

WSR 23-04-088

PERMANENT RULES

BOARD OF ACCOUNTANCY

[Filed January 31, 2023, 10:10 a.m., effective March 3, 2023]

Effective Date of Rule: Thirty-one days after filing.

Purpose: Rule making is needed for WAC 4-30-040, 4-30-042, 4-30-044, 4-30-046, 4-30-048, 4-30-050, 4-30-052, 4-30-054, 4-30-056, and 4-30-058 to: (1) Simplify the rules by paralleling the rules with the AICPA Code of Professional Conduct (ACIPA Code) and specifically listing any exceptions to the AICPA Code; and (2) rename the rules (with the exception of WAC 4-30-050).

The board of accountancy proposes repealing WAC 4-30-051 as the information contained in this rule was included throughout the ethics and prohibited practices rule sections amended above.

Citation of Rules Affected by this Order: Repealing WAC 4-30-051; and amending WAC 4-30-040, 4-30-042, 4-30-044, 4-30-046, 4-30-048, 4-30-050, 4-30-052, 4-30-054, 4-30-056, and 4-30-058.

Statutory Authority for Adoption: RCW 18.04.055.

Adopted under notice filed as WSR 22-23-050 on November 8, 2022.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 0, Amended 10, Repealed 1.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 0, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, Amended 0, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.

Date Adopted: January 27, 2023.

Michael J. Paquette, CPA
Executive Director

OTS-4190.1

AMENDATORY SECTION (Amending WSR 10-24-009, filed 11/18/10, effective 12/19/10)

~~WAC 4-30-040 ((What are the requirements concerning integrity and objectivity?)) Integrity and objectivity. ((When offering or performing services, licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons must:~~

- ~~• Remain honest and objective;~~
- ~~• Not misrepresent facts;~~
- ~~• Not subordinate their judgment to others; and~~
- ~~• Remain free of conflicts of interest unless such conflicts are specifically permitted by board rule or professional standards listed in WAC 4-30-048.~~

If the language of the professional standards listed in WAC 4-30-048 differ from or conflict with specific board rules, board rules prevail.) (1) In the performance of any professional service, a licensee shall maintain objectivity and integrity, shall be free of conflicts of interest, and shall not knowingly misrepresent facts or subordinate his or her judgment to others.

(2) For the purposes of this rule, "licensees" includes licensees, licensees with an inactive status, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(2), and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195.

[Statutory Authority: RCW 18.04.055(2). WSR 10-24-009, amended and recodified as § 4-30-040, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-620, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-620, filed 12/16/04, effective 1/31/05; WSR 02-04-064, § 4-25-620, filed 1/31/02, effective 3/15/02; WSR 98-12-048, § 4-25-620, filed 5/29/98, effective 6/29/98. Statutory Authority: RCW 18.40.055 [18.04.055]. WSR 93-22-046, § 4-25-620, filed 10/28/93, effective 11/28/93.]

OTS-4191.1

AMENDATORY SECTION (Amending WSR 10-24-009, filed 11/18/10, effective 12/19/10)

WAC 4-30-042 ((When is independence required?)) Independence.

((When performing professional services for which a report expressing assurance is prescribed by professional standards, licensees, as defined in WAC 4-30-010, CPA inactive certificate holders, nonlicensee firm owners, and employees of such persons must evaluate and maintain their independence so that opinions, reports, conclusions, and judgments will be impartial and viewed as impartial by parties expected to rely on any report expressing assurance by such persons. Such persons are required:

(1) ~~To comply with all applicable independence rules, regulations, and the AICPA code of conduct as referenced in and required by WAC 4-30-048; and~~

(2) ~~To decline engagements for which a report expressing assurance is prescribed by professional standards when such persons have a relationship that could lead a reasonable and foreseeable user to conclude that such persons are not independent.~~

~~Independence is not required when performing a compilation engagement provided the report discloses a lack of independence.) (1) A licensee in public practice shall be independent in the performance of professional services as required by standards promulgated by the appropriate body for each service undertaken.~~

~~(2) For the purposes of this rule, "licensees" includes licensees, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(2), and out-of-state firms permitted to offer or render cer-~~

tain professional services in this state under the conditions prescribed in RCW 18.04.195.

