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CALIFORNIA BOARD OF ACCOUNTANCY (BOARD)

Mission

The mission of the California Board of Accountancy is to protect the public welfare, particularly consumers, by ensuring that only qualified persons and firms are licensed to practice public accountancy and that appropriate standards of competency and practice, including ethics, objectivity, and independence are established and enforced.

The Board:

- Examines applicants and sets educational and experience requirements for California Certified Public Accountants (CPAs) and Public Accountants (PAs).
- Licenses the practice of public accountancy and may deny licensure, revoke, suspend, or refuse to renew any license, permit, or certificate for violation of the California Business and Professions Code or California Code of Regulations.
- By regulation, prescribes, amends, or repeals the rules of professional conduct appropriate to the establishment and maintenance of a high standard of integrity and competency in the profession.

Authority

The Board derives its authority from Business and Professions Code, Division 3, Chapter 1, Article 1 through Article 10 (California Accountancy Act) and the California Code of Regulations, Title 16, Division 1, Article 1 through Article 13 (California Accountancy Regulations). The California Accountancy Act Code and California Accountancy Regulations are available on the Board's Web site at www.dca.ca.gov.

CALIFORNIA PRACTICE PRIVILEGE INFORMATION

Requirements

Effective January 1, 2006, qualified out-of-state CPAs may practice in California as long as the out-of-state CPA's principal place of business is not in California. These practitioners are required to notify the Board that they intend to practice public accountancy in California, swear under penalty of perjury that they are qualified to do so, and pay the required fee.

The Notification and Agreement to Conditions for the Privilege to Practice Public Accounting is accessible through the Board's Web site for an automated on-line submission and is downloadable in PDF format. Practitioners also may contact the Board's Practice Privilege Unit to request this form via U.S. Postal Service.

Unless an individual reports a disqualifying condition, no other documentation is required for submission with the California Practice Privilege Notification Form. However, Notification Forms are subject to audits at any time. Any misrepresentation or omission in the Notification Form may be cause for fines, administrative suspension, disqualification, and even revocation of the California Practice Privilege.

To be eligible for a California Practice Privilege:

1. The individual's principal place of business cannot be located in California.
2. The individual must hold a valid, current license, certificate, or permit to practice public accountancy from another state and meet one of the following requirements:
 - Possess a valid and active license, certificate, or permit from a state deemed by the Board as substantially equivalent and the requirements under which the license, certificate, or permit was issued must be deemed by the Board to be substantially equivalent to the requirements under Section 5093 of the California Accountancy Act, **or**
 - Possess individual education, examination, and experience qualifications that have been determined by the Board to be substantially equivalent to the qualifications under Section 5093 of the California Accountancy Act. In accordance with Title 16, Division 1, Article 4, Section 27(b) of the California Code of Regulations (California Accountancy Regulations), the Board will accept individual qualification evaluations of substantial equivalency completed by the National Association of State Boards of Accountancy's (NASBA) CredentialNet. Information regarding CredentialNet can be found on NASBA's Web site at www.nasba.org; **or**
 - Have continually practiced public accountancy as a CPA under a current, valid license issued by any state for four of the last 10 years.

Substantially Equivalent States

Current as of September 30, 2005

The following 46 jurisdictions have CPA licensure requirements that are deemed by the Board to be substantially equivalent to California's licensure requirements:

Alabama*	Maine	Oklahoma
Alaska	Maryland	Oregon
Arizona	Massachusetts	Pennsylvania
Arkansas	Michigan	Rhode Island
Connecticut	Minnesota	South Carolina
District of Columbia*	Mississippi	South Dakota*
Georgia	Missouri*	Tennessee
Guam	Montana*	Texas
Hawaii	Nebraska*	Utah
Idaho	Nevada	Virginia
Illinois*	New Jersey	Washington*
Indiana	New Mexico	West Virginia*
Iowa*	New York	Wisconsin
Kansas*	North Carolina	Wyoming*
Kentucky	North Dakota	
Louisiana*	Ohio	

