

Board of Accountancy 2012 Proposed Rule Revisions Highlights and FAQs

The 2011 Oregon Legislative Assembly passed legislation that affects the Oregon Board of Accountancy and its licensees. HB 3181 changes the statuses of “inactive” and “lapsed”. The Board is proposing new rule provisions for licensees who wish to enter into “retired” status.

A rule task force was developed to review and establish rules to implement the legislation. The following table lists highlights of each status.

Status	Biennial Fee	Biennial CPE Required	Restrictions/Allowances	Reinstatement	Age
Inactive	\$50	32 hours/biennium No Ethics Requirement 8 hours may be carried forward to next renewal No per/year requirement	- Cannot perform or offer to perform client services involving the use of accounting or auditing skills. This includes, but is not limited to: issuance of reports on financial statements, management advisory, financial advisory or consulting services, preparation of tax returns or the furnishing of advice on tax matters while: (1) Employed in a public acctg firm; or (2) as a Sole Practitioner - Must use the term “Inactive” with CPA or PA designation	- Can apply to be reinstated to active. - Will be given credit for two biennia of CPE reported (64 hours) toward reinstatement requirement. - No annual CPE requirement - Inactive licenses do not expire or lapse if renewed biennially	No age factor
Lapsed	None	None	- Cannot perform or offer to perform client services involving the use of accounting or auditing skills, including but not limited to issuance of reports on financial statements, management advisory, financial advisory or consulting services, preparation of tax returns or the furnishing of advice on tax matters while: (1)Employed in a public acctg firm; or (2) as a Sole Practitioner	- Only allowed to reinstate to ACTIVE status * - License will expire after being lapsed for 6 years after July 1, 2012	No age factor
Retired	\$25	None	- May not perform any attest service or sign a tax return as a preparer - May not perform public accounting services for direct or indirect compensation - May sign any documents related to <i>non</i> -compensated services as “CPA Retired” or “PA Retired” - Must use “Retired” with CPA/PA designation	Considered on a case by case basis	20 years of Active licensure in Oregon or 65 years of age
Expired	None	None	- Cannot hold out in any manner - May provide any service that a non-CPA or PA can provide - Cannot perform public accounting duties.	Not available	No age factor

Transitional time line

The Board recognizes the changes to inactive status and lapsed status are substantial and, therefore, has adopted the following transitional schedule:

Current Inactive Status Licensees:

2012 Expiration date: Report 8 hours of CPE by the renewal date.

2013 Expiration date: Report 24 hours of CPE by renewal date.

Lapsed Status Licensees

New legislation provides that a license can be in lapsed status for no more than 3 renewal periods (6 years). For individuals in lapsed status, the “clock” for the 6-years will begin running on July 1, 2012. If no action is taken to reinstate, the license will expire effective 6/30/2018.

* Individuals whose licenses are currently lapsed will have the opportunity to convert their license to inactive or retired status (if qualified) prior to July 1, 2012. Licensees who do not take advantage of this opportunity and wish to reinstate after July 1, 2012 will be required to reinstate to active status.

A lapsed license that is not reinstated within 6 years will expire. An expired license cannot be reinstated. If an individual wishes to practice in Oregon, initial application requirements must be met.

Retired Status

Licensees who have held an active license in good standing to practice public accountancy in Oregon, for a combined period of 20 years or who have reached 65 years of age, may apply for “Retired” status. Those granted “retired” status may not perform any attest services or sign any tax returns as a preparer for direct or indirect compensation.

A retiree is not precluded from performing public accounting services for which no direct or indirect compensation is received.

Retired licensees may sign any documents related to such non-compensated services as a “CPA-Retired” or “PA-Retired”.

Revisions to Reinstatement Requirements

A license holder that has been lapsed or inactive for less than two years must report 80 hours of CPE within the 12 month period immediately preceding the date of application for reinstatement to active status.

License holders who have been lapsed or inactive for more than two, but less than 6 years are required to complete and report 160 hours of CPE with the 12 month period immediately preceding the date of application for reinstatement.

