

[First Reprint]

## **ASSEMBLY, No. 935**

# **STATE OF NEW JERSEY**

## **218th LEGISLATURE**

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

**Sponsored by:**

**Assemblyman THOMAS P. GIBLIN**

**District 34 (Essex and Passaic)**

**SYNOPSIS**

Revises “Accountancy Act of 1997.”

**CURRENT VERSION OF TEXT**

As reported by the Assembly Regulated Professions Committee on September 13, 2018, with amendments.



1 AN ACT concerning the practice of accounting and amending  
2 P.L.1997, c.259 and P.L.2008, c.45.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. Section 3 of P.L.1997, c.259 (C.45:2B-44) is amended to  
8 read as follows:

9 3. As used in this act:

10 "Attest" means providing **any of** the following **financial**  
11 **statement** services: any audit or other engagement to be performed  
12 in accordance with the Statements on Auditing Standards (SAS);  
13 any review of a financial statement to be performed in accordance  
14 with the Statements on Standards for Accounting and Review  
15 Services (SSARS); any examination **of prospective financial**  
16 **information** , review, or agreed upon procedures of engagement to  
17 be performed in accordance with the Statements on Standards for  
18 Attestation Engagements (SSAE); **and** any engagement to be  
19 performed in accordance with the **auditing** standards of the Public  
20 Company Accounting Oversight Board (PCAOB). The statements  
21 on standards specified herein shall be adopted by regulation by the  
22 board and shall be in accordance with standards developed for  
23 general application by recognized national accountancy  
24 organizations such as the American Institute of Certified Public  
25 Accountants and the PCAOB.

26 "Board" means the New Jersey State Board of Accountancy.

27 "Compilation" means providing a service, to be performed in  
28 accordance with Statements on Standards for Accounting and  
29 Review Services (SSARS), by presenting, in the form of financial  
30 statements, information that is the representation of management or  
31 owners without undertaking to express any assurance on the  
32 statements.

33 "CPA firm" or "firm" means a sole proprietorship, a professional  
34 corporation, a partnership, a limited liability company, a limited  
35 liability partnership, or any other lawful form of business  
36 organization.

37 "Financial statements" means statements and related footnotes  
38 that purport to present an actual or a prospective financial position  
39 at a particular time, or results of operations, cash flow, or changes  
40 in financial position for a period of time, in conformity with  
41 generally accepted accounting principles or another comprehensive  
42 basis of accounting. The term includes specific elements, accounts  
43 or items of such statements, but does not include: incidental

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly ARP committee amendments adopted September 13, 2018.

1 financial data included in management advisory service reports to  
2 support recommendations to a client; or tax returns and supporting  
3 schedules.

4 **["Firm"** means a sole proprietorship, a professional corporation,  
5 a partnership, a limited liability company, a limited liability  
6 partnership, or any other lawful form of business organization.

7 "Home office" means the location specified by the client as the  
8 address to which a service described in subsection d. of section 6 of  
9 P.L.2008, c.45 (C.45:2B-50.1) is directed. **】**

10 "License" means a license or registration issued to an individual  
11 or firm permitting the individual or firm to practice public  
12 accountancy.

13 "Licensee" means the holder of a license issued pursuant to **【this**  
14 **act】** P.L.1997, c.259 (C.45:2B-42 et seq.).

15 "Manager" means a manager of a limited liability company.

16 "Member" means a member of a limited liability company.

17 "Nonlicensee" means a person not licensed as a certified public  
18 accountant or a public accountant of any state or possession of the  
19 United States or the District of Columbia.

20 "Owner of a firm" means any person with an equity or equivalent  
21 interest in a firm, such as a shareholder with respect to a  
22 corporation or a partner with respect to a partnership, or an  
23 individual with respect to a sole proprietorship.

24 "Peer review" means a study, appraisal, or review of one or more  
25 aspects of the professional work of a licensee or CPA firm that  
26 issues attest or compilation reports, by a person or persons holding  
27 licenses and not affiliated with the licensee or CPA firm being  
28 reviewed.

29 "Practice of public accountancy" means the performance or the  
30 offering to perform attest services for a client or potential client, by  
31 a licensee, registered firm or individual qualifying for practice  
32 privileges under section 6 of P.L.2008, c.45 (C.45:2B-50.1). The  
33 "practice of public accountancy" also means the performance or the  
34 offering to perform by a licensee or individual qualifying for  
35 practice privileges under section 6 of P.L.2008, c.45 (C.45:2B-50.1)  
36 of one or more of the following: a compilation of a financial  
37 statement to be performed in accordance with SSARS, management  
38 advisory, financial advisory or consulting services, or the  
39 preparation of tax returns or the furnishing of advice on tax matters.

40 "Practice unit" means any office of a firm registered with the  
41 board to engage in the practice of public accountancy in the State of  
42 New Jersey.

43 "Principal place of business" means the office location  
44 designated by a licensee for purposes of substantial equivalency and  
45 reciprocity.

46 **【**"Quality review" means a study, appraisal or review of one or  
47 more aspects of the professional work of a licensee, or individual

1 qualifying for practice privileges under section 6 of P.L.2008, c.45  
2 (C.45:2B-50.1), or registered firm that performs attest or  
3 compilation services, by a person who is a certified public  
4 accountant or public accountant and who is not affiliated with the  
5 licensee, the individual qualified for practice privileges under  
6 section 6 of P.L.2008, c.45 (C.45:2B-50.1), or registered firm being  
7 reviewed.】

8 “Professional” means arising out of or related to the specialized  
9 knowledge or skills associated with certified public accountants.

