

Statutes and Regulations **Public Accountancy**

April 2024



DEPARTMENT OF COMMERCE, COMMUNITY,
AND ECONOMIC DEVELOPMENT

***DIVISION OF CORPORATIONS, BUSINESS
AND PROFESSIONAL LICENSING***

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**CHAPTER 04.
ACCOUNTANTS**

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**ARTICLE 1.
BOARD OF PUBLIC ACCOUNTANCY**

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Sec. 08.04.005. Purpose. It is the policy of the state and the purpose of this chapter to promote the reliability of information that is used for guidance in financial transactions or assessing the financial status or performance of commercial, noncommercial, and governmental enterprises. The public interest requires that

(1) persons professing special competence in accountancy or who offer assurance as to the reliability or fairness of presentation of financial information should demonstrate their qualifications to do so, and that persons who have not demonstrated and maintained adequate qualifications should not be permitted to hold themselves out as having special competence or to offer assurance about their actions;

(2) the professional conduct of persons licensed as having special competence in accountancy should be regulated in all aspects of the practice of public accounting;

(3) a public authority competent to prescribe and assess the qualifications and to regulate the professional conduct of practitioners of public accounting should be established; and

(4) the use of titles relating to the practice of public accounting that are likely to mislead the public as to the status or competence of the persons using these titles should be prohibited.

Sec. 08.04.010. Creation of board. There is created the Board of Public Accountancy.

Sec. 08.04.020. Appointment and qualifications of board. (a) The board consists of seven members appointed by the governor. Each member shall be a resident of this state for at least one year. Five members shall be certified public accountants or public accountants and two members shall be public members

(b) Except for public members, an individual may not be appointed unless the individual holds a current license. Public members may not be employed by a person holding a license, permit, or practice privilege under this chapter. Notwithstanding AS 08.01.025, an accountant who does not hold a license under this chapter, is not engaged in the practice of public accounting in violation of this chapter, and does not have a direct financial interest in public accounting is eligible for appointment as a public member under this section.

Sec. 08.04.025. Meetings of board. The board shall hold a minimum of four meetings a year.

Sec. 08.04.030. Removal of members. The governor shall remove any member of the board whose license has been revoked or suspended. The governor may, after hearing, remove any member for neglect of duty or other just cause.

Sec. 08.04.040. Vacancy on board. A vacancy shall be filled by appointment for the unexpired term, except as provided in AS 39.05.080(4), and all vacancies shall be filled within 60 days. Except as provided in AS 39.05.080(4), after the expiration of a member's term of office a member continues to serve until a successor is appointed and qualifies, formally advises the board of acceptance of the appointment, and appears at the next meeting of the board.

Sec. 08.04.050. Quorum. A majority of the board constitutes a quorum for the transaction of business.

Sec. 08.04.055. Executive secretary of board. (a) The department, in consultation with the board, shall employ a certified public accountant or person who has other accounting experience satisfactory to the board and who is not a member of the board to serve as executive secretary of the board.

(b) The executive secretary shall perform duties as prescribed by the board.

(c) The executive secretary of the board is in the partially exempt service and entitled to receive a monthly salary equal to a step in Range 23 on the salary schedule set out in AS 39.27.011(a).

Sec. 08.04.070. Functions of board. (a) The board shall elect annually from its members a presiding officer, secretary, and treasurer. One person may hold the offices of secretary and treasurer.

(b) The board may adopt and amend regulations for the orderly conduct of its affairs and for the administration of this chapter.

(c) The board shall adopt a seal.

(d) *[Repealed, Sec. 53 ch 16 SLA 2006.]*

(e) *[Repealed, Sec. 53 ch 16 SLA 2006.]*

(f) The board shall adopt a formal statement of goals, objectives, and policies to be reviewed and updated annually.

(g) *[Repealed, Sec. 6 ch 19 SLA 1998.]*

(h) The board shall define by regulation the qualifications and duties of the executive secretary and delegate authority to the executive secretary as necessary to conduct board business.

Sec. 08.04.075. Substantial equivalency. The board shall determine whether the education, examination, and experience qualifications of another state or an individual are substantially equivalent to the national standard or to another standard established by the board to protect the public interest. The board may adopt by regulation the qualifications established by a nationally recognized professional organization for accountants as the national standard or for another standard established by the board to protect the public interest. The board may accept the determination of a nationally recognized professional organization for accountants or adopt another standard as to whether the qualifications of the other state or an individual are substantially equivalent to the national standard. When ascertaining substantial equivalency under this chapter, the order in which education, examination, or experience requirements were attained shall be disregarded.

Sec. 08.04.080. Adoption of rules. The board may adopt rules of professional conduct to establish and maintain a high standard of integrity and dignity in the profession of public accounting. At least 30 days before the adoption of any rule or amendment, the board shall send a notice of the proposed rule or amendment to each holder of a license or permit issued under this chapter to the address of the license or permit holder last known to the board.

Sec. 08.40.085. Regulations regarding attest functions. *[Repealed, Sec. 42 ch 67 SLA 2010.]*

Sec. 08.40.090. Applicability of Administrative Procedure Act. *[Repealed, Sec. 15 ch 82 SLA 1980.]*

ARTICLE 2. CERTIFIED PUBLIC ACCOUNTANTS AND PRACTICE OF PUBLIC ACCOUNTING

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Sec. 08.04.100. Certificate granted. The certificate of "Certified Public Accountant" shall be granted by the board to any person who meets the requirements of AS 08.04.110 - 08.04.130. The holder of a certificate issued under this section is not authorized to engage in the practice of public accounting in the state unless the holder also has a current license or permit.

Sec. 08.04.105. License for individual to practice as a public accountant. (a) The board shall issue a license to engage in the practice of public accounting to an individual who meets the requirements of AS 08.04.110 - 08.04.130. The license is valid for the remainder of the biennial licensing period during which the initial license was granted.

(b) The board may renew a license granted under this section if the licensee

- (1) maintains all of the licensee's offices as required by AS 08.04.360 and 08.04.370;
- (2) complies with the continuing education requirements of AS 08.04.425 and the peer review requirements of AS 08.04.426; and
- (3) complies with the requirements of this chapter.

Sec. 08.04.110. Personal requirements. An applicant for a certified public accountant license shall be of good moral character.

Sec. 08.04.120. Educational and experience requirements. (a) The education and experience requirements for an applicant are a baccalaureate degree or its equivalent conferred by a college or university acceptable to the board and additional semester hours or post-baccalaureate study so that the total educational program includes at least 150 hours, with an accounting concentration or equivalent as determined by the board by regulation to be appropriate, and two years of accounting experience satisfactory to the board.

(b) *[Repealed, Sec. 9 ch 74 SLA 2018.]*

Sec. 08.04.130. Examination. An applicant shall pass an examination in accounting and reporting, in auditing, and in other related subjects that the board determines appropriate. The examination shall be designated in advance by the board as the examination for the license of certified public accountant. The board shall use the Uniform Certified Public Accountant Examination of the American Institute of Certified Public Accountants and the institute's advisory grading service, if available. The board shall, by regulation, establish what constitutes a passing grade on the examination for purposes of licensure under AS 08.04.105 - 08.04.240.

Sec. 08.04.140. Frequency of examination. *[Repealed, Sec. 3 ch 139, SLA 2003.]*

Sec. 08.04.150. Qualifications to take examination. A person is qualified to take the examination for certified public accountants if the person either

- (1) has a baccalaureate degree or its equivalent conferred by a college or university acceptable to the board with
 - (A) an accounting concentration or the equivalent, as defined in regulations of the board;
 - (B) a minimum of 15 semester credit hours or 22 quarter credit hours of accounting subjects; or
 - (C) one year of public accounting experience under the direct supervision of a certified public accountant;

or

(2) has met or is within 18 semester credit hours or 27 quarter credit hours of meeting the undergraduate educational requirements of AS 08.04.120 and has completed at least 15 semester hours or 22 quarter hours of accounting subjects.

Sec. 08.04.160. Re-examination. *[Repealed, Sec. 3 ch 139 SLA 2003.]*

Sec. 08.04.170. Examination standards. *[Repealed, Sec. 3 ch 139 SLA 2003.]*

Sec. 08.04.180. Prior applicants. *[Repealed, Sec. 9 ch 74 SLA 2018.]*

Sec. 08.04.190. Examination fee. An applicant shall pay the appropriate fee at the time of application for examination or reexamination.

Sec. 08.04.195. Reciprocity with other states. (a) Notwithstanding AS 08.04.110 - 08.04.190, the board may issue a license to engage in the practice of public accounting to an applicant who holds a license, or its equivalent, issued by another state if the applicant

- (1) passed the Uniform Certified Public Accountant Examination of the American Institute of Certified Public Accountants in order to receive the applicant's initial license from the other state;
- (2) meets the accounting experience requirements established by the board by regulation;
- (3) is not the subject of review procedures, disciplinary proceedings, or unresolved complaints related to the applicant's license from another state; and
- (4) is of good moral character.

(b) An applicant for the initial issuance of a license under this section shall list in the application all states where the applicant has applied for or holds a license, or its equivalent, and shall notify the board in writing within 30 days after a denial, revocation, or suspension of a license, or the equivalent, by another state.

(c) The board may by regulation establish the education and continuing education requirements for the issuance of a license under this section.

(d) The board may renew a license issued under this section if the licensee

- (1) maintains all of the licensee's offices as required by AS 08.04.360 and 08.04.370;
- (2) complies with the continuing education requirements established under (c) of this section; and
- (3) complies with the requirements of this chapter.

Sec. 08.04.200. Use of title "certified public accountant" by individual. An individual who has a license from the board as a certified public accountant or holds a practice privilege shall be known as a certified public accountant and may use the abbreviation "CPA."

Sec. 08.04.210. Effect on certificates existing on April 26, 1960. A person who, on April 26, 1960, held a certificate as a certified public accountant issued under the laws of the Territory or State of Alaska is not required to obtain a license under this chapter but is otherwise subject to this chapter. Certificates issued before April 26, 1960, shall be considered licenses issued under this chapter.

Sec. 08.04.220. Certification of foreign accountants. *[Repealed, Sec 15 ch 82 SLA 1980.]*

Sec. 08.04.230. Registration of foreign accountants. *[Repealed, Sec 2 ch 147 SLA 1976.]*

Sec. 08.04.240. Application of partnerships, limited liability companies, corporations, and other legal entities for permits. (a) The board shall grant a permit to engage in the practice of public accounting to a firm with an office in the state that applies to the board as a firm of certified public accountants if the firm meets the following requirements:

(1) more than one-half of the ownership of the firm belongs to certified public accountants of this or another state in good standing;

(2) an individual who is a certified public accountant or has a practice privilege, who is responsible for supervising attest functions or compilation services in the firm, and who signs or authorizes another person to sign an accountant's report on financial statements on behalf of the firm meets the competency requirements established by the board under AS 08.04.423;

(3) an individual who signs or authorizes another person to sign an accountant's report on financial statements on behalf of the firm meets the competency requirements established by the board under AS 08.04.423; and

(4) each owner who is personally engaged in this state in the practice of public accounting as a member of the firm and whose principal place of business in this state is a certified public accountant of this state in good standing.

(b) *[Repealed, Sec. 44 ch 5 SLA 2022.]*

(c) *[Repealed, Sec. 44 ch 5 SLA 2022.]*

(d) *[Repealed, Sec. 44 ch 5 SLA 2022.]*

(e) *[Repealed, Sec. 44 ch 5 SLA 2022.]*

(f) An initial permit issued under (a) or (k) of this section lasts for the remainder of the biennial licensing period during which the initial permit was granted.

