

**RULES
OF THE
DEPARTMENT OF COMMERCE AND INSURANCE
DIVISION OF REGULATORY BOARDS
TENNESSEE STATE BOARD OF ACCOUNTANCY**

**CHAPTER 0020-01
LICENSING AND REGISTRATION REQUIREMENTS**

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0020-01-.01 DEFINITIONS.

- (1) Unless otherwise stated, as used in this chapter and each subsequent chapter of the Rules of the State Board of Accountancy:
 - (a) "Act" means the Tennessee Accountancy Act of 1998, Tenn. Code Ann. §§ 62-1-101 et seq.;
 - (b) "Accounting service" means accounting, attest, tax, consulting or management advisory services;
 - (c) "AICPA" means the American Institute of Certified Public Accountants;
 - (d) "Attest" shall be defined as in Tenn. Code Ann. § 62-1-103;
 - (e) "Board" shall be defined as in Tenn. Code Ann. § 62-1-103;
 - (f) "Certificate" shall be defined as in Tenn. Code Ann. § 62-1-103;
 - (g) "CPA" means "Certified Public Accountant" and shall be defined as in Tenn. Code Ann. § 62-1-103;
 - (h) "Expired License" means a license that is more than six months past the expiration date of the license;
 - (i) "Financial statements" means statements, footnotes and other supplementary information related thereto that undertake to present an actual or anticipated financial position as of a point in time, or results of operations, cash flow, or changes in financial position for a period of time, in conformity with generally accepted accounting principles or another comprehensive basis of accounting. The term does not include incidental financial data included in management advisory service reports to support recommendations to a client; nor does it include tax returns and supporting schedules;

(Rule 0020-01-.01, continued)

- (j) "License" means a certificate issued under T.C.A. § 62-1-107, a permit issued under T.C.A. § 62-1-108, or a registration under T.C.A. § 62-1-109, or, in each case, a certificate, license, or permit issued under corresponding provisions of prior law;
- (k) "Member" means member in a limited liability company;
- (l) "NASBA" means the National Association of State Boards of Accountancy;
- (m) "Permit" means a permit to practice as a CPA or PA firm issued under §§ 62-1-108, 62-1-109 or corresponding provisions of prior law;
- (n) "Partnership" or "Corporation" shall include any form of business organization authorized under the laws of this or any other state;
- (o) "Practice of public accountancy" means providing or offering to provide attest services to the public, or using the titles "certified public accountant," "public accountant," "CPA," or "PA";
- (p) "Professional service" means any service performed or offered by a licensee for a client in the course of the practice of public accountancy;
- (q) "PA" means "Public Accountant" and shall be defined as in Tenn. Code Ann. § 62-1-103;
- (r) "Registration" shall be defined as in Tenn. Code Ann. § 62-1-103;
- (s) "Report" shall be defined as in Tenn. Code Ann. § 62-1-103. This term, as defined in Tenn. Code Ann. § 62-1-103 of the Act and used in Tenn. Code Ann. § 62-1-108 of the Act, and in these Rules, includes forms of language contained in a report which refers to financial statements or other information, when such forms of language express or deny any assurance as to the reliability of the financial statements or other information to which it refers. Among the possible sources of such forms of language are pronouncements by authoritative bodies recognized by the Board describing the work that should be performed and/or the responsibilities that should be assumed, for specified kinds of professional engagements, and in addition prescribing the form of report which should be issued upon completion of such engagements. A form of report prescribed by such a pronouncement will ordinarily constitute a form of language which is conventionally understood as implying assurance and expertise;
- (t) "Resident manager" means a licensee designated by a firm to be responsible for an office location's compliance with the Act and the rules of the Board. A resident manager may be the resident manager of multiple office locations. Each office location must have a CPA resident manager, with responsibility for that office, whether that manager is an owner in the firm or not.