* Permit Holders

Safe Harbor Provision

Effective January 1, 2006, notice to the Board is required so that an out-of-state CPA may commence practicing public accountancy under a California Practice Privilege. For out-of-state CPAs with no disqualifying conditions during the period of January 1, 2006, through December 31, 2007, there will be no penalty solely because of late notification, provided notice is given within five business days of commencing practice. If the Notification Form is submitted after practice begins, even if it is submitted within the five-day safe harbor period, the CPA will be required to provide a reason why the notice was submitted after the date practice began in California. A qualified individual who properly submits the Notification Form to the Board within the five-day period shall be deemed to have a California Practice Privilege from the first day of practice in California, unless the individual fails to timely remit the required fee. The Board may issue a fine of \$250 to \$5,000 for notifying the Board more than five business days after commencing practice. In assessing the fine amount, the Board shall consider both aggravating and/or mitigating circumstances.

Notification Form

To obtain a California Practice Privilege, an individual meeting all applicable requirements shall notify the Board by submitting the fully completed Notification Form. No other means of notification is acceptable for a California Practice Privilege. An electronic version of the Notification Form is available for on-line submission. Notification Forms also can be downloaded from the Board's Web site on the Forms/Publications Page. Alternatively, an individual may request the form from the Board's Practice Privilege Unit at *pracprivinfo@cba.ca.gov*, or by telephone at (916) 561-1704. The completed paper version of the Notification Form should be mailed to:

California Board of Accountancy
Practice Privilege Unit
2000 Evergreen Street, Suite 250
Sacramento, California 95815-3832

Notification Fee

The fee for submission of a California Practice Privilege Notification Form without authorization to sign attest reports is \$50. The fee for submission of a California Practice Privilege Notification Form with authorization to sign attest reports is \$100. The Board must receive the \$50/\$100 Notification Fee postmarked within 30 days of the date the Notification Form is submitted to the Board. A California Practice Privilege may be administratively suspended and an individual may be fined if the fee is not received within 30 days.

An individual may be subject to a fine of \$100 to \$500 for the first failure to pay the California Practice Privilege Notification Fee within 30 days of submitting the Notification Form, including attempting to pay with a check that subsequently is dishonored. An individual may be subject to a fine of \$250 to \$1,000 for any subsequent failure to pay the California Practice Privilege Notification Fee within 30 days of submitting the Notification Form, including attempting to pay with a check that is subsequently dishonored.

The Notification Fee is nonrefundable and nontransferable.

Remittance Form

If a completed Notification Form is submitted electronically, a California Practice Privilege Remittance Form will be generated. The Remittance Form must be printed and completed in accordance with the instructions. The fee must accompany the completed Remittance Form. If a printer is unavailable or a Remittance Form cannot be printed, an individual should contact the Board's Practice Privilege Unit by e-mail at *pracprivinfo@cba.ca.gov* or by telephone at (916) 561-1704 and a Remittance Form will be mailed out accordingly.

If an individual chooses to submit a paper version of the Notification Form, the Remittance Form will be included with the Notification Form. If an individual chooses to mail the Remittance Form separately from his or her Notification Form, the required information must be completed exactly as it was provided on the Notification Form, so that the Notification Fee can be properly connected with the correct Notification Form.

Completed Remittance Forms with the Notification Fee should be sent to:

California Board of Accountancy
Practice Privilege Unit
2000 Evergreen Street, Suite 250
Sacramento, California 95815-3832

Term of a California Practice Privilege

A California Practice Privilege commences on the date the Notification Form is submitted electronically to the Board or on the postmark date of a Notification Form submitted to the Board by mail. Practice rights, however, may begin on a date after the submission date if prior Board approval is required. When prior Board approval is required, practice rights commence on the date the California Practice Privilege is approved by the Board. A California Practice Privilege expires one year from the date of submission of the Notification Form.

A California Practice Privilege, including one that is or has been administratively suspended pursuant to Section 5096.4 of the California Accountancy Act, expires one year from the date the Notification Form is submitted to the Board or on the date a subsequent Notification Form is submitted to the Board, whichever occurs first.

A California Practice Privilege held by an applicant for a California CPA license expires one year from the date of submission of the Notification Form or on the date the California CPA license is issued by the Board, whichever occurs first.