10 "Report" when used with reference to **【financial statements】** any  
11 attest or compilation service, means an opinion, report, or other  
12 form of language that states or implies assurance as to the reliability  
13 of **【any】** the attested information or compiled financial 【statement】  
14 statements and that also includes or is accompanied by any  
15 statement or implication that the person or firm issuing it has  
16 special knowledge or competence in accounting or auditing. Such a  
17 statement or implication of special knowledge or competence may  
18 arise from use by the issuer of the report of names or titles  
19 indicating that the person or firm is an accountant or auditor, or  
20 from the language of the report itself. The term "report" includes  
21 any form of language which disclaims an opinion when that form of  
22 language is conventionally understood to imply any positive  
23 assurance as to the reliability of the attested information or  
24 compiled financial 【statement】 statements referred to, or special  
25 competence on the part of the person or firm issuing that language,  
26 or both; and it includes any other form of language that is  
27 conventionally understood to imply that assurance, or that special  
28 knowledge or competence, or both.

29 (cf: P.L.2008, c.45, s.1)

30  
31 2. Section 8 of P.L.1997, c.259 (C.45:2B-49) is amended to  
32 read as follows:

33 8. Every applicant for examination for licensure as a certified  
34 public accountant shall present to the board a written application on  
35 a form to be provided by the board, together with the required fee,  
36 and satisfactory proof of the following:

37 a. **【That the applicant is at least 18 years of age;】** (Deleted by  
38 amendment, P.L. , c. ) (pending before the Legislature as this  
39 bill)

40 b. That the applicant is of good moral character; and

41 c. That the applicant has at least 120 semester hours of  
42 education, including a baccalaureate or higher degree or its  
43 equivalent, from an institution of higher education accredited by a  
44 regional accrediting agency recognized by the Commission on  
45 Higher Education, except that no applicant shall be issued a license  
46 unless he has successfully completed at least 150 hours of  
47 education. The educational program shall include a concentration

1 in accounting or its equivalent and related professional courses as  
2 determined by regulation of the board.

3 (cf: P.L.2005, c.104, s.1)

4  
5 3. Section 9 of P.L.1997, c.259 (C.45:2B-50) is amended to  
6 read as follows:

7 9. Except as otherwise provided, no person shall be issued a  
8 license by the board to practice as a certified public accountant until  
9 he has passed all sections of an examination designated by the  
10 board with a passing grade of 75 in each section. If the candidate  
11 does not pass all of the sections of the examination at one sitting, he  
12 may be reexamined with respect to the sections which he did not  
13 pass, under terms and conditions established by the board.

14 **【Examinations shall be given by the board at least twice a year,**  
15 **and any person who wishes to sit for an examination shall apply to**  
16 **the board at least 60 days prior to the date of the examination.】** The  
17 board may make use of the Uniform Certified Public Accountant  
18 Examination, or the Advisor Grading Service of the American  
19 Institute of Certified Public Accountants, or any other examination  
20 offered by an organization recognized by the board, which the  
21 board deems appropriate.

22 (cf: P.L.1997, c.259, s.9)

23  
24 4. Section 6 of P.L.2008, c.45 (C.45:2B-50.1) is amended to  
25 read as follows:

26 6. a. An individual whose principal place of business is not in  
27 this State shall be presumed to have qualifications substantially  
28 equivalent to this State's requirements for certified public  
29 accountants and shall have all the privileges of licensed certified  
30 public accountants of this State without the need to obtain a license  
31 under P.L.1997, c.259 (C.45:2B-42 et seq.) or to notify the board or  
32 pay any fee if that individual:

33 (1) Holds a valid license as a certified public accountant from  
34 any state which the National Association of State Boards of  
35 Accountancy's (NASBA) National Qualification Appraisal Service  
36 has verified to be in substantial equivalence with the certified  
37 public accountant licensure requirements of the American Institute  
38 of Certified Public Accountants **【AICPA/NASBA】** (AICPA) and  
39 NASBA Uniform Accountancy Act; or

40 (2) Holds a valid license as a certified public accountant from  
41 any state which the NASBA's National Qualification Appraisal  
42 Service has not verified to be in substantial equivalence with the  
43 certified public accountant licensure requirements of the  
44 AICPA/NASBA Uniform Accountancy Act, but that individual  
45 obtains from the NASBA's National Qualification Appraisal Service  
46 verification that the individual's personal certified public accountant  
47 qualifications are substantially equivalent to the certified public

1 accountant licensure requirements of the AICPA/NASBA Uniform  
2 Accountancy Act.

3 b. In accordance with the provisions of this section and  
4 notwithstanding any other provision of law, an individual who  
5 offers or renders professional services, whether in person or by  
6 mail, telephone, or electronic means, shall be granted practice  
7 privileges in this State and no notice or other submission shall be  
8 required of that individual. Such individual shall be subject to the  
9 requirements of subsection c. of this section.