[Statutory Authority: RCW 18.04.055(2). WSR 10-24-009, amended and recodified as § 4-30-042, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-622, filed 8/25/08, effective 9/25/08; WSR 03-24-034, § 4-25-622, filed 11/25/03, effective 12/31/03; WSR 98-12-049, § 4-25-622, filed 5/29/98, effective 6/29/98. Statutory Authority: RCW 18.40.055 [18.04.055]. WSR 93-22-046, § 4-25-622, filed 10/28/93, effective 11/28/93.]

OTS-4192.1

AMENDATORY SECTION (Amending WSR 10-24-009, filed 11/18/10, effective 12/19/10)

WAC 4-30-044 (~~(What restrictions govern commissions, referral, and contingent fees?)~~) **Contingent fees.** ((For the purposes of this section, the term "licensed firm" includes any affiliated entity(ies) and the term "firm owner" includes the owner(s) of any affiliated entity(ies)).

~~(1) Licensees and/or their employees must not for a commission recommend or refer to a client any product or service, or for a commission recommend or refer any product or service to be supplied by a client, or receive a commission, when such persons perform compilation, or other professional services for which a report expressing assurance is prescribed by professional standards for that client. This prohibition applies:~~

~~(a) During the period in which such persons are engaged to perform professional services for which a report expressing assurance is prescribed by professional standards; and~~

~~(b) During the period covered by any information for which a report expressing assurance is prescribed by professional standards and a report was issued by such persons.~~

~~(2) Licensees and/or their employees must also not:~~

~~(a) Perform for a contingent fee any professional services for, or receive such a fee from a client for whom such persons perform compilation, or other professional services for which a report expressing assurance is prescribed by professional standards; or~~

~~(b) Prepare an original or amended tax return or claim for a tax refund for a contingent fee for any client.~~

~~(3) The prohibition against contingent fees applies:~~

~~(a) During the period in which such persons are engaged to perform professional services for which a report expressing assurance is prescribed by professional standards; and~~

~~(b) During the period covered by any information for which a report expressing assurance is prescribed by professional standards and a report was issued by such persons.~~

~~(4) Fees are not considered contingent if fixed by courts or other public authorities, or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies.)~~ (1) A licensee in public practice shall not:

(a) Perform for a contingent fee any professional services for, or receive such a fee from a client for whom the licensee or the licensee's firm performs:

(i) An audit or review of a financial statement; or

(ii) A compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence; or

(iii) An examination of prospective financial information; or

(b) Prepare an original or amended tax return or claim for a tax refund for a contingent fee for any client.

(2) The prohibition above applies during the period in which the licensee or licensee's firm is engaged to perform any of the services listed above and the period covered by any historical financial statements involved in any such listed services.

(3) Except as stated in the next sentence, a contingent fee is a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. Solely for purposes of this rule, fees are not regarded as being contingent if fixed by courts or other public authorities, or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies.

(4) A licensee's fees may vary depending, for example, on the complexity of services rendered.

(5) Any ~~((person subject to board rules who is not prohibited by this section from performing services for, or receiving a commission, referral or contingent fee and who are paid or expect to be paid accordingly must disclose that fact to any person or entity to whom such persons recommend or refer a product or service to which the commission, referral or contingent fee relates in the manner prescribed below))~~ licensee who is not prohibited by this rule from performing services for a contingent fee must:

(a) Disclose the arrangement in writing and in advance of client acceptance;

(b) Disclose the method of calculating the fee or amount of fee;

(c) Specify the licensee's ~~((, CPA-Inactive certificate holder's, or nonlicensee firm owner's))~~ role as the client's advisor; and

(d) Obtain the client's consent to the fee arrangement in writing.

(6) ~~((Nothing in this rule shall be interpreted to preclude licensees, as defined in WAC 4-30-010, CPA-Inactive certificate holders, or nonlicensee firm owners from purchasing, selling, or merging all or a portion of a licensed firm or affiliated entity or to require disclosure to clients of terms or payments made or received pursuant to the purchase, sale, or merger.))~~ For the purposes of this rule, "licensees" includes licensees, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(2), and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195.

[Statutory Authority: RCW 18.04.055(2). WSR 10-24-009, amended and recodified as § 4-30-044, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-626, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-626, filed 12/16/04, effective 1/31/05; WSR

02-04-064, § 4-25-626, filed 1/31/02, effective 3/15/02; WSR 01-03-012, § 4-25-626, filed 1/5/01, effective 2/5/01; WSR 98-12-055, § 4-25-626, filed 5/29/98, effective 6/29/98.]