Authority: T.C.A. §§ 62-1-103, 62-1-105, 62-1-105(e), 62-1-108, 62-1-111(a), 62-1-111(a)(12), and Chapter No. 443 of the Public Acts of 1989, Sections 9 and 12. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed December 1, 1987; effective January 15, 1988. Amendment filed August 5, 1991; effective September 19, 1991. Amendment filed May 11, 1995; effective July 24, 1995. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 15, 2003; effective December 29, 2003. Amendment filed October 17, 2003; effective December 31, 2003. Amendment filed March 26, 2012; effective June 24, 2012. Amendments filed August 12, 2016; effective November 10, 2016. Amendments filed February 23, 2018; effective May 24, 2018.

0020-01-.02 BOARD MEETINGS.

- (1) The Board shall meet at least four (4) times each year. The chair or a quorum of the Board shall have the authority to call meetings of the Board. The Board shall follow and apply the rules of the Administrative Procedures Act of the State of Tennessee regarding notice and conduct of meetings.

Authority: T.C.A. §§ 62-1-105(e)(1), 62-1-111(a)(12), and Chapter No. 443 of the Public Acts of 1989, Sections 9 and 12. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed December 1, 1987; effective January 15, 1988. Amendment filed April 20, 1994; effective July 4, 1994. Amendment filed May 11, 1995; effective July 24, 1995. Repeal and new rule filed June 10, 1999; effective August 24, 1999.

0020-01-.03 BOARD OFFICERS.

- (1) The Board shall elect annually from among its members a chair, vice-chair, secretary and such other officers as the Board may require. The officers shall assume the duties of their respective offices at the conclusion of the meeting at which they were elected.
- (2) The chair, or in the event of the chair's absence or inability to act, the vice-chair, shall preside at all meetings of the Board. The Board shall determine other duties of the officers.

Authority: T.C.A. §§ 62-1-105(e)(1) and 62-1-111. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed May 13, 1991; effective June 27, 1991. Amendment filed April 20, 1994; effective July 4, 1994. Amendment filed May 11, 1995; effective July 24, 1995. Repeal and new rule filed June 10, 1999; effective August 24, 1999.

0020-01-.04 FEES.

- (1) Fees charged by the Board shall be as follows:
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| (a) Initial issuance of certificate | One hundred dollars (\$100.00) |
| (b) Replacement certificate | Twenty-five dollars (\$25.00) |
| (c) Renewal of certificate or registration | One hundred ten dollars (\$110.00) biennially |
| (d) Initial firm permit | Fifty dollars (\$50.00) |
| (e) Renewal of firm permit | Fifty dollars (\$50.00) per year |
| (f) Fee for late filing of permit, certificate, or registration renewal application | One hundred dollars (\$100.00) |
| (g) Fee for application for reinstatement | Two hundred and fifty dollars (\$250.00) |
| (h) Transfer of grades or letter of good standing | Twenty-five dollars (\$25.00) per request |
| (i) Change of address late fee | Twenty-five dollars (\$25.00) |

(Rule 0020-01-.04, continued)

Authority: T.C.A. §§ 62-1-105 and 62-1-107. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed June 30, 1988; effective August 14, 1988. Amendment filed August 5, 1991; effective September 19, 1991. Amendment filed April 20, 1994; effective July 4, 1994. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 15, 2003; effective December 29, 2003. Amendment filed October 17, 2003; effective December 31, 2003. Amendment filed August 15, 2006; effective October 29, 2006. Amendment filed March 26, 2012; effective June 24, 2012. Amendment filed December 11, 2013; effective March 11, 2014. Amendments filed October 28, 2016; effective January 26, 2017.

0020-01-.05 APPLICATIONS.

- (1) Applications to take the Certified Public Accountant Examination must be made on a form provided by the Board or its designee and filed with the Board or its designee by a due date specified by the Board or its designee in the application form. All applications for initial examination or reexamination shall be accompanied by the current fee being charged by the Board or such entity as is approved by the Board.
- (2) An application will not be considered filed until the application fee and examination fee required by these rules and all required supporting documents have been received, including proof of identity as determined by the Board and specified on the application form, official transcripts and proof that the candidate has satisfied the education requirement.
- (3) A candidate who fails to appear for the examination shall forfeit all fees charged for both the application and the examination. All applications for initial licensure shall expire one (1) year from the date of the application for initial licensure.
- (4) The Board or its designee will forward notification of eligibility for the computer-based examination to NASBA's National Candidate Database.

