



RULE-MAKING ORDER
(RCW 34.05.360)

CR-103 (7/10/97)

Agency: Board of Accountancy

- Permanent Rule**
- Emergency Rule**
- Expedited Adoption**
- Expedited Repeal**

(1) Date of adoption: 4/28/00

(2) Purpose:

To prescribe the procedures entities must follow to register and maintain offices established for the practice of public accounting in the state of Washington

(3) Citation of existing rules affected by this order:

Repealed:

Amended: WAC 4-25-750 What are the CPA firm licensing requirements?

Suspended:

(4) Statutory authority for adoption: RCW 18.04.055(8), 18.04.195, and 18.04.205

Other authority:

PERMANENT RULE ONLY (including EXPEDITED ADOPTION):

Adopted under notice filed as WSR 00/07/00 on 3/3/00 (date).

Describe any changes other than editing from proposed to adopted version: None

EMERGENCY RULE ONLY

Under RCW 34.05.350 the agency for good cause finds:

- (a) That immediate adoption, amendment, or repeal of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observing the time requirements of notice and opportunity to comment upon adoption of a permanent rule would be contrary to the public interest.
- (b) That state or federal law or federal rule or a federal deadline for state receipt of federal funds requires immediate adoption of a rule.

Reasons for this finding:

EXPEDITED REPEAL ONLY

Under Preproposal Statement of Inquiry filed as WSR _____ on _____ (date).

(5.3) Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

- Yes
- No

If Yes, explain:

(6) Effective date of rule:

**Permanent Rules
or Expedited Rule Making**

- 31 days after filing
- Other (specify) 6/30/00*

*(If less than 31 days after filing specific finding in 5.3 under RCW 34-05.380(3) is required)

Emergency Rules

- Immediately
- Later (specify) _____

NAME (TYPE OR PRINT)

Dana M. McInturff, CPA

SIGNATURE

TITLE

Executive Director

DATE

05/08/00

CODE REVISER USE ONLY

CODE REVISER'S OFFICE
STATE OF WASHINGTON
FILED

MAY 15 2000

TIME 2:05 AM
PM

WSR 00-11-074

Note: If any category is left blank, it will be calculated as zero.
No descriptive text.

Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.

The number of sections adopted in order to comply with:

Federal statute:	New	_____	Amended	_____	Repealed	_____
Federal rules or standards:	New	_____	Amended	_____	Repealed	_____
Recently enacted state statutes:	New	_____	Amended	_____	Repealed	_____

The number of sections adopted at the request of a nongovernmental entity:

New _____ Amended _____ Repealed _____

The number of sections adopted on the agency's own initiative:

New _____ Amended 1 Repealed _____

The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New _____ Amended 1 Repealed _____

The number of sections adopted using:

Negotiated rule making:	New	_____	Amended	_____	Repealed	_____
Pilot rule making:	New	_____	Amended	_____	Repealed	_____
Other alternative rule making:	New	_____	Amended	<u>1</u>	Repealed	_____

AMENDATORY SECTION (Amending WSR 99-18-117, filed 9/1/99, effective 1/1/00)

WAC 4-25-750 (~~(Firm license.)~~) What are the CPA firm licensing requirements? (~~((1) A licensee may only practice public accountancy in a CPA firm organized as:~~

- ~~(a) A proprietorship,~~
- ~~(b) A partnership,~~
- ~~(c) A professional corporation,~~
- ~~(d) A limited liability company,~~
- ~~(e) A limited liability partnership, or~~
- ~~(f) Some other form of legal entity authorized by statute for use by a CPA firm.~~

~~(2) A CPA firm shall apply to the board for a license to practice public accountancy within ninety days of formation. A CPA firm shall apply for renewal of its license no later than sixty days prior to expiration of the firm's current license. The board will not accept a firm license renewal application unless it is accompanied by all applicable renewal and late filing fees.~~