OTS-4194.1

AMENDATORY SECTION (Amending WSR 10-24-009, filed 11/18/10, effective 12/19/10)

WAC 4-30-046 ~~((What are the requirements concerning competence?))~~ **General standards.** ~~((Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons must not undertake to perform any professional service unless such persons can reasonably expect to complete the service with professional competence.))~~ (1) Licensees shall comply with the following general standards:

(a) Professional competence. Undertake only those professional services that the licensee or the licensee's firm can reasonably expect to be completed with professional competence.

(b) Due professional care. Exercise due professional care in the performance of professional services.

(c) Planning and supervision. Adequately plan and supervise the performance of professional services.

(d) Sufficient relevant data. Obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to any professional services performed.

(2) For the purposes of this rule, "licensees" includes licensees, licensees with an inactive status, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(2), and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195.

[Statutory Authority: RCW 18.04.055(2). WSR 10-24-009, recodified as § 4-30-046, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-630, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-630, filed 12/16/04, effective 1/31/05; WSR 02-04-064, § 4-25-630, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.40.055 [18.04.055]. WSR 93-22-046, § 4-25-630, filed 10/28/93, effective 11/28/93.]

OTS-4195.1

AMENDATORY SECTION (Amending WSR 11-07-070, filed 3/22/11, effective 4/22/11)

WAC 4-30-048 ~~((Compliance is required with which rules, regulations and professional standards?))~~ **Compliance with standards.** ~~((Licensees, including out-of-state individuals exercising practice privi-~~

~~leges in this state under RCW 18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195 (1) (b), CPA-Inactive certificate holders, CPA firms, nonlicensee firm owners, and employees of such persons must comply with rules, regulations, and professional standards promulgated by the appropriate bodies for each service undertaken. However, if the requirements found in the professional standards listed in this section differ from the requirements found in specific board rules, board rules prevail.~~

~~Authoritative bodies include, but are not limited to, the Securities and Exchange Commission (SEC); the Public Company Accounting Oversight Board (PCAOB); the Financial Accounting Standards Board (FASB); the Governmental Accounting Standards Board (GASB); the Cost Accounting Standards Board (CASB); the Federal Accounting Standards Advisory Board (FASAB); the U.S. Governmental Accountability Office (GAO); the Federal Office of Management and Budget (OMB); the Internal Revenue Service (IRS); the American Institute of Certified Public Accountants (AICPA), and federal, state, and local audit, regulatory and tax agencies.~~

~~Such standards include:~~

- ~~(1) Statements on Auditing Standards and related Auditing Interpretations issued by the AICPA;~~
- ~~(2) Statements on Standards for Accounting and Review Services and related Accounting and Review Services Interpretations issued by the AICPA;~~
- ~~(3) Statements on Governmental Accounting and Financial Reporting Standards issued by GASB;~~
- ~~(4) Statements on Standards for Attestation Engagements and related Attestation Engagements Interpretations issued by AICPA;~~
- ~~(5) Statements of Financial Accounting Standards and Interpretations, and Staff Positions issued by FASB, together with those Accounting Research Bulletins and Accounting Principles Board Opinions which are not superseded by action of the FASB;~~
- ~~(6) Statement on Standards for Consulting Services issued by the AICPA;~~
- ~~(7) Statements on Quality Control Standards issued by the AICPA;~~
- ~~(8) Statements on Standards for Tax Services and Interpretation of Statements on Standards for Tax Services issued by the AICPA;~~
- ~~(9) Statements on Responsibilities in Personal Financial Planning Practice issued by the AICPA;~~
- ~~(10) Statements on Standards for Litigation Services issued by the AICPA;~~
- ~~(11) Professional Code of Conduct issued by the AICPA including interpretations and ethics rulings;~~
- ~~(12) Governmental Auditing Standards issued by the U.S. Governmental Accountability Office;~~
- ~~(13) AICPA Industry Audit and Accounting Guides;~~
- ~~(14) SEC Rules, Concept Releases, Interpretative Releases, and Policy Statements;~~
- ~~(15) Standards issued by the PCAOB; and~~
- ~~(16) IRS Circular 230;~~
- ~~(17) Any additional national or international standards recognized by the AICPA, PCAOB, SEC and/or GAO.~~