Authority: T.C.A. §§ 62-1-105 and 62-1-106. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed August 5, 1991; effective September 19, 1991. Amendment filed April 20, 1994; effective July 4, 1994. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 17, 2003; effective December 31, 2003. Amendment filed August 15, 2006; effective October 29, 2006. Amendment filed December 11, 2013; effective March 11, 2014.

0020-01-.06 EXAMINATIONS.

- (1) The examination required by T.C.A. § 62-1-106(d) shall test the knowledge and skills required for performance as an entry-level certified public accountant. The examination shall include the subject areas of accounting and auditing and related knowledge and skills as the Board may require.
- (2) Eligible candidates shall be notified of the time and place of the examination or shall independently contact the Board, or its designee, or a test center operator identified by the Board to schedule the time and place for the examination at an approved test site. Scheduling reexaminations must be made in accordance with (6)(a) below.
- (3) The Board shall cause the examination for certification to be graded by the AICPA. The Board may recognize the grades assigned by the AICPA. Applicants may request a grade review if the Board permits such, and the applicant pays whatever administrative charges that are assessed for a grade review.
- (4) A candidate shall be required to pass all test sections of the examination provided for in T.C.A. § 62-1-106(d) in order to qualify for a certificate. The uniform passing grade shall be

(Rule 0020-01-.06, continued)

established through a psychometrically acceptable standard-setting procedure and approved by the Board.

- (5) The notification given to the exam candidate regarding the grades and requirements that the candidate must achieve to pass a particular exam shall govern the grading of that exam.
- (6) The following shall apply to the computer-based Uniform CPA Examination:
 - (a) Candidates may take the required test sections individually and in any order. Credit for any test section(s) passed shall be valid for a period of eighteen (18) months and be calculated from the actual date the candidate took that test section, without having to attain a minimum score on any failed test section(s) and without regard to whether the candidate has taken the remaining test sections.
 1. Candidates must pass all required test sections of the Uniform CPA Examination within a rolling eighteen (18) month period, which begins on the date that the first test section(s) passed is taken.
 - (i) Candidates cannot retake a failed test section(s) in the same examination window. An examination window refers to a three-month cycle in which candidates have an opportunity to take the CPA examination.
 - (ii) Notwithstanding subpart (6)(a)1.(i), the Board shall allow a candidate to retake failed test sections within a continuous eighteen (18) month period without a three (3) month window restriction once the restriction has been eliminated by those charged with governance of the Uniform CPA exam.
 2. In the event a candidate does not pass all required test sections of the Uniform CPA Examination within eighteen (18) months, credit for any test section(s) passed outside the eighteen (18) months will expire and that test section(s) must be retaken.
 - (b) A candidate shall retain credit for any and all test sections of an examination passed in another state if such credit would have been given, under then applicable requirements, if the candidate had taken the examination in this state.
 - (c) The Board may in particular cases extend the term of conditional credit notwithstanding the requirements of these rules, upon a showing that the credit was lost by reason of circumstances beyond the candidate's control.
 - (d) A candidate shall be deemed to have passed the Uniform CPA Examination once the candidate holds at the same time valid credit for passing each of the required test sections of the examination. For purposes of this section, credit for passing a test section of the computer based examination is valid from the actual date of the testing event for that test section, regardless of the date the candidate actually receives notice of the passing grade.
- (7) An applicant may be required to pass an examination covering the rules of ethics and professional conduct promulgated by the Board. Such examination may be part of the examination required in T.C.A. § 62-1-106(d) or may be a separate examination.
- (8) The Board may provide for a third party administering the examination to charge each applicant a fee for each section of the examination or reexamination taken by the applicant.

(Rule 0020-01-.06, continued)

- (9) The candidate shall schedule each test section with the Board or its designee and pay a candidate testing fee that includes the actual fees charged by the AICPA, NASBA, and the Test Delivery Service Provider.
- (10) Notwithstanding any other provisions under these rules, the Board may postpone scheduled examinations, release of grades, or the issuance of certificates due to a breach of examination security, unauthorized acquisition or disclosure of the contents of an examination, suspected or actual negligence, errors, omissions, or irregularities in conducting an examination, or for any other reasonable cause or unforeseen circumstance.
- (11) All CPA Exam scores shall expire ten (10) years after the first passing score is earned. However, upon written request by the applicant, the Board may, in its sole discretion, grant an extension of the score expiration date for good cause shown.
- (12) Candidates who have been ordered to military service shall receive an automatic extension on any CPA examination credits, in order to complete the examination requirements of paragraph (6) of this rule, for the length of time that the candidate was ordered to military service.