10 c. An individual licensee of another state exercising the  
11 privilege afforded by this section and the firm that employs that  
12 licensee hereby simultaneously consent, as a condition of exercising  
13 that privilege:

14 (1) To the personal and subject matter jurisdiction and  
15 disciplinary authority of the board;

16 (2) To comply with P.L.1997, c.259 (C.45:2B-42 et seq.) and  
17 the regulations promulgated pursuant to that act;

18 (3) That in the event the license from the state of the individual's  
19 principal place of business is no longer valid, the individual will  
20 cease offering or rendering professional services in this State  
21 individually and on behalf of a firm; and

22 (4) To the appointment of the state board or other authority that  
23 issued the individual's license as the individual's agent upon which  
24 process may be served in any action or proceeding by this State's  
25 board against the licensee.

26 d. An individual who has been granted the practice privilege  
27 under this section **【who, for any entity with its home office in this**  
28 **State】** or who has a license issued pursuant to section 10 of  
29 P.L.1997, c.259 (C.45:2B-51), who performs any **【of the following**  
30 **services:**

31 (1) A financial statement audit or other engagement to be  
32 performed in accordance with the Statements on Auditing Standards  
33 (SAS);

34 (2) An examination of prospective financial information to be  
35 performed in accordance with the Statements on Standards for  
36 Attestation Engagements (SSAE); or

37 (3) An engagement to be performed in accordance with the  
38 Public Company Accounting Oversight Board (PCAOB) Auditing  
39 Standards; **】** attest service may only do so through a firm which **【has**  
40 registered with the board under **】** meets the requirements of  
41 subsection a. of section 13 of P.L.1997, c.259 (C.45:2B-54).

42 e. A licensee of this State offering or rendering services or  
43 using a title provided in section 21 of P.L.1997, c.259 (C.45:2B-62)  
44 in another state shall be subject to disciplinary action in this State  
45 for an action committed in another state for which the licensee  
46 would be subject to discipline for an act committed in that state.

1 The board shall investigate any complaint made by the board of  
2 accountancy or other licensing authority of another state.

3 f. Any individual who passed the Uniform Certified Public  
4 Accountant Examination and holds a valid license issued by any  
5 other state prior to January 1, 2012 shall be exempt from the 150  
6 hour education requirement in subsection c. of section 8 of  
7 P.L.1997, c.259 (C.45:2B-49).  
8 (cf: P.L.2008, c.45, s.6)  
9

10 5. Section 10 of P.L.1997, c.259 (C.45:2B-51) is amended to  
11 read as follows:

12 10. a. ~~【Except as provided in subsection b. of this section,~~  
13 ~~every】~~ Every applicant for licensure as a certified public  
14 accountant, having passed the examination in compliance with the  
15 provisions of section 9 of ~~【this act】~~ P.L.1997, c.259 (C.45:2B-50),  
16 shall provide satisfactory proof to the board that【:] the applicant  
17 has had one year of experience providing any type of service or  
18 advice involving the use of accounting, attest, compilation,  
19 management advisory, financial advisory, tax, or consulting skills,  
20 all of which was verified by a licensee, and meeting the  
21 requirements prescribed by the board pursuant to promulgated  
22 regulations. The experience required pursuant to this section is  
23 acceptable if it was gained through employment in government,  
24 industry, academia, or public practice.

25 (1) ~~【The applicant has had one year of experience in the~~  
26 ~~practice of public accountancy or its equivalent, under the direction~~  
27 ~~of a licensee meeting requirements prescribed by the board; and】~~  
28 ~~(Deleted by amendment, P.L. , c. ) (pending before the~~  
29 ~~Legislature as this bill)~~

30 (2) ~~【The experience includes evidence of intensive and~~  
31 ~~diversified experience in auditing or accounting as determined by~~  
32 ~~regulation of the board.】~~ ~~(Deleted by amendment, P.L. , c. )~~  
33 ~~(pending before the Legislature as this bill)~~

34 b. ~~【(1) For six years following the effective date of this act, an~~  
35 ~~applicant for licensure as a certified public accountant who has~~  
36 ~~acquired, prior to the effective date of this act, not less than four~~  
37 ~~years of experience deemed acceptable to the board in government,~~  
38 ~~industry or education shall be exempt from the experience~~  
39 ~~requirements of subsection a. of this section; and~~

40 (2) For four years following the effective date of this act, an  
41 applicant for licensure as a certified public accountant who is  
42 working in government, industry or education as of the effective  
43 date of this act shall be exempted from the experience requirements  
44 of subsection a. of this section so long as that applicant  
45 satisfactorily completes not less than four years of experience  
46 acceptable to the board.】 ~~(Deleted by amendment, P.L. , c. )~~

1 (pending before the Legislature as this bill)

2 (cf: P.L.1997, c.259, s.10)

3

4 6. Section 13 of P.L.1997, c.259 (C.45:2B-54) is amended to  
5 read as follows:

6 13. a. The board shall only grant or renew registration to a firm  
7 engaged in the practice of attest services or public accountancy if  
8 that firm meets the requirements provided in this section.

9 (1) A firm shall register with the board if it:

10 (a) Has an office in this State engaged in the practice of attest  
11 services;

12 (b) Has an office in this State that uses the title "Certified Public  
13 Accountant," "CPA," "Certified Public Accountant firm," or "CPA  
14 firm;" or

15 (c) Does not have an office in this State, but **【performs】** offers  
16 or renders attest services 【described in subsection d. of section 6 of  
17 P.L.2008, c.45 (C.45:2B-50.1) for a client having its home office in  
18 this State】 , as defined in section 3 of P.L.1997, c.259 (C.45:2B-  
19 44), but only if it meets each of the following:

20 (i) It complies with the qualifications described in subsection b.  
21 of this section;

22 (ii) It complies with the qualifications described in section 26 of  
23 P.L.1997, c.259 (C.45:2B-67); and

24 (iii) It can lawfully offer or render attest services in the state  
25 where those individuals with practice privileges have their principal  
26 place of business.

