

## AN ACT

1 Amending the act of May 26, 1947 (P.L.318, No.140), entitled, as  
2 amended, "An act relating to the practice of public  
3 accounting; providing for the examination, education and  
4 experience requirements for certification of certified public  
5 accountants and for the licensing of certified public  
6 accountants, public accountants and firms; requiring  
7 continuing education and peer review; providing for the  
8 organization and ownership of firms and for the procedures  
9 and grounds for discipline and reinstatement of licensees;  
10 prescribing the powers and duties of the State Board of  
11 Accountancy and the Department of State; providing for  
12 ownership of working papers and confidentiality; regulating  
13 the professional responsibility of licensees; defining  
14 unlawful acts and acts not unlawful; providing penalties; and  
15 repealing existing laws," further providing for certificate  
16 requirements, for equivalency practice for individuals and  
17 for equivalency practice for firms and entities.

18 The General Assembly of the Commonwealth of Pennsylvania  
19 hereby enacts as follows:

20 Section 1. Sections 4.2, 5.2 and 5.4 of the act of May 26,  
21 1947 (P.L.318, No.140), known as the CPA Law, reenacted and  
22 amended December 8, 1976 (P.L.1280, No.286) and added July 9,  
23 2008 (P.L.954, No.73), are amended to read:

24 Section 4.2. Requirements for Issuance of Certificate.--(a)  
25 The board shall issue a certificate upon application by an

1 individual who has passed the examination and meets the  
2 education and experience requirements in this section.

3 (b) Before an individual may take the examination, the board  
4 shall be satisfied that the individual:

5 (1) has attained eighteen years of age;

6 (2) is of good moral character; and

7 (3) has graduated with:

8 (i) a baccalaureate or higher degree from a college or  
9 university accredited by a nationally recognized accrediting  
10 agency recognized by the United States Department of Education,  
11 or a college or university approved by the board, and completed  
12 a total of one hundred fifty semester credits of post-secondary  
13 education, including at least a total of twenty-four semester  
14 credits of accounting and auditing, business law, finance or tax  
15 subjects of a content satisfactory to the board and an  
16 additional twelve semester credits in accounting, auditing and  
17 tax subjects of a content satisfactory to the board, not  
18 necessarily as part of the individual's undergraduate or  
19 graduate work;

20 (ii) a baccalaureate degree from a college or university  
21 accredited by a nationally recognized accrediting agency  
22 recognized by the United States Department of Education, or a  
23 college or university approved by the board, and completed at  
24 least a total of twenty-four semester credits, which credits  
25 shall be in accounting and auditing, business law, finance or  
26 tax subjects of a content satisfactory to the board, not  
27 necessarily as a part of his undergraduate work; or

28 (iii) a Master's Degree or other post-graduate degree from a  
29 college or university accredited by a nationally recognized  
30 accrediting agency recognized by the United States Department of

1 Education, or a college or university approved by the board, and  
2 completed at least a total of twenty-four semester credits,  
3 which credits shall be in accounting and auditing, business law,  
4 finance or tax subjects of a content satisfactory to the board,  
5 not necessarily as part of his undergraduate or graduate work.

6 (c) Before an individual who takes the examination under  
7 subsection (b)(3)(ii) or (iii) may be issued a certificate, the  
8 individual must also satisfy the education requirement in  
9 subsection (b)(3)(i).

10 (d) Before an individual may be issued a certificate, the  
11 board shall be satisfied that the individual has completed at  
12 least one year of experience that:

13 (1) was completed within sixty months preceding the date of  
14 application for a certificate;

15 (2) included [not less than four hundred hours of attest  
16 activity in any of the following:

17 (i) public accounting;

18 (ii) as an internal auditor, if the internal audit function  
19 reports to an independent board or similar body responsible for  
20 oversight of the financial reporting process; or

21 (iii) as an auditor with a unit of Federal, State or local  
22 government] providing any type of service or advice involving  
23 the use of accounting, attest, compilation, management advisory,  
24 financial advisory, tax or consulting skills, which were gained  
25 through employment in government, industry, academia or public  
26 practice;

27 (3) was of a caliber satisfactory to the board; and

28 (4) was [supervised] verified by an individual with a  
29 current license to practice public accounting as a certified  
30 public accountant or public accountant in this Commonwealth or

1 another state.