Authority: T.C.A. §§ 62-1-105 and 62-1-106. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed June 3, 1983; effective July 5, 1983. Amendment filed April 20, 1994; effective July 4, 1994. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed January 24, 2003; effective April 9, 2003. Amendment filed October 17, 2003; effective December 31, 2003. Amendment filed August 15, 2006; effective October 29, 2006. Amendment filed March 26, 2012; effective June 24, 2012. Amendment filed December 11, 2013; effective March 11, 2014. Amendments filed October 28, 2016; effective January 26, 2017. Amendments filed October 17, 2019; effective January 15, 2020.

0020-01-.07 CHEATING.

- (1) Cheating by a candidate in applying for, taking or subsequent to the examination invalidates any grade otherwise earned by a candidate on any test section of the examination, and may warrant summary expulsion from the test site and disqualification from taking the examination for a specified period of time.
- (2) For purposes of this rule, the following actions or attempted activities, among others, may be considered cheating:
 - (a) Falsifying or misrepresenting educational credentials, candidate identification, or other information required for admission to the examination;
 - (b) Communication between candidates inside or outside the test site or copying another candidate's answers while the examination is in progress;
 - (c) Communication with others inside or outside the test site while the examination is in progress;
 - (d) Substitution of another person to sit in the test site instead of a candidate;
 - (e) Reference to crib sheets, text books or other material or electronic media (other than that provided to the candidate as part of the examination) inside or outside the test site while the examination is in progress;

(Rule 0020-01-.07, continued)

- (f) Violating the nondisclosure prohibitions of the examination or aiding or abetting another in doing so;
 - (g) Retaking or attempting to retake a test section by an individual holding a valid certificate or by a candidate who has unexpired credit for having already passed the same test section, unless the individual has been directed to retake a test section pursuant to Board order or unless the individual has been expressly authorized by the Board to participate in a “secret shopper” program.
- (3) In any case where it appears that cheating has occurred or is occurring, the Board or its representatives may either summarily expel the candidate involved from the examination or move the candidate to a position in the test center away from other examinees where the candidate can be watched more closely.
- (4) In any case where the Board believes that it has evidence that a candidate has cheated on the examination, including those cases where the candidate has been expelled from the examination, the Board shall conduct an investigation and may conduct a hearing following the examination session for the purpose of determining whether or not there was cheating, and if so what remedy should be applied. In such proceedings, the Board shall decide:
- (a) Whether the candidate shall be given credit for any portion of the examination completed in that session; and
 - (b) Whether the candidate shall be barred from taking the examination, and if so, for what period of time.
- (5) In any case where the Board or its representative permits a candidate to continue taking the examination, it may, depending on the circumstances:
- (a) Admonish the candidate;
 - (b) Keep a record of the candidate’s seat location and identifying information, and the names and identifying information of the candidates in close proximity of the candidate;
 - (c) Notify the National Candidate Database and the AICPA and/or the test center of the circumstances, so that the candidate may be more closely monitored in future examination sessions.
- (6) In any case where a candidate is refused credit for any part of the examination taken, or is disqualified from taking other parts, the Board shall provide the candidate with a written statement containing its findings.
- (7) In any case in which a candidate is refused credit for any test section of an examination taken, disqualified from taking any test section, or barred from taking the examination in the future, the Board will provide to the Board of Accountancy of any other state to which the candidate may apply for the examination, information as to the Board’s findings and actions taken.

Authority: T.C.A. § 62-1-105. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed December 1, 1987; effective January 15, 1988. Amendment filed May 13, 1991; effective June 27, 1991. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 17, 2003; effective December 31, 2003. Amendment filed August 15, 2006; effective October 29, 2006.

