

CHAPTER 536

(House Bill 1296)

AN ACT concerning

Certified Public Accountants – Licensed Out-of-State Certified Public Accountants – Practice Privilege

FOR the purpose of providing that an individual who practices certified public accountancy whose principal place of business is outside of the State is, under certain circumstances, exempt from certain licensure laws of the State for certified public accountants and is considered to have qualifications that are substantially equivalent to a certified public accountant licensed in the State; providing that an individual who qualifies for an exemption under this Act may exercise all of the privileges of a licensed certified public accountant in the State; providing that an individual who qualifies for a practice privilege established under this Act may practice certified public accountancy in the State by any means and without any notice or fee; providing for certain conditions to be met by individuals who practice certified public accountancy under the practice privilege established by this Act; providing that certain firms that operate a business through which certified public accountancy is practiced must, under certain circumstances, hold a permit issued by the State Board of Public Accountancy; repealing certain provisions relating to certain limited permits for the practice of certified public accountancy; altering provisions of law relating to permits for the practice of certified public accountancy by partnerships, limited liability companies, and corporations; authorizing a firm to use the title “CPA” or “CPA firm” without a permit under certain circumstances; defining certain terms; and generally relating to the practice of certified public accountancy.

BY repealing and reenacting, with amendments,

Article – Business Occupations and Professions

Section 2–101, 2–102(b), 2–301, 2–308, 2–321, 2–402, 2–402.1, 2–403, 2–406,
and 2–601 through 2–604

Annotated Code of Maryland

(2004 Replacement Volume and 2007 Supplement)

BY repealing and reenacting, without amendments,

Article – Business Occupations and Professions

Section 2–302, 2–404, 2–405, 2–501, and 2–605

Annotated Code of Maryland

(2004 Replacement Volume and 2007 Supplement)

BY repealing

Article – Business Occupations and Professions
Section 2–310, 2–320, 2–401, and 2–416
Annotated Code of Maryland
(2004 Replacement Volume and 2007 Supplement)

BY adding to

Article – Business Occupations and Professions
Section 2–401
Annotated Code of Maryland
(2004 Replacement Volume and 2007 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Business Occupations and Professions

2–101.

(a) In this title the following words have the meanings indicated.

(B) “AICPA” MEANS THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS.

(C) “ATTEST” MEANS TO PROVIDE THE FOLLOWING FINANCIAL STATEMENT SERVICES:

(1) AN AUDIT OR OTHER ENGAGEMENT PERFORMED IN ACCORDANCE WITH THE STATEMENTS ON AUDITING STANDARDS ISSUED BY AICPA;

(2) A REVIEW OF A FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH THE STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES ISSUED BY AICPA;

(3) AN EXAMINATION OF PROSPECTIVE FINANCIAL INFORMATION PERFORMED IN ACCORDANCE WITH THE STATEMENTS ON STANDARDS FOR ATTESTATION ENGAGEMENTS ISSUED BY THE AICPA; AND

(4) ANY ENGAGEMENT PERFORMED IN ACCORDANCE WITH THE AUDITING STANDARDS OF THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD.

[(b)] (D) “Board” means the State Board of Public Accountancy.

(E) “HOME OFFICE” IS THE LOCATION SPECIFIED BY A CLIENT OF A CERTIFIED PUBLIC ACCOUNTANT AS THE ADDRESS TO WHICH A SERVICE DESCRIBED IN § 2-401(A) OF THIS TITLE IS DIRECTED.

[(c)] **(F)** “License” means, unless the context requires otherwise, a license issued by the Board to practice certified public accountancy.

[(d)] **(G)** “License fee” means the fee paid in connection with the issuance or renewal of a license.

[(e)] **(H)** “Licensed certified public accountant” means, unless the context requires otherwise, an individual licensed by the Board to practice certified public accountancy.

[(f)] **(I)** “Permit” means, unless the context requires otherwise, a permit issued by the Board to allow a partnership or corporation to operate a business through which an individual may practice certified public accountancy.

[(g)] **(J)** “Permit fee” means the fee paid in connection with the issuance or renewal of a permit [or the issuance of a limited permit].

[(h)] **(K)** “Practice certified public accountancy” means to perform any of the following accountancy services:

- (1) conducting an audit of financial statements; or
- (2) providing a written certificate or opinion on the correctness of the information or on the fairness of the presentation of the information in:
 - (i) a financial statement;
 - (ii) a report;
 - (iii) a schedule; or
 - (iv) an exhibit.

