

No. 286

AN ACT

HB 2381

Reenacting and amending the act of May 26, 1947 (P.L.318, No.140), entitled "An act relating to the public practice of certified public accountants; providing for the certification of persons desiring to practice and the listing of persons engaged in practicing as certified public accountants, and for the suspension and revocation of such certificates, subject to appeal and for their reinstatement; prescribing the powers and duties of the State Board of Examiners of Public Accountants and the Department of Public Instruction; providing for ownership of working papers; defining unlawful acts and acts not unlawful; providing penalties, and repealing existing laws."

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. The title and section 1, act of May 26, 1947 (P.L.318, No.140), known as "The C.P.A. Law," are reenacted and amended to read:

AN ACT

Relating to the public practice of certified public accountants; providing for the certification of persons desiring to practice, *the registrations of public accountants, requiring continuing education for registrants*, and the listing of persons engaged in practicing as certified public accountants *and public accountants*, and for the suspension and revocation of such certificates, subject to appeal and for their reinstatement; prescribing the powers and duties of the State Board of Examiners of Public Accountants and the [Department of Public Instruction] *Department of State*; providing for ownership of working papers; defining unlawful acts and acts not unlawful; providing penalties, and repealing existing laws.

Section 1. Short Title.—This act shall be known and may be cited as "The C.P.A. Law."

Section 2. Section 2 of the act, amended December 30, 1974 (P.L.1122, No.362), is reenacted and amended to read:

Section 2. Definitions.—The following words and phrases when used in this act shall have the meanings ascribed to them in this section:

[(1)] "Board" The State Board of Examiners of Public Accountants as constituted by The Administrative Code of 1929 and its amendments.

"Certified public accountant" Persons to whom a certificate of certified public accountant has been issued under "The C.P.A. Law" and partnerships, professional corporations or professional associations, composed of certified public accountants, which if engaged in the practice of public accounting, are registered and are holders of live permits as herein provided.

"Corporations" Professional corporations and professional

associations as defined by the act of July 9, 1970 (P.L.461, No.160), known as the "Professional Corporation Law," and the act of August 7, 1961 (P.L.941, No.416), known as the "Professional Association Act," and any amendments thereof.

[(2)] "Department" The Commissioner of Professional and Occupational Affairs in the Department of State of this Commonwealth as constituted by The Administrative Code of 1929 and its amendments.

"In good standing" The holder of a certificate of certified public accountant, registration or permit which is not revoked or suspended or the holder of a registration or permit issued to a public accountant registered under this act which is not revoked or suspended.

"Masculine terms" shall also include the feminine.

"Public accountant" Persons who are qualified and accepted for registration in accordance with this act and partnerships, professional corporations or professional associations engaged in practice as public accountants which are registered and are holders of live permits as herein provided.

Section 3. The act is amended by adding sections to read:

Section 2.1. State Board of Examiners of Public Accountants.—*The State Board of Examiners of Public Accountants shall consist of ten members, one of whom shall be the Commissioner of Professional and Occupational Affairs in the Department of State and the nine remaining members shall be appointed by the Governor as follows:*

(1) Six members shall be certified public accountants who have held certificates of certified public accountant issued by this Commonwealth for at least ten years immediately preceding their appointment, all of whom are holders of live permits as required under this act and four of whom have been actively engaged in the practice of public accounting as their principal occupation at the time of their appointment. Two members shall be appointed from the eastern part of the State, two from the western part, and two from the central part. No member of the board shall be a teacher or instructor in any coaching school which has as its primary purpose preparation for the examination under this act or any person who has a financial interest in such coaching school. The Governor may appoint members to the board from a list of qualified persons submitted to him by the Council of the Pennsylvania Institute of Certified Public Accountants.

(2) One member shall be a person representing the public at large. Such public member shall not be affiliated in any manner with the profession and shall not hold public office during the term of membership on the board.

(3) Two members shall be public accountants registered under this act who may be appointed by the Governor from a list of qualified persons submitted to him by the Pennsylvania Society of Public Accountants.

(4) The present confirmed members of the existing board, as of the effective date of this act, shall continue to serve as board members until their present terms of office expire.

(5) The terms of the members of the board shall be four years from the

respective dates of their appointment. No board member shall serve more than two consecutive four-year terms and shall not be eligible for reappointment until after four years have elapsed.

(6) Six members of the board shall constitute a quorum. The board shall select, from among their number, a chairman, and shall elect a secretary who need not be a member of the board.

