms of accountants.
- Valuing incorporated and unincorporated businesses, shares and related instruments, and intangible assets.
- Providing an opinion as an 'evaluator' of sales to connected parties out of administration.
- Insolvency appointments (personal and corporate).
- Acting as a Court reporter.
- Expert witness (in relation to accounting or related services).
- Corporate restructuring.
- Forensic accounting.
- Fractional CFO/Quasi FD services (or similar)

These services are not normally regarded by the Authorisation Committee as being 'accountancy or related services':

- Investment business activities conducted under FCA authorisation.
- Acting as an unpaid trustee, treasurer or in similar role in a personal capacity.
- Training services to accounting firms or students.
- Lecturing on accountancy and business subjects.
- Business funding advice where this only involves seeking/negotiating the source of funds.
- Management consulting on non-accounting matters.
- Computer hardware and software installation but not data entry in financial packages.
- Computer training.
- Acting as Director or company secretary under the Companies Act 2016 (as distinct from other services provided) where the company itself does not provide accounting or related services.

It may assist members to consider the following definition of accountancy services which is included in the CCAB's [AML guidance](#) for the accountancy sector:

"Any service which involves the recording, review, analysis, calculation or reporting of financial information, and which is provided under arrangements other than a contract of employment"

Appendix 2

The following is a list of common situations to help members decide if they need a PC. Members undertaking more than one role should be careful to check the requirement for each of their roles.

No.	Circumstances	PC requirement
1	I provide bookkeeping services to a small number of clients on a part time basis.	Yes – for the purpose of this guidance bookkeeping services fall within the definition of accountancy services and therefore you need a PC.
2	My only role is as the marketing principal in an accountancy practice.	Yes – you are a principal in an accountancy firm. Your personal role is irrelevant
3	I am an employee/principal of an entity whose primary purpose is to provide financial services (i.e. services that need a licence from the Financial Conduct Authority or the Prudential Regulation Authority), insurance services, computer installation or computer applications.	No – the entity is not a firm providing accountancy or related services. It is otherwise authorised.
4	I am a principal in an entity whose only activity is to be a principal in the corporate structure of a firm providing accountancy or related services.	Yes – as a principal in an entity that is a principal in accountancy practice you need a PC.
5	I am a non-executive director in an accountancy practice.	Yes – you are a principal in an entity that is providing accountancy services and therefore you need a PC.
6	I have been named as executor in my client's will.	The answer could be yes or no, depending on the circumstances: Yes – if you are charging for your services then you are considered to be in practice and need a PC. No – if you are acting in a personal capacity and are not discharging your duty as executor through the firm, and you are not charging for the estate administration.
7	I am an employee and a responsible individual for audit work.	Yes – it is a requirement of the Audit Regulations that you hold a PC
8	I am an employee holding an insolvency licence from ICAS and I accept insolvency appointments.	Yes – it is a requirement of the Insolvency Regulations that you hold a PC. Note – there is no similar requirement for licence holders that do not take appointments.
9	I hold an insolvency licence from another body and accept insolvency appointments.	Yes – although your licence is not obtained from ICAS you are still in practice, and you need a PC.
10	I have retired but remain with my former practice as a consultant.	No – you are not a principal. However, if you continue to be held out as a principal you do require a PC.

11	I act as an expert in tax matters for one or more accountancy practices.	Yes – you are providing tax advice to a third party, so you do require a PC.
12	I provide audit review services to one or more audit-registered firms	Yes – you are providing accountancy services, so you need a PC.
13	I act as a subcontractor providing accountancy services to one or more accountancy practices.	As this depends on various factors, you are advised to contact ICAS to discuss. If your work legally requires you to have AML supervision then it is likely that a PC will be required.
14	I am the finance director of a company that has nothing to do with providing accountancy services.	You may require a PC. If you are employed by the company then no PC will be required as you are providing accounting or related services to your employer. You will require a PC if you are providing your services on a self-employed basis as you are providing accounting or related services to someone other than your employer for a fee.
15	I am employed by a company in which I am also a director and the company provides Chief Financial Officer/Financial Director services to other entities.	Yes – you are a principal in a company that is providing accounting or related services.
16	I act as a fractional CFO/quasi-FD to entities but provide these as a subcontractor to a third party who engages directly with the ultimate client.	As this depends on various factors, you are advised to contact ICAS to discuss. If your work legally requires you to have AML supervision then it is likely that a PC will be required.
17	I have been asked to undertake an independent examination of a charity. I will not receive a fee.	It depends. If you are undertaking an independent examination which must be carried out by a member of a professional body set out in legislation you require a PC (and PII that meets the minimum requirements of the PII Regulations), even if you undertake the work gratuitously or receive a token non-monetary reward or benefit. If you are undertaking an independent examination which is not required to be carried out by a member of a professional body set out in legislation you do not require a PC if you undertake this work gratuitously or for a token non-monetary reward or benefit. You should clarify your position by a written statement to your client, clearly stating that you do not have a PC or PII.

18	I give time voluntarily to advise the clients of the local Citizens Advice Bureau (or similar).	No – you do not need a PC if you undertake this role gratuitously or receive no more than a token non-monetary reward or benefit.
19	I have a voluntary role as trustee (or treasurer) of a charity which involves preparing the entity's accounts.	No – you do not need a PC if you undertake this role gratuitously or receive no more than a token non-monetary reward or benefit
20	I prepare accounts for a charity. I receive no fee for this work.	No – you do not require a PC if you undertake this work gratuitously or receive no more than a token non-monetary reward or benefit. You should clarify your position by a written statement to your client, clearly stating that you do not have a PC or PII.
21	I am an employee and although not a principal my employer wants me to act as a trustee (or administrator or donee of a power of attorney).	No – you are not being held out as a principal and do not need a PC. Your position as trustee, administrator or donee is part of your employed role but given that such roles come with personal responsibilities you should check that your employer will indemnify you should any claim be made against you.
22	I am a non-executive director and a member of the audit committee of a manufacturing company.	No – as the company does not provide accountancy services and while acting as an officer of a company you are not providing accounting or related services. It is important to ensure that, while acting as an officer of a company you do not stray into day-to-day management activities involving financial expertise as there is a high likelihood that these would encompass accounting or related services where a PC would be required.
23	I act as an interim manager, either personally or through a corporate entity, to businesses.	It depends – where the interim manager services involve accounting services (see Appendix 1) it is likely that you will require a PC. If the interim manager services are for other services, for example supply chain and operational change, digital transformation or cultural change, then a PC will not be required as no accountancy services are being provided. In such circumstances you should have a written statement in place with your client, clarifying your position and explaining that you do not have a PC or hold PII.
24	I have a 'portfolio career' in which I hold a number of different roles.	It depends – the number of roles is irrelevant. Each role should be assessed against the guidance in this statement. You will need a PC if you are considered to be providing accounting or related services in any of your roles.