A California Practice Privilege holder will be issued an expiration reminder notice 90 days prior to the expiration date of an individual's California Practice Privilege. In the event that the notice is not received, it is the California Practice Privilege holder's responsibility to submit a fully-completed new Notification Form to the Board if he or she wishes to continue practicing public accountancy under a California Practice Privilege.

California CPA Licensure Applicant

An individual who has a pending application for CPA licensure in California may practice in California under a California Practice Privilege. An applicant for CPA licensure is not disqualified for a California Practice Privilege during the period the application is pending as a result of maintaining a principal place of business in this state. A California Practice Privilege will expire and is no longer valid once the California CPA license is issued.

If an application for CPA licensure is denied or deferred, the California Practice Privilege Notification Form may be reviewed to determine whether the applicant for CPA licensure still qualifies for a California Practice Privilege.

Continuing Education Requirements

To qualify for a California Practice Privilege, an individual must meet the continuing education requirements of the state of licensure identified on the Notification Form. Paragraph (2) of subdivision (e) of Section 5096 of the California Accountancy Act indicates that an individual is deemed to have met, for purposes of the California Practice Privilege provisions, the ethics examination and continuing education requirements of this state when the individual has met the examination and continuing education requirements of the state in which the California Practice Privilege is based.

Authorization to Sign Attest Reports

To sign an attest report, California Practice Privilege holders must have completed a minimum of 500 hours of experience in attest services as described in Section 5095 of the California Accountancy Act and Section 12.5 of Title 16 of the California Accountancy Regulations. The authority to sign an attest report is not a requirement to obtain a California Practice Privilege. If an individual chooses to have the authority to sign an attest report, the fee for submission of the Notification Form is \$100.

An individual is not required to provide any supporting documentation at the time the California Practice Privilege Notification Form is submitted. However, the Board has the authority to request documentation from the individual and verify any of the information that he or she has provided on the Notification Form, including whether he or she has fulfilled the California attest experience requirement.

Please note that an individual still may participate in attest engagements even though he or she does not choose to have the authority to sign attest reports or does not meet the 500 hour attest experience requirement. The Notification Fee for submission of a California Practice Privilege without authorization to sign attest reports is \$50.

Disqualifying Conditions

Pursuant to Section 32 of the California Accountancy Regulations, no individual may practice under a California Practice Privilege without prior approval of the Board, if the individual has, or acquires at any time during the term of his or her California Practice Privilege, any of the following disqualifying conditions:

1. The individual is convicted of a crime other than a minor traffic violation.
2. The individual has had a license or other authority to practice a profession issued by a state, federal, or local agency or court or the Public Company Accounting Oversight Board (PCAOB) revoked, suspended, denied, surrendered, put on probationary status, or otherwise sanctioned or limited, except for the following occurrences:

- a. An action by a state board of accountancy, in which the only sanction was a requirement that the individual complete specified continuing education courses.
 - b. The revocation of a license in Item 3 of the Qualification Requirements on the Notification Form is solely because of failure to complete continuing education or failure to renew.
3. The individual is the subject of an investigation, inquiry, or proceeding by or before a state, federal, or local court or agency (including the PCAOB) involving his or her professional conduct.
 4. The individual held a California Practice Privilege that expired while under administrative suspension or with an unpaid fine.
 5. The individual has failed to respond to the satisfaction of the Board to a request for information from the Board regarding a matter related to a current or prior California Practice Privilege.
 6. The individual has been notified by the Board that prior Board approval is required before practice under a new California Practice Privilege may commence.
 7. The individual has had a judgment or arbitration award in an amount greater than \$30,000 entered against him or her in a civil matter involving the professional conduct of said individual.

An individual **must** report to the Board any of the above disqualifying conditions. The Board will review the reported information and notify the individual in writing of its decision.

A California Practice Privilege holder who acquires a disqualifying condition during the term of his or her California Practice Privilege shall cease practicing immediately and shall notify the Board in writing of the disqualifying condition within 30 days of its occurrence. He or she shall not begin practicing again without prior Board approval. Failure to comply with this obligation could result in the issuance of a maximum fine of \$5,000, in addition to any other applicable sanction deemed appropriate by the Board.