~~If the professional services are governed by standards not included in subsections (1) through (17) of this section, individuals and firms including persons exercising practice privileges under RCW 18.04.350(2) who offer or render professional services in this state~~

~~or for clients located in this state and the firms rendering professional services in this state or for clients located in this state through such qualifying individuals must:~~

~~(a) Maintain documentation of the justification for the departure from the standards listed in subsections (1) through (17) of this section;~~

~~(b) Determine and document what standards are applicable; and~~

~~(c) Demonstrate compliance with the applicable standards.)) (1) A licensee who performs professional services shall comply with standards promulgated by the appropriate body for each service undertaken.~~

~~(2) Authoritative bodies include, but are not limited to, the American Institute of Certified Public Accountants (AICPA), its Code of Professional Conduct, its definitions, and interpretations, and other AICPA standards; the Internal Revenue Code (IRC); the Internal Revenue Service (IRS); and federal, state, and local audit, regulatory and tax agencies; the Securities and Exchange Commission (SEC); the Public Company Accounting Oversight Board (PCAOB); the Financial Accounting Standards Board (FASB); the Governmental Accounting Standards Board (GASB); the Cost Accounting Standards Board (CASB); the Federal Accounting Standards Advisory Board (FASAB); the U.S. Governmental Accountability Office (GAO); and the Federal Office of Management and Budget (OMB).~~

~~(3) However, if the requirements found in the professional standards differ from the requirements found in specific board rules, board rules prevail.~~

~~(4) For the purposes of this rule, "licensees" includes licensees, licensees with an inactive status, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(2), and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195.~~

[Statutory Authority: RCW 18.04.055(2). WSR 11-07-070, § 4-30-048, filed 3/22/11, effective 4/22/11; WSR 10-24-009, amended and recodified as § 4-30-048, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-631, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-631, filed 12/16/04, effective 1/31/05; WSR 02-04-064, § 4-25-631, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055 (2) and (6). WSR 00-11-071, § 4-25-631, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055(6). WSR 98-12-050, § 4-25-631, filed 5/29/98, effective 6/29/98. Statutory Authority: RCW 18.40.055 [18.04.055]. WSR 93-22-046, § 4-25-631, filed 10/28/93, effective 11/28/93.]

OTS-4197.1

AMENDATORY SECTION (Amending WSR 18-04-071, filed 2/2/18, effective 3/5/18)

WAC 4-30-050 ((Records and clients)) Confidential client information. ~~((1) Client: The term "client" as used throughout WAC 4-30-050 and 4-30-051 includes former and current clients. For purposes of this section, a client relationship has been formed when confi-~~

dential information has been disclosed by a prospective client or another authorized person in an initial interview to obtain or provide professional services.

~~(2) **Sale or transfer of client records:** No statement, record, schedule, working paper, or memorandum, including electronic records, may be sold, transferred, or bequeathed without the consent of the client or another authorized person.~~

~~(3) **Disclosure of client confidential records and client relationships:**~~

~~(a) Confidential client communication or information: Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons must not without the specific consent of the client or another authorized person disclose any confidential communication or information pertaining to the client obtained in the course of performing professional services.~~

~~(b) Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons who have provided records to a client or another authorized person are not obligated to provide such records to other individuals associated with the client.~~

~~(c) When a licensee, CPA-Inactive certificate holder, nonlicensee firm owner, or employee is engaged to prepare a married couple's joint tax return, both spouses are considered to be clients, even if the licensee, CPA-Inactive certificate holder, nonlicensee firm owner, or employee was engaged by one spouse and deals exclusively with that spouse.~~

Accordingly, if the married couple is undergoing a divorce and one spouse directs the licensee, CPA-Inactive certificate holder, nonlicensee firm owner, or employee to withhold joint tax information from the other spouse, the licensee, CPA-Inactive certificate holder, nonlicensee firm owner, or employee shall provide the information to both spouses, in compliance with this rule. The licensee, CPA-Inactive certificate holder, nonlicensee firm owner, or employee should consider reviewing the legal implications of such disclosure with an attorney and any responsibilities under any applicable tax performance standards promulgated by the United States Department of Treasury, Internal Revenue Service.