(L) “PRACTICE PRIVILEGE” MEANS THE RIGHT GRANTED TO AN INDIVIDUAL WHO IS LICENSED BY ANOTHER STATE TO PRACTICE CERTIFIED PUBLIC ACCOUNTANCY IN THIS STATE WITHOUT A LICENSE ISSUED BY THIS STATE.

(M) “PRINCIPAL PLACE OF BUSINESS” MEANS THE OFFICE LOCATION DESIGNATED BY THE LICENSEE FOR PURPOSES OF SUBSTANTIAL EQUIVALENCY AND RECIPROCITY.

(N) "NASBA" MEANS THE NATIONAL ASSOCIATION OF BOARDS OF ACCOUNTANCY.

2-102.

(b) This title does not prohibit a licensee or permit holder from:

(1) employing a certified public accountant licensed by another state or a foreign country; or

(2) listing that individual as a certified public accountant, if the [listing is followed by the name of or usual abbreviation for the other state or country where the individual is recognized as a certified public accountant] **INDIVIDUAL QUALIFIES FOR A PRACTICE PRIVILEGE UNDER § 2-321 OF THIS TITLE.**

2-301.

[An] EXCEPT AS PROVIDED IN § 2-321 OF THIS SUBTITLE, AN individual shall be licensed by the Board before the individual may practice certified public accountancy in the State.

2-302.

(a) To qualify for a license, an applicant shall be an individual who meets the requirements of this section.

(b) The applicant shall be of good character and reputation.

(c) The applicant shall be at least 18 years old.

(d) The applicant shall meet the educational requirements under § 2-303 of this subtitle.

(e) Except as otherwise provided in this subtitle, the applicant shall pass an examination given by the Board under this subtitle.

(f) The applicant for an initial license shall complete practical work experience that is approved by the Board and that:

(1) is obtained over a period of:

(i) not more than 3 years; and

(ii) 1. not less than 6 months if the applicant applies before October 1, 2000; or

2. not less than 1 year if the applicant applies on or after October 1, 2000;

(2) includes providing any type of service or advice involving the use of accounting, attest, management advisory, financial advisory, tax, or consulting skills;

(3) is performed under the direction of:

(i) a licensed certified public accountant; or

(ii) an appropriately qualified professional as determined by the Board;

(4) is obtained through employment in government, industry, academia, or public practice; and

(5) amounts to:

(i) 1,000 hours if the applicant applies before October 1, 2000; or

(ii) 2,000 hours if the applicant applies on or after October 1, 2000.

2-308.

(a) Subject to the provisions of this section, the Board may waive any examination requirement of this subtitle for:

(1) a certified public accountant licensed by another state; or

(2) the holder of a license, certificate, or degree that is issued by another country and is recognized as authority for the holder to practice public accountancy in that country in a manner comparable to practicing certified public accountancy in this State.

(b) The Board may grant a waiver under this section only if the applicant:

(1) is of good character and reputation;

(2) is at least 18 years of age;

(3) pays to the Board:

- (i) a nonrefundable application fee set by the Board; and
- (ii) a license fee set by the Board; and

(4) [(i)] provides adequate evidence that[, at the time the applicant was licensed by the other state or country,] the applicant **HAS** met educational, examination, and experience requirements that [were] **ARE:**

(I) substantially equivalent to those [then] required by the laws of this State; [or]

(II) SUBSTANTIALLY EQUIVALENT TO THOSE REQUIRED BY THE LAWS OF THE STATE AT THE TIME THE APPLICANT WAS LICENSED IN ANOTHER STATE; OR

[(ii)] (III) after passing the Uniform **CERTIFIED** Public Accountancy Examination, has obtained[, outside of this State,] 4 years of practical work experience, as defined in § 2-302(f) of this subtitle, within the last 10 years immediately preceding submission of the application.

(C) (1) FOR THE PURPOSES OF THIS SUBTITLE, "SUBSTANTIAL EQUIVALENCY" MEANS A DETERMINATION MADE BY THE BOARD OR ITS DESIGNEE THAT:

(I) THE EDUCATION, EXAMINATION, AND EXPERIENCE REQUIREMENTS CONTAINED IN THE LAWS OR ADMINISTRATIVE RULES OF ANOTHER JURISDICTION ARE COMPARABLE TO, OR EXCEED, THE EDUCATION, EXAMINATION, AND EXPERIENCE REQUIREMENTS CONTAINED IN THE UNIFORM ACCOUNTANCY ACT; OR

(II) AN INDIVIDUAL'S EDUCATION, EXAMINATION, AND EXPERIENCE ARE COMPARABLE TO OR EXCEED THE EDUCATION, EXAMINATION, AND EXPERIENCE REQUIREMENTS CONTAINED IN THE UNIFORM ACCOUNTANCY ACT.

