

WSR 24-21-125

PROPOSED RULES

BOARD OF ACCOUNTANCY

[Filed October 22, 2024, 8:36 a.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 24-11-009.

Title of Rule and Other Identifying Information: WAC 4-30-057  
Limitations on CPA-inactive and CPA-retired, and 4-30-058 Other au-  
thorized titles.

Hearing Location(s): On January 31, 2025, at 9:00 a.m., at the  
Radisson Hotel Seattle Airport, 18118 International Boulevard, San  
Juan Rooms 2 and 3, Seattle, WA 98188; or Microsoft Teams meeting. The  
link to join the meeting will be available on the board of accountan-  
cy's (board) website approximately two weeks before the hearing date  
at <https://acb.wa.gov/next-board-meeting>. A phone number will be pro-  
vided as well in case you are unable to attend online.

Date of Intended Adoption: January 31, 2025.

Submit Written Comments to: Kirsten Donovan, Rules Coordinator,  
P.O. Box 9131, Olympia, WA 98507, email [Kirsten.donovan@acb.wa.gov](mailto:Kirsten.donovan@acb.wa.gov),  
fax 360-664-9190, by January 29, 2025.

Assistance for Persons with Disabilities: Contact Kirsten Dono-  
van, rules coordinator, phone 360-664-9191, fax 360-664-9190, TTY 711,  
email [Kirsten.donovan@acb.wa.gov](mailto:Kirsten.donovan@acb.wa.gov), by January 29, 2025.

Purpose of the Proposal and Its Anticipated Effects, Including  
Any Changes in Existing Rules: The board proposes adoption of new  
rule, WAC 4-30-057, to provide guidance on CPA-inactive and CPA-re-  
tired allowable and prohibited activities and restricted title use.

The board proposes amending WAC 4-30-058 to remove subsection (6)  
related to the use of the CPA-retired designation, as this information  
has been moved to WAC 4-30-057.

Reasons Supporting Proposal: See purposes above.

Statutory Authority for Adoption: RCW 18.04.055.

Statute Being Implemented: RCW 18.04.055.

Rule is not necessitated by federal law, federal or state court  
decision.

Name of Proponent: Board of accountancy, governmental.

Name of Agency Personnel Responsible for Drafting, Implementa-  
tion, and Enforcement: Jennifer Sciba, Acting Director, 711 Capitol  
Way South, Suite 400, Olympia, WA 98501, 360-586-0952.

A school district fiscal impact statement is not required under  
RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328. The  
board is not a listed agency in RCW 34.05.328 (5) (a) (i).

This rule proposal, or portions of the proposal, is exempt from  
requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(4).

Scope of exemption for rule proposal:

Is fully exempt.

October 22, 2024  
Jennifer Sciba  
Acting Director

OTS-5947.1

NEW SECTION**WAC 4-30-057 Restrictions on CPA-inactive and CPA-retired.** (1)

**Introduction.** Effective July 1, 2024, persons holding a license may renew their license in an inactive status. The purpose of this rule is to explain restrictions on the activities of persons while their license is in an inactive status, as well as persons who wish to use the title "CPA-retired."

(2) **CPA-inactive restrictions.** Persons holding an inactive license are prohibited from the practice of public accounting. RCW 18.04.025(9). The "practice of public accounting" means performing or offering to perform by a person or firm holding itself out to the public as a licensee, for a client or potential client, one or more kinds of services involving the use of accounting or auditing skills, including the issuance of "reports," or one or more kinds of management advisory, or consulting services, or the preparation of tax returns, or the furnishing of advice on tax matters. RCW 18.04.025(17).

(3) **CPA-inactive allowable activities.** Persons holding an inactive license may perform or offer to perform services in an employer-employee relationship in industry, government, nonprofit, or education, or uncompensated work such as a volunteer, trustee, director, or executor.

(4) **CPA-inactive prohibited activities.** Persons holding an inactive license may not perform or offer to perform public accounting services:

(a) As an independent contractor in industry, government, nonprofit, or education;

(b) For compensation as a trustee, director, or executor;

(c) As a sole practitioner offering to perform services for a client or potential client; or

(d) As part of a CPA firm either offering to perform services for a client or potential client or working in purely an administrative role.

For the purpose of this section, "compensation" does not include reimbursement of actual expenses or a limited per diem allowance for expenses.