Section 2.2. Public Accountants' Advisory Committee.—(a) There is hereby created a Public Accountants' Advisory Committee to consist of five members to be appointed by the Governor. Members first appointed shall be appointed for initially staggered terms, two members to serve for one year, two members to serve for two years, and one member to serve for three years. Thereafter, members shall be appointed for terms of three years. Upon expiration of a term of office, a member shall continue to serve until his successor shall have been appointed and shall have qualified. Members shall not serve for more than two consecutive full three year terms and shall not be eligible for reappointment until after three years have elapsed.

(b) Members of the advisory committee first appointed shall be qualified to be registered as public accountants pursuant to this act. Successor members of the advisory committee shall be registered pursuant to this act as public accountants. The Governor may appoint members to the committee from a list of qualified persons submitted to him by the Pennsylvania Society of Public Accountants.

(c) Three members of the committee shall constitute a quorum. The committee shall select, from among their number, a chairman who shall conduct meetings of the committee.

(d) The committee shall advise and aid the board in matters which would affect public accountants. The committee may receive, review and recommend to the board for registration as a public accountant, such applicants as may be qualified pursuant to the act. The committee shall recommend to the board courses, meetings, or conferences to fulfill the requirements of continuing education for public accountants.

Section 4. Sections 3, 3.1, 4, 5 and 6 of the act, amended December 30, 1974 (P.L.1122, No.362), are reenacted and amended to read:

Section 3. General Powers of the Board.—The Board shall have the power:

(1) To provide for and to regulate the issuance of certificates and issue a certificate of certified public accountant to any person (a) who meets the general qualifications and education and experience requirements provided herein and who passes the examination required by the board, or (b) who meets the requirements for the issuance of a certificate by reciprocity.

(2) To provide for and to regulate registration and permits to practice as provided herein.

(3) To prescribe the subject, manner, time and place of examination for the certificate of certified public accountant: Provided, That an

examination shall be held at least twice in each calendar year, and simultaneously in at least two counties of the Commonwealth, and shall be a written examination in general accounting, theory of accounts, accounting practice, auditing and such other subjects as the board shall determine to be appropriate. The board may make such use of all or any part of the Uniform Certified Public Accountants' examination and/or Advisory Grading service of the American Institute of Certified Public Accountants as it deems appropriate to assist in performing its duties hereunder.

(4) To keep a roster showing the names and the places of business of persons to whom the certificate of certified public accountant has been issued under this act and under prior laws and **[of persons, professional corporations or professional associations] all others** registered **[under this act and of all persons, professional corporations or professional associations]** or holding permits under this act. The department shall publish such roster biennially in booklet form and shall mail copies thereof to all permit holders listed and shall furnish the same to others upon request.

(5) To suspend for a fixed term or revoke the certificate and permit of any certified public accountant or the registration and permit of **[a person or professional corporation or professional association] all others registered under this act** or to censure the holder of such certificate, registration or permit as provided for in this act.

(6) To collect fees as provided for in this act and to submit annually, to the department an estimate of the financial requirements of the board for its administrative, investigative, legal and miscellaneous expenses.

(7) To arrange for assistance in the performance of its duties, and to administer and enforce the laws of the Commonwealth relating to registration of and practice by certified public accountants, **and all others registered or holding permits under this act** and to instruct and require its agents to seek an injunction, or bring a prosecution for a violation of this act.

(8) To keep minutes and records of all its transactions and proceedings. Copies thereof duly certified by the Secretary of the board shall be received as evidence in all courts and elsewhere.

(9) To become a member of the National Association of State Boards of Accountancy, or a similar organization, and pay such dues as said association shall establish and send delegates to the meetings of the association and defray their expenses.

(10) **[To adopt, promulgate and enforce such administrative rules and regulations not inconsistent with this act, or other acts, as are necessary and proper to carry into effect the provisions of this act.] To adopt, promulgate and enforce such rules and regulations consistent with the provisions of this act establishing requirements of continuing education to be met by certified public accountants, public accountants and foreign accountants registered under this act as a condition for renewal of biennial permits to engage in the**

practice of public accounting in this Commonwealth.

(11) To promulgate and amend rules of professional conduct, ***uniformly applicable to certified public accountants, foreign accountants and public accountants registered under this act***, appropriate to establish and maintain a high standard of integrity and dignity in the profession of public [accountancy] ***accounting***. The board may, in its discretion, adopt as its rules of professional conduct the Code of Professional Ethics of the Pennsylvania Institute of Certified Public Accountants or any part thereof.

(12) To adopt, promulgate and enforce such administrative rules and regulations not inconsistent with this act, or other acts, as are necessary and proper to carry into effect the provisions of this act.