(g) The board shall renew a permit granted under (a) or (k) of this section or a renewal issued under this subsection if

(1) the permittee maintains all of the licensee's offices that are located in this state as required by AS 08.04.360 and 08.04.370;

(2) each individual who is required by (a) or (k) of this section to be a certified public accountant of this state complies with the continuing education requirements of AS 08.04.425 and the peer review requirements of AS 08.04.426; and

(3) the permittee complies with the requirements of this chapter.

(h) A partnership holding a permit issued under former AS 08.04.330 - 08.04.340 on June 29, 1980, qualifies for a permit under this section as long as each partner personally engaged in the practice of public accounting in this state holds a license or permit under AS 08.04.661.

(i) For the purposes of issuing a permit under this section, a firm may include owners who are not certified public accountants if

(1) the firm designates a certified public accountant or an individual with practice privileges to be responsible for the proper registration of the entity and identifies the certified public accountant or individual to the board;

(2) all of the owners of the firm who are not certified public accountants are active individual participants in the firm or in an entity affiliated with the firm; and

(3) the firm complies with the other requirements that the board may adopt by regulation to protect the public interest as described under AS 08.04.005.

(j) If the ownership of a firm, after the firm has received or renewed a permit, does not comply with (i) of this section, the firm shall take corrective action to comply with (i) of this section within a reasonable time after the noncompliance begins. The board shall establish by regulation the criteria to determine what is a reasonable time and may base the regulation on national standards.

(k) The board shall grant a permit to engage in the practice of public accounting to a firm that does not have an office in the state but provides, or offers to provide, attest functions in the state, if the firm meets the following requirements:

(1) the firm meets the requirements of (a)(1) of this section;

- (2) the firm complies with the requirements in AS 08.04.426;
- (3) the attest functions performed by the firm in the state are performed by an individual who is a certified public accountant of this state in good standing or who has a practice privilege; and
- (4) the firm holds a permit to engage in the practice of public accounting in good standing in the jurisdiction in which the principal office of the firm is maintained.

Sec. 08.04.250. Requirements for registration. *[Repealed, Sec. 4 ch 147 SLA 1976.]*

Sec. 08.04.260. Temporary certificate as certified public accountant. *[Repealed, Sec. 7 ch 66 SLA 1997.]*

Sec. 08.04.270 – 08.04.340. Public accountants. *[Repealed, Sec. 15 ch 82 SLA 1980.]*

ARTICLE 3. REGULATION OF ACCOUNTANTS

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- 410. Inactive license for person not engaged in practice
- 420. Practice privileges
- 422. Conditions of practice privileges
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- 440. Effect of failure to obtain license or permit
- 450. Revocation or suspension of license, practice privilege, permit, or out-of-state exemption
- 470. Revocation of a firm permit
- 480. Grounds for censure of, or the revocation, suspension, or refusal to renew a permit for, a firm
- 490. Reinstatement
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Sec. 08.04.350. Registration of offices. *[Repealed, Sec. 12 ch 62 SLA 1988.]*

Sec. 08.04.360. Supervision required. Each office established or maintained in this state for the practice of public accounting shall be under the direct supervision of an individual who holds a license issued under this chapter. The supervisor may be a sole proprietor, partner, principal, member, or staff employee. A supervisor may serve in this capacity for each office in the state that is maintained by a firm.

Sec. 08.04.370. Use of title "certified public accountant" by office of firm. The title "certified public accountant" or the abbreviation "CPA" may not be used in connection with an office of a firm holding a permit unless the supervision requirement of AS 08.04.360 is satisfied.

Sec. 08.04.380. Waiver of requirements. *[Repealed, Sec. 44 ch 5 SLA 2022.]*

Sec. 08.04.390. Permit for individual practice as a public accountant. *[Repealed, Sec. 53 ch 16 SLA 2006.]*

Sec. 08.04.400. Permit for partnership, limited liability company, or corporate practice as a public accountant. *[Repealed, Sec. 53 ch 16 SLA 2006.]*

Sec. 08.04.410. Inactive license for person not engaged in practice. Notwithstanding AS 08.04.105 or 08.04.195, an individual holding a license who is not engaged in the practice of public accounting may maintain the license in good standing by notifying the board that the individual is inactive and paying the required fee.

Sec. 08.04.420. Practice privileges. (a) An individual who does not have a license in this state, but who is licensed to practice public accounting in another state and whose principal place of business for the practice of public accounting is in the other state may engage in the practice of public accounting in this state under a practice privilege if the state in which the individual is licensed to practice public accounting

(1) requires as a condition of licensure that an individual

(A) have at least 150 semester hours of college education, including a baccalaureate or higher degree conferred by a college or university;

(B) achieve a passing grade on the Uniform Certified Public Accountant Examination; and

(C) possess at least one year of experience, which includes providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills; the

experience may be obtained through practice with the government, industry, colleges, universities, or the public; or

(2) does not require as a condition of licensure that an individual satisfy the requirements of (1) of this subsection, but the individual's qualifications are substantially equivalent to the requirements of (1) of this subsection; however, for the purposes of this paragraph, the education of an individual who holds a valid license to practice public accounting that is issued by another state before January 1, 2013, and who passes the Uniform Certified Public Accountant Examination before January 1, 2013, is exempt from the education requirement identified in (1)(A) of this subsection.

(b) *[Repealed, Sec. 44 ch 5 SLA 2022.]*

(c) An individual who may engage in the practice of public accounting in this state under (a) of this section is not required to provide a notice to the board, to pay a fee to the board, or to submit documentation to the board in order to engage in the practice of public accounting in this state. The person may engage in the practice of public accounting by mail, by telephone, by electronic means, or in person.

Sec. 08.04.421. Out-of-state permits and exemptions. *[Repealed, Sec. 44 ch 5 SLA 2022.]*

Sec. 08.04.422. Conditions of practice privileges. An individual with a practice privilege who engages in the practice of public accounting in the state under the practice privilege, a firm with a permit that engages in the practice of public accounting in this state, and a firm that hires an individual with a practice privilege shall

- (1) consent to the personal and subject matter jurisdiction and disciplinary authority of the board;
- (2) agree to comply with this chapter, including the regulations adopted by the board;
- (3) agree that the individual or firm will stop offering to engage or engaging in the practice of public accounting, whether individually or on behalf of a firm, if the license from the state of the individual's or firm's principal place of business becomes invalid; and
- (4) consent to the appointment of the state board that issued the individual's license as the individual's or firm's agent for service of process in a court action or in another proceeding against the individual or firm that arises out of a transaction or an operation connected with or incidental to the individual's or firm's engagement in the practice of public accounting.

Sec. 08.04.423. Competency requirement after licensing. If, at any time after receiving a license, a licensee decides to perform attest functions, the licensee shall meet the competency requirements established by the board by regulation.

Sec. 08.04.425. Continuing education. (a) The board shall by regulation prescribe requirements for continuing education for individuals with licenses under this chapter. In adopting these regulations, the board may

- (1) use and rely upon guidelines and pronouncements with respect to continuing education issued by recognized educational and professional associations in the field; and
- (2) prescribe content, duration, and organization of courses or programs that will satisfy the continuing education requirements.

(b) Each application for renewal of a license to practice as a certified public accountant by an individual who has held a license as a certified public accountant for two years or more shall be accompanied or supported by documents or other evidence indicating satisfaction of the continuing education requirements prescribed by the board during the two years immediately preceding the application.

(c) Failure by an applicant for renewal of a license to furnish the evidence required under (b) of this section constitutes grounds for revocation, suspension, or refusal to renew the license under AS 08.04.450 unless the board determines that failure to have been due to reasonable cause or excusable neglect. However, the board may renew a license despite failure to furnish evidence of satisfaction of the continuing education requirements established under (a) of this section if the applicant agrees to follow a particular program or schedule of continuing education prescribed by the board.

(d) In adopting regulations under (a) of this section, or in issuing individual orders under (c) of this section, the board

- (1) shall consider
 - (A) the accessibility of applicants to the continuing education courses or programs that it may require; and
 - (B) any impediments to interstate practice of public accounting that may result from differences in continuing education requirements prescribed by other states; and
- (2) may relax or suspend the continuing education requirements
 - (A) for applicants who certify that they do not intend to engage in the practice of public accounting; or
 - (B) in instances of individual hardship.

Sec. 08.04.426. Quality review. (a) The board may require as a condition for renewal of a license or a permit that the applicant for the renewal provide evidence of enrollment in a peer review program approved by the board by regulation.

(b) *[Repealed, Sec. 44 ch 5 SLA 2022.]*

(c) The board shall adopt the regulations under (a) and (f) of this section in a reasonable time before the regulations are scheduled to become effective.

(d) The regulations adopted under (a) or (f) of this section may require that

(1) an applicant demonstrate that the applicant has undergone a peer review that is a satisfactory equivalent to the peer review under (a) of this section;

(2) the administration of a peer review be subject to oversight by an oversight body established or approved by the board;

(3) a peer review be performed and the documents be maintained in a manner that is designed to preserve confidentiality; and

(4) organizations administering peer review programs provide information requested by the board.

(e) *[Repealed, Sec. 44 ch 5 SLA 2022.]*

(f) The board shall, not more frequently than once every three years, require as a condition for renewal of a permit of a firm that the applicant firm undergo a peer review conducted as required by the board by regulation. The peer review must include verification that an individual who practices at the firm, including an individual who is responsible for supervising attest function services in the firm, and who signs or authorizes another person to sign the accountant's report on a financial statement on behalf of the firm, meets competency requirements established by the board. The regulations must

(1) include reasonable provision for compliance by a firm showing that it has, within the preceding three years, undergone a peer review acceptable to the board that is substantially equivalent to the peer review required in (d) of this section;

(2) require, for an organization administering peer review programs under (1) of this subsection, to be subject to periodic evaluation by the board to assess the effectiveness of the peer review program;

(3) require, for peer reviews under (1) of this subsection, timely submittal of peer review documents on board request; and

(4) maintain documents collected by the board under this subsection in a manner that is designed to preserve confidentiality.

Sec. 08.04.430. Expiration and renewal. *[Repealed, Sec. 49 ch 94 SLA 1987.]*

Sec. 08.04.440. Effect of failure to obtain license or permit. Failure of an individual or a firm to apply for a required license or permit or to pay a required fee within (1) three years from the expiration date of the license or permit last obtained or renewed, or (2) three years from the date the person was granted a license or permit as a public accountant valid under AS 08.04.661 deprives the individual or firm of the right to a license or permit or renewal of a license or permit unless the board determines that the failure is excusable. In case of excusable failure, the department shall determine the fee for a license or permit or renewal of a license or permit under this section.

Sec. 08.04.450. Revocation or suspension of license, practice privilege, permit, or out-of-state exemption. (a) In addition to its powers under AS 08.01.075, the board may revoke, suspend, or refuse to renew a license, practice privilege, or permit, may censure a holder of a license, practice privilege, or permit, or may require a holder of a license, practice privilege, or permit to undergo a peer review under terms required by the board or satisfactorily complete continuing education, if the board finds

(1) fraud or deceit in obtaining a license or permit required by this chapter;

(2) dishonesty or gross negligence in the practice of public accounting, or other acts discreditable to the accounting profession;

(3) violation of a provision of AS 08.04.500 - 08.04.610 or failure to take corrective action to comply with AS 08.04.240(i) within the time allowed under AS 08.04.240(j);

(4) violation of a rule of professional conduct or other regulation adopted by the board;

(5) conviction of a felony under the laws of any state or of the United States;

(6) conviction of any crime, an essential element of which is dishonesty or fraud, under the laws of any state or of the United States;

(7) cancellation, revocation, suspension, or refusal to renew authority to practice as a certified public accountant or public accountant in any other state for any cause other than failure to pay a required fee;

(8) suspension or revocation of the right to practice before any state or federal agency;

(9) failure to satisfy the continuing education requirements prescribed by the board under AS 08.04.425, except as conditioned, relaxed, or suspended by the board under AS 08.04.425(c) and (d);

(10) failure to comply with the peer review requirement under AS 08.04.426;

(11) commission of an act in another state for which the holder of the license, practice privilege, or permit would be subject to discipline in this or the other state;

(12) dishonesty, fraud, deceit, or gross negligence by the holder of a license, practice privilege, or permit in the filing or failure to file the income tax returns of the holder of the license, practice privilege, or permit;

(13) violation of professional standards;

(14) performance of any fraudulent act while holding a license, practice privilege, or permit under this chapter;

or

(15) a false or misleading statement or verification provided in support of the application of another person for a license or permit under this chapter.

