

CHAPTER 5
LICENSURE STATUS AND RENEWAL OF CERTIFICATES AND LICENSES

[Prior to 7/13/88, see Accountancy, Board of^[10]]

[Prior to 5/1/02, see 193A—Chapter 6]

193A—5.1(542) Licensure status and practice privilege.

5.1(1) Licenses issued by the board pursuant to Iowa Code section 542.6, 542.8, or 542.19, or any other applicable law or rule, may be in active, inactive, or lapsed status, as follows:

a. An initial license is issued in active status with an expiration date. Maintaining active status requires periodic renewal as provided in rule 193A—5.3(542). Renewal in active status requires satisfaction of continuing education as provided in 193A—Chapter 10.

b. A license may be renewed in inactive status as provided in rule 193A—5.9(272C,542) if the licensee does not satisfy the continuing education required for renewal in active status. A renewal license issued in inactive status shall lapse if not timely renewed pursuant to rule 193A—5.3(542). An inactive license may be reinstated to active status at any time pursuant to subrule 5.9(7).

c. An active or inactive license that is not timely renewed shall be in lapsed status. A lapsed license may be reinstated to active or inactive status at any time pursuant to subrule 5.6(3).

5.1(2) An individual holding an active license is authorized to use the title “CPA” or “LPA,” as applicable, in the individual’s practice of public accounting in Iowa or for a client with a home office in Iowa.

5.1(3) An individual holding an inactive or lapsed license is not authorized to practice public accounting in Iowa or for a client with a home office in Iowa using the title “CPA” or “LPA.”

5.1(4) Practicing public accounting in Iowa or for a client with a home office in Iowa while holding an inactive or lapsed license is a ground for discipline under Iowa Code section 542.10 and may also or alternatively provide grounds for the regulatory actions described in Iowa Code section 542.14.

5.1(5) Out-of-state individuals holding an inactive or lapsed Iowa CPA certificate and out-of-state individuals to whom an Iowa CPA certificate has never been issued under Iowa Code chapter 542 or prior law may exercise a practice privilege under Iowa Code section 542.20 if they hold an active CPA certificate in the jurisdiction in which they maintain their principal place of business and otherwise satisfy all of the conditions described in Iowa Code section 542.20 and 193A—Chapter 20.

5.1(6) Exercising a practice privilege in Iowa or for a client with a home office in Iowa while holding an inactive or lapsed Iowa CPA certificate places a special burden on the individual to ensure that the public is informed about the individual’s licensure status in Iowa and in the jurisdiction of active licensure, as provided in 193A—paragraphs 20.8(2) “*b*” and 20.8(3) “*b*.” As a practical matter, an individual’s failure to clarify licensure status in Iowa and in the jurisdiction of the individual’s principal place of business may confuse the public. However, the public may consult CPAverify, a comprehensive national data bank, to verify an individual’s licensure in another jurisdiction. CPAverify may be accessed at www.cpaverify.org. A client contacting the board or consulting the board’s website will be informed of the individual’s licensure status in Iowa.

[ARC 7715B, IAB 4/22/09, effective 7/1/09; ARC 9482B, IAB 5/4/11, effective 6/8/11; ARC 2152C, IAB 9/30/15, effective 11/4/15; ARC 5562C, IAB 4/21/21, effective 5/26/21]

193A—5.2(542) Renewal of license that expires on or before June 30, 2010. Rescinded IAB 5/4/11, effective 6/8/11.

193A—5.3(542) License renewal. Licenses issued by the board pursuant to Iowa Code section 542.6 (CPA certificates), 542.8 (LPA licenses), or 542.19 (CPA certificates by substantial equivalency), or any other applicable law or rule, shall be renewed on an annual basis and shall expire on June 30 of each year. Licenses shall be renewed through the online renewal process. An annual renewal fee will be charged.

[ARC 7715B, IAB 4/22/09, effective 7/1/09; ARC 8691B, IAB 4/21/10, effective 3/26/10; ARC 2152C, IAB 9/30/15, effective 11/4/15; ARC 4243C, IAB 1/16/19, effective 2/20/19; ARC 5562C, IAB 4/21/21, effective 5/26/21]

193A—5.4(542) Notices.