Section 3.1. General Qualifications.—A person shall be permitted to take the examination for the certificate of certified public accountant and the certificate of certified public accountant shall be granted by the board to any person (a) who is a resident of this Commonwealth, is enrolled in a college or university in this Commonwealth, or is engaged in public accounting therein at the time he first sits for the examination, and (b) who has attained the age of eighteen years and (c) who is of good moral character, and (d) who meets the requirements of education and experience as hereinafter provided and (e) who, with respect to granting a certificate shall have passed a written examination in general accounting, theory of accounts, accounting practice, auditing and such other subjects as the board shall determine to be appropriate.

Section 4. Education and Experience Requirements.—(a) Before any person is permitted to take the examination or is issued a certificate of certified public accountant, the board shall be satisfied that he has complied with the following requirements:

(1) Graduation with a baccalaureate degree from a college or university approved at the time of graduation by Department of Education, pursuant to policies and standards promulgated by the State Board of Education, or an education which is the equivalent thereof, and completion of at least twelve semester credits in accounting subjects of a content satisfactory to the board, not necessarily as part of his undergraduate work, and at least two years of public accounting experience of a caliber satisfactory to the board, or

(2) Graduation with a Master's Degree in Accounting or Business Administration or an equivalent Master's Degree from a college or university approved at the time of graduation by Department of Education, pursuant to policies and standards promulgated by the State Board of Education, and completion of at least twelve semester credits in accounting subjects of a content satisfactory to the board, not necessarily as part of his undergraduate or graduate work, and at least one year of public accounting experience of a caliber satisfactory to the board.

(3) Subject to the general qualifications of section 3.1, the board may issue a certificate of certified public accountant to a person who has qualified for permission to take the examination under section 4(a)(1) or

(2) provided he has passed the written examination of the board in general accounting, theory of accounts, accounting practice, auditing and such other subjects as the board shall determine to be appropriate.

(b) As an alternative to sections 4(a)(1) and (2), a person may be permitted to take the examination without meeting the experience requirements as provided in sections 4(b)(3) and (4) hereof, if the board shall be satisfied that he has complied with one of the following requirements:

(1) Graduation with a baccalaureate degree from a college or university approved at the time of graduation by the Department of Education, or an education which is the equivalent thereof, and completion of at least twenty-four semester credits in accounting subjects of a content satisfactory to the board, not necessarily as a part of his undergraduate work, or

(2) Graduation with a Master's Degree or a Doctor's Degree from a college or university approved at the time of graduation by the Department of Education and completion of at least twenty-four semester credits in accounting subjects of a content satisfactory to the board, not necessarily as part of his undergraduate or graduate work.

(3) Subject to the general qualifications of section 3.1, the board may issue a certificate of certified public accountant to a person who has qualified for permission to take the examination under section 4(b)(1) provided he has passed the written examination of the board in general accounting, theory of accounts, accounting practice, auditing and such other subjects as the board shall determine to be appropriate and, further provided he has at least two years of public accounting experience of a caliber satisfactory to the board.

(4) Subject to the general qualifications of section 3.1, the board may issue a certificate of certified public accountant to a person who has qualified for permission to take the examination under section 4(b)(2) provided he has passed the written examination of the board in general accounting, theory of accounts, accounting practice, auditing and such other subjects as the board shall determine to be appropriate, further provided he has at least one year of public accounting experience of a caliber satisfactory to the board.

(c) Notwithstanding the provisions of section 4[(a) and] (b) above, the board may, in its discretion, permit an applicant to take the examination during the final term, semester or quarter of the school year in which he will graduate, if it is reasonably expected that he will fulfill the educational requirements *of section 4(b)* and receive the required degree: Provided, however, That he must receive the required degree within ninety days after the date of the examination in order to fulfill the educational requirements set forth in [sections 4(a) and (b)] *section 4(b)*.

(d) Subject to such regulations as the board may adopt governing reexaminations, a candidate shall be entitled to retake the examination referred to in sections 4(a)(3), 4(b)(3) and (4).

(e) Service in the Armed Forces of the United States subsequent to July 1, 1940, shall be substituted for the experience requirements in sections 4(a)(1) and 4(b)(3) above, on the basis of one month's experience credit for each six months' service: Provided, That the maximum credit for such service shall be six months.

(f) A person who has previously taken the examination under the provisions of a prior CPA Law of this Commonwealth shall continue to be permitted to take the examination and receive a certificate subject to such prior provisions.