2 (e) The following requirements may be complied with instead  
3 of the otherwise applicable provisions of subsections (b), (c)  
4 and (d):

5 (1) An individual who [takes] took the examination before  
6 December 31, 2011, but [does] did not pass at least one part  
7 taken before that date, may not be issued a certificate until  
8 the individual:

9 (i) has satisfied the education requirement in subsection  
10 (c), if applicable; and

11 (ii) has completed at least one year of experience described  
12 in subsection (d) (2), (3) and (4) within one hundred twenty  
13 months preceding the date of application for a certificate.

14 (2) An individual who [passes] passed at least one part of  
15 the examination taken before December 31, 2011, pursuant to  
16 subsection (b) (3) (ii), may be issued a certificate before or  
17 after December 31, 2011, without satisfying the education  
18 requirement in subsection (c), but not until the individual has  
19 completed at least two years of experience that satisfies the  
20 requirements in subsection [(d) (3)] (d) (2), (3) and (4) [, except  
21 that the experience must include at least eight hundred hours of  
22 attest activity]. The experience may be completed within one  
23 hundred-twenty months preceding the date of application for a  
24 certificate.

25 (3) An individual who [passes] passed at least one part of  
26 the examination taken before December 31, 2011, pursuant to  
27 subsection (b) (3) (iii), may be issued a certificate before or  
28 after December 31, 2011, without satisfying the education  
29 requirement in subsection (c) and may complete the one year of  
30 experience required by subsection (d) within one hundred twenty

1 months preceding the date of application for a certificate.

2 Section 5.2. Practice in this Commonwealth by Individuals  
3 under Substantial Equivalency.--(a) A person may practice  
4 public accounting in this Commonwealth under substantial  
5 equivalency as provided in this section and section 5.4 [if the  
6 state the person is licensed in has also adopted into law a  
7 provision allowing for practice under substantial equivalency  
8 that includes no notice and no fee as provided for in subsection  
9 (b)(9)]. Any determination as to whether substantial equivalency  
10 exists with respect to a state or individual for purposes of  
11 this act shall be consistent with any determination as to  
12 substantial equivalency with respect to that state or individual  
13 made by the National Association of State Boards of Accountancy  
14 National Qualification Appraisal Service.

15 (b) The following apply to practice in this Commonwealth  
16 under substantial equivalency:

17 (1) Notwithstanding any other provision of this act, an  
18 individual whose principal place of business is not in this  
19 Commonwealth and who has a valid certificate or right to  
20 practice public accounting from a state that is substantially  
21 equivalent shall be presumed to have qualifications  
22 substantially equivalent to the Commonwealth's requirements and  
23 shall have all the privileges and obligations of a licensee of  
24 the Commonwealth without the need to obtain a certificate or  
25 license under this act.

26 (2) Notwithstanding any other provision of this act, an  
27 individual whose principal place of business is not in this  
28 Commonwealth and who has a valid certificate or right to  
29 practice public accounting from a state that is not  
30 substantially equivalent shall be presumed to have

1 qualifications substantially equivalent to the Commonwealth's  
2 requirements and shall have all the privileges and obligations  
3 of a licensee of the Commonwealth without the need to obtain a  
4 certificate or license if there is substantial equivalency as to  
5 the individual. In determining whether substantial equivalency  
6 exists as to an individual, the order in which the individual  
7 satisfied the experience, education and examination requirements  
8 shall be disregarded.

9 (3) The exercise by an individual of the right to practice  
10 in this Commonwealth under this section constitutes:

11 (i) sufficient contact with this Commonwealth for the  
12 exercise of personal jurisdiction by the board and the courts of  
13 this Commonwealth over the individual in any action or  
14 proceeding arising out of acts or omissions by the individual;

15 (ii) consent by the individual to the personal and subject  
16 matter jurisdiction and disciplinary authority of the board;

17 (iii) an agreement by the individual to comply with the  
18 provisions of this act and regulations promulgated by the board;  
19 and

20 (iv) consent by the individual to the appointment of the  
21 board of accountancy or other regulatory authority of the state  
22 in which the principal place of business of the individual is  
23 located as the agent upon which process may be served in any  
24 action or proceeding by the board against the individual.

25 (4) An individual who exercises the right to practice under  
26 this section shall be subject to disciplinary action in this  
27 Commonwealth for any act or omission that would subject the  
28 holder of a Pennsylvania certificate or license to disciplinary  
29 action.