A California Practice Privilege holder who reported a disqualifying condition that was previously reviewed and cleared by the Board in a past California Practice Privilege still must report the previously cleared disqualifying condition on any subsequent Notification Forms that are submitted. To expedite the review process, the reported information shall include details of the disqualifying condition as well as details of the item that was cleared by the Board

Denial of a California Practice Privilege

Section 5096.2(a) states a California Practice Privilege can be denied for the following reasons:

- Failure to comply with the California Practice Privilege statutes and regulations (Section 5096-5096.15 of the California Accountancy Act or California Accountancy Regulations Sections 27-35.1).
- Any act that if committed by an applicant for licensure would be ground for denial of a license under Section 480 of the California Business and Professions Code.
- Any act committed by a licensee that would be ground for discipline under Section 5100 of the California Accountancy Act.
- Any act committed outside this state that would be a violation if committed within this state.

As Section 5096.2(c) of the California Accountancy Act indicates, an individual who has been denied a California Practice Privilege may submit a new Notification Form for a new California Practice Privilege not less than one year after the effective date of the notice or decision denying the California Practice Privilege, unless a longer time period, not to exceed three years, is specified in the notice or decision denying the California Practice Privilege.

Administrative Suspension

The right to practice in this state under a California Practice Privilege may be administratively suspended at any time by an order issued by the Board or its Executive Officer. No prior notice or hearing is required. The purpose of an administrative suspension is to conduct a disciplinary investigation, proceeding, or inquiry concerning the representations made in the notice, the individual's competence or qualifications to practice under a California Practice Privilege, failure to respond timely to a Board inquiry or request for information or documents, or failure to pay timely the California Practice Privilege Notification Fee.

Board Requests

A California Practice Privilege holder must respond to any Board inquiry or request for information or documents, and provide to the Board the identified information and documents in a timely manner. In addition to any other applicable sanctions, failure to comply with the obligation to respond to a Board inquiry pursuant to Section 5096(e)(5) of the California Accountancy Act and Section 34 of the California Accountancy Regulations could result in one or more of the following:

1. Issuance of a fine of \$250 to \$5,000.
2. An administrative suspension of a California Practice Privilege.

DISCIPLINARY INFORMATION

Unless performing the activities referenced in Sections 5050(b) and 5054 of the California Accountancy Act, an out-of-state licensee who practices public accountancy in California without obtaining a California CPA License or a California Practice Privilege is in violation of the law and may be subject to prosecution.

A California Practice Privilege is subject to revocation, suspension, fines or other disciplinary sanctions for any conduct that would be ground for discipline against a licensee of the Board or for any conduct in violation of the statutes and regulations governing the California Practice Privilege.

A California Practice Privilege is subject to discipline during any time period in which it is valid, under administrative suspension, or expired.

As authorized by Section 5107 of the California Accountancy Act, the Board may seek to recover its costs for any disciplinary proceeding taken against a California Practice Privilege holder.

An individual whose California Practice Privilege has been revoked may apply for a new California Practice Privilege not less than one year after the effective date of the Board's decision revoking the individual's California Practice Privilege, unless a longer time period, not to exceed three years, is specified in the Board's decision revoking the California Practice Privilege.

MISCELLANEOUS INFORMATION

Public Information

Pursuant to the California Public Records Act (California Government Code Sections 6250-6277), the Board discloses the following information, upon request, and on its Web site at www.dca.ca.gov/cba regarding a California Practice Privilege holder:

1. Name.
2. Address of record.
3. California Practice Privilege ID number.
4. California Practice Privilege status.
5. State of licensure.
6. California Practice Privilege effective date.
7. California Practice Privilege expiration date.
8. Enforcement action.
9. Whether the authority to sign attest reports was requested.

Certain enforcement information also will be available, including names of California Practice Privilege holders for which accusations have been filed and are pending possible enforcement action, summaries of decisions, revoked California Practice

Privileges, California Practice Privileges placed on Administrative Suspension, and summaries for all other enforcement actions.