This rule also applies to confidential communications and information obtained in the course of professional tax compliance services unless state or federal tax laws or regulations require or permit use or disclosure of such information.

Consents may include those requirements of Treasury Circular 230 and IRC Sec. 7216 for purposes of this rule, provided the intended recipients are specifically and fully identified by full name, address, and other unique identifiers.

~~(4) **Disclosing information to third-party service providers:** Licensees, CPA-Inactive certificate holders, or nonlicensee firm owners must do one of the following before disclosing confidential client information to third-party service providers:~~

~~(a) Enter into a contractual agreement with the third-party service provider to assist in providing the professional services to maintain the confidentiality of the information and provide a reasonable assurance that the third-party service provider has appropriate procedures in place to prevent the unauthorized release of confidential information to others. The nature and extent of procedures necessary to obtain reasonable assurance depends on the facts and circumstances, including the extent of publicly available information on the third-~~

~~party service provider's controls and procedures to safeguard confidential client information; or~~

~~(b) Obtain specific consent from the client before disclosing confidential client information to the third-party service provider.~~

~~(5) Disclosure of client records in the course of a firm sale, or transfer upon death of a licensee, CPA-Inactive certificate holder, or nonlicensee firm owner.~~

~~A licensee, CPA-Inactive certificate holder, or nonlicensee firm owner, or the successor in interest of a deceased licensee, CPA-Inactive certificate holder, or nonlicensee firm owner, that sells or transfers all or part of a practice to another person, firm, or entity (successor firm) and will no longer retain ownership in the practice must do all of the following:~~

~~(a) Submit a written request to each client subject to the sale or transfer, requesting the client's consent to transfer its files to the successor firm or other entity and notify the client that its consent may be presumed if it does not respond to the licensee, CPA-Inactive certificate holder, or nonlicensee firm owner's request within a period of not less than ninety days, unless prohibited by law. The licensee, CPA-Inactive certificate holder, or nonlicensee firm owner, or successor in interest of a deceased firm owner, should not transfer any client files to the successor firm until either the client's consent is obtained or the ninety days has lapsed, whichever is shorter. The licensee, CPA-Inactive certificate holder, or nonlicensee firm owner must retain evidence of consent, whether obtained from the client or presumed after ninety days.~~

~~(b) It is permissible for the successor in interest of a deceased licensee, CPA-Inactive certificate holder, or nonlicensee firm owner to contract with a responsible custodian to securely store client records until such time as consent or transfer has been obtained.~~

~~(6) This rule does not:~~

~~(a) Affect in any way the obligation of those persons to comply with a lawfully issued subpoena or summons;~~

~~(b) Prohibit disclosures in the course of a quality review of a licensee's attest, compilation, or other reporting services governed by professional standards;~~

~~(c) Preclude those persons from responding to any inquiry made by the board or any investigative or disciplinary body established by local, state, or federal law or recognized by the board as a professional association; or~~

~~(d) Preclude a review of client information in conjunction with a prospective purchase, sale, or merger of all or part of the professional practice of public accounting of any such persons.) (1) A licensee in public practice shall not disclose any confidential client information without the specific consent of the client.~~

~~(2) This rule does not:~~

~~(a) Affect in any way the obligation of those persons to comply with a disclosure required by law or a lawfully issued subpoena or summons;~~

~~(b) Prohibit disclosures in the course of a quality review of a licensee's attest, compilation, or other reporting services governed by professional standards;~~

~~(c) Preclude those persons from responding to any inquiry made by the board or any investigative or disciplinary body established by local, state, or federal law or recognized by the board as a professional association; or Board AICPA Rules;~~

(d) Preclude a review of client information in conjunction with a prospective purchase, sale, or merger of all or part of the professional practice of public accounting of any such persons.

(3) It is permissible for the successor in interest of a deceased or incapacitated licensee to contract with a responsible custodian to securely store client records until such time as consent to transfer records has been obtained.

(4) For the purposes of this rule, "licensees" includes licensees, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(2), and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195.

