

Concise Explanatory Statement

Rhode Island Government Register

In accordance with the Administrative Procedures Act, R.I. Gen. Laws § 42-35-2.6, the following is a concise explanatory statement:

AGENCY: Board of Accountancy
RULE IDENTIFIER: 400-RICR-00-00-1
REGULATION TITLE: Rules and Regulations of the Board of Accountancy
RULEMAKING ACTION: Amendment
PUBLIC COMMENT PERIOD: September 23, 2022, to October 23, 2022

A. Statement of Purpose of the Amendments

During the last rulemaking process for this regulation in February 2022, the Board of Accountancy received a comment from the American Institute of Certified Public Accountants (AICPA) that could not be considered at the time because the requested amendment was not a logical outgrowth of the amendments proposed in that rulemaking. However, upon further discussions with AICPA and the Rhode Island Society of CPAs (RISCPA), the Board unanimously voted to proceed with rulemaking to address this comment and some additional substantive amendments, as follows.

- § 1.1.3 –The definition of “Candidate” was relocated to this section and deleted from § 1.6.1. A definition of IQAB was added, it is referred to in § 1.3. Replaced “calendar year” with “licensing period”.
- § 1.3 – “Reinstatement” was inserted in place of “restoration” for expired licenses.
- § 1.3(C) – The Board clarified the provisions regarding Inactive Status and added provisions for a Retired Status based upon a review of AICPA/NASBA model law/regulations. The Board deleted the “Voluntary Temporary Hold Status” because reinstatement from an expired license and a license on “Voluntary Temporary Hold Status” is the same process. The board saw no need to have this additional status option.
- § 1.5.1 – In response to the AICPA/RISCPA request, the Board deleted the requirement the requisite experience be under the direct supervision of a CPA. This conflicted with the Board’s statutory authority in R.I. Gen. Laws § 5-3.1-5(a)(5). The amended language is consistent with the statute and with the AICPA/NASBA model laws.
- § 1.5.2 – In response to the AICPA/RISCPA request, the Board deleted the word “portfolio” from this section and the supervision requirement consistent with the changes to § 1.5.1.
- § 1.8.1(A)(2), (A)(3) and (D)(4)(c) – Minor edits for consistency and to avoid confusion by replacing “calendar year” with “licensing period”. This should have been done a few

years ago when the CPE reporting period was changed from calendar years to coincide with license renewals.

- § 1.8.1(G)(2) – Deleted a fee for CPE extensions that was not imposed by the Board.
- § 1.13 – Added a Fee Table of existing fees.

B. Summary of the Regulatory Analysis

These amendments are primarily clean up and result in streamlining and internal consistency. The AICPA/RISCPA request reduces confusion for applicants by making the regulation consistent with the statute and model laws.

The proposed addition of a “Retired CPA” status option is based on model language from AICPA/NASBA first adopted in 2018 which allows persons to hold themselves out as a “Retired CPA” under certain conditions. This just creates an honorary title and some parameters to prevent any confusion with the public as to whether someone is licensed in this state. “Retired status” acknowledges CPAs who go inactive because they are at the end of their careers but still have much to contribute to their communities while in retirement. The “retired status” regulatory provisions are intended to clarify that the retired CPAs can continue to offer a limited number of volunteer, uncompensated services to the public (such as participation in the Internal Revenue Service’s Volunteer Income Tax Assistance (VITA) program and the Small Business Administration’s SCORE program, or serving the board of a non-profit), which are narrow in scope and may be offered by non CPAs. To protect the public, the regulation requires these Retired CPAs to affirm their understanding of the limited types of activities in which they may engage while in holding themselves out as “Retired CPA” status and their understanding that they have a professional duty to ensure that they hold the professional competencies necessary to offer these limited services.

A “retired cpa” is not licensed, and is not applying for renewal, paying a fee or completing the 120 hours of continuing education required in each renewal cycle. Currently, a retired CPA would just be someone listed in the Board’s database as inactive. Retired CPAs, like any other person who is not a licensed CPA, are prohibited by law from engaging in any activity that requires a CPA license in RI. Retired CPAs are not in competition with licensed CPAs for these unpaid, volunteer activities, which do not require CPA licensure. The addition of this licensure category has no financial impact on currently licensed CPAs or currently inactive CPAs who consider themselves to be retired.

There are no changes in fees or costs for licensees because of these proposed amendments. In the development of the proposed amendment consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) significant economic impact on small business. No alternative approach, duplication, or overlap was identified based upon available information.

C. Summary of Comments Not Resulting in Regulatory Language Changes.

Three comments were received and none of them resulted in changes to the text of the proposed rule. Therefore, the final rule is the same as what was proposed.

Below is a summary of public comments received (only written comments were received) and a brief description of the Department's reasons for not making any such changes after due consideration.

1. Commentary was received asking for clarification on: 1) the definition of "Retired CPA"; 2) whether a CPA who is still working but no longer needs to be designated as a CPA (i.e. no attest services) would qualify for "Retired CPA" status; and 3) would they be allowed to use "Retired CPA" on a business card.

The provisions for "Retired CPA" status can be found in § 1.3(C)(2) of the proposed amendments. A licensee who is 55 and has a CPA in good standing may apply for retired status. A retired CPA would not apply for renewal after receiving "Retired CPA" status and does not have to complete continuing education. Retired CPAs, like any other unlicensed individual, cannot conduct activity requiring a CPA. But they can call themselves a "Retired CPA" and perform certain volunteer services while holding themselves out as a "Retired CPA."

The "Retired CPA" status is not intended to be used by persons still in the workforce as it may be misleading to the public. If a person is still working but their work does not require a CPA, they do not qualify for retired status.

Those who do qualify for retired status may use the phrase "Retired CPA" on a business card in accordance with § 1.3(C)(2)(a)((2)).

2. Commentary was received related to continuing education hours.

This comment did not address the substance of the proposed amendments. There were no substantive changes to the requirements for continuing education.

3. Commentary was received that requested another category of licensure, a semi-retired status, for those people that complete only 25 to 100 tax returns per year and do not offer attestation services, with the same number of continuing education hours.

The Board declines to consider any additional categories of licensure. CPAs are either licensed, expired or retired.