5.4(1) The board typically sends, by electronic means, a notice to licensees in the May preceding license expiration, but neither the failure of the board to send nor a licensee's failure to receive a renewal notice shall excuse the requirement to timely renew a license.

5.4(2) A licensee shall notify the board within 30 days of any change of address or firm affiliation. [ARC 7715B, IAB 4/22/09, effective 7/1/09; ARC 4243C, IAB 1/16/19, effective 2/20/19]

193A—5.5(542) Renewal procedures.

5.5(1) A licensee shall submit an electronic online renewal application with the board by the June 30 deadline in the renewal year. An application shall be deemed filed on the date of electronic renewal.

5.5(2) An applicant for renewal under this chapter shall disclose on the application all background and character information requested by the board including, but not limited to:

- a. All states or foreign jurisdictions in which the applicant has applied for or holds a CPA certificate or license, an LPA license, or a substantially equivalent designation from a foreign country;
- b. Any past denial, revocation, suspension, or refusal to renew a CPA certificate, license or permit to practice, or LPA license, or voluntary surrender of a CPA certificate, license or permit or LPA license to resolve or avoid disciplinary action, or similar actions concerning a substantially equivalent foreign designation;
- c. Any other form of discipline or other penalty imposed against a CPA certificate, license or permit, LPA license, or a substantially equivalent foreign designation, or a practice privilege;
- d. The conviction of any crime; and
- e. The revocation of a professional license of any kind in this or any other jurisdiction.

5.5(3) A licensee who performs compilation services for the public other than through a certified public accounting or licensed public accounting firm shall submit a certification of completion of a peer review conducted in accordance with 193A—Chapter 11 no less often than once every three years.

5.5(4) Within the meaning of Iowa Code section 17A.18(2), a timely and sufficient renewal application shall be:

- a. Received by the board in electronic form on or before the date the license is set to expire or lapse;
- b. Certified as accurate through the online renewal process;
- c. Fully completed, including continuing education, if applicable; and
- d. Accompanied with the proper fee. The fee shall be deemed improper if, for instance, the amount is incorrect, the fee was not included with the application, the credit card number provided by the applicant is incorrect, the date of expiration of a credit card is omitted or incorrect, the attempted credit card transaction is rejected, or the applicant's check is returned for insufficient funds or a closed account.

5.5(5) The administrative processing of an application to renew an existing license shall not prevent the board from subsequently commencing a contested case to challenge the licensee's qualifications for continued licensure if grounds exist to do so.

5.5(6) If grounds exist to deny a timely and sufficient application to renew, the board shall send written notification to the applicant by restricted certified mail, return receipt requested. Grounds may exist to deny an application to renew if, for instance, the licensee failed to satisfy the continuing education as required as a condition for licensure. If the basis for denial is pending disciplinary action or disciplinary investigation which is reasonably expected to culminate in disciplinary action, the board shall proceed as provided in 193—Chapter 7. If the basis for denial is not related to a pending or imminent disciplinary action, the applicant may contest the board's decision as provided in 193—subrule 7.39(1).

5.5(7) When a licensee appears to be in violation of mandatory continuing education requirements, the board may, in lieu of proceeding to a contested case hearing on the denial of a renewal application as provided in rule 193—7.39(546,272C), offer a licensee the opportunity to renew in inactive status or to sign a consent order. While the terms of the consent order will be tailored to the specific circumstances at issue, the consent order will typically impose a penalty between \$50 and \$250, depending on the severity of the violation; establish deadlines for compliance; and may impose additional educational

requirements on the licensee. A licensee is free to accept or reject the offer. If the offer of settlement is accepted, the licensee will be issued a renewed license and will be subject to disciplinary action if the terms of the consent order are not complied with. If the offer of settlement is rejected, the matter will be set for hearing, if timely requested by the applicant pursuant to 193—subrule 7.39(1). A licensee who falsely reports continuing education to the board shall be subject to additional sanctions including, when appropriate, suspension or revocation.

5.5(8) A certificate or license holder who continues to practice public accounting as a CPA or an LPA in Iowa after the certificate or license has expired shall be subject to disciplinary action. Such unauthorized activity may also be grounds to deny a licensee's application for reinstatement.