(b) The board shall investigate a complaint made by the board of accountancy, or other regulatory body for the

practice of accounting, of another state.

(c) The board may require the holder of a license, practice privilege, or permit who is disciplined under (a) of this section to bear the costs of the disciplinary proceedings.

Sec. 08.04.460. Suspension or revocation of license revokes permit. *[Repealed, Sec. 53 ch 16 SLA 2006.]*

Sec. 08.04.470. Revocation of a firm permit. The board shall revoke the permit of a firm if at any time the firm does not meet the qualifications prescribed by the sections of this chapter under which the firm qualified for the permit.

Sec. 08.04.480. Grounds for censure of, or the revocation, suspension, or refusal to renew a permit for, a firm. The board may revoke or suspend the permit of a firm, may revoke, suspend, or refuse to renew its permit, or may censure the firm for any of the causes enumerated in AS 08.04.450 or for any of the following additional causes:

(1) the revocation, suspension, or refusal to renew the license or practice privilege of an owner of a firm in this state or in another state;

(2) the cancellation, revocation, suspension, or refusal to renew the permit or authority of the firm to practice public accounting in another state for any cause other than failure to pay a required fee in that state.

Sec. 08.04.490. Reinstatement. Upon application in writing and after a hearing, the board may issue a new license or allow a practice privilege to an individual whose license or practice privilege has been revoked, or may issue a new permit to a person whose permit has been revoked, or may modify the suspension of or may reissue any license, practice privilege, or permit to practice public accounting that has been revoked or suspended.

Sec. 08.04.495. Fees. The department shall set fees under AS 08.01.065 for examinations, reexaminations, permits, licenses, and practice privileges.

ARTICLE 4. UNLAWFUL ACTS AND PENALTIES

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640. Penalty

650. Single act evidence of practice

Sec. 08.04.500. Individual posing as a certified public accountant. (a) An individual may not assume or use the title or designation "certified public accountant" or the abbreviation "CPA" or any other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that the individual is a certified public accountant, unless the individual has received a license and all of the individual's offices in this state for the practice of public accounting are maintained as required by AS 08.04.360 and 08.04.370.

(b) This section does not prohibit an individual in good standing in any state, including an individual acting as a sole practitioner in the individual's home state, holding a practice privilege under AS 08.04.420 from using the title "certified public accountant" or another title allowed under (a) of this section.

Sec. 08.04.505. Issuance of reports. Only a person who holds a valid license, practice privilege, or permit may issue a report on behalf of another person or governmental unit. This restriction does not apply to

(1) an officer, partner, member, or employee of a firm affixing that person's signature to a statement or report in reference to the financial affairs of the firm with wording designating the position, title, or office that the person holds in the firm;

(2) an act of a public official or employee in the performance of official duties;

(3) the performance by persons of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the

issuance of reports on them.

Sec. 08.04.510. Partnership, limited liability company, corporation, or other legal entity posing as a certified public accountant. (a) A firm may not assume or use the title or designation "certified public accountant" or the abbreviation "CPA" or any other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that it is composed of certified public accountants, unless the firm holds a permit and is engaging in the practice of public accounting under the name on its permit.

(b) *[Repealed, Sec. 44 ch 5 SLA 2022.]*

Sec. 08.04.520. Individual posing as public accountant. An individual may not assume or use the title or designation "public accountant" or the abbreviation "PA" or other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that the individual is a public accountant, unless the individual holds a current license or practice privilege and the individual's offices in this state for the practice of public accounting are maintained as required by AS 08.04.360 and 08.04.370.

Sec. 08.04.530. Firm posing as public accountant. A firm may not assume or use the designation "public accountant" or the abbreviation "PA" or any other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that the firm is composed of public accountants, unless the firm holds a current permit is practicing under the name on its permit, and its office in this state for the practice of public accounting is maintained as required by AS 08.04.360 and 08.04.370.

Sec. 08.04.540. Use of deceptive title or abbreviation. An individual or firm may not assume or use the title or designation "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," or any other title or designation likely to be confused with "certified public accountant" or "public accountant," or any of the abbreviations "C," "EA," "LA," "RA," or similar abbreviations likely to be confused with "CPA" or "PA" except that "EA" may be used to the extent that it relates to the term "enrolled agent" as defined by the federal Internal Revenue Service. However, an individual or firm holding a current license, permit, or practice privilege and whose offices in this state for the practice of public accounting, if any, are maintained as required by AS 08.04.360 and 08.04.370 may hold out to the public as an accountant or auditor.

Sec. 08.04.550. Corporation may not assume title. *[Repealed, Sec. 21 ch 147 SLA 1976.]*

Sec. 08.04.560. Individual may not assume title. An individual may not sign or affix any name or any trade or assumed name used by that individual to any accounting or financial statement or opinion or report with any wording indicating that the person is a certified public accountant or public accountant or with any wording indicating that the person has expert knowledge in accounting or auditing, unless the individual holds a current license or practice privilege.

Sec. 08.04.565. Prohibited acts. An individual licensed under AS 08.04.105 may not perform attest functions through a firm unless the firm holds a valid permit issued under AS 08.04.240.

Sec. 08.04.570. Acts not prohibited. AS 08.04.560 does not prohibit

(1) an officer, employee, partner, member, or principal of any organization from affixing that person's signature to any statement or report in reference to the financial affairs of the organization together with any wording designating the position, title, or office which that person holds;

(2) an act of a public official or public employee in the performance of that person's duties;

(3) a person maintaining a bookkeeping or tax service from affixing that person's signature to any record, statement, or report maintained or prepared by the person.

Sec. 08.04.580. Partnership posing as accountants or auditors. *[Repealed, Sec. 9 ch 74 SLA 2018.]*

Sec. 08.04.590. Use of title with corporate name. *[Repealed, Sec. 9 ch 74 SLA 2018.]*

Sec. 08.04.595. Use of title with limited liability company name. *[Repealed, Sec. 9 ch 74 SLA 2018.]*

Sec. 08.04.598. Use of title with name of other legal entity. *[Repealed, Sec. 9 ch 74 SLA 2018.]*

Sec. 08.04.600. Disclosure of lack of license or permit. An individual or firm that does not hold a current license, a current practice privilege, or a current permit may not hold out to the public as a certified public accountant or public accountant by use of those words or abbreviations on any sign, card, letterhead, or in any advertisement or directory, without indicating that the individual or firm does not hold a current license, a current practice privilege, or a current permit. This section does not prohibit

(1) an officer, employee, partner, member, or principal of an organization from self-description through the position, title, or office that the person holds in the organization;

- (2) an act of a public official or public employee in the performance of that individual's duties; or
- (3) a person from maintaining a bookkeeping or tax service.

Sec. 08.04.610. Deceptive use of title or designation by firm. A person may not assume or use the title or designation "certified public accountant" or "public accountant" or an abbreviation of them in conjunction with a name indicating or implying that there is a firm, or in conjunction with the designation "and Company," "and Co.," "L.L.C.," "LLC," "Ltd.," or any similar designation, unless there is a bona fide firm holding a permit issued under that name. However, a sole proprietor or partnership lawfully using the title or designation "certified public accountant" or "public accountant" or an abbreviation of them in conjunction with those names or designation on April 26, 1960, may continue to do so if the person or partnership otherwise complies with this chapter.

Sec. 08.04.620. Exceptions. This chapter does not prohibit

(1) an individual who does not hold a current license or practice privilege from serving as an employee of or as an assistant to an individual or firm holding a current license, a current practice privilege, or a current permit if the employee or assistant does not use the employee's or assistant's name in connection with an accounting or financial statement;

(2) an individual who holds a valid license or equivalent authorization in another state from indicating that the individual is entitled to use the title "certified public accountant," but the individual may not indicate that services are available to the public unless the individual holds a current license or practice privilege issued under this chapter;

(3) a holder of a certificate, license, or degree from a foreign country that entitles the holder to practice public accounting or the equivalent in the foreign country from providing professional services to the government of the country issuing the license, a business whose principal office is located in the foreign country, or a person who is a resident of the foreign country, if the holder of the certificate, license, or degree issued by the foreign country does not perform attest functions, or issue a report regarding an individual, firm, or government of the state, and uses only the title or designation permitted under the certificate, license, or degree issued by the foreign country followed by an English translation.

Sec. 08.04.630. Injunction against unlawful act. Whenever, in the judgment of the board, a person has engaged in an act that constitutes a violation of AS 08.04.500 - 08.04.610, the board may apply to the appropriate court for an order enjoining the act. Upon a showing by the board that a person has engaged in the act, the court shall grant an injunction or any other appropriate order without bond.

Sec. 08.04.640. Penalty. A person who violates a provision of AS 08.04.500 - 08.04.610 is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$500, or by imprisonment for not more than one year, or by both.

Sec. 08.04.650. Single act evidence of practice. The display or uttering by a person of a card, sign, advertisement or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words "certified public accountant", or any abbreviation of that phrase, or with the words "public accountant", or any abbreviation of that phrase, or any words or abbreviations likely to be confused with any of them is prima facie evidence in any action brought under AS 08.04.630 or 08.04.640 that the person whose name is displayed caused the display or uttering of the card, sign, advertisement or written instrument or device, and that the person is holding out to be a certified public accountant or public accountant. In any action, evidence of the commission of a single act prohibited by this chapter is sufficient to justify an injunction or a conviction without evidence of a general course of conduct.

ARTICLE 5. MISCELLANEOUS PROVISIONS

Section.

- 660. Ownership of accountant's working papers**
- 661. Previous licensure**
- 662. Confidential communications**
- 670. Construction**

Sec. 08.04.660. Ownership of accountant's working papers. Statements, records, schedules, working papers, and memoranda made by a certified public accountant or a public accountant incident to or in the course of professional service to a client, except reports submitted to a client, are the property of the accountant, in the absence of an express agreement between the accountant and the client to the contrary. A statement, record, schedule, working paper, or memorandum may not be sold, transferred, or bequeathed to a person other than a partner of the accountant without the consent of the client or the client's personal representative or assignee.

Sec. 08.04.661. Previous licensure. A person holding a valid license as a public accountant under former AS

08.04.270 or a person holding a valid permit under former AS 08.04.390 on June 29, 1980, may continue to practice under the conditions imposed by statute and regulation on that date but that person is otherwise subject to this chapter. A license or permit effective under this section may be renewed under conditions imposed by statute and regulation that were in effect on June 29, 1980, except that any renewal fee required under this chapter applies.