(2) IN DETERMINING SUBSTANTIAL EQUIVALENCY, THE BOARD SHALL TAKE INTO ACCOUNT AN INDIVIDUAL'S QUALIFICATIONS WITHOUT REGARD TO THE SEQUENCE IN WHICH THE EDUCATION, EXAMINATION, OR EXPERIENCE REQUIREMENTS ARE MET.

[2-310.

While a license is in effect, it authorizes the licensee to practice certified public accountancy.]

[2–320.

(a) The Board may issue a limited license for the practice of certified public accountancy on a specific job to any applicant who:

- (1) is licensed to practice certified public accountancy in another state or foreign country;
- (2) is not a resident of this State;
- (3) does not have a place of business in this State;
- (4) submits to the Board an application on the form that the Board provides; and
- (5) pays to the Board a license fee set by the Board.

(b) A limited license authorizes the licensee to practice certified public accountancy only for the specific job for which it was issued.

(c) Any statement or report relating to the services provided in this State shall be signed in and issued from the individual’s out-of-state office on a form or stationery that sets forth the address of that office.

(d) (1) The Board shall set the term for each limited license issued under this section.

(2) The term for a limited license may not be set for more than 1 year.

(3) A limited license becomes effective and expires on the dates set by the Board.

(e) Subject to the hearing provisions of § 2–317 of this subtitle, the Board may deny or revoke a limited license for any ground as may be applicable under § 2–315 of this subtitle.]

2–321.

(a) In this section, “practice certified public accountancy” includes the practice of public accountancy.

[(b) An individual actively licensed as a certified public accountant in another state may practice certified public accountancy in the State upon notifying the Board of the individual's intent to practice under this section, if:

(1) the individual:

(i) verifies that the individual's principal place of business is located outside the State; and

(ii) pays to the Board a notification fee set by the Board; and

(2) the Board verifies that either the individual:

(i) has acquired the education, examination scores, and experience substantially equivalent to those required by the Uniform Accountancy Act; or

(ii) is actively licensed in a state that has licensing requirements in the areas of education, examination, and experience that are substantially equivalent to those required by the Uniform Accountancy Act.]

(B) (1) AN INDIVIDUAL WHOSE PRINCIPAL PLACE OF BUSINESS IS OUTSIDE THE STATE IS EXEMPT FROM THE LICENSING REQUIREMENT UNDER § 2-301 OF THIS SUBTITLE AND SHALL BE CONSIDERED TO HAVE QUALIFICATIONS THAT ARE SUBSTANTIALLY EQUIVALENT TO A LICENSEE IF:

(I) THE INDIVIDUAL HOLDS A VALID LICENSE AS A CERTIFIED PUBLIC ACCOUNTANT FROM ANOTHER STATE; AND

(II) THE REQUIREMENTS OF THAT STATE HAVE BEEN VERIFIED BY NASBA AS SUBSTANTIALLY EQUIVALENT WITH THE LICENSURE REQUIREMENTS OF THE UNIFORM ACCOUNTANCY ACT.

(2) AN INDIVIDUAL WHO QUALIFIES FOR AN EXEMPTION UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY EXERCISE ALL OF THE PRIVILEGES OF A LICENSED CERTIFIED PUBLIC ACCOUNTANT.

(C) (1) AN INDIVIDUAL WHO IS LICENSED BY A STATE THAT THE NASBA NATIONAL QUALIFICATION APPRAISAL SERVICE HAS NOT VERIFIED TO BE IN SUBSTANTIAL EQUIVALENCE WITH THE CPA LICENSURE REQUIREMENTS OF THE UNIFORM ACCOUNTANCY ACT MAY EXERCISE ALL OF THE PRIVILEGES OF A LICENSED CERTIFIED PUBLIC ACCOUNTANT IF THE INDIVIDUAL:

(I) RETAINS A PRINCIPAL PLACE OF BUSINESS OUTSIDE OF THE STATE;

(II) HOLDS A VALID LICENSE AS A CERTIFIED PUBLIC ACCOUNTANT; AND

(III) HAS QUALIFICATIONS THAT THE NASBA NATIONAL QUALIFICATION APPRAISAL SERVICE HAS DETERMINED TO BE SUBSTANTIALLY EQUIVALENT TO THE CPA LICENSURE REQUIREMENTS OF THE UNIFORM ACCOUNTANCY ACT.