27 (2) A firm that **【does not have an office in this State】** is not  
28 subject to the requirements of paragraph (1) of this subsection may  
29 perform compilation services **【or review financial statements in**  
30 **accordance with the Statements on Standards for Accounting and**  
31 **Review Services (SSARS), and may practice public accountancy as**  
32 **authorized under this section, for a client having its home office in**  
33 **this State and may use】** and professional services other than attest  
34 services while using the title "Certified Public Accountant," "CPA,"  
35 "Certified Public Account firm," or "CPA firm," without registering  
36 with the board only if:

37 (a) It **【has the qualifications described in section 26 of**  
38 **P.L.1997, c.259 (C.45:2B-67) and in subsection a. of section 5 of**  
39 **P.L.1999, c.215 (C.45:2B-54.1)】** can lawfully do so in the state  
40 where those individuals with practice privileges have their principal  
41 place of business; and

42 (b) It performs those services through an individual with  
43 practice privileges under subsection d. of section 6 of P.L.2008,  
44 c.45 (C.45:2B-50.1).

45 (3) **【A firm that is not subject to the requirements of paragraph**  
46 **(1) or (2) of this subsection may perform other professional services**  
47 **included in the practice of public accountancy while using the title**



1 "Certified Public Accountant," "CPA," "Certified Public Account  
 2 firm," or "CPA firm" in this State without registering with the board  
 3 if:】 (Deleted by amendment, P.L. , c. ) (pending before the  
 4 Legislature as this bill)

5 (a) 【It performs those services through an individual with  
 6 practice privileges under subsection d. of section 6 of P.L.2008,  
 7 c.45 (C.45:2B-50.1); and】 (Deleted by amendment, P.L. , c. )  
 8 (pending before the Legislature as this bill)

9 (b) 【It can lawfully do so in the state where those individuals  
 10 with practice privileges have their principal place of business.】  
 11 (Deleted by amendment, P.L. , c. ) (pending before the  
 12 Legislature as this bill)

13 (4) 【A firm with an office in this State that is engaged in the  
 14 practice of public accountancy but not performing attest services,  
 15 shall be eligible to register with the board as a firm of certified  
 16 public accountants.】 (Deleted by amendment, P.L. , c. ) (pending  
 17 before the Legislature as this bill)

18 b. A firm seeking to register with the board shall meet the  
 19 following requirements:

20 (1) 【At least one owner of the firm】 Notwithstanding any other  
 21 provision of law to the contrary, a simple majority of the ownership  
 22 of the firm, in terms of financial interest and voting rights of all  
 23 partners, officers, shareholders, members, or managers, belongs to  
 24 holders of a certificate who are licensed in some state, and those  
 25 partners, officers, shareholders, members, or managers, whose  
 26 principal place of business is in this State shall be a certified public  
 27 accountant in good standing, and licensed to practice public  
 28 accountancy in this State【, except that this requirement is waived  
 29 for firms that perform services for which firm registration is  
 30 required under subparagraph (c) of paragraph (1) of subsection a. of  
 31 this section through an individual who qualifies for the practice  
 32 privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1)】;

33 (2) Each owner of the firm, other than a nonlicensee, shall be a  
 34 certified public accountant of any state or possession of the United  
 35 States or the District of Columbia in good standing, and licensed to  
 36 practice public accountancy where licensed;

37 (3) There shall be a certified public accountant in the firm who  
 38 has ultimate responsibility for each attest engagement. On all firm  
 39 applications and renewal forms, a licensee or an individual who  
 40 qualifies for the practice privilege under section 6 of P.L.2008, c.45  
 41 (C.45:2B-50.1) shall be designated as responsible and in charge of  
 42 all professional matters relating to the practice of accountancy by  
 43 the registered firm. Each 【resident manager in charge of a practice  
 44 unit of a firm in this State and each】 owner 【thereof】 of a firm in  
 45 this State, other than a nonlicensee, personally engaged within this  
 46 State in the practice of public accountancy shall be a certified  
 47 public accountant in good standing, and licensed to practice public

1 accountancy in this State, or shall be an individual who qualifies for  
2 the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-  
3 50.1).

4 c. Application for registration of a firm shall be made upon the  
5 affidavit of an owner of the firm who is a certified public  
6 accountant in good standing and licensed to practice public  
7 accountancy in this State or who qualifies for the practice privilege  
8 under section 6 of P.L.2008, c.45 (C.45:2B-50.1). The board shall  
9 in each case determine whether the applicant is eligible for  
10 registration. A firm which is so registered may use the words  
11 "certified public accountant" or the abbreviation "CPAs" in  
12 connection with its firm name. Notification shall be given to the  
13 board within 90 days after admission or withdrawal of an owner  
14 licensed and practicing in this State from any firm so registered.  
15 (cf: P.L.2008, c.45, s.2)

16  
17 7. Section 14 of P.L.1997, c.259 (C.45:2B-55) is amended to  
18 read as follows:

19 14. a. A firm engaged in this State in the practice of attest  
20 services and not otherwise registered with the board or exempt from  
21 registration under section 13 of P.L.1997, c.259 (C.45:2B-54) shall  
22 be required to register with the board as a firm of public  
23 accountants. A firm engaged in the practice of public accountancy,  
24 but not performing attest services, shall be eligible to register with  
25 the board as a firm of public accountants. In either case, the firm  
26 shall meet the following requirements:

27 (1) At least one owner of a firm shall be a public accountant or  
28 certified public accountant in good standing, and licensed to  
29 practice public accountancy in this State;

30 (2) Each owner of the firm, other than a nonlicensee, shall be a  
31 public accountant or certified public accountant of any state or  
32 possession of the United States or the District of Columbia in good  
33 standing, and licensed to practice public accountancy where  
34 licensed;

35 (3) There shall be a public accountant or certified public  
36 accountant in the firm who has ultimate responsibility for each  
37 attest engagement. On all firm applications and renewal forms, a  
38 licensee shall be designated as responsible and in charge of all  
39 professional matters relating to the practice of accountancy by the  
40 registered firm. Each **resident manager in charge of a practice unit**  
41 **of a firm in this State and each** owner **thereof** of a firm in this  
42 State, other than a nonlicensee, personally engaged within this State  
43 in the practice of public accounting shall be a public accountant or a  
44 certified public accountant of this State in good standing and  
45 licensed to practice public accountancy in this State.

46 b. Application for registration of a firm shall be made upon the  
47 affidavit of an owner of the firm who is a public accountant or  
48 certified public accountant of this State in good standing and

1 licensed to practice public accountancy in this State. The board  
2 shall in each case determine whether the applicant is eligible for  
3 registration. A firm which is so registered may use the words  
4 "public accountant" or the abbreviation "PAs" in connection with its  
5 firm name. Notification shall be given to the board within 90 days  
6 after admission or withdrawal of an owner licensed and practicing  
7 in this State from any firm so registered.  
8 (cf: P.L.2008, c.45, s.3)

9  
10 8. Section 16 of P.L.1997, c.259 (C.45:2B-57) is amended to  
11 read as follows:

12 16. Each firm established or maintained in this State for the  
13 practice of public accountancy by certified public accountants or  
14 public accountants shall triennially register with and pay to the  
15 board a triennial registration fee. **Each practice unit shall be under**  
16 **the direct supervision of a resident manager who may be either an**  
17 **owner or a staff employee licensed under this act.**  
18 (cf: P.L.1997, c.259, s.16)

19  
20 9. Section 18 of P.L.1997, c.259 (C.45:2B-59) is amended to  
21 read as follows:

22 18. a. After notice and an opportunity to be heard, the board  
23 may: revoke any license or registration issued under **[this act]**  
24 P.L.1997, c.259 (C.45:2B-42 et seq.); suspend any license or  
25 registration or refuse to renew any license or registration;  
26 reprimand, censure, or limit the scope of practice of any licensee;  
27 impose an administrative fine; or place any licensee on probation,  
28 for any of the following reasons:

29 (1) Fraud, deceit or misrepresentation in obtaining a license or  
30 registration;

31 (2) Cancellation, revocation, suspension or refusal to renew the  
32 authority to engage in the practice of public accountancy in any  
33 other state for reasons consistent with this section;

34 (3) Failure, on the part of a holder of a license or registration, to  
35 maintain compliance with the requirements for issuance or renewal  
36 of that license or registration or to report changes to the board in the  
37 name or composition of any firm or individual licensed or  
38 registered in this State, or a change in the status of a license of a  
39 firm licensed in any other jurisdiction;

40 (4) Revocation or suspension of the right to practice before any  
41 state or federal agency;

42 (5) Dishonesty, fraud, gross negligence or repeated acts of  
43 negligence in the practice of public accountancy or in the filing or  
44 failure to file the licensee's or registrant's own income tax returns;

45 (6) Violation of any provision of this act or regulation  
46 promulgated by the board under **[this act]** P.L.1997, c.259  
47 (C.45:2B-42 et seq.);

1 (7) Violation of any rule of professional conduct promulgated  
2 by the board under **【this act】** P.L.1997, c.259 (C.45:2B-42 et seq.);

3 (8) Conviction of a crime, an element of which is dishonesty or  
4 fraud, under the laws of the United States, of this State, or any other  
5 state, if the acts involved would have constituted a crime of the  
6 first, second, third or fourth degree under the laws of this State;

7 (9) Performance of any fraudulent act while holding a license or  
8 registration issued under **【this act】** P.L.1997, c.259 (C.45:2B-42 et  
9 seq.), or prior laws regulating accountants in this State;

10 (10) Any conduct reflecting adversely upon the licensee's fitness  
11 to engage in the practice of public accountancy;

12 (11) If the licensee is incapable for medical or any other good  
13 cause of discharging the functions of a licensee in the manner  
14 consistent with the public's health, safety and welfare; or

15 (12) The failure of an individual or a firm to have all the  
16 qualifications prescribed by any provision of **【this act】** P.L.1997,  
17 c.259 (C.45:2B-42 et seq.) under which the individual or firm  
18 qualified for registration or licensing.

19 b. The board may impose any other disciplinary sanction or  
20 civil penalties pursuant to the provisions of P.L.1978, c.73 (C.45:1-  
21 14 et seq.).