Sec. 08.04.662. Confidential communications. (a) A license holder, a permit holder, or a practice privilege holder or a partner, an officer, a shareholder, a member, or an employee of a license holder, a permit holder, or a practice privilege holder may not reveal information communicated to the license holder, permit holder or practice privilege holder by a client about a matter concerning which the client has employed the license holder, permit holder, or practice privilege holder in a professional capacity. This section does not apply to

(1) information required to be disclosed by the standards of the public accounting profession in reporting on the examination of financial statements;

(2) the release of information the client has authorized the license holder, permit holder, or practice privilege holder to reveal;

(3) information revealed as part of the discovery of evidence related to a court or administrative proceeding or introduced in evidence in a court or administrative proceeding;

(4) information revealed in ethical investigations conducted by private professional organizations;

(5) information revealed in the course of a peer review under AS 08.04.426; or

(6) information disclosed

(A) under applicable state or federal laws or regulations; or

(B) as required by the Public Company Accounting Oversight Board.

(b) Client information obtained by the board under (a)(3) - (6) of this section is confidential and is not a public record for purposes of AS 40.25.110 - 40.25.140.

Sec. 08.04.670. Construction. If any provision of this chapter or the application of any provision to any person or to any circumstances is invalid, the remainder is not affected.

ARTICLE 6. GENERAL PROVISIONS

Section.

680. Definitions

690. Short title

Sec. 08.04.680. Definitions. In this chapter, unless the context indicates otherwise,

(1) "attest function" means

(A) an audit or other engagement, if the performance of the audit or other engagement is established by the Statements on Auditing Standards;

(B) a review of a financial statement, if the performance of the review is established by the Statements on Standards for Accounting and Review Services;

(C) an examination of prospective financial information, if the performance of the examination is established by the Statements on Standards for Attestation Engagements;

(D) an engagement, if the performance of the engagement is established by the Auditing Standards of the Public Company Accounting Oversight Board; or

(E) any examination, other than an examination described in (C) of this paragraph, review, or agreed upon procedure performed in accordance with the standards on attestation engagements as

(i) developed by national accountancy organizations, including the American Institute of Certified Public Accountants and the Public Company Accounting Oversight Board; and

(ii) adopted by the board in regulation;

(2) "board" means the Board of Public Accountancy;

(3) "certificate" means a certificate granted under AS 08.04.100;

(4) "compilation service" means a service of any compilation engagement performed in accordance with the Statements on Standards for Accounting and Review Services;

(5) "department" means the Department of Commerce, Community, and Economic Development;

(6) "firm" means a sole proprietorship, partnership, limited liability company, corporation, or other legal entity;

(7) "legal entity" means an organization that can organize as a legal person under the laws of this state;

(8) "license" means a license issued under AS 08.04.105 or 08.04.195;

(9) "limited liability company" means an organization organized under AS 10.50 or a foreign limited liability company; in this paragraph, "foreign limited liability company" has the meaning given in AS 10.50.990;

(10) "member" means a person who has been admitted to membership in a limited liability company;

(11) "partnership" means a general partnership, a limited partnership, a limited liability partnership, or another form of partnership;

(12) "peer review" means a study, appraisal, or review of one or more aspects of the professional work of a

person in the practice of public accounting who issues attestations conducted as prescribed under AS 08.04.426 by a person who holds a certificate and who is not affiliated with the person being reviewed;

(13) “permit” means a permit issued under AS 08.04.240;

(14) “practice of public accounting” means the offering to perform or the performance as a person holding a license, practice privilege, or permit under this chapter of a service involving the use of accounting or auditing skills; in this paragraph, “accounting or auditing skills” includes preparing financial statements, issuing reports, furnishing management services, furnishing financial advisory services, providing consulting services, preparing tax returns, advising on tax matters, or consulting on tax matters;

(15) “practice privilege” means a practice privilege authorized under AS 08.04.420;

(16) “preparation of financial statements” means providing a service of any preparation of financial statements engagement to be performed in accordance with the Statements on Standards for Accounting and Review Services;

(17) “principal place of business” means the office location designated by an individual for the purposes of substantial equivalency and reciprocity;

(18) “report,” when used with reference to an attest function or compilation service,

(A) means

(i) an opinion, report, or other form of language that states or implies assurance as to the reliability of the attested information or compiled financial statements and that also contains or is accompanied by a statement or implication that the person issuing it has special knowledge or competency in accounting or auditing, which may arise from use by the issuer of the report of names or titles indicating that the issuer is a certified public accountant or auditor, or from the language of the report itself;

(ii) any form of language that disclaims an opinion when the form of the language is conventionally understood to imply a positive assurance as to the reliability of the attested information or compiled financial statements referred to or special competence on the part of the person issuing the language;

(iii) any other form of language that is conventionally understood to imply that assurance or special knowledge or competence;

(B) does not include

(i) a compilation of financial statement language that does not express or imply assurance or special knowledge or competence; or

(ii) the following disclaimer language when used by a person without a license or practice privilege in connection with financial statements:

“I (we) have prepared the accompanying (financial statements) of (name of entity) as of (time period) for the (period) then ended. This presentation is limited to preparing, in the form of financial statements, information that is the representation of management (owners).”; or

“I (we) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.”;

(19) “state” means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the United States Virgin Islands, and American Samoa.

Sec. 08.04.690. Short title. This chapter may be cited as the Accountancy Act.

**CHAPTER 04.
BOARD OF PUBLIC ACCOUNTANCY.**

Article

1. **Rules of Professional Conduct (12 AAC 04.004 – 12 AAC 04.120)**
2. **The Board (12 AAC 04.130 – 12 AAC 04.145)**
3. **License and License Renewal Requirements (12 AAC 04.150 – 12 AAC 04.189)**
4. **Examination (12 AAC 04.190 – 12 AAC 04.235)**
5. **Permits and Practice Privileges (12 AAC 04.240 – 12 AAC 04.285)**
6. **Continuing Education (12 AAC 04.300 – 12 AAC 04.440)**
7. **Disciplinary Guidelines (12 AAC 04.500 – 12 AAC 04.530)**
8. **Quality Review (12 AAC 04.600 – 12 AAC 04.690)**
9. **General Provisions (12 AAC 04.900 – 12 AAC 04.990)**

**ARTICLE 1.
RULES OF PROFESSIONAL CONDUCT.**

Section

04. **Code of professional conduct**
05. **(Repealed)**
10. **(Repealed)**
15. **(Repealed)**
20. **(Repealed)**
30. **(Repealed)**
33. **(Repealed)**
36. **(Repealed)**
38. **Attest functions**
40. **(Repealed)**
50. **(Repealed)**
60. **(Repealed)**
70. **(Repealed)**
80. **(Repealed)**
90. **(Repealed)**
100. **(Repealed)**
110. **(Repealed)**
120. **(Repealed)**

12 AAC 04.004. CODE OF PROFESSIONAL CONDUCT. An accountant shall adhere to the Code of Professional Conduct of the American Institute of Certified Public Accountants, *AICPA Professional Standards*, ET Section, revised as of June 15, 2022, adopted by reference.

Authority: AS 08.04.070 AS 08.04.080

Editor's note: A copy of the *AICPA Professional Standards*, adopted by reference in 12 AAC 04.004, may be obtained from the American Institute of Certified Public Accountants at AICPA, 220 Leigh Farm Road, Durham, North Carolina 27707-8110 or at AICPA's website at <http://www.aicpa.org>.

12 AAC 04.005. INTEGRITY AND OBJECTIVITY. Repealed 1/1/2008.

12 AAC 04.010. INDEPENDENCE, INTEGRITY, AND OBJECTIVITY. Repealed 1/4/2017.

12 AAC 04.015. COMPETENCE. Repealed 1/4/2017.

12 AAC 04.020. CONFIDENTIAL RELATIONSHIP. Repealed 1/4/2017.

12 AAC 04.030. CONTINGENT FEES. Repealed 1/4/2017.

12 AAC 04.033. ACCOUNTING PRINCIPLES. Repealed 12/29/2013.

12 AAC 04.036. AUDITING STANDARDS. Repealed 12/29/2013.

12 AAC 04.038. ATTEST FUNCTIONS. (a) To perform an attest function means to provide any of the following services:

(1) an audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS) of the American Institute of Certified Public Accountants, *AICPA Professional Standards*, as revised as of June 15, 2022, adopted by reference;

(2) a review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS) of the American Institute of Certified Public Accountants, *AICPA Professional Standards*, as revised as of June 15, 2022, adopted by reference;

(3) an examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE) of the American Institute of Certified Public Accountants, *AICPA Professional Standards*, as revised as of June 15, 2022, adopted by reference;

(4) an engagement to be performed in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) established under 15 U.S.C. 7211(a); and

(5) an examination, review, or agreed upon procedures engagement performed in accordance with the SSAE, other than an examination under (3) of this subsection.

(b) An individual licensee who is responsible for supervising attest engagements, or who signs or authorizes another to sign the accountant's report on the financial statements on behalf of the firm, shall meet the competency requirements set out in the professional standards for the attest engagements. The supervising licensee shall obtain and maintain the competencies necessary in the specific circumstances.

(c) A licensee performing an attest engagement shall maintain a quality control system that complies with the Quality Control Standards (QCS) of the American Institute of Certified Public Accountants, *AICPA Professional Standards*, as revised as of June 15, 2022, adopted by reference.

Authority: AS 08.04.070 AS 08.04.423

Editor's note: A copy of the *AICPA Professional Standards* may be obtained from the American Institute of Certified Public Accountants at AICPA, 220 Leigh Farm Road, Durham, North Carolina 27707-8110 or at AICPA's website at <http://www.aicpa.org>.

12 AAC 04.040. USE OF WORK OF OTHERS. Repealed 1/4/2017.

12 AAC 04.050. RESPONSIBILITY AND DISCLOSURE. Repealed 1/4/2017.

12 AAC 04.060. FORM OF OPINIONS AND REPORTS. Repealed 1/4/2017.

12 AAC 04.070. FORECASTS. Repealed 1/4/2017.

12 AAC 04.080. ADVERTISING. Repealed 1/4/2017.

12 AAC 04.100. COMMISSIONS. Repealed 1/4/2017.

12 AAC 04.110. SERVICES PERFORMED BY EMPLOYEES. Repealed 1/4/2017.

12 AAC 04.120. REFERRALS. Repealed 1/27/81.

ARTICLE 2. THE BOARD.

Section

130. Meetings

140. Special meeting

145. Executive secretary

12 AAC 04.130. MEETINGS. The board will hold at least four meetings each year at times and places designated by the board.

Authority: AS 08.04.070

12 AAC 04.140. SPECIAL MEETING. The president or a majority of the members of the board may determine the need for a special meeting. The president or the board majority may designate the time and place for a special meeting under this section.

Authority: AS 08.04.070

12 AAC 04.145. EXECUTIVE SECRETARY. (a) The executive secretary shall carry out the administrative

functions of the board necessary to complete the duties and responsibilities described in (c) of this section. The executive secretary may use the working title “executive administrator.”

(b) The qualifications of the executive secretary include

- (1) a baccalaureate or higher degree in accounting, business, or other appropriate field;
- (2) experience and background in accounting or auditing, or experience in the management or administration of a state accountancy board or related national accountancy organization; and
- (3) management experience in an accounting, governmental, or other appropriate environment.

(c) The duties and responsibilities of the executive secretary include

- (1) managing the operations of the board and the efficient function of the board office;
- (2) referring potential violations, including any questionable license application or any complaint regarding a certified public accountant practicing in the state, to the division’s investigation staff;
- (3) reviewing the qualifications of any specialist utilized by the division’s investigative staff;
- (4) assisting the division’s investigative staff by providing relevant accounting expertise;
- (5) monitoring investigative complaints and cases through the final disposition and ensure that any board action is posted appropriately on the board’s website;
- (6) providing assistance, consistent with due process, to the board on investigative adjudications;
- (7) providing input to the division on the development of the board’s annual budget in consultation with the board, monitor expenditures, and report to the board on budget status;
- (8) drafting regulations and policy proposals at the board’s request;
- (9) monitoring and participating in the activities of local and national accounting professional and regulatory organizations as directed by the board;
- (10) monitoring legislative proposals relevant to the accounting profession in the legislature, and testify before the legislature on behalf of the board; and
- (11) preparing agendas and support information for, recording of, testifying at, and implementing decisions made by the board at the board’s quarterly meetings.

