



**Substitute House Bill No. 5025**

**Public Act No. 12-194**

**AN ACT CONCERNING THE OWNERSHIP OF PUBLIC ACCOUNTING FIRMS AND THE USE OF THE TITLE "CERTIFIED PUBLIC ACCOUNTANT".**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 20-281e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(a) The board shall grant or renew permits to practice public accountancy to firms that [make application] apply and demonstrate their qualifications in accordance with subsections (b) to (f), inclusive, of this section.

(b) Permits shall be initially issued and renewed annually. Applications for permits shall be made in such form, and in the case of applications for renewal, between such dates as the board may by regulation specify.

(c) (1) An applicant for initial issuance or renewal of a permit to practice under this section shall be required to show that [each proprietor, partner or shareholder of such firm] a simple majority of the ownership of the firm, in terms of the financial interests and voting rights of all proprietors, partners, members or shareholders of such firm, belongs to individuals holding a valid license to practice public

***Substitute House Bill No. 5025***

accountancy issued by the licensing authority of a state or territory of the United States. Any proprietor, partner, member or shareholder of such a firm whose principal place of business is in this state, who performs professional services in this state and who works in this state [holds] shall hold a valid license to practice issued under section 20-281b or 20-281d. An individual who has practice privileges under section 20-281n and performs services, for which a firm permit is required under [such] said section, shall not be required to obtain a certificate under section 20-281c or a license under section 20-281d.

(2) No firm that is owned by one or more proprietors, partners, members or shareholders who do not hold a valid license to practice public accountancy issued by the licensing authority of a state or territory of the United States shall be granted an initial or renewed permit to practice under this section unless each such proprietor, partner, member or shareholder is (A) a natural person who actively participates in the business of the firm or its affiliated entities, or (B) an entity, including, but not limited to, a partnership or professional corporation, provided each beneficial owner of an equity interest in such entity is a natural person who actively participates in the business conducted by the firm or its affiliated entities. For purposes of this subdivision, "actively participate" means to provide client services or to take part in the business or management of the firm.

(d) An applicant for initial issuance or renewal of a permit to practice under this section shall be required to register each office of the firm within this state with the board and to show that all attest services and compilation services rendered in this state are under the charge of a person holding a valid license issued under section 20-281b, 20-281d or by some other state.

(e) The board shall charge an annual fee for each application for initial issuance or renewal of a permit under this section in the amount of one hundred fifty dollars; provided, no such fee shall be charged to

**Substitute House Bill No. 5025**

a firm having not more than one licensee.

(f) Applicants for initial issuance or renewal of permits under this section shall list in their application all states in which they have applied for or hold licenses to practice public accountancy, and each holder of or applicant for a permit under this section shall notify the board in writing, [within] not later than thirty days after its occurrence, of any change in the identities of any proprietors, partners, members, officers or shareholders of such firm who work regularly within this state, [any change in the number or location of offices within this state,] any change in the identity of the persons in charge of such offices, and any issuance, denials, revocation or suspension of a license by any other state.

(g) The following firms shall be required to hold a permit issued pursuant to this section:

(1) Any firm with an office in this state performing attest services;

(2) Any firm with an office in this state that uses the title "Certified Public Accountant", "CPA", [or] "CPA firm" or other similar title; or

(3) Any firm that does not have an office in this state but performs attest services described in subparagraph (A), (C) or (D) of subdivision (13) of section 20-279b for a client having its home office in this state.

(h) A firm that does not have an office in this state may perform services described in subparagraph (B) of subdivision (13) of section 20-279b or subdivision (14) of section 20-279b for a client having its home office in this state and may use the title "Certified Public Accountant", "CPA", [or] "CPA firm" or other similar title without a permit issued under this section if:

(1) Such firm has the qualifications described in section 20-281 concerning quality reviews; and

**Substitute House Bill No. 5025**

(2) Such firm performs such services through an individual who has practice privileges under section 20-281n.

(i) Any firm that is not subject to the requirements of subsection (g) or (h) of this section may perform other professional services while using the title "Certified Public Accountant", "CPA", [or] "CPA firm" or other similar title in this state without a permit issued under this section if:

(1) Such firm performs such services through an individual who has practice privileges under section 20-281n; and

(2) Such firm can lawfully do so in the state where said individuals with practice privileges have their principal place of business.

Sec. 2. Subsection (e) of section 20-281g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(e) No firm shall assume or use the title or designation ["certified public accountant"] "Certified Public Accountant", or the abbreviation "CPA", or any other similar title, designation, words, letters, abbreviation, sign, card or device tending to indicate that such firm is composed of certified public accountants, unless (1) the firm holds a valid permit issued under section 20-281e, as amended by this act, (2) all proprietors, partners and shareholders practicing public accountancy in this state and whose principal place of business is in this state hold valid certificates and licenses issued under section 20-281d, and (3) all proprietors, [officers] partners, members and shareholders of the firm hold licenses. The prohibitions contained in this section shall apply to a firm that is owned by one or more proprietors, partners, members or shareholders who do not hold a valid license to practice public accountancy issued by the licensing authority of a state or territory of the United States that has obtained a

***Substitute House Bill No. 5025***

permit to practice under subsection (c) of section 20-281e, as amended by this act, but shall not be construed to apply to a firm that meets the requirements of subsection (h) of section 20-281e, as amended by this act.

Approved June 15, 2012