

Arkansas State Board of Public Accountancy

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Rules for Practice Privilege for Certain Out-of-State License Holders

Legislation effective July 31, 2009 creates a “practice privilege” for CPAs and CPA firms licensed in a substantially equivalent state to temporarily practice in Arkansas without licensure in Arkansas. CPAs that qualify for the “practice privilege” are not required to provide notice or to pay a fee prior to practicing in Arkansas in person or by mail, telephone or other electronic means.

If however, an out-of-state CPA that qualifies for the “practice privilege” intends to prepare a financial statement in accordance with Statements on Auditing Standards, Standards for Attestation Engagements, or an engagement in accordance with standards of the Public Accounting Oversight Board, the CPA is required to perform the service through a firm licensed in Arkansas.

Requirements for Out-of-State Individuals

(A.C.A. 17.12.311 of the Public Accountancy Act)

If you are an out-of-state practitioner use the following checklist of requirements to determine your eligibility to practice in Arkansas without notice to the Board. To qualify you must be able to answer “Yes” to all requirements in the *Individual Requirements Checklist* below.

Individual Requirements Checklist - Requirements to Practice in Arkansas as an Out-of-State Practitioner

Requirement	Yes	No
I hold a current valid license as a certified public accountant issued by a state other than Arkansas.	<input type="checkbox"/>	<input type="checkbox"/>
My principal place of business is in a state other than Arkansas.	<input type="checkbox"/>	<input type="checkbox"/>
The National Association of State Boards of Accountancy’s (NASBA) National Qualification Appraisal Service has verified that the state where I am licensed has education, examination, and experience requirements for certification or licensure that are comparable to or exceed the requirements for licensure as a certified public accountant of the American Institute of Certified Public Accountants (AICPA)/National Association of State Boards of Accountancy Uniform Accountancy Act.	<input type="checkbox"/>	<input type="checkbox"/>
OR		
I have obtained from NASBA’s National Qualification Appraisal Service verification that my education, examination, and experience qualifications are comparable or exceed the requirements for licensure as a certified public accountant of the American Institute of Certified Public Accountants (AICPA)/National Association of State Boards of Accountancy Uniform Accountancy Act.	<input type="checkbox"/>	<input type="checkbox"/>
Refer to the Substantial Equivalency list maintained by NASBA to respond to this requirement.	<input type="checkbox"/>	<input type="checkbox"/>

If you meet all the requirements in the *Individual Requirements Checklist* above, you may practice public accountancy in Arkansas without notifying the Board, but you *must also be aware of the following conditions of your privilege to practice in Arkansas.*

If you perform any of the following activities for an entity with its principal office in Arkansas, *you must practice through a firm that has been issued a license by the Board.* (That is, if you answer “Yes” to any activity listed in the Individual Practice Checklist below, you must practice through a firm that has been issued a license by the Board.)

Individual Practice Checklist - Activities that Require Practice through a Firm Licensed by the Board

Activity Description	Yes	No
Do you perform for an entity with its principal office in Arkansas a financial statement or audit or other engagement in accordance with the Statements on Auditing Standards?		
Do you perform for an entity with its principal office in Arkansas an examination of prospective financial information in accordance with the Statements on Standards of Attestation Engagements?		
Do you perform for an entity with its principal office in Arkansas an engagement in accordance with auditing standards of the Public Company Accounting Oversight Board (PCAOB) or its successor?		

If you qualify for the out-of-state practice privilege in Arkansas you must be aware of the following conditions of your privilege to practice in Arkansas.

Your practice privilege:

- is subject to the personal and subject matter jurisdiction and disciplinary authority of the Board;
- must comply with [The Act](#) and [The Rules](#) of the Board;
- results in the appointment of the state that issued your license as the agent on whom process may be served in any action or proceeding by the Board against you;
- ends if your certificate or registration is no longer valid. You must immediately cease offering services or rendering professional services in Arkansas;
- disclosures – [Board Rule 6.3](#).

Individuals ineligible for Practice Privilege – [Board Rule 6.4](#)

Requirements for Out-of-State Firms

(A.C.A. 17-12-401 of the Public Accountancy Act)

If your firm is an out-of-state firm, use the following checklist of requirements to determine your eligibility to practice in Arkansas without obtaining an Arkansas firm license and without notifying the Board. You must be able to answer “Yes” to all requirements of the *Firm Requirements Checklist* to qualify.

Firm Requirements Checklist - Requirements to Practice in Arkansas as an Out-of-State Firm

Requirement	Yes	No
The firm holds a license issued by a state other than Arkansas.		
The primary place of business for the firm is in a state other than Arkansas.		
The firm has not established or maintained an office in Arkansas.		
The firm does not perform for an entity with its principal office in Arkansas a financial statement audit or other engagement in accordance with the Standards for Attestation Engagements.		
The firm does not perform for an entity with its principal office in Arkansas an examination of prospective financial information in accordance with the Statements on Accounting Standards.		
The firm does not perform for an entity with its principal office in Arkansas an engagement in accordance with auditing standards of the Public Company Accounting Oversight Board (PCAOB) or its successor.		
The firm’s practice in Arkansas is performed by an individual who meets the requirements of A.C.A 17-12-311 of the Public Accountancy Act or is performed by an individual who holds an Arkansas license. (Use the checklists provided above to determine practice privilege for those individuals who practice based on A.C.A 17-12-311 of the Public Accountancy Act.		

If the firm meets all the requirements in the *Firm Requirements Checklist* above, your firm is eligible to practice in Arkansas without obtaining an Arkansas license.

If your firm is an out-of-state firm that performs any of the functions listed in the table below for an entity with its principal office in Arkansas, *your firm must obtain an Arkansas license.*

Function
An audit or other engagement to be performed in accordance with the "Statements on Auditing Standards"
An examination on prospective financial information to be performed in accordance with the "Statements on Standards for Attestation Engagements"
An engagement to be performed in accordance with PCAOB standards

To obtain the Arkansas firm license your firm must meet all the requirements listed in the *Firm Expanded Requirements Checklist* below. You must be able to answer "Yes" to all requirements of the *Firm Expanded Requirements Checklist* to qualify for a license.

Firm Expanded Requirements Checklist - Additional Requirements for Out-of-State Firms

Requirement	Yes	No
The firm holds a license issued by a state other than Arkansas.		
The primary place of business for the firm is a state other than Arkansas.		
The firm has not established or maintained an office in Arkansas.		
A majority of the ownership of the firm, in terms of financial interests and voting rights, belongs to persons who hold a current valid license in Arkansas or another state. The firm and all owners shall comply with Arkansas Board rules, even if some owners are not license holders.		
The firm may have non-license holders as owners if the non-license holders comply with the requirements of the Public Accountancy Act and Board Rules.		
The firm complies with the Arkansas Quality Review program per A.C.A. 17-12-507 and Board Rule 14.		
The services of the firm are performed by an individual who has been issued an Arkansas license or meets the requirements for out-of-state individuals above.		

Any firm that qualifies for the out-of-state practice privilege in Arkansas must be aware of the following conditions of the privilege to practice in Arkansas.

The firm's practice privilege:

- is subject to the personal and subject matter jurisdiction and disciplinary authority of the Board;
- must comply with the [Act](#) and the [Rules](#) of the Board;
- has appointed the state that issued the firm's license the agent on whom process may be served in any action or proceeding by the Board against the firm;
- ends if the firm's license to practice as a certified public accountancy firm is no longer valid in the state in which the firm's primary place of business exists. The firm must immediately cease offering services or rendering professional services in Arkansas;
- disclosure requirements – [Board Rule 6.3](#).