CPA Firm Information

A CPA firm that is authorized to practice in another state and does not have an office in California may practice public accountancy in this state through a holder of a current and valid California Practice Privilege. Pursuant to Section 5096.13 of the California Accountancy Act, the CPA firm name, address, telephone number and federal taxpayer identification number of all CPA firms with which the California Practice Privilege holder is associated must be provided.

Address of Record

If provided, the CPA firm's address will be used as the individual's address of record unless otherwise indicated. If a CPA firm's address was not provided because the individual is not associated with a CPA firm other than his or her individual name, an address of record must be provided. The Board will send all official correspondence to the address of record. The address of record may be an individual's principal place of business, residence, post office box or mail drop, and may be a California address.

An individual may use a post office box or mail drop as his or her address of record. However, an individual also must provide the street address of his or her principal place of business or residence. The "other address" will not be public information.

The California Practice Privilege holder's name and address of record are **public information** pursuant to the California Public Records Act. The California Practice Privilege holder's name, address of record, and California Practice Privilege status, as well as formal disciplinary actions, may be accessed at our Web site through the Board's California Practice Privilege Web Lookup feature.

CHANGES TO THE NOTIFICATION FORM

Section 33 of the California Accountancy Regulations requires each California Practice Privilege holder to notify the Board any change in the information reported on the Notification Form within 30 days of the change. Notification to the Board can be made through the on-line client account or in writing.

A California Practice Privilege holder may submit changes to the information reported on a California Practice Privilege Notification Form electronically by logging in to his or her client account on the Board's Web site and updating his or her Notification Form online. If choosing this method, an individual must make sure that he or she selects the "Update Notice" option. An individual should not select the "Create New Notice" option if only submitting changes to the Notification Form information. Changes to the information reported on the Notification Form also may be submitted by mail or facsimile at (916) 263-3672.

Failure to report changes in the information reported on the Notification Form may result in a fine of \$250 to \$5,000.

Firm/Address of Record Change

To notify the Board of a CPA firm association change and/or an address of record change, the California Practice Privilege holder should visit the Board's Web site at www.dca.ca.gov/cba. The individual can log in to his or her client account and update the contact information online. These changes also may be submitted to the Board by mail or facsimile at (916) 263-3672.

Name Change

A name change must be submitted to the Board in writing. An individual must contact the Board by phone at (916) 561-1704 for further information regarding the documentation that he or she needs to submit.

Changes to State of Licensure Information

If the CPA license used as the basis for qualifying for a California Practice Privilege is renewed during the term of an individual's California Practice Privilege, it must be reported to the Board through his or her online client account or in writing within 30 days of the renewal date. An individual may be subject to a fine of \$250 to \$5,000 for failure to comply with this requirement.

Board Web Site

The Board's Web site is located at www.dca.ca.gov/cba. Important information for CPA/PA licensees, CPA exam applicants, California Practice Privilege holders, and consumers is posted on this site. The site also contains information regarding Board meetings, accepting commissions, license renewal, California Practice Privilege, continuing education, forms, and enforcement actions. Additionally, the site provides the current California Accountancy Act, California Accountancy Regulations, and *UPDATE* publications.

Forms

The following forms are available on the Forms/Publication Page of the Board's Web site:

- *California Practice Privilege Notification Form & Instructions.*
- *California Practice Privilege Remittance Form.*

The forms also may be requested from the Board's Practice Privilege Unit at pracprivinfo@cba.ca.gov or by telephone at (916) 561-1704.

IMPORTANT NOTICE

PLEASE READ BEFORE PROCEEDING TO THE FREQUENTLY ASKED QUESTIONS

Assembly Bill (AB)1868 (Chapter 458, Statutes of 2006) was enacted and became operative on September 25, 2006, introducing additional options to practice public accountancy in California without holding an individual license and/or firm registration with the Board.

