

542.20 Practice privilege.

1. [This section](#) authorizes a person or firm whose principal place of business is not in this state to practice public accounting in Iowa in person, or by telephone, mail, or electronic means without licensure under [this chapter](#) or notice to the board under the conditions described in [this section](#). Such a person or firm must hold a valid, unexpired license in good standing in the state of its principal place of business that is substantially equivalent to a comparable license issued in Iowa, and such a person or firm must be licensed to lawfully perform in its principal place of business all public accounting services offered or rendered under a practice privilege in Iowa.

2. A provision of [this section](#) or of any other section in [this chapter](#) shall not prevent the auditor of state, the department of agriculture and land stewardship, other governmental official or body, or a client from requiring that public accounting services performed in Iowa or for an Iowa client be performed by a person or firm holding a license under [this chapter](#).

3. The practice privilege authorized by [this section](#) is temporary and shall cease if the license in the person's or firm's principal place of business expires, is no longer valid or in good standing, or otherwise no longer lawfully supports the conditions of the practice privilege described in [this section](#).

4. The board may revoke a practice privilege, impose a civil penalty, issue an order to secure compliance with [this chapter](#) or board rules, or take such additional actions as are provided in [section 542.14](#) if a person or firm acting or purporting to act under a practice privilege violates [this chapter](#) or board rules. In addition, or as an alternative to such action, the board may refer a complaint to the state regulatory body that issued the license to the person or firm.

a. A violation of [this chapter](#) or board rules by a person or firm acting or purporting to act under a practice privilege is a ground to deny the violator's subsequent application for licensure under [this chapter](#).

b. A violation of [this chapter](#) or board rules by a person acting or purporting to act under a practice privilege is a ground to deny a subsequent application for initial or renewal licensure under [this chapter](#) by the violator's firm, and is a ground for discipline against such firm.

c. A violation of [this chapter](#) or board rules by a person or firm acting or purporting to act under a practice privilege is a ground for discipline against a licensee under [this chapter](#) who aided or abetted the violation.

5. A certified public accounting firm that is licensed in the state of its principal place of business and is not required to hold an Iowa firm license under [section 542.7](#) may practice in this state without a firm license under [this chapter](#) or notice to the board if the firm's practice in this state is performed by individuals who hold a license under [this chapter](#) or who practice in conformance with [subsection 6](#), under the following conditions:

a. The firm shall not perform attest services, other than review services, in Iowa or for a client having a home office in Iowa.

b. The firm shall not have an office in Iowa which uses the title "CPAs", "CPA firm", "certified public accountants", or "certified public accounting firm".

c. The firm may perform compilation or review services only if it complies with the ownership and peer review requirements of [section 542.7](#).

d. The firm shall not make any representation tending to falsely indicate that the firm is licensed under [this chapter](#).

e. The firm, upon a client's or prospective client's request, shall provide accurate information on the state or states of licensure, principal place of business, contact information, and manner in which licensure status can be verified.

f. The firm shall comply with all professional standards, laws, and rules that apply to licensees performing the same professional services.

6. An individual who is licensed in the state of the individual's principal place of business may exercise the privileges of a certificate holder of this state without obtaining a certificate under [this chapter](#) or providing notice to the board, under the following conditions:

a. The individual must meet the criteria for substantial equivalency reciprocity under [section 542.19, subsection 1, paragraph "a", "b", or "c"](#).

b. The individual shall not have an office in Iowa at which the individual uses the title

“CPA”. The individual may, however, perform public accounting services using the title “CPA” if performed at the office of a certified public accounting firm or licensed public accounting firm that holds a permit to practice under [section 542.7](#) or [542.8](#), or at the office of a business entity that is not required to hold a firm permit under [section 542.7](#) or [542.8](#).

c. An individual who provides attest services, other than review services, in Iowa or for a client having a home office in Iowa must practice through a certified public accounting firm that is licensed under [section 542.7](#).

d. An individual who provides compilation services in Iowa or for a client having a home office in Iowa must comply with the peer review provisions of [section 542.6, subsection 6](#), or provide such services through a certified public accounting firm, a licensed public accounting firm, or substantially equivalent firm that is validly licensed in the firm’s principal place of business and is subject to the peer review and ownership provisions of [section 542.7](#) or [542.8](#).

e. The individual shall not make any representation tending to falsely indicate that the individual is licensed under [this chapter](#).

f. The individual, upon a client’s or prospective client’s request, shall provide accurate information on the state or states of licensure, principal place of business, contact information, and manner in which licensure status can be verified.

g. The individual shall comply with all professional standards, laws, and rules that apply to licensees performing the same professional services.

h. An individual who provides reviews of financial statements, as provided in [section 542.3, subsection 1](#), in Iowa or for a client having a home office in Iowa must provide such services through a certified public accounting firm that is validly licensed in the state of its principal place of business and complies with the peer review and ownership provisions of [section 542.7](#).

7. As a condition of exercising the practice privilege provided in [subsection 5 or 6](#), the person or firm does all of the following:

a. Consents to the personal and subject matter jurisdiction and regulatory authority of the board, including but not limited to the board’s jurisdiction to revoke the practice privilege or otherwise take action under [section 542.14](#) for any violation of [this chapter](#) or board rules.

b. Appoints the regulatory body of the state that issued the firm or individual license as the agent upon whom process may be served in any action or proceeding by the board against the firm or person.

c. Agrees to supply the board, upon the board’s request and without subpoena, such information or records as licensees are similarly required to provide the board under [this chapter](#) regarding themselves or, in the case of a firm, regarding the individuals practicing through the firm, including but not limited to licensure status in all jurisdictions; qualifications for substantial equivalency reciprocity under [section 542.19, subsection 1, paragraph “a”, “b”, or “c”](#); location of principal place of business and all other offices; criminal and disciplinary background; malpractice settlements and judgments; firm ownership and when applicable, information regarding nonlicensee owners; whether public accounting services are subject to peer review; proof of completion of peer review, when applicable; qualifications to supervise attest services, when applicable; and timely response to inquiries regarding complaints and investigations conducted under [this chapter](#).

d. Agrees to promptly cease offering or rendering public accounting services in this state or for clients having a home office in this state if the license in the person’s or firm’s principal place of business expires or is otherwise no longer valid or in good standing, or if any of the conditions for exercising the practice privilege are no longer satisfied, or if the board revokes the practice privilege.

8. A licensee of this state is subject to discipline in this state based on a violation of a comparable practice privilege afforded by another state.

9. The board shall adopt rules on the manner in which [this section](#) applies to persons or firms that hold a lapsed Iowa license, have been subject to discipline in Iowa, have surrendered an Iowa license, or have otherwise held an Iowa license at one point in time that is no longer valid, active, or in good standing, and to persons or firms that have been convicted of a crime, the subject of discipline or denied licensure in any jurisdiction, or that

would otherwise be subject to license denial or discipline if a license applicant or licensee in Iowa.

[2008 Acts, ch 1106, §14, 15](#); [2012 Acts, ch 1031, §1 – 4](#)

Referred to in [§542.3](#), [§542.4](#), [§542.7](#), [§542.8](#), [§542.10](#), [§542.13](#), [§542.14](#)