

**CPA LAW - CERTIFICATE REQUIREMENTS, EQUIVALENCY PRACTICE FOR  
INDIVIDUALS AND EQUIVALENCY PRACTICE FOR FIRMS AND ENTITIES**

**Act of Jun. 19, 2013, P.L. 46, No. 15**

**Cl. 63**

Session of 2013

No. 2013-15

HB 40

AN ACT

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

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

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

Section 4.2. Requirements for Issuance of Certificate.--(a)

The board shall issue a certificate upon application by an individual who has passed the examination and meets the education and experience requirements in this section.

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

- (1) has attained eighteen years of age;
- (2) is of good moral character; and
- (3) has graduated with:

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

(ii) a baccalaureate degree from a college or university accredited by a nationally recognized accrediting agency recognized by the United States Department of Education, or a college or university approved by the board, and completed at

least a total of twenty-four semester credits, which credits shall be in accounting and auditing, business law, finance or tax subjects of a content satisfactory to the board, not necessarily as a part of his undergraduate work; or

(iii) a Master's Degree or other post-graduate degree from a college or university accredited by a nationally recognized accrediting agency recognized by the United States Department of Education, or a college or university approved by the board, and completed at least a total of twenty-four semester credits, which credits shall be in accounting and auditing, business law, finance or tax subjects of a content satisfactory to the board, not necessarily as part of his undergraduate or graduate work.

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

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

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

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

(i) public accounting;

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

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

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

(4) was [supervised] **verified** by an individual with a current license to practice public accounting as a certified public accountant or public accountant in this Commonwealth or another state.

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

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

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

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

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

(3) An individual who [passes] **passed** at least one part of the examination taken before December 31, 2011, pursuant to subsection (b) (3) (iii), may be issued a certificate before or after December 31, 2011, without satisfying the education requirement in subsection (c) and may complete the one year of experience required by subsection (d) within one hundred twenty months preceding the date of application for a certificate.

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

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

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

(2) Notwithstanding any other provision of this act, an individual whose principal place of business is not in this Commonwealth and who has a valid certificate or right to practice public accounting from a state that is not substantially equivalent shall be presumed to have qualifications substantially equivalent to the Commonwealth's requirements and shall have all the privileges and obligations of a licensee of the Commonwealth without the need to obtain a certificate or license if there is substantial equivalency as to the individual. In determining whether substantial equivalency exists as to an individual, the order in which the individual satisfied the experience, education and examination requirements shall be disregarded.

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

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

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

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

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

(4) An individual who exercises the right to practice under this section shall be subject to disciplinary action in this

Commonwealth for any act or omission that would subject the holder of a Pennsylvania certificate or license to disciplinary action.

(5) An individual who passed the Uniform CPA Examination and holds a valid license to practice public accounting issued by any other state on or before December 31, 2011, may be exempt from the education requirements in section 4.2(b)(3)(i) and (c) of this act for purposes of this section.

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

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

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

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

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

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

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

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

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

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

(2) is a licensee.

(c) The exercise by a qualified unlicensed entity of the right to practice in this Commonwealth under subsection (b) constitutes:

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

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

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

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

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

(1) is not a licensee;

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

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

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

APPROVED--The 19th day of June, A.D. 2013.

TOM CORBETT