[ARC 7715B, IAB 4/22/09, effective 7/1/09; ARC 4243C, IAB 1/16/19, effective 2/20/19]

193A—5.6(542) Failure to renew.

5.6(1) A license or certificate holder who fails to renew the certificate or license by the expiration date, but does so within 30 days following its expiration date, shall be assessed a penalty as provided in rule 193A—12.1(542).

5.6(2) If the holder fails to renew the certificate or license within the 30-day grace period outlined in subrule 5.6(1), the certificate or license will lapse and the licensee shall be required to reinstate in accordance with subrule 5.6(3). The licensee is not authorized to practice during the period of time that the certificate or license is lapsed, including the 30-day grace period.

5.6(3) The board may reinstate a lapsed certificate or license upon the applicant's submission of an application to reinstate and completion of all of the following:

- a. Paying a penalty as provided in rule 193A—12.1(542); and
- b. Paying the current renewal fee; and
- c. Providing evidence of completed continuing education outlined in rule 193A—10.5(542), if the licensee wishes to reinstate to active status; and
- d. Providing a written statement outlining the professional activities of the applicant during the period in which the applicant's license was lapsed. The statement shall describe all services performed which constitute the practice of accounting including, but not limited to, those professional practice activities described in subrule 5.9(2). Such statement shall state whether the applicant exercised a practice privilege in the period during which the license was lapsed and, if so, the jurisdiction of the applicant's principal place of business and status of out-of-state licensure.

5.6(4) A licensee holding a lapsed CPA certificate is not authorized to perform attest or compilation services or to otherwise practice public accounting using the title "CPA" in Iowa or for a client with a home office in Iowa. A licensee holding a lapsed LPA license is not authorized to perform compilation services or to otherwise practice public accounting in Iowa using the title "LPA." A licensee holding a lapsed CPA certificate or LPA license shall not use the title "CPA" or "LPA" in any context unless the licensee discloses that the certificate or license has lapsed. Additionally, a person holding a lapsed Iowa CPA certificate and who is actively licensed as a CPA in another jurisdiction in which the person maintains the principal place of business may be eligible to exercise a practice privilege pursuant to Iowa Code section 542.20 and 193A—Chapter 20.

5.6(5) Practicing public accounting on a lapsed license is a ground for discipline. The board may find probable cause to file charges if the individual continues to offer services defined as the practice of public accounting while using the title "CPA" or "LPA" during the period of lapsed licensure. In addition to the disciplinary sanctions described in rule 193A—16.3(272C,542), individuals found to have practiced public accounting on a lapsed license will be required to notify clients upon such terms as the board shall order.

[ARC 7715B, IAB 4/22/09, effective 7/1/09; ARC 9482B, IAB 5/4/11, effective 6/8/11]

193A—5.7(272C,542) Certificates and licenses—property of the board. Every certificate or license granted by the board shall, while it remains in the possession of the holder, be preserved by the holder but shall, nevertheless, always remain the property of the board. In the event that the certificate or license is revoked or suspended, or is not renewed in the manner prescribed by Iowa Code chapter 542 or 272C, it shall, on demand, be delivered by the holder to the board. However, a person shall be entitled to

retain possession of a lapsed certificate or license which has not been revoked, suspended or voluntarily surrendered in a disciplinary action as long as the person complies with all provisions of Iowa Code sections 542.10 and 542.13. A lapsed certificate or license may be reinstated to active or inactive status at any time pursuant to subrule 5.6(3).

[ARC 7715B, IAB 4/22/09, effective 7/1/09]

193A—5.8(542) Licensee’s continuing duty to report. An active or inactive licensee shall notify the board in writing of the licensee’s conviction of a crime within 30 days of the date of conviction. “Conviction” is defined in Iowa Code section 542.5(2). Licensees shall also notify the board in writing within 30 days of the date of any issuance, denial, revocation, or suspension of a certificate, license or permit by another state.

[ARC 7715B, IAB 4/22/09, effective 7/1/09]

193A—5.9(272C,542) Inactive status.