0020-01-.08 RENEWAL OF LICENSES.

- (1) Each holder of a certificate as a certified public accountant or a registration as a public accountant shall be required to renew such certificate or registration biennially.
- (2) An individual or firm choosing not to renew his, her, or its license shall notify the Board of his, her, or its intention prior to the expiration of that license.
- (3) Applications for the renewal of certificates and registrations pursuant to the Act shall be made on a form provided by the Board and shall be filed no later than the expiration date set by these rules. Applications will not be considered filed until the applicable fee prescribed in these rules is received.
- (4) Applications for renewal of certificates or registrations shall be accompanied by evidence satisfactory to the Board that the applicant has complied with the continuing professional education requirements under T.C.A. § 62-1-107(d) and Chapter 0020-05 of the Board's rules.
- (5) The Board may request additional evidence from licensees for continuing professional education requirements including continuing professional education audits (which require CPE course completion documentation).
- (6) Licenses which are between one day and six (6) months past the expiration date shall be considered delinquent. Licenses which are renewed between thirty-one (31) days and six (6) months following their expiration date will be assessed a late fee in the amount of one-hundred dollars (\$100.00).
- (7) Licenses which are more than six (6) months past the expiration date shall be deemed to have expired. Any individual wishing to reinstate an expired license shall comply with paragraph (4) of this rule and paragraph (6) of rule 0020-05-.03. The CPE hours required to be completed to reinstate an expired license are considered penalty hours and may not be used to offset the CPE hours required for the renewal of a license.
- (8) An applicant for licensure meeting the requirements of T.C.A. § 4-3-1304(d)(1) may:
 - (a) Be issued a license under this chapter upon application and payment of all fees required for issuance of a regular license of the same type if, in the opinion of the Board, the requirements for certification or licensure in the state where the applicant is licensed are substantially equivalent to that required in Tennessee; or
 - (b) Be issued a temporary permit as described herein if the Board determines that the applicant's license does not meet the requirements for substantial equivalency, but that the applicant could perform additional acts, including - but not limited to - education, training, or experience, in order to meet the requirements for the license to be substantially equivalent. The Board may issue a temporary permit upon application and payment of all fees required for issuance of a regular license of the same type, which shall allow such person to perform services as if fully licensed for a set period of time that is determined to be sufficient for the applicant to complete such requirements.
 1. After completing those additional requirements and providing the Board with sufficient proof thereof as may be required, a full license shall be issued to the applicant with an issuance date of the date of the original issuance of the temporary permit and an expiration date as if the full license had been issued at that time.

(Rule 0020-01-.08, continued)

2. A temporary permit shall be issued for a period of less than the length of a renewal cycle for a full license.
 3. A temporary permit shall expire upon the date set by the Board and shall not be subject to renewal except through the completion of the requirements for substantial equivalency as required by the Board or by an extension of time granted for good cause by the Board.
 4. Should an extension to a temporary permit cause the permit to be in effect longer than the renewal cycle of a full license, the holder of the temporary permit shall file a renewal application with such documentation and fees, including completion of continuing education, as are required by the Board for all other renewals of a full license of the same type.
- (9) Military education, training, or experience completed by a person described at T.C.A. § 4-3-1304(d)(1)(B)(ii)(a)-(c) shall be accepted toward the qualifications, in whole or in part, to receive any license issued by the Board if such military education, training, or experience is determined by the Board to be substantially equivalent to the education, training, or experience required for the issuance of such license.
- (10) Any licensee who is a member of the National Guard or a reserve component of the armed forces of the United States called to active duty whose license expires during the period of activation shall be eligible for renewal for a period of six (6) months after the licensee is released from active duty without:
- (a) Payment of late fees or other penalties;
 - (b) Obtaining continuing education credits when:
 1. Circumstances associated with the person's military duty prevented the obtaining of continuing education credits and a waiver request has been submitted to the Board; or
 2. The person performs the licensed or certified occupation as part of such person's military duties and provides documentation sufficient to demonstrate such to the Board, or;
 - (c) Performing any other similar act typically required for the renewal of a license or certification.
- (11) Any person renewing under paragraph (10) shall provide the Board such supporting documentation evidencing activation as may be required by the Board prior to renewal of any license pursuant to that paragraph.