30 (5) An individual who passed the Uniform CPA Examination and

1 holds a valid license to practice public accounting issued by  
2 any other state on or before December 31, 2011, may be exempt  
3 from the education requirements in section 4.2(b)(3)(i) and (c)  
4 of this act for purposes of this section.

5 (6) If the board imposes discipline on an individual  
6 exercising the right to practice under this section, the board  
7 shall, as soon as practicable, notify the board of accountancy  
8 or other regulatory authority in each state where the board has  
9 learned during the disciplinary process that the individual has  
10 been granted a certificate or license to practice public  
11 accounting of the imposition of the discipline. If the order  
12 imposing discipline is appealed or stayed, the board shall send  
13 a subsequent notice to each regulatory authority advising of the  
14 filing of the appeal or entry of the stay. As an alternative to  
15 sending the notices to each regulatory authority, the board may  
16 send the notices instead to a multistate enforcement information  
17 network maintained at the time by AICPA or NASBA. The board may  
18 furnish investigative information and the hearing record  
19 relating to the disciplinary proceeding to such other regulatory  
20 authorities upon request.

21 (7) An individual exercising the right to practice under  
22 this section may identify the fact that the individual practices  
23 with a partnership, corporation or other association and may use  
24 its name even if the partnership, corporation or other  
25 association is not a licensee.

26 (8) An individual practicing under this section or a firm or  
27 qualified unlicensed entity practicing under section 5.4 may  
28 provide professional services in this Commonwealth in the same  
29 manner as a licensee, including without limitation, in person or  
30 by mail, telephone or electronic means.

1 (9) The board shall not require a filing or payment of a fee  
2 by an individual, firm or qualified unlicensed entity in  
3 connection with practicing under this section or section 5.4.

4 Section 5.4. Practice by Firms and Unlicensed Entities under  
5 Substantial Equivalency.--(a) A firm may practice public  
6 accounting in this Commonwealth through an individual who is not  
7 a licensee if the individual has the right to practice in this  
8 Commonwealth under section 5.2 of this act [and if the state the  
9 firm is licensed in has also adopted into law a provision  
10 allowing for practice under substantial equivalency that  
11 includes no notice and no fee as provided for in section 5.2(b)  
12 (9) of this act]. The exercise by a firm of the right to  
13 practice through such individuals under this subsection  
14 constitutes an agreement by the firm:

15 (1) to be subject to the jurisdiction and disciplinary  
16 authority of the board with respect to acts or omissions of the  
17 individuals through whom it practices under this subsection;

18 (2) to accept service of process from the board on behalf of  
19 the individuals through whom it practices under this subsection;  
20 and

21 (3) to cooperate in any investigation by the board involving  
22 an individual through which the firm has practiced under this  
23 subsection even if the individual is no longer an owner of or  
24 employed by the firm.

25 (b) A qualified unlicensed entity may practice public  
26 accounting in this Commonwealth through an individual who:

27 (1) has the right to practice in this Commonwealth under  
28 section 5.2 of this act; or

29 (2) is a licensee.

30 (c) The exercise by a qualified unlicensed entity of the



1 right to practice in this Commonwealth under subsection (b)  
2 constitutes:

3 (1) sufficient contact with this Commonwealth for the  
4 exercise of personal jurisdiction by the board and the courts of  
5 this Commonwealth over the qualified unlicensed entity in any  
6 action or proceeding arising out of acts or omissions by an  
7 individual associated with the qualified unlicensed entity in  
8 any capacity;

9 (2) consent by the qualified unlicensed entity to the  
10 personal and subject matter jurisdiction and disciplinary  
11 authority of the board;

12 (3) an agreement by the qualified unlicensed entity to  
13 comply with the provisions of this act and regulations  
14 promulgated by the board; and

15 (4) consent by the qualified unlicensed entity to the  
16 appointment of the board of accountancy or other regulatory  
17 authority of the state in which the principal place of business  
18 of the qualified unlicensed entity is located as the agent upon  
19 which process may be served in any action or proceeding by the  
20 board against the qualified unlicensed entity.

21 (d) As used in this section "qualified unlicensed entity"  
22 means a partnership, corporation or other association that:

23 (1) is not a licensee;

24 (2) does not have an office in this Commonwealth; and

25 (3) may lawfully practice public accounting in another  
26 state.

27 Section 2. This act shall take effect in 60 days.