

REMINDER NOTICE

RE: EMPLOYMENT IN OREGON PUBLIC ACCOUNTING/TAX FIRMS

It has come to the Board's attention that a number of Oregon licensees or licensees from other jurisdictions are employed at public accounting or tax firms and do not hold current and active Oregon CPA licenses. Oregon law provides that individuals who hold an inactive, retired or lapsed license, or a CPA who holds only a license in another state or jurisdiction (and have not applied for an Oregon license) are **not allowed** to practice public accountancy in Oregon while employed at an Oregon public accounting or tax firm (practice). Please note a lapsed license does not equal holding no license – lapsed licensees remain under the jurisdiction of the Board.

This issue can be traced back to a misperception of what it means to practice public accountancy in Oregon. The belief that a licensee is practicing public accountancy in Oregon only when actually signing off on a tax return or performing attestation engagements is incorrect. Oregon's definition of the "practice of public accountancy" is found at [OAR 801-005-0010\(39\)](#). In a nutshell, this rule requires that any licensee employed in Oregon by an Oregon public accounting firm must hold an active level license from the Oregon Board.

Please note that employees who are working at a firm to gain experience in order to apply for their initial license at some point in the future or employees who have never held a CPA or PA license and who do not intend to apply for licensure are not generally required to be licensed. However, licensees who do not hold an **active license** who are employed at a firm to help out during a busy tax season, for example, run afoul of the rules governing the profession in Oregon. Proper licensure for persons working in Oregon public accounting firms is the responsibility of both the individual licensees and the firms that employ them. Thus, firms and employees are encouraged to use the Board's on-line licensee look up to verify the licensure status of employees. The link to this information is: <http://licenseesearch.oregonboa.com/>

Because the compliance issue appears pervasive and, in most instances, unintentional, the Board is allowing a 60-day grace period from the date a very similar, personalized version of this letter was sent to firm managing partners April 22, 2016, to allow individuals and firms to take all steps necessary to ensure that all CPAs and PAs employed are properly licensed and in compliance with Oregon law. If an employee does not hold an **active Oregon license**, the firm is expected to either take the steps necessary to secure active licensure for that employee or terminate the employment relationship. These steps may be as straightforward as requiring the employee to apply for a license based on reciprocity or as involved as reinstating a long lapsed license and meeting all outstanding CPE requirements.

During this grace period, the Board will not undertake regulatory action against firms or licensees employed by them based solely on the lack of compliance with the active licensure requirements. Regulatory action, if any, against individual licensees for unlawful practice issues beyond failure to comply with active licensure requirements uncovered as part of this process will be evaluated on a case by case basis.

Many firms are already working with the Board to take corrective action, which is much appreciated. Those firms that have not yet taken steps to implement a process or improve systems to ensure ongoing compliance with the Board rules relating to licensure of its employees are strongly encouraged to do so.

If you or affected individual employees have questions regarding the above licensing requirements, please do not hesitate to contact licensing personnel at the Board offices, 503-378-2268. Definitions for the practice of public accountancy, and the status types of inactive, retired and lapsed, are on the back page of this flyer.

DEFINITIONS:

Practice of Public Accountancy [801-005-0010(39)]:

Means performance of or any offer to perform one or more services for a client or potential client, including the performance of such services while in the employ of another person by a licensee, professional services of accounting, tax, personal financial planning, litigation support services, and those professional services for which standards are promulgated. These standards include Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC), Statements of Financial Accounting Standards, Statements on Auditing Standards, Statements on Standards for Accounting and Review Services, Statements on Standards for Consulting Services, Statements of Governmental Accounting Standards, International Financial Reporting Standards, International Accounting Standards, International Standards on Auditing, Statements on Standards for Attestation Engagements, and Statements on Standards for Valuation Services.

Inactive [801-005-0010(25)]:

Means a license status granted by the Board to a licensee:

Whose license is not suspended or revoked and who is **not**:

- Performing or offering to perform, for a 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; and
- Practicing public accountancy in a business organization that is required to be registered in Oregon with the Board under ORS 673.160; or
- A Sole Practitioner
- Licensees who are granted inactive status shall not use the CPA or PA designation unless the word "inactive" is used in conjunction with the designation, such as "CPA Inactive" and is listed in the same size font as the designation.

Retired [OAR 801-005-0010(47)]:

Means a license status conferred by the Board upon a licensee who:

- At any age, has held an active license in good standing, to practice public accountancy in Oregon for a combined period of not less than 20 years, **or** has reached 65 years of age

A licensee in retired status may not perform any attest services nor sign any tax returns as a preparer.

A licensee in retired status may not perform public accounting services for direct or indirect compensation

A licensee in retired status may sign any documents related to non-compensated services as a "CPA Retired" or "PA Retired". The word "Retired" must be in the same size font as the designation.

A licensee in retired status, may be restored to active status at the Board's discretion of showing good cause.

Lapsed [801-005-0010(28)]:

Means a license status that is not renewed within 60-days of the close of a license period.

A person in lapsed status may not:

- Practice public accounting in a business organization required to be registered with the Board under ORS 673.160.
- Practice as a Sole Practitioner
- Perform or offer to perform for a 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.

A person in lapsed status must not hold out in any form or manner that they are a CPA or PA.