Authority: T.C.A. §§ 4-3-1304, 62-1-105, 62-1-107, 62-1-108, 62-1-109, 62-1-111, and 56-1-302.
Administrative History: Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed December 1, 1987; effective January 15, 1988. Amendment filed May 13, 1991; effective June 27, 1991. Amendment filed April 20, 1994; effective July 4, 1994. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 15, 2003; effective December 29, 2003. Amendment filed October 17, 2003; effective December 31, 2003. Amendment filed August 15, 2006; effective October 29, 2006. Amendment filed March 13, 2007; effective May 27, 2007. Amendment filed March 26, 2012; effective June 24, 2012. Amendment filed February 11, 2015; effective May 12, 2015. Amendments filed

(Rule 0020-01-.08, continued)

August 12, 2016; effective November 10, 2016. Amendments filed October 28, 2016; effective January 26, 2017.

0020-01-.09 DENIAL OF CERTIFICATE.

- (1) An applicant denied a certificate shall be notified in writing by the Board of such denial and the reasons therefore. Such applicant may request an appearance before the Board to reconsider such denial at its next scheduled meeting. Such request shall be sent to the Executive Director within thirty (30) days of the date of the notice of denial.

Authority: T.C.A. §§ 62-1-105 and 62-1-111(a)(12). **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed December 1, 1987; effective January 15, 1988. Repeal and new rule filed June 10, 1999; effective August 24, 1999.

0020-01-.10 REINSTATEMENT OF REVOKED OR SUSPENDED LICENSES.

- (1) A certified public accountant or public accountant whose license has been revoked or suspended and who wishes to reinstate the license shall submit to the Board an application for reinstatement of such license accompanied by the appropriate fee.
- (2) Such application shall consist of a signed and acknowledged petition which shall set forth in full the circumstances surrounding the revocation or suspension of the applicant's license, the applicant's reasons for seeking reinstatement, and any other information the applicant wishes to bring to the attention of the Board.
- (3) Such application shall be submitted to the Board at its next meeting and evaluated and reviewed for presentation at the following meeting.
- (4) In considering an application the Board may consider all activities of the applicant since the revocation or suspension was imposed, the offense for which the applicant was disciplined, the applicant's activities during the time the license was in good standing, the applicant's rehabilitative efforts, the applicant's restitution to damaged parties in the matter for which the discipline was imposed, and the applicant's general reputation for truth and professional probity. The Board may also question the applicant, complainant or individual injured by the applicant.
- (5) After consideration of the applicant's petition, the Board may in its sound discretion reinstate any revoked or suspended license. The Board shall notify such applicant of its decision in writing.
- (6) The Board may impose appropriate terms and conditions for reinstatement of a license or modification of a revocation, suspension or probation.
- (7) No application for reinstatement will be considered while the applicant is under sentence for any criminal offense, including any period during which the applicant is on court imposed probation or parole.
- (8) A certified public accountant or public accountant whose license has been suspended must meet all continuing professional education and renewal fee requirements during the term of the suspension.

Authority: T.C.A. §§ 62-1-105, 62-1-107, and 62-1-118. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Repeal and new rule filed June 10, 1999; effective August 24, 1999.

(Rule 0020-01-.10, continued)

Amendment filed October 15, 2003; effective December 29, 2003. Amendment filed August 15, 2006; effective October 29, 2006.

0020-01-.11 APPLICATION AND RENEWAL OF CPA AND PA FIRM PERMITS.