22 c. In lieu of or in addition to any remedy provided in  
23 subsection a. or b. of this section, the board may require of a  
24 licensee or registrant:

25 (1) A **【quality】** peer review conducted in a manner as specified  
26 by the board in accordance with the provisions of section 26 of  
27 **【this act】** P.L.1997, c.259 (C.45:2B-67).

28 (2) Satisfactory completion of continuing professional education  
29 programs required by the board pursuant to the provisions of  
30 section 27 or 30 of **【this act】** P.L.1997, c.259 (C.45:2B-68 or  
31 C.45:2B-71).

32 (3) Appropriate community service as the board may require.

33 d. In any proceeding in which a remedy provided by subsection  
34 a., b. or c. of this section is imposed, the board may also require the  
35 respondent licensee or registrant to pay the cost of the proceeding.

36 (cf: P.L.1997, c.259, s.18)

37  
38 <sup>1</sup>10. Section 19 of P.L.1997, c.259 (C.45:2B-60) is amended to  
39 read as follows:

40 19. a. In any case where the board has suspended or revoked a  
41 license or registration or refused to renew a license or registration,  
42 the board may, upon application in writing by the person or firm  
43 affected and for good cause shown, modify the suspension, or  
44 reissue the license or registration.

45 b. The board shall prescribe the manner in which such an  
46 application shall be made, the time within which it shall be made,

1 and the circumstances in which hearings or applications will be  
2 held.

3 c. Before reissuing, or terminating the suspension of a license  
4 or registration under this section, and as a condition of reissuance or  
5 termination of suspension, the board may require the applicant to  
6 show successful completion of the continuing professional  
7 education requirements of **[this act]** P.L.1997, c.259 (C.45:2B-42  
8 et seq.); and the board may make the reinstatement of a license or  
9 registration conditional and subject to satisfactory completion of a  
10 **[quality]** peer review conducted in a manner required by the  
11 board.<sup>1</sup>

12 (cf: P.L.1997, c.259, s.19)

13  
14 <sup>1</sup>**[10.] 11.**<sup>1</sup> Section 21 of P.L.1997, c.259 (C.45:2B-62) is  
15 amended to read as follows:

16 21. a. No person shall use or assume the title or designation  
17 "certified public accountant," or the abbreviation "CPA" or any  
18 other title, designation, words, letters, abbreviation, sign, card, or  
19 device tending to indicate that the person is a certified public  
20 accountant unless that person holds a current license as a certified  
21 public accountant under **[this act]** P.L.1997, c.259 (C.45:2B-42 et  
22 seq.) or qualifies for the practice privilege under section 6 of  
23 P.L.2008, c.45 (C.45:2B-50.1).

24 b. No firm shall use or assume the title or designation "certified  
25 public accountant," or the abbreviation "CPA," unless otherwise  
26 provided for by law, or any other title, designation, words, letters,  
27 abbreviation, sign, card, or device tending to indicate that the firm  
28 is composed of certified public accountants, unless the firm holds a  
29 current registration issued under **[this act]** P.L.1997, c.259  
30 (C.45:2B-42 et seq.) or is exempt from registration under section 13  
31 of P.L.1997, c.259 (C.45:2B-54).

32 c. No person shall use or assume the title or designation  
33 "public accountant," or the abbreviation "PA," or any other title,  
34 designation, words, letters, abbreviation, sign, card, or device  
35 tending to indicate that the person is a public accountant unless that  
36 person holds a current license as a public accountant under **[this**  
37 **act]** P.L.1997, c.259 (C.45:2B-42 et seq.).

38 d. No firm shall use or assume the title or designation "public  
39 accountant," or the abbreviation "PA," unless otherwise provided  
40 for by law, or any other title, designation, words, letters,  
41 abbreviation, sign, card, or device tending to indicate that the firm  
42 is composed of public accountants, unless the firm holds a current  
43 registration issued under **[this act]** P.L.1997, c.259 (C.45:2B-42 et  
44 seq.).

45 e. No person or firm shall use or assume the title or designation  
46 "certified accountant," "chartered accountant," "enrolled  
47 accountant," "licensed accountant," "registered accountant,"

1 "accredited accountant," or any other title or designation likely to  
2 be confused with the titles "certified public accountant" or "public  
3 accountant," or use any of the abbreviations "CA," "LA," "RA,"  
4 "AA," or similar abbreviations likely to be confused with the  
5 abbreviations "CPA" or "PA," unless that person or firm holds a  
6 current license or registration issued under **[this act]** P.L.1997,  
7 c.259 (C.45:2B-42 et seq.), qualifies for the practice privilege under  
8 section 6 of P.L.2008, c.45 (C.45:2B-50.1), or is exempt from  
9 registration under section 13 of P.L.1997, c.259 (C.45:2B-54).

10 f. No person or firm shall use or assume the title "enrolled  
11 agent" or "EA," unless so designated by the Internal Revenue  
12 Service.

13 g. No person or firm shall use or assume any title or  
14 designation that includes the words "accountant," "auditor," or  
15 "accounting" in connection with any other language, including the  
16 language of a report, that implies that the person or firm holds such  
17 a certificate, permit, or registration or has special competence as an  
18 accountant or auditor, unless that person or firm holds a current  
19 license or registration issued under **[this act]** P.L.1997, c.259  
20 (C.45:2B-42 et seq.), qualifies for the practice privilege under  
21 section 6 of P.L.2008, c.45 (C.45:2B-50.1), or is exempt from  
22 registration under section 13 of P.L.1997, c.259 (C.45:2B-54),  
23 except that this subsection shall not prohibit any officer, partner,  
24 member, manager, or employee of any firm or organization from  
25 affixing that person's own signature to any statement in reference to  
26 the financial affairs of that firm or organization with any wording  
27 designating the positions, title, or office that the person holds in the  
28 firm or organization, nor shall this subsection prohibit any act of a  
29 public official or employee in the performance of the person's  
30 duties.