(2) AN INDIVIDUAL WHO HAS PASSED THE UNIFORM CPA EXAMINATION AND HOLDS A VALID LICENSE ISSUED BY ANOTHER STATE PRIOR TO JANUARY 1, 2012, MAY BE EXEMPT FROM THE EDUCATION REQUIREMENTS IN THE UNIFORM ACCOUNTANCY ACT FOR PURPOSES OF THIS SUBSECTION.

(3) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AN INDIVIDUAL WHO QUALIFIES FOR A PRACTICE PRIVILEGE UNDER THIS SECTION MAY PRACTICE CERTIFIED PUBLIC ACCOUNTANCY IN THE STATE:

(I) BY ANY MEANS, INCLUDING MAIL, TELEPHONE, OR ELECTRONIC COMMUNICATION; AND

(II) WITHOUT ANY NOTICE, FEE, OR OTHER SUBMISSION TO THE BOARD.

[(c) (D) (1) [By notifying the Board of the individual's intent to practice under this section, the individual consents to] AS A CONDITION OF THE PRACTICE PRIVILEGE, AN INDIVIDUAL WHO IS LICENSED BY ANOTHER STATE AND QUALIFIES FOR A PRACTICE PRIVILEGE UNDER THIS SUBTITLE AND ANY FIRM THAT EMPLOYS THE INDIVIDUAL TO PRACTICE IN THE STATE SHALL BOTH CONSENT TO:

(1) the personal and subject matter jurisdiction and disciplinary authority of the Board;

(2) complying with State public accountancy laws and regulations adopted by the Board; and

(3) the appointment of the State Board of Public Accountancy that issued the individual's license to practice certified public accountancy as the agent upon which process may be served in any action or proceeding by the Board against the individual; AND

(4) CEASING TO OFFER OR PROVIDE SERVICES IN THE STATE THAT ARE SUBJECT TO THIS TITLE IF THE LICENSE ISSUED BY THE STATE IN WHICH THE INDIVIDUAL'S PRINCIPAL PLACE OF BUSINESS IS LOCATED IS NO LONGER VALID.

[(d) An individual's right to practice under this section shall expire 2 years after the date of notification to the Board as provided in subsection (b) of this section.

(e) An individual who meets the requirements of this section may renew the right to practice under this section by notifying the Board and paying a license fee set by the Board.]

[(f)](E) An individual authorized to practice certified public accountancy under this section **AND UNDER THE PRACTICE PRIVILEGE** may represent to the public, by use of a title, including "licensed certified public accountant", "certified public accountant", "public accountant", or "auditor", by use of the abbreviation "C.P.A.", by description of services, methods, or procedures, or otherwise, that the individual is authorized to practice certified public accountancy in the State.

(F) A SOLE PRACTITIONER WHO IS PRACTICING IN THE STATE UNDER THE PRACTICE PRIVILEGE MAY ONLY PERFORM ATTEST SERVICES AS DEFINED IN § 2-101(C)(1), (3), OR (4) OF THIS TITLE, THROUGH A FIRM THAT HOLDS A PERMIT ISSUED UNDER § 2-401 OF THIS TITLE.

[2-401.

(a) Subject to the provisions of this subtitle, an individual may practice certified public accountancy through a partnership, limited liability company, or corporation that holds a permit under this subtitle.

(b) A partnership, limited liability company, or corporation shall hold a permit issued by the Board before the partnership, limited liability company, or corporation may operate a business through which certified public accountancy is practiced.]

2-401.

(A) TO OPERATE A BUSINESS THROUGH WHICH CERTIFIED PUBLIC ACCOUNTANCY IS PRACTICED, A FIRM SHALL HOLD A PERMIT ISSUED BY THE BOARD IF THE FIRM:

(1) HAS AN OFFICE IN THIS STATE THAT PERFORMS ATTEST SERVICES AS DEFINED IN § 2-101(C) OF THIS TITLE;

(2) HAS AN OFFICE IN THIS STATE THAT USES THE TITLE “CPA” OR “CPA FIRM”; OR

(3) PERFORMS ATTEST SERVICES DESCRIBED IN § 2-101(C)(1), (3) OR (4) OF THIS TITLE FOR A CLIENT WITH A HOME OFFICE IN THIS STATE.