- (1) Each sole proprietorship, corporation, partnership or other form of organization providing attest services to the public or using the title "CPAs," "CPA firm," "PAs," or "PA firm" shall obtain a permit from the Board for each office location for the ensuing calendar year. Applications for initial issuance and for renewal of permits shall be made on a form provided by the Board and, in the case of applications for renewal, shall be filed no earlier than two (2) months prior to and no later than the expiration date.
- (2) All CPA and PA firm permits shall expire annually on December 31. Initial applications and renewals will not be considered filed until the applicable fee and all required documents prescribed in these Rules are received by the Board. If an application for renewal is filed late, it shall also be accompanied by the appropriate late renewal penalty.
- (3) Initial applications and renewals for each office location shall disclose the following information and shall be signed by the resident manager of the office location.
 - (a) The name of the firm;
 - (b) The firm's organizational structure;
 - (c) The address of the office location;
 - (d) The name and address of each individual with an equity or voting interest in the firm;
 - (e) A listing of the percentage of equity ownership and voting rights of each owner of the firm;
 - (f) The percentage of the firm's normal business hours that each non-CPA owner spends working at the firm;
 - (g) The name, address, and certificate number of each certified public accountant or public accountant employed at the office location;
 - (h) The name, address and certificate number of the resident manager of the office location;
 - (i) The name and certificate number of each person responsible for supervising or providing attest services as contemplated by T.C.A. § 62-1-108(c)(2). The firm's initial application must include a completed experience affidavit for each of these individuals; and
 - (j) The type of peer review program in which the firm participates along with proof of compliance in a manner acceptable to the board.
- (4) Every office location shall comply with the current statutes and rules of the Tennessee State Board of Accountancy.
- (5) This rule is applicable to offices located outside of this state where such offices are engaged in the practice of public accountancy as CPA firms in this state through any person(s) holding a reciprocal certificate.

(Rule 0020-01-.11, continued)

Authority: T.C.A. §§ 62-1-103, 62-1-105, 62-1-108, 62-1-111, and 62-1-113. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed May 13, 1991; effective June 27, 1991. Amendment filed February 8, 1993; effective March 25, 1993. Amendment filed May 11, 1995; effective July 24, 1995. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed August 15, 2006; effective October 29, 2006. Amendments filed August 12, 2016; effective November 10, 2016.

0020-01-.12 NOTIFICATION OF FIRM CHANGES.

- (1) Firms established pursuant to T.C.A. §§ 62-1-108 and/or 62-1-109 shall file with the Board a written notification of any of the following events concerning the practice of public accountancy within this State within thirty (30) days after its occurrence:
 - (a) Formation of a new firm;
 - (b) Addition of a partner, member or shareholder;
 - (c) Retirement, withdrawal or death of a partner, member, manager or shareholder;
 - (d) Any change in the name of the firm;
 - (e) Dissolution of the firm;
 - (f) Change in the management of any office location registered in this State;
 - (g) Establishment of a new office or location engaged in the practice of public accountancy in this State or the closing or change of address of an office location registered in this State; and
 - (h) The occurrence of any event or events which would cause such firm not to be in conformity with the provisions of the Act or these Rules.

Authority: T.C.A. §§ 62-1-105, 62-1-108, 62-1-111, and 62-1-113. **Administrative History:** Original rule filed June 9, 1981; effective August 17, 1981. Repeal filed December 1, 1987; effective January 15, 1988. Original rule filed June 10, 1999; effective August 24, 1999. Amendment filed August 15, 2006; effective October 29, 2006. Amendments filed August 12, 2016; effective November 10, 2016.

0020-01-.13 INTERSTATE PRACTICE.

- (1) These rules provide two distinct routes for an individual already licensed in another state to be authorized to practice in this state. The applicable route depends upon whether the individual will establish a principal place of business in this state. An individual establishing a principal place of business in this state may qualify for a reciprocal license if the applicant has met the requirements of T.C.A. § 62-1-107. An individual with a principal place of business in another state may offer or render services in this state if the applicant has met the requirements of T.C.A. § 62-1-117.
- (2) Fees
 - (a) An application for a reciprocal certificate shall be accompanied by a fee of one hundred dollars (\$100.00).

(Rule 0020-01-.13, continued)

- (b) The fee for issuance of an initial reciprocal certificate shall be one hundred dollars (\$100.00).
- (3) Holders of reciprocal certificates shall comply with the continuing education requirements contained in Chapter 0020-05, and shall comply with all other requirements of the statutes and rules governing the practice of public accountancy within the State of Tennessee.
- (4) Any Tennessee licensee who lives in another state and who wishes to practice accountancy under this chapter must maintain his or her Tennessee license in good standing in order to do so.