AB 1868 does the following:

- Allows a practice privilege holder to practice in California and sign in the name of his or her firm even if the firm is not registered by the Board. Further details are located in [Section 5096.12 of the California Accountancy Act](#).
- Permits foreign accountants to engage in temporary and incidental practice related to engagements in the foreign country, regulated by the foreign country, and performed under the accounting or auditing standards of that country provided the accountant does not hold out as a holder of a California CPA license or a California Practice Privilege. Further details are located in [Section 5050\(c\) of the California Accountancy Act](#).
- Permits out-of-state CPAs, PAs, and public accounting firms to temporarily practice in California incident to practice in another state provided that the individual or out-of-state firm does not solicit California clients, does not assert or imply that the practitioner or firm is licensed or registered to practice public accountancy in California, and does not engage in the development, implementation, or marketing to California consumers of any abusive tax avoidance transaction. Further details are located in [Section 5050\(b\) of the California Accountancy Act](#).

The Board is in the process of reviewing the Practice Privilege statutory and regulatory provisions including a review of the phrase “temporarily practicing in this state incident to practice in another state” found in [Section 5050\(b\) of the California Accountancy Act](#). This review will be occurring during the remainder of 2006 and the first part of 2007. The text of any proposed changes will be posted on the Board’s Web site and there will be ample opportunity for all interested parties to provide input regarding any proposals.

What follows is a group of Frequently Asked that Board staff have anticipated will meet the needs of most people who are seeking information regarding California Practice Privilege. Staff cannot respond to questions regarding specific scenarios. Therefore, if practitioners are unclear about whether the services they provide or intend to provide fall within the scope of temporarily practicing in this state incident to practice in another state, then the option of obtaining a California Practice Privilege or a California CPA license should be considered.

FREQUENTLY ASKED QUESTIONS

General Inquiries

When were the California Practice Privilege provisions effective?

The California Practice Privilege provisions became effective January 1, 2006.

Where can I find the statutes and regulations regarding California Practice Privilege?

Sections 5096 through 5096.15 of the California Business and Professions Code (California Accountancy Act) and Sections 26 through 35.1 of the California Code of Regulations, Title 16, Division 1, Article 4 are available on the Board's Web site at www.dca.ca.gov/cba or from the Practice Privilege Unit at pracprivinfo@cba.ca.gov or (916) 561-1704.

Where can I locate the California Practice Privilege Notification Form?

The California Practice Privilege Notification Form is available on the Board's Web site at www.dca.ca.gov/cba on our Forms/Publications Page or from the Practice Privilege Unit at pracprivinfo@cba.ca.gov or (916) 561-1704.

How do I submit the Notification Form?

You have the option of submitting the Notification Form on-line or by downloading the form from the Web site and submitting it by mail. A California Practice Privilege expires one year from the submission date of the Notification Form. The submission date for a form sent through the mail will be the postmark date. The submission date will be the actual date of transmission for forms that are signed electronically and submitted on-line. The fee required is \$50 for submission of the California Practice Privilege Notification Form without authorization to sign attest reports and \$100 for submission of the California Practice Privilege Notification Form with authorization to sign attest reports. The \$50/\$100 fee must be received by the Board within 30 days of the Notification Form submission date.

What requirements must I fulfill for a practice privilege in California?

To be eligible for a California Practice Privilege:

1. Your principal place of business cannot be located in California.
2. You must hold a valid, current license, certificate, or permit to practice public accountancy from another state and meet one of the following requirements:
 - Possess a valid and active license, certificate, or permit from a state deemed by the Board as substantially equivalent and the requirements under which the license, certificate, or permit was issued must be deemed by the Board to be substantially equivalent to the requirements under Section 5093 of the California Accountancy Act, **or**
 - Possess individual education, examination, and experience qualifications that have been determined by the Board to be substantially equivalent to the qualifications under Section 5093 of the California Accountancy Act. Per

Section 27(b) of the California Accountancy Regulations, the Board will accept individual qualification evaluations of substantial equivalency completed by the National Association of State Boards of Accountancy's (NASBA) CredentialNet. Information regarding CredentialNet can be found on NASBA's Web site at www.nasba.org, **or**

- Have practiced public accountancy as a CPA under a current, valid license issued by any state for four of the last 10 years.
3. If you have any of the disqualifying conditions identified on the California Practice Privilege Notification Form, you may not practice public accountancy in California until you receive Board approval.

I'm a CPA but am not licensed in a state that is deemed substantially equivalent by the California Board of Accountancy. What options do I have to qualify for California Practice Privilege?