[Statutory Authority: RCW 18.04.055 and 2017 c 304. WSR 18-04-071, § 4-30-050, filed 2/2/18, effective 3/5/18. Statutory Authority: RCW 18.04.055(2), 18.04.405(1). WSR 13-04-011, § 4-30-050, filed 1/25/13, effective 2/25/13. Statutory Authority: RCW 18.04.055(2), 18.04.390(4)(b), and 18.04.405(1). WSR 11-06-062, amended and recodified as § 4-30-050, filed 3/2/11, effective 4/2/11; WSR 08-18-016, § 4-25-640, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-640, filed 12/16/04, effective 1/31/05; WSR 03-24-033, § 4-25-640, filed 11/25/03, effective 12/31/03. Statutory Authority: RCW 18.04.055(2). WSR 02-22-082, § 4-25-640, filed 11/5/02, effective 12/31/02. Statutory Authority: RCW 18.04.055 [18.04.055]. WSR 93-22-046, § 4-25-640, filed 10/28/93, effective 11/28/93.]

OTS-4198.1

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 4-30-051 Client records.

OTS-4199.1

AMENDATORY SECTION (Amending WSR 10-24-009, filed 11/18/10, effective 12/19/10)

WAC 4-30-052 ((What acts are considered discreditable?)) Acts discreditable. ((Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons must not:

(1) Commit, or allow others to commit in their name, any act that reflects adversely on their fitness to represent themselves as a CPA, CPA-Inactive certificate holder, CPA firm, or a firm owner;

(2) Seek to obtain clients by the use of coercion, intimidation or harassing conduct; or

~~(3) Permit others to carry out on their behalf, either with or without compensation, acts which violate the rules of conduct.)) (1) A licensee shall not commit an act discreditable to the profession.~~

(2) For the purposes of this rule, "licensees" includes licensees, licensees with an inactive status, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(2), and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195.

[Statutory Authority: RCW 18.04.055(2). WSR 10-24-009, recodified as § 4-30-052, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-650, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-650, filed 12/16/04, effective 1/31/05; WSR 01-22-036, § 4-25-650, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. WSR 93-22-090, § 4-25-650, filed 11/2/93, effective 12/3/93.]

OTS-4200.1

AMENDATORY SECTION (Amending WSR 10-24-009, filed 11/18/10, effective 12/19/10)

WAC 4-30-054 ((What are the limitations on)) Advertising and other forms of solicitation((?)). ~~((Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons must not make false, fraudulent, misleading, deceptive or unfair statements or claims regarding their services. Examples of such statements or claims include, but are not limited to, statements or claims which:~~

~~(1) Contain a misrepresentation of fact;~~
~~(2) Fail to make full disclosure of relevant facts;~~
~~(3) Imply your professional services are of an exceptional quality, which is not supported by verifiable facts;~~
~~(4) Create false expectations of favorable results;~~
~~(5) Imply educational or professional attainments, specialty designations, or licensing recognition not supported in fact; or~~
~~(6) Represent that professional services will be performed for a stated fee when this is not the case, or do not disclose variables that may reasonably be expected to affect the fees that will be charged.)) (1) A licensee in public practice shall not seek to obtain clients by advertising or other forms of solicitation in a manner that is false, misleading, or deceptive. Solicitation by the use of coercion, over-reaching, or harassing conduct is prohibited.~~

(2) For the purposes of this rule, "licensees" includes licensees, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(2), and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195.

[Statutory Authority: RCW 18.04.055(2). WSR 10-24-009, recodified as § 4-30-054, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-660, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-660,

filed 12/16/04, effective 1/31/05; WSR 02-04-064, § 4-25-660, filed 1/31/02, effective 3/15/02; WSR 00-11-072, § 4-25-660, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055. WSR 93-22-090, § 4-25-660, filed 11/2/93, effective 12/3/93.]

OTS-4201.1

AMENDATORY SECTION (Amending WSR 10-24-009, filed 11/18/10, effective 12/19/10)

WAC 4-30-056 (~~(What are the limitations regarding individual and firm names?)~~) **Form of organization and name.** ((A firm name that does not consist of the name(s) of one or more present or former owners must be approved in advance by the board as not being deceptive or misleading.

~~Misleading or deceptive firm names are prohibited. The following are examples of misleading firm names. The board does not intend this listing to be all inclusive. The firm name:~~

~~(1) Implies it is a legal entity when it is not such an entity (as by the use of the designations "P.C.," "P.S.," "Inc. P.S.," or "L.L.C.");~~

~~(2) Implies the existence of a partnership when one does not exist;~~

~~(3) Includes the name of a person who is neither a present nor a past owner of the firm; or~~

~~(4) Implies educational or professional attainments, specialty designations, or licensing recognition not supported in fact.~~

~~A licensee may not operate under an alias, a firm name, title, or "DBA" that differs from the firm name that is registered with the board. A CPA or a CPA-Inactive certificate holder may not use the title in association with a name that is not registered with the board.)~~ (1) A licensee may practice public accounting only in a form of organization permitted by law or regulation.