5.9(1) General purpose. This rule establishes a procedure under which a person issued a certificate as a certified public accountant or a license as a licensed public accountant may apply to the board for licensure in inactive status. Inactive licensure under this rule is available to a certificate or license holder residing within or outside the state of Iowa who is not engaged in Iowa or for a client with a home office in Iowa in any practice for which an active certificate or license is required. A person eligible for inactive status may, as an alternative, allow the person’s certificate or license to lapse. The board will continue to maintain a database on licensees in inactive status, including information which may not routinely be maintained after a certificate or license has lapsed through failure to renew. An inactive licensee will accordingly receive board newsletters and other mass communications from the board.

5.9(2) Eligibility. A person holding a lapsed or active certificate or license which has not been revoked or suspended may apply to renew in inactive status through the online application process if the person is not engaged in the state of Iowa or for clients with a home office in Iowa in any practice for which an active certificate or license is required, including:

- a. Supervising or performing any attest services, such as audits, reviews or agreed-upon procedures (which may only be performed by a CPA within a CPA firm that holds a permit to practice);
- b. Supervising or performing compilation services or otherwise issuing compilation reports (which may only be performed by a CPA or LPA); or
- c. Performing any accounting, tax, consulting, or financial or managerial advisory services for any client, business, employer, government body, or other entity while holding oneself out as a CPA or LPA, or otherwise using titles restricted in Iowa Code section 542.13.

5.9(3) Affirmation. The application form shall contain a statement in which the applicant affirms that the applicant will not engage in any of the practices in Iowa listed in subrule 5.9(2) without first complying with all rules governing reinstatement to active status. A person in inactive status may reinstate to active status at any time pursuant to subrule 5.9(7).

5.9(4) Renewal. A person licensed in inactive status may renew the person’s certificate or license on the schedule described in rule 193A—5.1(542). Such person is exempt from the continuing education requirements and will be charged a reduced renewal fee as provided in rule 193A—12.1(542). An inactive certificate or license shall lapse if not timely renewed.

5.9(5) Permitted practices. A person may, while registered as inactive, perform for a client, business, employer, government body, or other entity those accounting, tax, consulting, or financial or managerial advisory services which may lawfully be performed by a person to whom a certificate or license has never been issued as long as the person does not in connection with such services use the title “CPA” or “LPA,” or any other title restricted for use only by CPAs or LPAs in Iowa Code section 542.13 (with or without additional designations such as “inactive”). Restricted titles may only be used by active CPAs or LPAs who are subject to continuing education requirements to ensure that the use of such titles is consistently associated with the maintenance of competency through continuing education. Additionally, individuals who are actively licensed as CPAs in another jurisdiction in which they maintain their principal place of business may be eligible to exercise a practice privilege pursuant to Iowa Code section 542.20 and 193A—Chapter 20.

5.9(6) *Prohibited practices.* A person who, while licensed in inactive status, engages in any of the practices described in subrule 5.9(2) or violates any provision of rule 193A—14.2(17A,272C,542) is subject to disciplinary action. A person in inactive status is not authorized to verify the experience of an applicant for a CPA certificate under Iowa Code section 542.5(12) or an applicant for an LPA license under Iowa Code section 542.8(8).

5.9(7) *Reinstatement to active status.* A person licensed in inactive status shall, prior to engaging in any of the practices in Iowa listed in subrule 5.9(2) or for a client with a home office in Iowa, apply to the board to reinstate to active status. Such person shall pay the applicable renewal fee for active status, but shall be given credit for renewal fees previously paid for inactive status if the person applies for reinstatement at a date other than the person's regular renewal date. Such person must demonstrate compliance with all applicable continuing education and peer review requirements. A person who has engaged in the practice of public accounting as an active licensee of another jurisdiction while licensed as inactive in Iowa will be deemed to have satisfied the continuing education required for reinstatement if the person demonstrates that the person has satisfied substantially equivalent continuing education in the other jurisdiction.

5.9(8) *Retired status.* A person holding an inactive license who does not reasonably expect to return to the workforce in any capacity for which an active certificate or license is required due to bona fide retirement or disability may use the title "CPA, retired" or "LPA, retired," as applicable, in the context of non-income-producing personal activities.

[ARC 7715B, IAB 4/22/09, effective 7/1/09; ARC 4243C, IAB 1/16/19, effective 2/20/19]

These rules are intended to implement Iowa Code chapters 272C and 542 and Iowa Code section 546.10.

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