(5) **CPA-inactive conversion to active status.** At any time, persons holding an inactive license may apply to convert their license status from inactive to active. See WAC 4-30-120.

(6) **CPA-inactive professional conduct rules.** Persons holding an inactive license are subject to the following rules for ethics and prohibited practices:

(a) Integrity and objectivity. See WAC 4-30-040;

(b) General standards. See WAC 4-30-046;

(c) Compliance with standards. See WAC 4-30-048;

(d) Accounting principles. See WAC 4-30-049;

(e) Acts discreditable. See WAC 4-30-052;

(f) Form of organization and name. See WAC 4-30-056;

(g) Other authorized titles. See WAC 4-30-058.

(7) **CPA-inactive continuing professional education (CPE).** Persons holding an inactive license have limited CPE requirements for renewal. See WAC 4-30-134. However, persons holding an inactive license are still required to maintain professional competence in all their allowable roles regardless of limited CPE requirements for renewal.

(8) **CPA-inactive restricted title use.** Persons holding an inactive license may only use the title "CPA-inactive" and are prohibited from using the titles "certified public accountant" or "CPA." Persons

holding an inactive license may not perform any of the activities in subsection (4) of this section regardless of whether or not they use the title "CPA-inactive."

(9) **CPA-retired.** Persons who have reached 60 years of age and hold a license in good standing in either an active or inactive status, may apply to retire their license. When their license is in a retired status, they may then use the title "CPA-retired."

(10) **CPA-retired allowable activities.** The title "CPA-retired" may be used when performing uncompensated services such as a volunteer, trustee, director, or executor.

(11) **CPA-retired prohibited activities.** Persons who have retired their license may not use the title "CPA-retired" to perform or offer to perform services:

(a) In an employer-employee relationship in industry, government, nonprofit, or education;

(b) As an independent contractor in industry, government, nonprofit, or education;

(c) For compensation as a trustee, director, or executor;

(d) As a sole practitioner offering to perform services for a client or potential client; or

(e) As part of a CPA firm either offering to perform services for a client or potential client or working in purely an administrative role.

For the purpose of this section, "compensation" does not include reimbursement of actual expenses or a limited per diem allowance for expenses.

(12) **Renewal out of retirement.** At any time, persons who have retired their license may apply to renew as an active licensee. See WAC 4-30-122.

(13) **CPA-retired restricted title use.** Persons who have retired their license are prohibited from using the titles "certified public accountant," "CPA," or "CPA-inactive." However, persons who have retired their license may perform any of the activities in subsection (11) of this section without use of the title "CPA-retired."

(14) **Lapsed licensees.** Persons with a lapsed license are prohibited from using the titles "CPA-inactive," "CPA-retired," as well as the titles "certified public accountant," or "CPA."

## OTS-5948.1

AMENDATORY SECTION (Amending WSR 23-04-088, filed 1/31/23, effective 3/3/23)

**WAC 4-30-058 Other authorized titles.** (1) The board allows the use of other titles by any person regardless of whether the person has been granted a certificate or holds a license if the person using the titles or designations is authorized at the time of use by a nationally recognized entity sanctioning the use of board authorized titles.

(2) Nothing in this chapter prohibits the use of the title "accountant" by any person regardless of whether the person holds a license under this chapter.

(3) Nothing in this chapter prohibits the use of the title "enrolled agent" or the designation "EA" by any person regardless of

whether the person holds a license under this chapter if the person is properly authorized at the time of use to use the title or designation by the Internal Revenue Service (IRS).

(4) The board also authorizes titles and designations authorized by:

(a) The American Institute of Certified Public Accountants (AICPA);

(b) The Association of International Certified Professional Accountants (AICPA);

(c) The Institute of Management Accounts (IMA);

(d) The Accreditation Council for Accountancy and Taxation; and

(e) Certified Financial Planner Board of Standards (CFP Board).

(5) These authorized designations relate to title use only, are not limited to, individuals who have held or are holding a license under the act, and do not authorize these other designated individuals to use the title "certified public accountant" or "CPA," or "CPA-inactive."

~~((6) The board further authorizes the use of the designation "CPA retired" in this state by those individuals who, upon notice to the board to retire a license, meet the following criteria:~~

~~(a) Has reached 60 years of age and holds an active license in good standing; or~~

~~(b) At any age, has held an active license in good standing, not suspended or revoked, to practice public accounting in any state for a combined period of not less than 20 years.)~~