~~(3) An application for a firm license shall include the:~~

- ~~(a) Firm name,~~
- ~~(b) Addresses and telephone numbers of the main office and any branch offices of the firm,~~
- ~~(c) Name of the manager of each branch office,~~
- ~~(d) Owners' names and the states in which they hold CPA licenses,~~
- ~~(e) Names of corporate directors, limited liability company managers, and all firm officers, and~~
- ~~(f) Type of legal organization under which the firm operates (such as, general partnership or limited liability company).~~

~~(4) Firm licenses expire on June 30 of the third year after the board issues a firm's initial license and on June 30 of each third year after the initial license expires.~~

~~(5) A CPA firm shall file with the board a written notification of any of the following events within ninety days after its occurrence:~~

- ~~(a) Formation or dissolution of a CPA firm,~~
- ~~(b) Admission of an owner,~~
- ~~(c) Retirement or death of an owner,~~
- ~~(d) Any change in the name of the firm,~~
- ~~(e) Change in the management of any branch office,~~
- ~~(f) Opening, closing, or relocating of a branch office, and~~
- ~~(g) The occurrence of any event that would cause the firm to be in violation of the provisions of the act or these rules.~~

~~A change in the legal form of a firm constitutes a new firm. Accordingly the new firm shall within ninety days of the change file an application for a firm license and pay the applicable~~

fee.) A licensee may only practice public accountancy in a licensed CPA firm. An entity wishing to practice as a CPA firm must first obtain a CPA firm license from the board.

(1) How may a CPA firm be organized? A CPA firm may be organized as:

- (a) A proprietorship;
- (b) A partnership;
- (c) A professional corporation (PC) or professional service corporation (PS);
- (d) A limited liability company (LLC);
- (e) A limited liability partnership (LLP); or
- (f) Any other form of legal entity authorized by statute for use by a CPA firm.

Each proprietor, partner, shareholder or member who is either resident or practicing public accountancy in this state must hold a valid Washington state CPA license. A nonresident owner must be a licensee of at least one state.

A change in the legal form of a firm constitutes a new firm. Accordingly, the new entity must first obtain a CPA firm license from the board.

(2) What are the requirements for a branch office? A branch office is an office of a CPA firm which is physically separated from the main office. A branch office must be under the direct supervision of a resident licensee manager who is present a minimum of eighty percent of the time the branch office is open for business. A branch office operates under the CPA firm license of the main office.

(3) How do I apply for an initial CPA firm license? To apply for an initial CPA firm license you must use the application form provided by the board. You must submit the completed form, all applicable fees, and all required documentation to the board's office. When completing the application for a CPA firm license, you must include the following information:

- The firm name;
- Address and telephone number of the main office and any branch offices of the firm;
- Name of the managing licensee of the main office and the managing licensee of each branch office;
- Owners' names and the states in which they hold CPA licenses;
- Names of corporate directors, limited liability company managers, and all officers; and
- Type of legal organization under which the firm operates.

An application is not complete and cannot be processed until all fees, required information, and required documentation is received by the board. Upon completion of processing, a CPA firm license will be mailed to the main office at the last address provided to the board.

The initial CPA firm license will expire on June 30 of the third calendar year following initial licensure.

(4) How do I renew a CPA firm license? To renew a CPA firm license you must use the form provided by the board. In January of

the year of expiration, a renewal form will be mailed to the main office at the last address provided to the board.

To renew a CPA firm license you must submit a properly completed renewal form, all applicable fees and all required documentation to the board by April 30th of the year of expiration. A renewal application is not complete and cannot be processed until all fees, required information, and required documentation is received by the board. Upon completion of processing, the CPA firm license will be mailed to the main office at the last address provided to the board.

The CPA firm license will expire on June 30 of the third calendar year following the date of renewal.

(5) **When must I notify the board of changes in the CPA firm?**

A CPA firm must provide the board written notification of the following within ninety day of its occurrence:

(a) Formation or dissolution of a CPA firm;

(b) Admission or departure of an owner;

(c) Any change in the name of the firm;

(d) Change in the managing licensee of the main office or of any branch office;

(e) Opening, closing, or relocating of the main office or of any branch office; and

(f) The occurrence of any event that would cause the firm to be in violation of the provisions of the Public Accountancy Act (chapter 18.04 RCW) or these rules.