31 h. No person holding a license or firm holding a registration  
32 under **[this act]** P.L.1997, c.259 (C.45:2B-42 et seq.) shall **[engage**  
33 **in the practice of public accountancy using]** use a professional or  
34 firm name or designation that is misleading with regard to the form  
35 in which the firm is organized, or about the persons who are  
36 partners, officers, members, managers or shareholders of the firm,  
37 or about any other matter, except that names of one or more former  
38 partners, members, managers, or shareholders may be included in  
39 the name of a firm or its successor.

40 i. The provisions of this section shall not apply to a person or  
41 firm holding a certification, designation, degree, or license granted  
42 in a foreign country, entitling the holder thereof to engage in the  
43 practice of public accountancy or its equivalent in that country,  
44 whose activities in this State are limited to the provision of  
45 professional services to persons or firms who are residents of,  
46 governments of, or business entities of the country in which the  
47 person holds that entitlement, so long as that person or firm issues  
48 no reports with respect to the financial statements of any other

1 persons, firms, or governmental units in this State, and does not use  
2 in this State any titles or designation other than the one under which  
3 the person practices in the foreign country, followed by a  
4 translation of that title or designation into the English language, if it  
5 is in a different language, and by the name of that country.

6 j. A financial services corporation, the voting stock of which is  
7 traded on a recognized exchange or over-the-counter, may use the  
8 truthful fact in advertising that the firm employs certified public  
9 accountants.

10 k. Notwithstanding any other provision of this section, it shall  
11 not be a violation of P.L.1997, c.259 (C.45:2B-42 et seq.) for a firm  
12 that has not registered with the board and that does not have an  
13 office in this State to use the title “CPA” or “Certified Public  
14 Accountants” as part of the firm’s name and to provide professional  
15 services in this State, and licensees and individuals with practice  
16 privileges may provide services on behalf of that firm so long as it  
17 complies with paragraph **[(2)] (1)** or paragraph **[(3)] (2)** of  
18 subsection a. of section 13 of P.L.1997, c.259 (C.45:2B-54),  
19 whichever is applicable. An individual or firm authorized under the  
20 provisions of P.L.1997, c.259 (C.45:2B-42 et seq.) to use practice  
21 privileges in this State shall comply with the requirements  
22 otherwise applicable to licensees under P.L.1997, c.259 (C.45:2B-  
23 42 et seq.).

24 (cf: P.L.2008, c.45, s.5)

25  
26 <sup>1</sup>**[(11.) 12.]** Section 24 of P.L.1997, c.259 (C.45:2B-65 is  
27 amended to read as follows:

28 24. Except by permission of the client engaging a licensee or  
29 firm under <sup>1</sup>**[(this act)]** P.L.1997, c.259 (C.45:2B-42 et seq.)<sup>1</sup>, or the  
30 heirs, successors, or personal representatives of that client, no  
31 licensee or partner, officer, member, manager, shareholder, or  
32 employee of a licensee or firm shall disclose information  
33 communicated to the licensee or firm by the client relating to and in  
34 connection with services rendered to the client by the licensee or  
35 firm in the practice of public accountancy. Such information shall  
36 be deemed confidential; except that nothing herein shall be  
37 construed as prohibiting the disclosure of information required to be  
38 disclosed by the standards of the public accounting profession in  
39 reporting on the examination of financial statements or as  
40 prohibiting compliance with applicable laws, regulations or Public  
41 Company Accounting Oversight Board requirements, or as  
42 prohibiting disclosures in court proceedings, investigations or  
43 proceedings under <sup>1</sup>**[(this act)]** P.L.1997, c.259 (C.45:2B-42 et  
44 seq.)<sup>1</sup>, in ethical investigations conducted by private professional  
45 organizations, or in the course of <sup>1</sup>**[(quality)]** peer<sup>1</sup> reviews.

46 (cf: P.L.1997, c.259, s.24)

1       <sup>1</sup>13. Section 25 of P.L.1997, c.259 (C.45:2B-66) is amended to  
2 read as follows:

3       25. a. All statements, records, schedules, working papers,  
4 memoranda or other records made by a licensee or a partner,  
5 shareholder, officer, director, member, manager or employee of a  
6 licensee or firm, incident to, or in the course of, rendering services  
7 to a client in the practice of public accountancy, except the reports  
8 submitted by the licensee or firm to the client and except for records  
9 that are part of the client's records, shall be and remain the property  
10 of the licensee or firm, unless there is an express agreement  
11 between the licensee or firm and the client to the contrary. No such  
12 statement, record, schedule, working paper, or memorandum shall  
13 be sold, transferred, or bequeathed, without the consent of the client  
14 or the client's designated representative or assignee, to anyone other  
15 than one or more surviving partners, shareholders, members or new  
16 partners, new shareholders, or new members of the licensee or firm,  
17 or any combined or merged firm or successor in interest to the  
18 licensee or firm. Nothing in this section shall prohibit any  
19 temporary transfer of working papers or other material necessary in  
20 the course of carrying out **quality** peer reviews or as otherwise  
21 interfering with the disclosure of information pursuant to **this act**  
22 P.L.1997, c.259 (C.45:2B-42 et seq.).