(B) A FIRM THAT DOES NOT HAVE AN OFFICE IN THIS STATE MAY PERFORM ATTEST SERVICES AS DEFINED IN § 2-101(C)(2) OR § 2-4A-01(C) OF THIS TITLE FOR A CLIENT WITH A HOME OFFICE IN THIS STATE WITHOUT A PERMIT IF THE FIRM:

(1) MEETS THE APPLICATION AND PEER REVIEW REQUIREMENTS UNDER §§ 2-402, 2-402.1, 2-403, AND 2-4A-02 OF THIS TITLE; AND

(2) PERFORMS SERVICES THROUGH AN INDIVIDUAL WITH A PRACTICE PRIVILEGE UNDER § 2-321 OF THIS TITLE.

(C) THE BOARD SHALL GRANT OR RENEW A PERMIT TO PRACTICE AS A CPA FIRM TO A PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION THAT DEMONSTRATES ITS QUALIFICATIONS IN ACCORDANCE WITH THIS SECTION.

(D) IF A FIRM DOES NOT MEET THE REQUIREMENTS OF THIS SECTION, THE FIRM MAY PERFORM OTHER PROFESSIONAL SERVICES WHILE USING THE TITLE “CPA” OR “CPA FIRM” IN THIS STATE WITHOUT A PERMIT, IF THE FIRM:

(1) PERFORMS THOSE SERVICES THROUGH AN INDIVIDUAL WITH A PRACTICE PRIVILEGE PROVIDED UNDER § 2-321 OF THIS SUBTITLE; AND

(2) PERFORMS THOSE SERVICES IN THE STATE WHERE THE INDIVIDUAL WITH A PRACTICE PRIVILEGE RETAINS A PRINCIPAL PLACE OF BUSINESS.

2-402.

(a) To qualify for a permit, a partnership shall meet the requirements of this section.

(b) The partnership shall:

(1) [have a permanent office in the State from which an individual is to practice certified public accountancy; or

(2) submit proof, satisfactory to the Board, of the intent of the partnership to establish immediately a permanent office.

(c) Each permanent office required under subsection (b) of this section shall be managed by a partner of the partnership who resides in the State] **HAVE AT LEAST A SIMPLE MAJORITY OF THE PARTNERS, OFFICERS, SHAREHOLDERS, MEMBERS, OR MANAGERS, IN TERMS OF FINANCIAL INTEREST AND VOTING RIGHTS, BE LICENSED IN A STATE;**

(2) (I) HAVE A PERMANENT OFFICE IN THE STATE FROM WHICH AN INDIVIDUAL IS LICENSED TO PRACTICE CERTIFIED PUBLIC ACCOUNTANCY; OR

(II) HAVE AT LEAST A SIMPLE MAJORITY OF THE PARTNERS, OFFICERS, SHAREHOLDERS, MEMBERS, OR MANAGERS RETAIN A PRINCIPAL PLACE OF BUSINESS IN THIS STATE;

(3) HOLD A VALID LICENSE ISSUED UNDER § 2-301 OF THIS TITLE; AND

(4) COMPLY WITH REGULATIONS PROMULGATED BY THE BOARD.

[(d)] (C) [(1)] An individual who is not licensed to practice certified public accountancy in this State or another state may have an ownership interest in the partnership if:

[(i)] (1) a simple majority of the ownership of the partnership, in terms of financial interests and voting rights, is held by individuals licensed to practice certified public accountancy in this or another state;[and]

[(ii)] (2) the individual is an active participant in the partnership **OR ITS AFFILIATED ENTITIES;**

(3) THE PARTNERSHIP DESIGNATES, TO THE BOARD, A LICENSEE OF THIS STATE, OR A QUALIFIED LICENSEE OF ANOTHER STATE WHO IS RESPONSIBLE FOR THE REGISTRATION OF THE PARTNERSHIP; AND

(4) THE PARTNERSHIP COMPLIES WITH REGULATIONS ADOPTED BY THE BOARD.

[(2)] (D) At least 1 general partner and any other partner who practices or intends to practice certified public accountancy in the State shall be

licensed by the Board to practice certified public accountancy in the State **OR QUALIFY FOR A PRACTICE PRIVILEGE UNDER § 2-321 OF THIS TITLE.**

2-402.1.