You may qualify for California Practice Privilege by meeting either of the following requirements:

1. Have practiced public accountancy as a CPA under a current, valid license issued by any state for four of the last 10 years, **or**
2. Submit documents reflecting successful passage of the CPA examination, college transcripts and documents reflecting completion of experience to the National Association of State Boards of Accountancy's (NASBA) CredentialNet. CredentialNet will evaluate your licensure information and determine equivalency. If deemed substantially equivalent, a file number will be given to you to use for submission of the California Practice Privilege Notification Form. Information regarding CredentialNet can be found on NASBA's Web site at www.nasba.org.

I'm an out-of-state CPA who is applying for licensure in California. Do I have practice rights in California while my application is being processed?

No. To have practice rights while the Board is processing your California licensure application, you must submit the California Practice Privilege Notification Form as well as the applicable fee. The Board must receive the fee within 30 days of your Notification Form submission. Your California Practice Privilege will be terminated at the time your California CPA license is issued by the Board.

As an out-of-state CPA, is there a limit to the number of times I can submit the California Practice Privilege Notification Form as opposed to applying for California licensure?

The statute and regulations pertaining to a California Practice Privilege do not identify a limitation to the number of times you can submit the Notification Form for a practice privilege.

Can I open a California office and practice full or part-time there under a California Practice Privilege?

No. Pursuant to Section 5096(e)(3) of the California Accountancy Act, a California Practice Privilege holder cannot open a California office and provide public accountancy services from that office.

What documentation must I provide with the California Practice Privilege Notification Form?

You are not required to submit documentation with the California Practice Privilege Notification Form unless you identify a disqualifying condition. If you identify a disqualifying condition, you must provide additional information as directed on Attachment 1 of the Notification Form, and you may not practice public accountancy in California until you receive notice from the Board that the privilege has been approved. The Notification Form must be completed in its entirety.

The Board also has the authority to request documentation from you to verify the information you provide on the Notification Form. You are required to reply to a Board request in a timely manner under Section 5096(e)(5) of the California Accountancy Act, which may extend beyond the expiration of your practice privilege.

I am licensed in California and in Texas. My principal place of business is not in California. Can I practice public accountancy in California under practice privilege if my California license is inactive, delinquent, or cancelled?

Yes. You can allow your California CPA license to lapse and practice under a California Practice Privilege as long as you have a valid, current CPA license in another state and meet all requirements to obtain a California Practice Privilege.

You should carefully consider the consequences of allowing your California CPA license to be cancelled. Please review the information in the CPA Licensee Handbook located on the Board's Web site at www.cba.ca.gov, or contact the Licensing Unit at licensinginfo@cba.ca.gov or (916) 561-1701.

I'm a California CPA and prepare tax returns for a few clients in other states. Do other states require a practice privilege in order to continue to serve these clients?

The requirements to practice public accountancy vary among states. It is your responsibility to understand and comply with the laws and requirements of any jurisdiction in which you practice. It is suggested that you contact the relevant state board(s) to determine what is required. Unauthorized practice in another state can be cause for discipline against your California license.

When will my California Practice Privilege expire?

Your California Practice Privilege will expire one year from the submission date of your Notification Form. The submission date for a Notification Form sent through the mail will be the postmark date. The submission date is the actual date of transmission for Notification Forms submitted online. If you wish to continue practicing public accountancy in California subsequent to the expiration date, you must submit a new Notification Form. Submission of a new Notification Form during the term of an existing

California Practice Privilege will automatically terminate the current California Practice Privilege, and a new California Practice Privilege with a one-year term will commence.

If my California CPA license application is not granted, does it affect my California Practice Privilege?

It may affect your California Practice Privilege if your application for CPA licensure is not granted. A review of the California Practice Privilege Notification Form will be performed, and a determination of whether you still qualify for a California Practice Privilege will be made on a case-by-case basis.

Disqualifying Conditions

If I report a disqualifying condition on the Notification Form, when will my California Practice Privilege commence and when will it expire?

If you report a disqualifying condition on your Notification Form, you will not be authorized to practice public accountancy in California until the Board notifies you that the California Practice Privilege has been approved.