(d) In this section, “division” means the division assigned occupational licensing functions in the Department of Commerce, Community, and Economic Development.

Authority: AS 08.04.055 AS 08.04.070

ARTICLE 3. LICENSE AND LICENSE RENEWAL REQUIREMENTS.

Section

- 150. (Repealed)**
- 151. Qualifications for licensure**
- 155. Denial of license**
- 160. References**
- 161. Background check**
- 165. Application for licensure by reciprocity**
- 170. (Repealed)**
- 175. Application for licensure by examination**
- 180. Documentation of experience**
- 181. (Repealed)**
- 183. (Repealed)**
- 184. Temporary military courtesy license**
- 185. Education defined for certified public accountant applicants**
- 187. Education verified**
- 189. License renewal**

12 AAC 04.150. CITIZENSHIP. Repealed 2/10/78.

12 AAC 04.151. QUALIFICATIONS FOR LICENSURE. (a) An individual may not practice, attempt to practice, or offer to practice public accountancy in the state without a current license as a certified public accountant (CPA). The board may issue a license to an applicant who has a principal place of business or residence in the state as follows:

- (1) by examination under 12 AAC 04.175 if it is the applicant's first application for CPA licensure in the state, any other state or territory of the United States, or country or foreign jurisdiction outside of the United States;
- (2) by reciprocity under 12 AAC 04.165 if the applicant holds a current CPA license in another state or territory of the United States;
- (3) by temporary military courtesy license under 12 AAC 04.184 if the applicant is an active duty military member or spouse of an active duty military member of the armed forces of the United States, meets the requirements of 12 AAC 04.184, and has submitted an application for a license by reciprocity;

(4) by a temporary license granted to an applicant applying for licensure by reciprocity under 12 AAC 04.165(e) pending issuance of a full license.

(b) For eligibility to apply for a license in the state, a foreign-educated applicant who received an education outside of the United States must submit verification satisfactory to the board that the applicant

(1) graduated with a qualifying degree from a school outside of the United States with an educational program that meets the requirements of 12 AAC 04.185(e)(2);

(2) meets all requirements for licensure under AS 08.04 and 12 AAC 04.165; and

(3) if the state is

(A) not the first jurisdiction for licensure, verification of a current CPA license in good standing from a jurisdiction with licensing requirements equivalent to the requirements of AS 08.04 and this chapter; or

(B) the first jurisdiction for licensure, verification that all requirements of 12 AAC 04.175 have been met; the applicant's school transcripts shall be sent to the board directly from the school; if the applicant's transcripts are not written in the English language, transcripts must be translated into English.

Authority: AS 08.04.070 AS 08.04.450

12 AAC 04.155. DENIAL OF LICENSE. The board may refuse to grant a license to an applicant for the same reasons that the board may impose disciplinary sanctions under 12 AAC 04.520 upon the holder of a license.

Authority: AS 08.04.070 AS 08.04.450

12 AAC 04.160. REFERENCES. (a) An applicant shall submit names of at least three individuals who can vouch for the applicant's good moral character. The board will, in its discretion, make other inquiries it considers appropriate to satisfy itself that the applicant is of good moral character.

(b) Repealed 1/1/2008.

Authority: AS 08.04.070 AS 08.04.110

12 AAC 04.161. BACKGROUND CHECK. (a) An applicant for licensure under this chapter shall submit to the board

(1) a report of the applicant's criminal history obtained by request to the Department of Public Safety for a report of state criminal justice information under AS 12.62.005 - 12.62.200; and

(2) an equivalent report issued by the applicant's primary state of residence, if it is a state other than this state.

(b) An applicant for licensure under this chapter is responsible for payment of any fee associated with requesting the criminal history background check from the Department of Public Safety.

Authority: AS 08.04.070 AS 08.04.423

12 AAC 04.165. APPLICATION FOR LICENSURE BY RECIPROCITY. (a) An applicant who holds a license in good standing to practice public accounting issued by another state may apply for a license to engage in the practice of public accounting in the state. The applicant

(1) must comply with the standards of practice set out under AS 08.04 and this chapter;

(2) must meet the requirements of AS 08.04.105 and 08.04.195;

(3) may not be convicted of a crime that affects the applicant's ability to practice public accountancy competently and safely, as determined by the board; and

(4) may not have had a license to practice public accountancy revoked, suspended, or voluntarily surrendered in relation to a licensing or compliance issue in the state or another state within the meaning given in AS 08.04.680, or in a country or foreign jurisdiction outside of the United States.

(b) An applicant for a license under this section must submit

(1) verification that the applicant holds a current CPA license in good standing issued by another state within the meaning given in AS 08.04.680; the verification must include the applicant's current license status and information regarding any disciplinary action or investigation taken or pending relating to the applicant;

(2) a complete notarized application on a form provided by the department that includes a summary of the applicant's professional work experience;

(3) the applicable fees specified in 12 AAC 02.340;

(4) the names of three individuals who are each able to provide a reference for the applicant as verification that the applicant meets the good moral character requirements of 12 AAC 04.160 and AS 08.04.195(a)(4);

(5) verification showing that the applicant has passed the applicable examinations required under 12 AAC 04.200(a) and (b);

(6) verification that the qualifications required by the other state are substantially equivalent to the national standard under 12 AAC 04.285; and

(7) criminal history information report as set out under 12 AAC 04.161.

(c) An applicant must comply with the applicable experience requirements under 12 AAC 04.180.

(d) An applicant for licensure by reciprocity under this section is entitled to submit a request for a temporary

license to practice public accountancy. A temporary license under this section is valid for a than a period no longer than 180 days pending issuance of a license. An individual may not receive more than one temporary license. The temporary license expires once the board issues a full license.

Authority: AS 08.04.070 AS 08.04.195

12 AAC 04.170. RESIDENT DEFINED. Repealed 2/23/95.

12 AAC 04.175. APPLICATION FOR LICENSURE BY EXAMINATION. An applicant for licensure by examination to practice public accounting must

- (1) meet the requirements of AS 08.04 and this section;
- (2) have a current or intended principal place of business in the state;
- (3) submit to the department
 - (A) a complete notarized application on a form provided by the department;
 - (B) the applicable fees specified in 12 AAC 02.340;
 - (C) a criminal history information report as set out under 12 AAC 04.161;
 - (D) verification showing that the applicant
 - (i) meets the education requirements under AS 08.04.120, 08.04.150, 12 AAC 04.185, and 12 AAC 04.187;
 - (ii) meets the applicable experience requirements under AS 08.04.120 and 12 AAC 04.180; and
 - (iii) has passed the applicable examinations required under 12 AAC 04.200; and
 - (E) the names of three individuals for verification of the applicant's good moral character as required under 12 AAC 04.160.

Authority: AS 08.04.070 AS 08.04.110 AS 08.04.130
AS 08.04.105 AS 08.04.120 AS 08.04.150

12 AAC 04.180. DOCUMENTATION OF EXPERIENCE. (a) An applicant for initial issuance of a license under this chapter must show that the applicant has had two years of experience. Under this subsection, an applicant's acceptable experience

- (1) includes providing any type of service or advice involving the use of
 - (A) accounting;
 - (B) attest;
 - (C) compilation;
 - (D) management advisory;
 - (E) financial advisory;
 - (F) tax; or
 - (G) consulting skills and related training;
 - (2) must be verified by a supervising certified public accountant with an active license at the time of supervision;
 - (3) may be gained through employment in government, industry, academia, or public practice; and
 - (4) does not include paid or unpaid leave or holidays.
- (b) One year of experience must consist of full or part-time employment that extends over a period of not less than a year and not more than four years and includes not fewer than 2,000 hours of performance of services described in (a) of this section.

Authority: AS 08.04.070 AS 08.04.120

12 AAC 04.181. WORK EXPERIENCE POINTS. Repealed 12/25/2015.

12 AAC 04.183. ATTEST FUNCTION HOURS. Repealed 12/25/2015.

12 AAC 04.184. TEMPORARY MILITARY COURTESY LICENSE. (a) The board will issue a temporary military courtesy license to an active duty military member or spouse of an active duty military member of the armed forces of the United States to practice as a certified public accountant who meets the requirements of AS 08.01.063 and this section not later than 30 days after the board receives a completed application.

- (b) An applicant for a temporary military courtesy license under this section
 - (1) must submit a notarized application on a form provided by the department;
 - (2) must pay the temporary license application fee and fee for a temporary license set out under 12 AAC 02.105;
 - (3) must submit a copy of
 - (A) the applicant's current active duty military orders showing assignment to a duty station in this state; or
 - (B) if the applicant is the spouse of an active duty military member, the applicant's spouse's current active duty military orders showing assignment to a duty station in this state;
 - (4) must submit verification of the applicant's current license to practice public accountancy from a board of accountancy of a licensing jurisdiction of the United States; the verification must include the applicant's status and complete information regarding any disciplinary action or investigation taken or pending relating to the applicant; and

(5) may not have been convicted of a crime that affects the applicant's ability to practice public accountancy competently and safely, as determined by the board.

(c) A temporary military courtesy license issued to an active duty military member or spouse of an active duty military member under this section will be issued for a period of 180 days and may be renewed for one additional 180-day period, at the discretion of the board.

(d) An applicant for a temporary military courtesy license may not have had a license to practice public accountancy revoked, suspended, or voluntarily surrendered in this state or another state or territory of the United States.

(e) While practicing under a temporary military courtesy license issued under this section, the holder of the temporary military courtesy license must comply with the standards of practice set out in AS 08.04 and this chapter.

(f) The board may refuse to issue a temporary military courtesy license for the same reasons that it may deny, suspend, or revoke a license under AS 08.04.450.

Authority: AS 08.01.062 AS 08.01.063 AS 08.04.070

12 AAC 04.185. EDUCATION DEFINED FOR CERTIFIED PUBLIC ACCOUNTANT APPLICANTS.

(a) Repealed 2/2/94.

(b) As used in AS 08.04.120, an accounting concentration consists of not less than

(1) 24 semester credit hours or 36 quarter credit hours in subjects such as

(A) accounting principles;

(B) intermediate accounting;

(C) income tax;

(D) cost accounting;

(E) auditing;

(F) advanced accounting;

(G) accounting theory;

(H) governmental accounting; or

(I) detection of fraud;

(2) nine semester credit hours or 15 quarter credit hours of business law, economics, and

(A) statistics;

(B) computer science; or

(C) algebra, calculus, or mathematics.

(c) Repealed 2/2/94.

(d) Repealed 2/2/94.

(e) As used in AS 08.04.120, "a college or university acceptable to the board" means

(1) a college or university accredited by a regional accrediting association or as otherwise approved by the board; or

(2) a foreign college or university whose degree program has been evaluated by an approved credentials evaluation service and determined to be equivalent to the degree program of an institution acceptable under (1) of this subsection; an approved credentials evaluation service is the National Association of State Boards of Accounting (NASBA) International Evaluation Services (NIES).

(f) For purposes of this section, when converting quarter hours to semester hours, the number of quarter hours is multiplied by 2/3 or 0.67.

(g) The following may not be used to meet the accounting concentration

(1) college level examination program (CLEP) courses;

(2) examination preparation courses;

(3) life experience credits; or

(4) courses similar to those described in (1) – (3) of this subsection, as determined by the board.

(h) No more than six semester credit hours can be earned in each subject listed in (b)(1) of this section.