23       b. A licensee shall furnish to a client or former client, upon  
24 request and reasonable notice:

25       (1) A copy of the licensee's working papers or other records, to  
26 the extent that these would ordinarily constitute part of the client's  
27 records and are not otherwise available to the client; and

28       (2) Any accounting or other records belonging to the client, or  
29 obtained from or on behalf of the client, that the licensee or firm  
30 removed from the client's premises or received for the client's  
31 account. The licensee or firm may make and retain copies of such  
32 documents of the client when they form the basis for work done by  
33 the licensee or firm.

34       c. Nothing contained in this section shall require a licensee or  
35 firm to keep any working papers beyond the period prescribed in  
36 any other applicable statute.<sup>1</sup>

37 (cf: P.L.1997, c.259, s.25)

38

39       <sup>1</sup>**[12.] 14.**<sup>1</sup> Section 26 of P.L.1997, c.259 (C.45:2B-67) is  
40 amended to read as follows:

41       26. a. The board may adopt regulations establishing a **Quality**  
42 **Enhancement** Peer Review Program for the review of audits,  
43 reviews, compilations or other reports issued by licensees or firms  
44 engaged in the practice of public accountancy in this State to  
45 determine whether the reports comply with accepted accounting and  
46 auditing standards.



1       b. Each licensee or firm may be required to submit copies of  
2 audits, reviews, compilations or other reports as required by the  
3 board.

4       c. The **【Quality Enhancement】** Peer Review Program  
5 established under this section may include procedures for review of  
6 the reports submitted and for follow-up reviews and remedial and  
7 other actions to be taken in cases of reports which are deficient or in  
8 some other manner are not in compliance with applicable  
9 accounting and auditing standards. The board may exempt firms  
10 which have reports reviewed under a program conducted by other  
11 states or other public or private entities which the board finds to be  
12 equal to or to exceed the **【Quality Enhancement】** Peer Review  
13 Program established under **【this act】** P.L.1997, c.259 (C.45:2B-42  
14 et seq.).

15 (cf: P.L.1997, c.259, s.26)

16  
17       <sup>1</sup>**【13.】 15.**<sup>1</sup> Section 27 of P.L.1997, c.259 (C.45:2B-68) is  
18 amended to read as follows:

19       27. a. The board shall, as a condition for triennial license  
20 renewal, require any person licensed as a "certified public  
21 accountant," or "public accountant," to complete 120 credits of  
22 continuing professional education during the immediately preceding  
23 triennial period of licensure. **【Persons who are engaged in the**  
24 **practice of public accountancy, or are involved with the attest**  
25 **function in issuing an audit, review or compilation reports, shall**  
26 **have at least 24 of the required credits in the areas of accounting or**  
27 **auditing. Each credit of continuing professional education required**  
28 **pursuant to this section shall represent, or be equivalent to, 50**  
29 **minutes of verified course attendance at a course or seminar**  
30 **approved by the board.】**

31       b. The board may, in its discretion, waive requirements for  
32 continuing professional education on an individual basis for  
33 hardship reasons such as health, military service, or other due cause  
34 and may establish a policy for the continuing education  
35 requirements for inactive or retired accountants who remain  
36 certified or registered.

37       c. The board shall not require completion of continuing  
38 education credits as a condition for triennial licensure for the initial  
39 renewal of licensure, however, any person licensed as a "certified  
40 public accountant" shall, within six months prior to initial licensure,  
41 or within the first six months following initial licensure, complete  
42 an orientation course in topics identified by the board, and  
43 conducted by any organization recognized by the board as provided  
44 in subsection d. of this section.

45       d. The board shall:

1 (1) establish standards for continuing professional education,  
2 including the subject matter, contents of courses of study, and the  
3 number of credits required;

4 (2) accredit educational programs and sponsors of educational  
5 programs offering credit towards the continuing professional  
6 education requirements; and

7 (3) accredit other equivalent educational programs, such as  
8 teaching, conferences, professional seminars, technical reviews,  
9 courses with non-hourly attendance, including home study courses,  
10 and shall establish procedures for the issuance of credit upon  
11 satisfactory proof of the completion of these programs.

12 e. A non-resident licensee seeking renewal of a license shall be  
13 determined to have met the continuing professional education  
14 renewal requirement under subsection a. of this section by meeting  
15 the continuing professional education requirement for renewal of a  
16 certificate in the state in which the licensee's principal place of  
17 business is located. Non-resident licensees shall demonstrate  
18 compliance with the continuing professional education renewal  
19 requirements of the state in which the licensee's principal place of  
20 business is located by signing a statement verifying the compliance  
21 on the renewal application of this State. If a non-resident licensee's  
22 principal place of business is located in a state that has no  
23 continuing professional education requirements for renewal of a  
24 license, then the non-resident licensee must comply with all  
25 continuing professional education requirements for renewal of a  
26 license under P.L.1997, c.259 (C.45:2B-42 et seq.).

27 (cf: P.L.2014, c.59, s.2)

28  
29 <sup>1</sup>[14.] 16.<sup>1</sup> This act shall take effect immediately.