Your California Practice Privilege term still expires one year from the date of submission of the Notification Form and is not extended by a delay in your receiving practice rights.

What happens if I acquire any of the disqualifying conditions listed in Section 32(c) of the California Board of Accountancy Regulations during the term of my California Practice Privilege?

You must cease practicing immediately and may not begin practicing again without prior approval of the Board. You are required to notify the Board through your online client account or in writing within 30 days of its occurrence.

Your California Practice Privilege term still expires one year from the date of submission of the Notification Form and is not extended by an interruption of your practice rights.

Requirements for Signing Attest Reports

What experience must I fulfill before I sign an attest report under California Practice Privilege?

You may not sign an attest report unless you have completed at least 500 hours of experience in attest services as described in Section 5095 of the California Accountancy Act. Qualifying experience is that which has enabled you to demonstrate an understanding of the requirements of planning and conducting an audit with minimum supervision that results in opinions on full disclosure financial statements.

What documentation must I provide to be able to sign an attest report in California under the practice privilege?

The Notification Form must be completed in its entirety. You are not required to submit any documentation with the California Practice Privilege Notification Form. However, the Board has the authority to request documentation from you and verify any of the information you have submitted on the Notification Form, including whether you fulfilled

the experience requirement defined in Section 5095 of the California Accountancy Act prior to issuance of the California Practice Privilege.

You are required to reply to a Board request in a timely manner under Section 5096(e)(5) of the California Accountancy Act, even after the expiration of your practice privilege.

Servicing of Clients

I am a Utah CPA who prepares state income tax returns for my Utah resident clients. One of my Utah clients recently moved to California and requested that I continue to prepare his income tax return. Do I need a California Practice Privilege in order to prepare his individual income tax return now that it needs to be filed with the California Franchise Tax Board?

No. Pursuant to Section 5054 of the California Accountancy Act, you may prepare tax returns for individuals who are California residents or estate tax returns for the estates of persons who were clients at the time of death as long as you or your firm do not physically enter California to practice public accountancy, do not solicit California clients, and do not assert or imply that you or your firm is licensed or registered to practice public accountancy in California.

Is there a limit to the number of tax returns that can be prepared under the exception referenced in Section 5054 of the California Accountancy Act?

No. There is no limit to the number of tax returns that can be prepared.

I am an out-of-state CPA who performs peer reviews for California accountancy firms. Would I be required to obtain a California Practice Privilege.

No. You would not be required to obtain a California Practice Privilege. Performing a peer review for a California accountancy firm is not a service specified within the definition of the practice of public accountancy contained in Section 5051 of the California Accountancy Act.

Safe Harbor Provision

When am I required to notify the Board that I'm practicing public accountancy in California under the practice privilege?

Notice is required on or before beginning practice. However, there will be no penalty if the notice is given within five business days of commencing practice. Further, you will be deemed to have a practice privilege from the first day of practice in California provided you pay the applicable fee timely.

If notice is given after five business days of commencing practice, the Board may issue a fine of \$250 to \$5,000 for late notification.

If the Notification Form is submitted after practice begins in California, even if it is submitted within the five-day safe harbor period, you are required to provide a reason why the notice was not submitted prior to the date of beginning practice in California.

Firm Licensure in California

I work for a CPA firm that is licensed in the State of Maryland but not licensed in California. I will be practicing public accountancy in California under a current and valid California Practice Privilege. Since I will be practicing on behalf of my firm, does my firm need to meet any registration requirements with the California Board of Accountancy?

No. The CPA firm is allowed to practice through the holder of a valid and current California Practice Privilege without having to register with the California Board of Accountancy pursuant to Section 5096.12 of the California Accountancy Act.

Specific Inquiries

Because Board staff cannot answer questions posing specific scenarios to determine if registration is required, is there any other way in which my scenario might be considered?

Yes. While Board staff cannot respond to your inquiries, your questions and/or scenarios may be considered by the Board while developing changes to the statutes and/or regulations regarding California Practice Privilege. If you would like to submit your questions or scenarios for this purpose, you may do so via e-mail at *pracprivinfo@cba.ca.gov*.

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