Authority: AS 08.04.070 AS 08.04.120

12 AAC 04.187. EDUCATION VERIFIED. (a) Repealed 5/28/81.

(b) An applicant for a certified public accountant examination or license shall arrange for the submission of a transcript or transcripts from colleges or universities necessary to verify that the applicant meets the appropriate education requirements of 12 AAC 04.185.

(c) A transcript verifying the education of an applicant for examination must be sent directly to the department for the board's use by the issuing college or university. A transcript submitted by an applicant for a certified public accountant license must be certified unless the

(1) original, official transcript has been posted and can be viewed on the website of an approved credentials evaluation service that meets the requirements of 12 AAC 04.185(e)(3) and the original credential evaluation is mailed directly to the department by the approved credentials evaluation service; or

(2) board determines it is impossible or impracticable for the transcript to be certified.

(d) If an applicant cannot submit a transcript as required by this section, the board may accept as evidence of

education

- (1) verification from the licensing authority of accountants in another jurisdiction;
 - (2) verification from a governmental agency, employer, or association which
 - (A) previously required documentary evidence of education; or
 - (B) directly verified education;
 - (3) oral testimony and sworn statements of the applicant and other parties; and
 - (4) other documentary evidence.
- (e) Repealed 2/2/94.

Authority: AS 08.04.070 AS 08.04.120

12 AAC 04.189. LICENSE RENEWAL. To renew a license to engage in the practice of public accounting, a licensee must submit the applicable renewal fee required in 12 AAC 02.340 and a complete renewal application on a form provided by the department. The renewal application must include certification that the licensee

- (1) maintains all of the licensee's offices as required by AS 08.04.360 – 08.04.380;
- (2) has met the continuing education requirements of 12 AAC 04.300 – 12 AAC 04.440;
- (3) continues to comply with the requirements of AS 08.04; and
- (4) either
 - (A) has met the peer review requirements of 12 AAC 04.600; or
 - (B) is exempt under 12 AAC 04.620 from compliance with peer review requirements of 12 AAC 04.600.

Authority: AS 08.04.070 AS 08.04.105 AS 08.04.195

ARTICLE 4. EXAMINATION.

Section

- 190. Application for examination**
- 193. (Repealed)**
- 195. Qualifications for examination**
- 200. Examination**
- 205. (Repealed)**
- 210. (Repealed)**
- 220. (Repealed)**
- 230. (Repealed)**
- 235. Reexamination**

12 AAC 04.190. APPLICATION FOR EXAMINATION. (a) Each applicant must submit

- (1) a complete application on forms provided by the department;
- (2) the applicable fees established in 12 AAC 02.340;
- (3) proof of meeting the requirements in AS 08.04.150 and 12 AAC 04.187; and
- (4) if applying under AS 08.04.150(1)(C), verification of the supervising certified public accountant's license.

(b) Authorization to be scheduled to sit for the examination in 12 AAC 04.200(a)(1) is valid for 60 days after the date of approval by the department.

Authority: AS 08.04.070 AS 08.04.130 AS 08.04.150

12 AAC 04.193. REVIEW OF APPLICATION. Repealed 9/28/2008.

12 AAC 04.195. QUALIFICATIONS FOR EXAMINATION. To meet the requirements of AS 08.04.150(1)(C), an applicant must have at least one year of public accounting experience under the direct supervision of a certified public accountant who, at the time the applicant was supervised, held a current license to practice public accounting in a state within the meaning given in AS 08.04.680.

Authority: AS 08.04.070 AS 08.04.150

12 AAC 04.200. EXAMINATION. (a) The examination for certified public accountant consists of

- (1) the computer-based Uniform Certified Public Accountant Examination; and
- (2) an ethics course and open book ethics examination.

(b) A score of at least 75 in each section of the Uniform Certified Public Accountant Examination is considered passing.

(c) The ethics course and examination described in (a)(2) of this section is the self-study course, including its lesson reviews and examinations, titled *Professional Ethics: The AICPA's Comprehensive Course For Licensure*,

published by the American Institute of Certified Public Accountants (AICPA), and is graded on a pass or fail basis. The board will waive passage of this course and examination if the applicant documents passage of an ethics examination of another licensing jurisdiction that, in the determination of the board, is equivalent to the course and examination described in this subsection.

(d) In the absence of exceptional circumstances, grades are those reported by the Advisory Grading Service of the American Institute of Certified Public Accountants.

(e) An applicant may retake an examination section in accordance with 12 AAC 04.235.

(f) Repealed 2/2/94.

(g) An applicant

(1) may take each of the required examination sections individually, in any order;

(2) may earn credit for each examination section that is passed during a period of 30 months, beginning on the date the applicant's first passing score is released by NASBA and concluding on the date the applicant takes the final section of the examination for which a passing score is achieved; and

(3) must pass all sections of the Uniform Certified Public Accountant Examination within a 30-month period.

(h) An applicant who fails to complete each examination section within a 30-month period will forfeit credit earned for sections passed outside of the 30-month period. Each forfeited section must be retaken in accordance with 12 AAC 04.235.

(i) The board will consider a request for an extension of the period of credit for examinations once an applicant has passed all four sections of the CPA examination. The applicant must submit evidence satisfactory to the board that the credit was lost due to circumstances beyond the applicant's control.

Authority: AS 08.04.070 AS 08.04.130

Editor's note: A copy of *Professional Ethics: The AICPA's Comprehensive Course For Licensure* may be obtained from the American Institute of Certified Public Accountants, Order Department, 220 Leigh Farm Road, Durham, North Carolina 27707-8110, phone: (888) 777-7077, or at the AICPA's Internet web site at www.aicpa.org.

12 AAC 04.205. EXAMINATION TRANSITION TO COMPUTER-BASED TESTING. Repealed 2/24/2022.

12 AAC 04.210. TIME AND PLACE OF EXAMINATION. Repealed 3/24/2004.

12 AAC 04.220. NOTICE OF EXAMINATION. Repealed 3/24/2004.

12 AAC 04.230. EXAMINATION PAPERS. Repealed 3/24/2004.

12 AAC 04.235. REEXAMINATION. (a) To apply for reexamination, an applicant must submit a complete application for reexamination and the applicable fees.

(b) An applicant may retake an exam section once the applicant's grade for any previous attempt of the same exam section has been released.

Authority: AS 08.04.070 AS 08.04.130

ARTICLE 5. PERMITS AND PRACTICE PRIVILEGES.

Section

240. (Repealed)

245. Firm permits

250. (Repealed)

251. Practice privilege

255. Firm ownership

260. (Repealed)

270. (Repealed)

280. Applications for firm permits and renewal of firm permits

285. Substantial equivalency

12 AAC 04.240. WHEN ALL REQUIREMENTS ARE MET. Repealed 2/10/78.

12 AAC 04.245. FIRM PERMITS. (a) A firm that is engaged in the practice of public accounting in the state must obtain a permit issued by the board under this chapter if the firm

(1) has an established and maintained office in the state and meets the ownership requirements of 12 AAC 04.255;

(2) does not have an established and maintained office in the state but provides, or offers to provide, attest

functions in the state under AS 08.04.240(k); or

(3) assumes or uses the title or designation "certified public accountant" or "public accountant" or the abbreviation "CPA" or "PA" as set out under AS 08.04.510 and 08.04.530, or any of the titles and abbreviations listed under AS 08.04.540 unless operating under the requirements of practice privilege under 12 AAC 04.251.

(b) A firm that requires a permit must meet the requirements of 12 AAC 04.280.

Authority: AS 08.04.070 AS 08.04.240

12 AAC 04.250. PRACTICE PERMITS. Repealed 4/12/2024.

12 AAC 04.251. PRACTICE PRIVILEGE. (a) An individual who establishes a principal place of business in the state and holds a current CPA license in another state in good standing may practice public accounting in this state without a license for a period of 180 days. The individual is required to obtain a license by reciprocity under 12 AAC 04.165 not later than 180 days after establishing a principal place of business in the state.

(b) The board may request that an applicant who engages in the practice of public accounting in the state under AS 08.04.420 verify that the applicant's

- (1) licensure in another state is in good standing;
- (2) principal place of business is located in the same state as licensure under (1) of this subsection; or
- (3) substantial equivalency qualifications required under 12 AAC 04.285 have been met.

(c) An accountant who exercises the practice privilege granted under AS 08.04.420 shall follow the statutes and regulations of the state when practicing in the state and shall recognize the jurisdiction and disciplinary authority of the board and courts over the services provided by the accountant in the state.

Authority: AS 08.04.070 AS 08.04.240

12 AAC 04.255. FIRM OWNERSHIP. (a) A firm within the meaning given in AS 08.04.680 granted a permit under AS 08.04.240 that ceases to be in compliance with the ownership requirements of that section shall promptly take action to remedy that noncompliance.

(b) The following time periods apply to the remediation efforts under (a) of this section:

(1) if the noncompliance is remedied not later than 180 days after the noncompliance begins, the firm need not provide notice to the board;

(2) if the noncompliance is not or cannot be remedied during the 180-day period, the firm shall provide notice of the noncompliance to the board; the board will establish a reasonable length of additional time by which the firm must achieve compliance; in establishing a reasonable length of time,

(A) the following factors may be considered:

- (i) the nature and extent of the noncompliance;
- (ii) whether the noncompliance could or should have been anticipated or avoided;
- (iii) any hardship that achieving compliance in a more expeditious manner may impose; and

(B) the board may approve

- (i) up to an additional 180 days, for a total of 360 days;
- (ii) a length greater than that set under (i) of this subparagraph, if reasonable and necessary.

Authority: AS 08.04.055 AS 08.04.240

12 AAC 04.260. ROSTER. Repealed 1/1/2008.

12 AAC 04.270. RECIPROCITY FOR CPA'S. Repealed 5/28/81.

12 AAC 04.280. APPLICATIONS FOR FIRM PERMITS AND RENEWAL OF FIRM PERMITS. (a) An applicant for a permit under 12 AAC 04.245 and AS 08.04.240 must submit

(1) evidence satisfactory to the board that the firm

(A) meets the ownership requirements set out under AS 08.04.240 and 12 AAC 04.255; and

(B) is supervised in accordance with the requirements set out under AS 08.04.360;

(2) a complete application on a form provided by the department;

(3) the applicable fees required in 12 AAC 02.340; and

(4) verification that the firm holds a current permit to practice public accounting in good standing issued by the state or another state; verification must include the firm's current permit status and information regarding any disciplinary action or investigation taken or pending against the firm or its owners; if the permit is not issued by the state, the verification must be from the state in which the firm's established office and principal place of business is located.

(b) A permit is valid for the biennial license period for which it was issued.

(c) A permit issued under AS 08.04.240, 12 AAC 04.245, and this section will be renewed for subsequent biennial license periods if the holder of the permit submits

(1) a renewal application, due not later than December 31, on a form provided by the department;

- (2) the applicable fee required in 12 AAC 02.340; and
- (3) certification that the holder of the permit continues to meet the requirements of AS 08.04.240.
- (d) The board may refuse to grant a permit or renewal of a permit issued under AS 08.04.240 and this section for the same reasons that the board may impose disciplinary sanctions under 12 AAC 04.520 upon the holder of a license, permit, or practice privilege.

Authority: AS 08.04.070 AS 08.04.240

12 AAC 04.285. SUBSTANTIAL EQUIVALENCY. (a) The licensing requirements of another state are substantially equivalent to the national standard if the National Association of State Boards of Accountancy National Qualification Appraisal Service has determined that the qualifications for licensure as a certified public accountant in that state are substantially equivalent to the qualifications for certification as a certified public accountant of the Uniform Accountancy Act, published jointly by the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy.