(2) A firm name that does not consist of the name(s) of one or more present or former owners must be approved in advance by the board as not being deceptive or misleading.

(3) Misleading or deceptive firm names are prohibited. The following are examples of misleading firm names. The board does not intend this listing to be all inclusive. The firm name:

(a) Implies it is a legal entity when it is not such an entity (as by the use of the designations "P.C.," "P.S.," "Inc. P.S.," or "L.L.C.");

(b) Implies the existence of a partnership when one does not exist;

(c) Includes the name of a person who is neither a present nor a past owner of the firm;

(d) Implies educational or professional attainments, specialty designations, or licensing recognition not supported in fact; or

(e) Includes the terms "& Company", "& Associate", or "Group," but the firm does not include, in addition to the named partner, shareholder, owner, or member, at least one other unnamed partner, shareholder, owner, member, or staff employee.

(4) Licensed firms and unlicensed firms.

(a) No licensed firm may operate under an alias, a firm name, title, or "DBA" that differs from the firm name that is registered with the board.

(b) A firm not required to be licensed may not operate under an alias, a firm name, title, or "DBA" that differs from the firm name that is registered with the secretary of state and/or the department of revenue.

(5) For the purposes of this rule, "licensees" includes licensees, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(2), and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195.

[WSR 10-24-009, recodified as § 4-30-056, filed 11/18/10, effective 12/19/10. Statutory Authority: RCW 18.04.055 (4), (8) and 18.04.345(5). WSR 05-01-137, § 4-25-661, filed 12/16/04, effective 1/31/05. Statutory Authority: RCW 18.04.055(8). WSR 01-22-036, § 4-25-661, filed 10/30/01, effective 12/1/01; WSR 00-11-073, § 4-25-661, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.40.055 [18.04.055]. WSR 93-22-046, § 4-25-661, filed 10/28/93, effective 11/28/93.]

OTS-4202.1

AMENDATORY SECTION (Amending WSR 16-17-036, filed 8/9/16, effective 9/9/16)

~~WAC 4-30-058 ((Does the board authorize the use of any other titles or designations?)) Other authorized titles. ((Yes. RCW 18.04.350(14), Practices not prohibited, authorizes the board to allow the use of other titles (designations) if the individual using the title or designation is authorized at the time of use by a nationally recognized entity sanctioning the use of board authorized titles or designations. Accordingly, the board authorizes the use of the following titles and designations:~~

~~(1) Designations or titles authorized by the American Institute of Certified Public Accountants (AICPA);~~

~~(2) Designations or titles authorized by the Accreditation Council for Accountancy and Taxation located in Alexandria, Virginia, or its successor:~~

- ~~• "Accredited Business Accountant" or "ABA";~~
- ~~• "Accredited Tax Preparer" or "ATP"; and~~
- ~~• "Accredited Tax Advisor" or "ATA."~~

~~(3) Designations or titles authorized by the Certified Financial Planner Board of Standards in Denver, Colorado, or its successor:~~

- ~~• "Certified Financial Planner" or "CFP."~~

~~These authorized designations relate to title use only, are not limited to individuals who have held or are holding a license or certificate under the act, and do not authorize these other designated individuals to use the title "certified public accountant" or "CPA," or "CPA-inactive.")~~ (1) The board allows the use of other titles by any person regardless of whether the person has been granted a certifi-

icate 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 (~~sixty~~) 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 (~~twenty~~) 20 years.

[Statutory Authority: RCW 18.04.055. WSR 16-17-036, § 4-30-058, filed 8/9/16, effective 9/9/16. Statutory Authority: RCW 18.04.350(13). WSR 12-10-085, § 4-30-058, filed 5/2/12, effective 6/2/12; WSR 10-24-009, recodified as § 4-30-058, filed 11/18/10, effective 12/19/10. Statutory Authority: RCW 18.04.350(9). WSR 02-17-051, § 4-25-930, filed 8/15/02, effective 9/15/02.]