Authority: T.C.A. §§ 62-1-105, 62-1-107, 62-1-110, 62-1-111, 62-1-113, 62-1-114, and 62-1-117.
Administrative History: Original rule filed June 9, 1981; effective August 17, 1981. Amendment filed December 1, 1987; effective January 15, 1988. Amendment filed May 13, 1991; effective June 27, 1991. Amendment filed May 11, 1995; effective July 24, 1995. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 15, 2003; effective December 29, 2003. Amendment filed August 15, 2006; effective October 29, 2006. Amendment filed March 26, 2012; effective June 24, 2012. Amendments filed October 28, 2016; effective January 26, 2017.

0020-01-.14 INTERNATIONAL RECIPROCITY.

- (1) The Board may designate a professional accounting credential issued in a foreign country as substantially equivalent to a CPA certificate.
 - (a) The Board may rely on the International Qualifications Appraisal Board for evaluation of foreign credential equivalency.
 - (b) The Board may accept a foreign accounting credential in partial satisfaction of its domestic credentialing requirements if:
 - 1. the holder of the foreign accounting credential met the issuing body's education requirement and passed the issuing body's examination used to qualify its own domestic candidates; and
 - 2. the foreign credential is valid and in good standing at the time of application for a domestic credential.
- (2) The Board may satisfy itself through qualifying examination(s) that the holder of a foreign credential deemed by the Board to be substantially equivalent to a CPA certificate possesses adequate knowledge of U.S. practice standards and the Board's regulations. The Board may rely on the National Association of State Boards of Accountancy, the American Institute of Certified Public Accountants, or other professional bodies to develop, administer, and grade such qualifying examination(s). The Board will specify the qualifying examination(s) and process by policy.
- (3) An applicant for renewal of a CPA certificate originally issued in reliance on a foreign accounting credential shall:
 - (a) Make application for renewal at the time and in the manner prescribed by the Board for all other certificate renewals;
 - (b) Pay such fees as are prescribed for all other certificate renewals;

(Rule 0020-01-.14, continued)

- (c) If the applicant has a foreign credential in effect at the time of the application for renewal of the CPA certification, he/she must present documentation from the foreign accounting credential issuing body that the applicant's foreign credential has not been suspended or revoked and the applicant is not the subject of a current investigation. If the applicant for renewal no longer has a foreign credential, the applicant must present proof from the foreign credentialing body that the applicant for renewal was not the subject of any disciplinary proceedings or investigations at the time that the foreign credential lapsed; and
 - (d) Either show completion of continuing professional education substantially equivalent to that required under rule 0020-05-.03 within the two (2) year period preceding renewal application, or petition the Board for complete or partial waiver of the CPE requirement based on the ratio of foreign practice to practice in this State.
- (4) The holder of a CPA certificate issued in reliance on a foreign accounting credential shall report any investigations undertaken, or sanctions imposed, by a foreign credentialing body against the CPA's foreign credential.
 - (5) Suspension or revocation of, or refusal to renew, the CPA's foreign accounting credential by the foreign credentialing body may be evidence of conduct reflecting adversely upon the CPA's fitness to retain the certificate and may be a basis for Board action.
 - (6) Conviction of a felony or any crime involving dishonesty or fraud under the laws of a foreign country is evidence of conduct reflecting adversely on the CPA's fitness to retain the certificate and is a basis for Board action.
 - (7) The Board shall notify the appropriate foreign credentialing authorities of any sanctions imposed against a CPA.
 - (8) The Board may participate in joint investigations with foreign credentialing bodies and may rely on evidence supplied by such bodies in disciplinary hearings.

Authority: T.C.A. §§ 62-1-105, 62-1-107, 62-1-111(a)(12), and 62-1-111(a)(14). **Administrative History:** Original rule filed May 13, 1991; effective June 27, 1991. Repeal filed August 2, 1996; effective October 16, 1996. Original rule filed June 10, 1999; effective August 24, 1999.

0020-01-.15 REPEALED.

Authority: T.C.A. §§ 62-1-105, 62-1-111, and 62-1-124. **Administrative History:** Original rule filed May 11, 1995; effective July 24, 1995. Repeal filed June 10, 1999; effective August 24, 1999.