(b) The qualifications of an individual are substantially equivalent to the national standard if the National Association of State Boards of Accountancy National Qualification Appraisal Service has determined that the individual's qualifications are substantially equivalent to the qualifications for certification as a certified public accountant of the Uniform Accountancy Act, published jointly by the American Institute of Certified Public Accountants and the National Association of State Board of Accountancy.

Authority: AS 08.04.070 AS 08.04.075 AS 08.04.120

Editor's note: A copy of the Uniform Accountancy Act may be obtained from the American Institute of Certified Public Accountants at AICPA, 220 Leigh Farm Road, Durham, North Carolina 27707-8110, or at AICPA's website at <http://www.aicpa.org>, or from the National Association of State Boards of Accountancy, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219-2417, or at NASBA's website at <http://www.nasba.org>.

ARTICLE 6. CONTINUING EDUCATION.

Section

- 300. Hours of continuing education required**
- 310. Computation of nonacademic continuing education hours**
- 320. Computation of academic continuing education hours**
- 330. Challenged courses**
- 340. Approved subjects**
- 350. Nonacademic program criteria**
- 360. Approved nonacademic continuing education programs**
- 370. (Repealed)**
- 380. Instructor or discussion leader**
- 390. (Repealed)**
- 400. Report of continuing education**
- 410. (Repealed)**
- 420. (Repealed)**
- 430. Inactive licenses**
- 440. Reinstatement of lapsed license**

12 AAC 04.300. HOURS OF CONTINUING EDUCATION REQUIRED. (a) Continuing education in this section must ensure that a licensee

- (1) maintains high professional accountancy standards;
- (2) is up to date with current educational trends; and
- (3) has obtained specific training required for a CPA to provide public accountancy services effectively and competently, applying the principles and concepts of public accountancy set out in AS 08.04.

(b) An applicant must demonstrate to the board that continuing education completed in the concluding biennial licensing period as set out in 12 AAC 04.300 - 12 AAC 04.400 meets the requirements for continued education as set out in this section.

(c) Except as provided in 12 AAC 04.430 and 12 AAC 04.440, an applicant for renewal of a license issued by the board under this chapter shall provide verification to the board that the applicant completed not less than 80 hours of approved continuing education during the concluding biennial licensing period. At least 20 hours of continuing education must have been completed for each year of the concluding biennial licensing renewal period.

(d) At least four hours of the minimum 80 hours of approved continuing education required in (c) of this section must cover ethics.

(e) Not more than 10 hours of the minimum 80 hours of approved continuing education required in (c) of this

section may be completed by means of micro-learning activities.

(f) The continuing education requirements of this section do not apply to an individual who holds an inactive license under AS 08.04.410.

(g) For the purposes of this section a continuing education activity under one hour in length is considered a micro-learning activity.

(h) A licensee who for reasonable cause or excusable neglect is unable to complete the continuing education requirements for renewal of a license may request an exemption by explaining the cause for the exemption to the board a written statement. If the exemption is granted, the board will prescribe an alternative method for the licensee to complete the continuing education requirements.

Authority: AS 08.04.070 AS 08.04.410 AS 08.04.425

12 AAC 04.310. COMPUTATION OF NONACADEMIC CONTINUING EDUCATION HOURS. (a) For the purposes of 12 AAC 04.300 — 12 AAC 04.440, 50 minutes of instruction constitute one hour.

(b) Repealed 12/25/2015.

(c) Credit is given only for class hours and not for hours devoted to class preparation.

Authority: AS 08.04.070 AS 08.04.425

12 AAC 04.320. COMPUTATION OF ACADEMIC CONTINUING EDUCATION HOURS. (a) One quarter hour academic credit from a college or university constitutes 10 hours of continuing education.

(b) One semester hour academic credit from a college or university constitutes 15 hours of continuing education.

Authority: AS 08.04.070(b) AS 08.04.425(a)

12 AAC 04.330. CHALLENGED COURSES. Academic credit earned for a challenged course is not acceptable for continuing education.

Authority: AS 08.04.070(b) AS 08.04.425(a)

12 AAC 04.340. APPROVED SUBJECTS. To be approved by the board, a subject for continuing education credit must contribute directly to the professional competence of a certified public accountant and may include

(1) technical subjects pertaining directly to the profession of accounting; or

(2) non-technical subjects that improve the licensee's ability to practice accountancy in a competent manner.

Authority: AS 08.04.070 AS 08.04.425

12 AAC 04.350. NONACADEMIC PROGRAM CRITERIA. (a) Nonacademic continuing education programs requiring class attendance are approved by the board if

(1) a course outline is prepared in advance and preserved;

(2) repealed 12/25/2015;

(3) the program is conducted by a qualified instructor; and

(4) a record of attendance is maintained.

(b) In (a)(3) of this section, "qualified instructor" includes an instructor or discussion leader whose background, training, education, or experience makes it appropriate for him or her to lead a discussion on the subject matter of the particular program.

Authority: AS 08.04.070 AS 08.04.425

12 AAC 04.360. APPROVED NONACADEMIC CONTINUING EDUCATION PROGRAMS. The following programs are approved by the board if they meet the requirements of 12 AAC 04.340 and 12 AAC 04.350:

(1) professional development programs of the American Institute of Certified Public Accountants, national professional accounting organizations, state accounting societies, or organizations listed by the National Association of State Boards of Accountancy on the National Registry of CPE Sponsors;

(2) technical sessions designed as formal educational programs at meetings of the American Institute of Certified Public Accountants, national professional accounting organizations, state accounting societies, or organizations listed by the National Association of State Boards of Accountancy on the National Registry of CPE Sponsors;

(3) formal, organized, education programs that focus primarily on the enhancement of necessary skills and knowledge in the subjects of accounting, auditing, tax, consulting, financial planning, professional conduct, and specialized industry or government practices;

(4) college or university short courses not carrying academic credit;

(5) repealed 4/12/2024.

Authority: AS 08.04.070 AS 08.04.425

Editor's note: A copy of the National Association of State Boards of Accountancy's National Registry of CPE Sponsors may be obtained from the National Association of State Boards of Accountancy, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219-2417, or at NASBA's website at http://www.registry.nasbatools.com/display_page.

12 AAC 04.370. INDIVIDUAL STUDY. Repealed 5/14/2022.

12 AAC 04.380. INSTRUCTOR OR DISCUSSION LEADER. (a) The board will award one hour of continuing education credit for each hour completed in preparation for instruction or discussion as an instructor or discussion leader of an educational program meeting the requirements of 12 AAC 04.310 – 12 AAC 04.360. The number of hours of credit awarded under this subsection may not exceed twice the number of hours awarded under (b) of this section.

(b) The board will award one hour of continuing education credit for each hour completed as an instructor or discussion leader of an educational program meeting the requirements of 12 AAC 04.310 – 12 AAC 04.360. The board will award credit only for the initial course of instruction of the subject matter unless there have been substantial new developments in the subject since the prior presentation.

(c) Credit awarded under (a) and (b) of this section may not exceed 30 hours in any two-year period.

Authority: AS 08.04.070 AS 08.04.425

12 AAC 04.390. PUBLICATIONS. Repealed 2/24/2022.

12 AAC 04.400. REPORT OF CONTINUING EDUCATION. An applicant for renewal of a license issued by the board under this chapter to practice public accounting shall submit, on a form provided by the department, a statement that the applicant has complied with the continuing education requirements of 12 AAC 04.300.

Authority: AS 08.04.070 AS 08.04.425

12 AAC 04.410. "REASONABLE CAUSE OR EXCUSABLE NEGLIGENCE" DEFINED. Repealed 4/12/2024.

12 AAC 04.420. APPLICABILITY OF CONTINUING EDUCATION REQUIREMENT. Repealed 1/1/2008.

Editor's note: As of Register 184, Jan 2008, the substance of former 12 AAC 04.420 appears in 12 AAC 04.300(d).

12 AAC 04.430. INACTIVE LICENSES. (a) To obtain or renew an inactive license under AS 08.04.410, the holder of a license must submit

- (1) an application on a form provided by the department; and
- (2) the fee set out in 12 AAC 02.340(5).

(b) To resume the active practice of public accounting, the holder of an inactive license must submit

- (1) an application on a form provided by the department;
- (2) the applicable fee set out in 12 AAC 02.340; and
- (3) documentation that shows the applicant's completion of at least 120 hours of approved continuing education, in accordance with 12 AAC 04.310 – 12 AAC 04.410, during the 36 months immediately before the date of the application; no more than 16 of the hours required in this paragraph may be from continuing education programs described in 12 AAC 04.360(5).

(c) The hours of continuing education required in (b) of this section do not satisfy the continuing education requirement for a subsequent renewal of the reactivated license.

(d) Notwithstanding 12 AAC 04.300, a licensee whose license has been reactivated under this section shall complete at least

- (1) 10 hours of approved continuing education for each full calendar quarter between the date that the license was reactivated and the next renewal date; or
- (2) repealed 7/25/2001;
- (3) 80 hours of approved continuing education between the date that the permit was reactivated and the next renewal date.

(e) When a license is in "inactive" status, that status must be made clear by the licensee by the addition of "CPA-Inactive" or "CPA (inactive)" when using the CPA designation in any form, including on business cards, email signatures, websites, and social media accounts.

(f) When a license is in inactive status, the licensee may not practice public accounting or offer to practice public accounting.

Authority: AS 08.04.070 AS 08.04.410 AS 08.04.425

12 AAC 04.440. REINSTATEMENT OF LAPSED LICENSE. (a) An individual whose license to practice has been lapsed for less than one year may apply for reinstatement of the license by submitting the applicable renewal fee and, if the license has been lapsed for more than 60 days, the delayed renewal penalty fee required in 12 AAC 02.340 and a complete renewal application on a form provided by the department. The renewal application must include certification that the applicant

- (1) maintained all of the licensee's offices as required by AS 08.04.360 – 08.04.380;
- (2) has met the continuing education requirements of 12 AAC 04.300 – 12 AAC 04.440;
- (3) continues to comply with the requirements of AS 08.04; and
- (4) either

(A) has met the peer review requirements of 12 AAC 04.600(a)(1) – (3); or

(B) is exempt under 12 AAC 04.620 from compliance with the peer review requirements of 12 AAC 04.600(a)(1) – (3).

(b) An individual whose license to practice has been lapsed for at least one year, but less than three years, may apply for reinstatement of the license by submitting

(1) an application on a form provided by the department;

(2) the license renewal fees for the entire period during which the license has been lapsed and the delayed renewal penalty fee required under 12 AAC 02.340; and

(3) documentation showing the applicant's completion of at least 120 hours of approved continuing education, in accordance with 12 AAC 04.310 – 12 AAC 04.410, during the 36 months immediately before the date of the application for reinstatement; no more than 16 of the hours required in this paragraph may be from continuing education programs described in 12 AAC 04.360(5); at least four hours of the hours required in this paragraph must cover current ethics and statutes and regulations under AS 08.04 and 12 AAC 04.

(c) An individual whose license to practice has been lapsed for at least three years, but less than five years, may apply for reinstatement of the license by

(1) documenting to the satisfaction of the board that the individual's failure to renew the license was excusable;

(2) meeting the requirements of (b) of this section; and

(3) documenting that the continuing education completed in accordance with (b)(3) of this section included successful completion of a current ethics course and examination published by the American Institute of Certified Public Accountants (AICPA) or an ethics examination of another licensing jurisdiction, that, in the determination of the board, is equivalent to the AICPA course and examination described in 12 AAC 04.200(c).

(d) Notwithstanding 12 AAC 04.300, a licensee whose license has been reinstated under (b) or (c) of this section shall complete at least

(1) 10 hours of approved continuing education for each full calendar quarter between the date the license was reissued and the next renewal date; or

(2) 80 hours of approved continuing education between the date the permit was reissued and the next renewal date.