FAQ's: Inactive, Lapsed and Retired Status

Inactive Status:

Q: I provide services to a CPA firm as a contractor. I do not sign any of the CPA firm's documents. Am I required to obtain an active license?

A: Yes you must hold an active license. The reason for this is that you are providing accounting services to a client. In this instance the client is the CPA firm and you are using your professional (accounting, tax, etc.) skills.

Q: I have only a couple of clients. I provide bookkeeping services to these clients that include entering client data and printing financial statements. I do not use the CPA designation or refer to myself as a CPA. Am I required to hold an active status license?

A: Yes. You are performing client services, as a sole practitioner, that involve the use of accounting skills as described in ORS 673.220(1)(c).

Q: I am currently employed by a private business. My job duties do not require me to hold an active license. I have maintained my license as inactive for many years; however, I also provide accounting services to my church on a voluntary basis. Can I continue to renew as inactive?

A: Yes. If you are not providing professional services using your accounting skills as a sole practitioner or employed in a public accounting firm, you are permitted to provide accounting services to your church or other non-profit entity provided you do not receive direct or indirect compensation.

Q: I have been inactive for ten years and have decided to renew as active. How many hours of CPE do I need?

A: You are required to obtain a minimum of 160 CPE hours within one year immediately preceding the date of your reinstatement application. Up to 64 hours may be credited for CPE taken while on inactive status.

Q: Can I use the CPA designation while holding an inactive license?

A: You may use the designation as long as you indicate "CPA Inactive" or "PA Inactive". The word "inactive" must be in at least the same size font as CPA or PA.

Q: I provide management services to private companies under contract, which include preparing financial reports for their internal use. Since I don't have a public accounting firm, I renew my license as inactive. I don't use the CPA designation in any manner. Do the rules require that I renew as active?

A: Yes. You must hold an active license to perform these services.

Q: I practice as a licensed tax consultant (actively licensed with the Board of Tax Practitioners). I also renew my CPA license as inactive. Am I required to renew my CPA license as active?

A: If you provide only individual income tax services and are actively licensed with the Board of Tax Practitioners, you are not required to maintain an active CPA/PA license, provided you do not use the CPA/PA designation or work in a CPA/PA firm. You may not use your tax preparer license in conjunction with an inactive CPA/PA license if you work in a public accounting firm. Any other accounting or tax related services would require you to have an active CPA/PA license.

Lapsed

Q: I am working in a public accounting office as an employee. I don't sign any documents using the CPA/PA designation. Can I continue in lapsed status?

A: You may work in an accounting firm, as a lapsed licensee, provided your duties do not include using your accounting, auditing and other professional skills (i.e., you are human resources manager). If any of your accounting skills are used to perform your duties, you will need to reinstate your license to active status.

Q: I am living outside of Oregon. I let my Oregon license lapse because I have a license in the state where I reside, which qualifies me to provide services to Oregon clients under mobility. When will my lapsed license expire?

A: The "clock" will start for current lapsed individuals on July 1, 2012. All licenses, which remain lapsed, will expire on June 30, 2018.

**** *Lapsed licenses may be reactivated to either inactive or active prior to July 1, 2012. Thereafter, lapsed licensees may be reinstated to only active status. Inactive licensees are now required to take CPE to maintain the status.***

Q: I let my license lapse because I am a stay at home mom and won't be returning to work for seven years. I understand that my license will expire if I don't renew as active within six years. When does the calculation of the six year period begin?

A: July 1, 2012

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Retired

Q: I retired from working in 2010 and hold an inactive license. I would like to renew my license as "retired". When can I apply for a retired designation?

A: To qualify for retired status an individual must have held, for a combined period of time, an active license in Oregon for at least 20 years or be 65 years of age. Individuals who qualify and wish to use the retired designation may apply.

Q: I hold an inactive license. I plan to retire in 2012 and continue to provide accounting services, without pay, for my Rotary Club. Can I continue to provide free accounting services if I renew my license as retired?

A: Yes. You may provide accounting services as long as you do not receive any direct or indirect compensation and you sign documents using "CPA Retired" or "PA Retired".