(a) To qualify for a permit, a limited liability company shall meet the requirements of this section.

(b) The limited liability company shall:

(1) [have a permanent office in the State from which an individual is to practice certified public accountancy; or

(2) submit proof, satisfactory to the Board, of the intent of the limited liability company to establish immediately a permanent office.

(c) Each permanent office required under subsection (b) of this section shall be under the immediate direction of a member of the limited liability company who resides in the State] **HAVE AT LEAST A SIMPLE MAJORITY OF THE OFFICERS, SHAREHOLDERS, MEMBERS, OR MANAGERS, IN TERMS OF FINANCIAL INTEREST AND VOTING RIGHTS, BE LICENSED IN A STATE;**

(2) (I) HAVE A PERMANENT OFFICE IN THE STATE FROM WHICH AN INDIVIDUAL IS LICENSED TO PRACTICE CERTIFIED PUBLIC ACCOUNTANCY; OR

(II) HAVE AT LEAST A SIMPLE MAJORITY OF THE OFFICERS, SHAREHOLDERS, MEMBERS, OR MANAGERS RETAIN A PRINCIPAL PLACE OF BUSINESS IN THIS STATE;

(3) HOLD A VALID LICENSE ISSUED UNDER § 2-301 OF THIS TITLE; AND

(4) COMPLY WITH REGULATIONS ADOPTED BY THE BOARD.

[(d)] (C) An individual who is not licensed to practice certified public accountancy in this State or another state may have an ownership interest in the limited liability company if:

(1) a simple majority of the ownership of the limited liability company, in terms of financial interests and voting rights, is held by individuals licensed to practice certified public accountancy in this or another state; and

(2) the individual is an active participant in the limited liability company **OR AFFILIATED ENTITIES.**

2-403.

(a) To qualify for a permit, a corporation shall meet the requirements of this section.

(b) The corporation shall meet the applicable requirements of the Maryland Professional Service Corporation Act **OR OF THE COMPARABLE LAW IN ANOTHER STATE.**

(c) The corporation shall:

(1) [have a permanent office in the State from which an individual is to practice certified public accountancy; or

(2) submit proof, satisfactory to the Board, of the intent of the corporation to establish immediately a permanent office] **HAVE AT LEAST A SIMPLE MAJORITY OF THE OFFICERS, SHAREHOLDERS, MEMBERS, OR MANAGERS, IN TERMS OF FINANCIAL INTEREST AND VOTING RIGHTS, BE LICENSED IN A STATE; AND**

(2) (I) HAVE A PERMANENT OFFICE IN THE STATE FROM WHICH AN INDIVIDUAL IS LICENSED TO PRACTICE CERTIFIED PUBLIC ACCOUNTANCY; OR

(II) HAVE AT LEAST A SIMPLE MAJORITY OF THE OFFICERS, SHAREHOLDERS, MEMBERS, OR MANAGERS RETAIN A PRINCIPAL PLACE OF BUSINESS IN THIS STATE;

(3) HOLD A VALID LICENSE ISSUED UNDER § 2-301 OF THIS TITLE; AND

(4) COMPLY WITH REGULATIONS ADOPTED BY THE BOARD.

[(d) Each permanent office required under subsection (c) of this section shall be managed by a stockholder of the corporation who resides in the State.]

[(e) (D) An individual who is not licensed to practice certified public accountancy in this State or another state may have an ownership interest in the corporation if:

(1) a simple majority of the ownership of the corporation, in terms of financial interests and voting rights, is held by individuals licensed to practice certified public accountancy in this or another state; and

(2) the individual is an active participant in the corporation **OR AFFILIATED ENTITIES;**

(3) **THE CORPORATION SUBMITS TO THE BOARD THE NAME OF A LICENSEE OF THIS STATE, OR, IF APPLICABLE, A LICENSEE OF ANOTHER STATE WITH A PRACTICE PRIVILEGE IN THIS STATE WHO IS RESPONSIBLE FOR THE REGISTRATION OF THE CORPORATION; AND**

(4) **THE CORPORATION COMPLIES WITH ANY OTHER REQUIREMENTS THAT THE BOARD IMPOSES.**

2-404.

(a) An applicant for a permit shall:

(1) submit to the Board an application on the form that the Board provides; and

(2) pay to the Board a nonrefundable application fee set by the Board.