(e) The board may reinstate an applicant's license despite failure to furnish evidence of completion of the continuing education requirements in this section, if the board determines that failure to complete the continuing education requirements was due to reasonable cause or excusable neglect and the applicant agrees to complete a particular program or schedule of continuing education prescribed by the board.

(f) A license to practice that has been lapsed for five years or more may not be reinstated.

Authority: AS 08.01.100 AS 08.04.425 AS 08.04.440
AS 08.04.070

ARTICLE 7. DISCIPLINARY GUIDELINES.

Section

500. Purpose of disciplinary guidelines

510. (Repealed)

520. Disciplinary guidelines

530. Definitions for disciplinary guidelines

12 AAC 04.500. PURPOSE OF DISCIPLINARY GUIDELINES. To insure that the board's disciplinary policies are known and are administered consistently and fairly, the disciplinary guidelines in 12 AAC 04.510—12 AAC 04.520 are established.

Authority: AS 08.01.075 AS 08.04.070(b) AS 08.04.450

12 AAC 04.510. VIOLATIONS. Repealed 1/1/2008.

12 AAC 04.520. DISCIPLINARY GUIDELINES. (a) The board may impose greater or lesser penalties than those described under AS 08.04 and this section depending on the circumstances of a particular case, to the full extent of AS 08.01.075, AS 08.04.450, 08.04.470, and 08.04.480.

(b) The board may revoke a license, permit, or practice privilege if the holder of the license, permit, or practice privilege

- (1) obtains or attempts to obtain, by fraud or deceit, a license, permit, or practice privilege;
- (2) is convicted of a felony under the laws of any state or the United States;
- (3) is the subject of a licensing action by another state as described in AS 08.04.450(7); or
- (4) has had the right to practice public accountancy before any state or federal agency suspended or revoked.

(c) The board may suspend a license, permit, or practice privilege for up to two years, impose a civil fine in the amount determined by the board, and impose other disciplinary sanctions authorized under AS 08.01.075, in cases of

- (1) gross negligence in the practice of public accounting as defined in 12 AAC 04.530;
- (2) an act discreditable to the accounting profession as defined in 12 AAC 04.530;
- (3) dishonesty in the practice of public accounting as defined in 12 AAC 04.530;
- (4) the conviction of a crime involving dishonesty or fraud as described in AS 08.04.450(6); or
- (5) unprofessional conduct in an investigation.

(d) The board may suspend a license, permit, or practice privilege for up to one year, in cases of

- (1) violation of a provision of AS 08.04.500—AS 08.04.610 as described in AS 08.04.450(3); and
- (2) violation of a regulation of the board as described in AS 08.04.450(4).

(e) If the board determines that an applicant has cheated on or breached the security of the examination for certified public accountancy, the applicant is subject to the following:

- (1) voiding of that applicant's examination score and denial of a license or permit to that applicant based on that examination score;
- (2) prohibition of that applicant from sitting for further examinations in the state.

Authority: AS 08.01.075 AS 08.04.130 AS 08.04.450
AS 08.04.070

12 AAC 04.530. DEFINITIONS FOR DISCIPLINARY GUIDELINES. For the purposes of this section, AS 08.04.450, 08.04.470, 08.04.480, and 12 AAC 04.520 - 12 AAC 04.530,

(1) "act discreditable to the accounting profession" means an action that conflicts with or is in breach of the rules set out in the Code of Professional Conduct of the American Institute of Certified Public Accountants, AICPA Professional Standards, ET Section, revised as of June 15, 2022, and adopted by reference under 12 AAC 04.004;

(2) "breaching the security provisions of a licensing examination" includes

- (A) removing any examination materials from the examination room without authorization,
- (B) reproducing, or assisting a person in reproducing, any portion of the licensing examination by any means and without authorization;
- (C) obtaining examination questions or other examination materials, except by specific authorization before, during, or after an examination;
- (D) using, or purporting to use, improperly obtained examination questions or materials to instruct or prepare an examinee for the licensing examination; and
- (E) selling, distributing, buying, receiving, or having unauthorized possession of any portion of a future, current, or previously administered licensing examination;

(3) "cheating on a licensing examination" means

- (A) communicating with another examinee or an unauthorized person during the administration of the examination regarding the content of the examination;
- (B) copying answers from another examinee; or
- (C) permitting answers to be copied by another examinee;

(4) "dishonesty in the practice of public accounting" means making misleading, deceptive, or untrue representations in the practice of public accountancy;

(5) "fraud or deceit in obtaining any certificate, license, registration, or permit" means knowingly submitting false or forged evidence to the board in, or in support of,

- (A) an application for a certificate, license, registration, or permit;
- (B) cheating on a licensing examination, or assisting a person in cheating on a licensing examination; or
- (C) breaching the security provisions of a licensing examination;

(6) "gross negligence in the practice of public accounting" means

- (A) the failure by a licensee to adequately keep required documentation and work papers of a client or of work performed by the holder of a license, permit, or certificate;
- (B) mis-accounting funds; or
- (C) other misapplication of generally accepted accounting practices that results in substantial injury to another;

(7) "unprofessional conduct in an investigation" means

- (A) failing to cooperate with an official investigation by the board or the board's representatives, including failing to timely provide requested information; and

(B) failing to allow the board or the board's representative to examine and have access to records maintained by the licensee that relate to the licensee's practice under AS 08.04 upon written request.

Authority: AS 08.01.075 AS 08.04.070 AS 08.04.450

ARTICLE 8. QUALITY REVIEW.

Section

- 600. Peer review requirements**
- 610. (Repealed)**
- 620. Exceptions to peer review reporting requirements**
- 630. (Repealed)**
- 690. (Repealed)**

12 AAC 04.600. PEER REVIEW REQUIREMENTS. (a) A permit holder who issued a report on audited or reviewed financial statements during the concluding permit period shall

(1) certify that within the three years before the date of application for permit renewal, the permit holder has undergone a peer review that meets the requirements of

(A) American Institute of Certified Public Accountants, AICPA Standards for Performing and Reporting on Peer Reviews, June 2023 edition, adopted by reference, excluding any reference to compilations; or

(B) National State Auditors Association (NSAA), Peer Review Manual, 2022 edition, adopted by reference;

(2) remain in good standing with the organization administering the peer review; and

(3) submit the most recent written acceptance report from the AICPA at the request of the board if required.

(b) In this section,

(1) "organization administering the peer review" means

(A) a state certified public accountant society authorized by the American Institute of Certified Public Accountants (AICPA) Peer Review Board to administer quality reviews; or

(B) the National State Auditors Association;

(2) "permit holder" means a person or firm that holds a permit to practice under AS 08.04.420.

Authority: AS 08.04.070 AS 08.04.426

12 AAC 04.610. APPROVED QUALITY REVIEW PROGRAMS. Repealed 4/12/2024.

12 AAC 04.620. EXCEPTIONS TO PEER REVIEW REPORTING REQUIREMENTS. (a) A permit holder is exempt from the peer review requirements under 12 AAC 04.600 if

(1) the permit holder did not issue reports on audited or reviewed financial statements during the concluding permit period; or

(2) the report on audited or reviewed financial statements was

(A) the permit holder's first report during the permit period; and

(B) was issued within the last 12 months of the concluding permit period.

(b) A permit holder who is exempt under (a)(2) of this section must undergo a peer review as set out under 12 AAC 04.600 within 18 months after the date of the first completed report on audited or reviewed financial statement.

(c) If a firm is merged, otherwise combined, dissolved, or separated, the organization administering the quality review shall determine which firm is considered the succeeding firm. That determination is subject to review by the board. The succeeding firm shall retain its quality review status and its quality review due date.

Authority: AS 08.04.070 AS 08.04.426

12 AAC 04.630. SPECIAL QUALITY REVIEW REPORTING REQUIREMENTS. Repealed 4/12/2024.

12 AAC 04.690. DEFINITIONS RELATED TO QUALITY REVIEW. Repealed 4/12/2024.

ARTICLE 9. GENERAL PROVISIONS.

Section

- 900. Complaints**
- 920. Current address**
- 930. Articles of incorporation and articles of organization**
- 940. Use of title "enrolled agent"**

990. Definitions

12 AAC 04.900. COMPLAINTS. A complaint against a licensed or unlicensed person or firm must be made to the department in compliance with the established complaint procedures of the department.

Authority: AS 08.04.070(b)

12 AAC 04.920. CURRENT ADDRESS. A licensee shall maintain a current, valid mailing address on file with the division at all times. The latest mailing address on file for an active, inactive, or lapsed license is the address of the licensee for official communications, notifications, and service of legal process.

Authority: AS 08.04.070(b)

12 AAC 04.930. ARTICLES OF INCORPORATION AND ARTICLES OF ORGANIZATION. (a) Except as provided in (b) of this section, a corporation registered or applying for registration with the board under AS 08.04.240(b) shall file with the board a copy of the corporation's articles of incorporation. The articles of incorporation must state the sole purpose and business of the corporation is the practice of public accounting as required under AS 08.04.240(b).

(b) A corporation that is incorporated under AS 10.45 as a professional corporation in the state is exempt from the requirements of this section.

(c) A limited liability company registered or applying for registration with the board under AS 08.04.240(d) shall file with the board a copy of the limited liability company's articles of organization. The articles of organization must state that the sole purpose and business of the limited liability company is the practice of public accounting as required under AS 08.04.240(d).

Authority: AS 08.04.070 AS 08.04.240

12 AAC 04.940. USE OF TITLE "ENROLLED AGENT". The use of the title "enrolled agent," as defined by the United States Internal Revenue Service, does not constitute use of a deceptive title under AS 08.04.540.

Authority: AS 08.04.070 AS 08.04.540

12 AAC 04.990. DEFINITIONS. In this chapter

- (1) "accountant" means a person who holds
 - (A) a license under AS 08.04.105 or 08.04.195;
 - (B) a permit under AS 08.04.240;
 - (C) an out-of-state practice privilege under AS 08.04.420; or
 - (D) repealed 4/12/2024;
- (2) "board" means the Board of Public Accountancy;
- (3) "department" means the Department of Commerce, Community, and Economic Development;
- (4) repealed 5/28/81;
- (5) "financial statement" includes a statement of position, a statement of operations, a statement of change in equity and notes, a balance sheet, an income statement, a statement of cash flows, a statement of assets and liabilities, and any other statement that purports to represent a statement of position or operation;
- (6) "opinion" means a written conclusion, based on the use of expert knowledge in accounting and auditing, in matters for which advice is sought or required;
 - (7) repealed 1/1/2008;
 - (8) repealed 2/2/94;
- (9) "statement" means a financial statement;
- (10) "conditional credit" means credit for subjects which the candidate has successfully passed and will not be required to repeat;
- (11) "attest function" means the financial statement services described in 12 AAC 04.038;
- (12) "good moral character" means the absence of conduct that would cause a reasonable person to have substantial doubts about an individual's honesty, fairness, and respect for the rights of others and for the laws of this state and the United States, including
 - (A) illegal conduct;
 - (B) conduct involving dishonesty, fraud, deceit, or misrepresentation, including misconduct in the licensing application process; and
 - (C) conduct that adversely reflects on the individual's fitness to perform as an accountant or ability to comply with the requirements of AS 08.04 and this chapter;
- (13) repealed 1/1/2008;
- (14) "engagement" means an agreement between a client and a licensee regarding the performance of professional services and the services performed under the agreement;
- (15) "reasonable cause or excusable neglect" includes

- (A) chronic illness;
- (B) military service; and
- (C) other extenuating circumstances, as found by the board.

Authority:	AS 08.04.070	AS 08.04.130	AS 08.04.425
	AS 08.04.110	AS 08.04.150	AS 08.04.680
	AS 08.04.120		