(b) In addition to any other information required on an application form, the form shall require:

(1) for a partnership applicant, a list of each partner who practices or who intends to practice certified public accountancy in the State;

(2) for a limited liability company, a list of each member who practices or who intends to practice certified public accountancy in the State; and

(3) for a corporate applicant, a list of all of the shareholders of the corporation.

2-405.

(a) If an applicant qualifies for a permit under this subtitle, the Board shall send the applicant a notice that states that:

(1) the applicant has qualified for a permit; and

(2) on receipt of a permit fee set by the Board, the Board will issue a permit to the applicant.

(b) On payment of the permit fee, the Board shall issue a permit to each applicant that meets the requirements of this subtitle.

2-406.

(a) Subject to subsection (b) of this section and while a permit is in effect, it authorizes the holder to:

(1) operate a business through which an individual practices certified public accountancy; and

(2) represent to the public that the business provides the services of a licensed certified public accountant.

(b) A permit authorizes the holder to provide a service that constitutes practicing certified public accountancy only if the service is performed by an individual who is licensed or otherwise authorized under this title to practice.

(c) A FIRM MAY USE THE TITLE "CPA" OR "CPA FIRM" WITHOUT A PERMIT ISSUED UNDER THIS SECTION IF THE FIRM IS PERFORMING OTHER PROFESSIONAL SERVICES THAT DO NOT REQUIRE A PERMIT IF:

(1) THE FIRM PERFORMS THOSE SERVICES THROUGH AN INDIVIDUAL WITH A PRACTICE PRIVILEGE UNDER § 2-321 OF THIS TITLE; AND

(2) THE FIRM PERFORMS THOSE SERVICES IN THE STATE WHERE THE INDIVIDUAL WITH A PRACTICE PRIVILEGE RETAINS A PRINCIPAL PLACE OF BUSINESS.

[2-416.

(a) The Board may issue a limited permit for the practice of certified public accountancy on a specific job to a partnership if:

(1) a simple majority of the ownership of the partnership, in terms of financial interests and voting rights, is held by individuals licensed to practice certified public accountancy in this or another state;

(2) any individual who has an ownership interest in the partnership and is not licensed to practice certified public accountancy in this or another state is an active participant in the partnership;

(3) at least 1 general partner and any other partner who practices or intends to practice accountancy in the State is licensed by the Board under § 2-309 or § 2-320 of this title; and

(4) the requirements of subsection (d) of this section are met.

(b) The Board may issue a limited permit for the practice of certified public accountancy on a specific job to a limited liability company if:

(1) a simple majority of the ownership of the limited liability company, in terms of financial interests and voting rights, is held by individuals licensed to practice certified public accountancy in this or another state;

(2) any individual who has an ownership interest in the limited liability company and is not licensed to practice certified public accountancy in this or another state is an active participant in the limited liability company;

(3) each member who practices or intends to practice accountancy in the State is licensed by the Board under § 2-309 or § 2-320 of this title; and

(4) the requirements of subsection (d) of this section are met.

(c) The Board may issue a limited permit for the practice of certified public accountancy on a specific job to a corporation if:

(1) a simple majority of the ownership of the corporation, in terms of financial interests and voting rights, is held by individuals licensed to practice certified public accountancy in this or another state;

(2) any individual who has an ownership interest in the corporation and is not licensed to practice certified public accountancy in this or another state is an active participant in the corporation;

(3) each shareholder who practices or intends to practice accountancy in this State is licensed by the Board under § 2-309 or § 2-320 of this title; and

(4) the requirements of subsection (d) of this section are met.

(d) In order to qualify for a limited permit under this section a corporation, limited liability company, or partnership shall:

(1) not have a place of business in this State;

(2) submit to the Board an application on the form that the Board provides; and

(3) pay to the Board a permit fee set by the Board.

(e) A limited permit authorizes the partnership, limited liability company, or corporation to conduct a business through which certified public accountancy is practiced only for the specific job for which it was issued, as set forth by the Board.

(f) (1) The Board shall set the term for each limited permit issued under this section.

(2) The term for a limited permit may not be set for more than 1 year and may not exceed the term of a limited license held by a partner, member, or shareholder for the job in question.

(3) A limited permit becomes effective and expires on the dates set by the Board.

(g) Subject to the hearing provisions of § 2-412 of this subtitle, the Board may deny or revoke a limited permit for any ground as may be applicable under § 2-410 of this subtitle.]

2-501.

(a) (1) The Board may adopt regulations to:

(i) require that each office maintained in the State for the practice of accounting by an individual accountant or partnership or corporate permit holder be registered every 2 years with the Board by the individual, partnership, or corporation; and

(ii) set the procedure to carry out the registration.

(2) The Board may not charge a fee for any registration required under this section.

(b) If a licensee or a permit holder fails to register any office as required by a regulation adopted under subsection (a) of this section, the license or permit shall:

(1) be suspended automatically; and

(2) remain suspended until the licensee or permit holder complies with the registration requirements adopted under this section.

2-601.

Except as otherwise provided in this title, a person may not practice, attempt to practice, or offer to practice certified public accountancy in the State unless licensed by the Board **OR QUALIFIED FOR A PRACTICE PRIVILEGE UNDER § 2-321 OF THIS TITLE.**

2-602.

Except for a licensed certified public accountant **OR AN INDIVIDUAL PRACTICING UNDER A PRACTICE PRIVILEGE UNDER § 2-321 OF THIS TITLE** who operates a business as a sole practitioner, a person may not operate a business through which certified public accountancy is practiced, unless:

(1) the business is a partnership, limited liability company, or corporation; and

(2) **EXCEPT AS OTHERWISE PROVIDED UNDER § 2-401 OF THIS TITLE**, the partnership, limited liability company, or corporation holds a permit issued by the Board.

2-603.

(a) Subject to subsection (b) of this section and unless authorized under this title to practice certified public accountancy, a person may not represent to the public, by use of a title, including “licensed certified public accountant”, “certified public accountant”, “public accountant”, or “auditor”, by use of the abbreviation “CPA”, by description of services, methods, or procedures, or otherwise, that the person is authorized to practice certified public accountancy in the State.

(b) Subsection (a) of this section does not prohibit:

(1) the description of a principal, officer, or employee of an organization by the position, title, or office that the individual holds in the organization; or

(2) a partnership, limited liability company, or corporation that holds a permit **OR IS EXEMPT FROM THE PERMIT REQUIREMENT UNDER § 2-401 OF THIS TITLE** from using, in connection with the name of the partnership, limited liability company, or corporation, any of the terms or the abbreviation to which subsection (a) of this section refers.

(c) (1) The display, distribution, or other use by a person of the person’s name, in conjunction with any of the following list of titles or abbreviations in a card, sign, advertisement, directory listing, or other instrument or device, is, in any proceeding under this title, prima facie evidence that the person represents to the public that the person is authorized to practice certified public accountancy:

- (i) “licensed certified public accountant”;
- (ii) “certified public accountant”;
- (iii) “public accountant”;
- (iv) “auditor”; or

(v) an abbreviation of any of these titles.

(2) In a proceeding under this title, evidence of a single representation described in paragraph (1) of this subsection is, without evidence of a general course of conduct, adequate to justify a finding that a person has represented to the public that the person is authorized to practice certified public accountancy in the State.

2-604.

(a) Subject to subsection (b) of this section and unless a person holds a permit issued by the Board **OR IS OTHERWISE AUTHORIZED UNDER THIS TITLE TO PRACTICE CERTIFIED PUBLIC ACCOUNTANCY**, the person may not represent to the public, by use of a title, including “licensed certified public accountants”, “certified public accountants”, “public accountants”, or “auditors”, by use of the abbreviation “CPA”, by description of services, methods, or procedures, or otherwise, that the person holds a permit or otherwise is authorized to operate a business through which certified public accountancy is practiced in the State.

(b) Subsection (a) of this section does not apply to a licensed certified public accountant **OR AN INDIVIDUAL PRACTICING UNDER A PRACTICE PRIVILEGE UNDER § 2-321 OF THIS TITLE** who operates the business as a sole practitioner.

2-605.

(a) A person who violates any provision of this subtitle is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$500 or imprisonment not exceeding 6 months or both.

(b) (1) The Board may impose on a person who violates any provision of this subtitle a penalty not exceeding \$5,000 for each violation.

(2) In setting the amount of the penalty, the Board shall consider:

- (i) the seriousness of the violation;
- (ii) the harm caused by the violation;
- (iii) the good faith of the violator;
- (iv) any history of previous violations by the violator; and
- (v) any other relevant factors.

(3) The Board shall pay any penalty collected under this subsection into the General Fund of the State.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2008.

Approved by the Governor, May 13, 2008.