Section 5. Certificates Issued by Reciprocity.—Without requiring a written examination the board may, in its discretion, issue a certificate of certified public accountant to a holder of a certificate of certified public accountant then in full force and effect issued as the result of a written examination by any other state or political subdivision of the United States: Provided, That the applicant shall submit evidence satisfactory to the board that he possesses the general qualifications specified in this act; **[and]** that he possesses the equivalent of the education and experience requirements for issuance of a certificate of certified public accountant in this Commonwealth in effect at the time he received his original certificate under the laws of such other state or political subdivision of the United States *or the education and experience requirements in effect in this Commonwealth at the time of filing his application for a reciprocal certificate; and that he meets the continuing education requirements specified in section 8.2(b) of this act.*

Section 6. Fees.—All fees required under the provisions of this act shall be fixed by the department in accordance with existing law. All fees collected under the provisions of this act shall be received by the department and shall be paid into the State Treasury through the Department of Revenue for the use of the General Fund of the Commonwealth.

Section 5. Section 7 of the act, amended September 2, 1961 (P.L.1165, No.524), is reenacted to read:

Section 7. Status of Existing Certificates Preserved.—Any person legally authorized to practice as a certified public accountant in this Commonwealth at the time this act takes effect shall thereafter possess the same rights and privileges as persons to whom certificates of certified public accountant shall be issued pursuant to this act, subject, however, to the power of the board, as provided in this act, to suspend or revoke the certificate of any such person or censure any such person for any of the causes set forth in this act and subject to the power of the board to provide for and to require permits to practice.

Section 6. Sections 8.1 and 8.2 of the act, amended December 30, 1974 (P.L.1122, No.362), are reenacted and amended to read:

Section 8.1. Registration of Foreign Accountants, *Partnerships*, Professional Corporations, or Professional Associations.—**[(a)]** The board may, in its discretion, permit the registration of any person of good

moral character, who is the holder of a certificate, license or degree in a foreign country, constituting a recognized qualification for the practice of public accounting in such country, provided (i) such country grants a similar right to practice to certified public accountants of this Commonwealth, and (ii) the board determines that the standards under which the applicant received such certificate, license or degree are equivalent to the standards of this act for the issuance of a certificate as a certified public accountant in this Commonwealth. A person so registered shall use only the title under which he is permitted to practice in his own country, followed by the name of the country from which he received his certificate, license or degree.

[(b) A professional corporation or a professional association organized in this Commonwealth or any other state or territory of the United States or District of Columbia, and engaged in the practice of public accounting in this Commonwealth as certified public accountants, shall register with the board and file with the board a copy of its Articles of Incorporation, or Articles of Association, and a copy of its bylaws, and such professional corporation, or professional association shall at all times have the following characteristics:

(1) Name. The name under which the professional corporation or professional association renders professional services shall contain only the name of the certified public accountant in the case of a sole practitioner, the names of one or more of the present or former associates or shareholders or of partners who were associated with a predecessor accounting firm. No name of a professional corporation, or professional association shall include the words certified public accountant, public accountant, or any abbreviations thereof. Impersonal or fictitious names, as well as names which indicate a specialty, are prohibited.

(2) Purpose. The professional corporation, or professional association shall not provide services that are incompatible with the practice of public accounting.

(3) Ownership. All shareholders of the professional corporation or associates of the professional association shall be persons duly qualified to practice as certified public accountants in a state or territory of the United States or the District of Columbia, and engaged in the practice of public accounting. At least one shareholder of a professional corporation must be a certified public accountant of this Commonwealth, and each shareholder thereof personally engaged within this Commonwealth in the practice of public accounting as a shareholder thereof, must be a certified public accountant of this Commonwealth. Each manager in charge of an office of a professional corporation in this Commonwealth must be a certified public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act. At least one associate of a professional association must be a certified public accountant of this Commonwealth and each associate thereof personally engaged within this Commonwealth in the practice of public accounting as an associate

thereof, must be a certified public accountant of this Commonwealth. Each manager in charge of an office of a professional association in this Commonwealth must be a certified public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act. Shareholders or associates shall at all times own their shares or interest in their own right and shall be the real and beneficial owners of such equity capital or interest ascribed to them.

(4) **Retention and Transfer of Shares.** In the case of professional corporations, transfer of shares shall be in accordance with the provisions of the act of July 9, 1970 (P.L.461, No.160), known as the "Professional Corporation Law." In the case of professional associations, provisions shall be made requiring any associate who ceases to be eligible to be an associate to dispose of all of his interest within a reasonable period to a person qualified to be an associate or to the association. If mutual agreement cannot be reached, and if the method of determining the sale price of the interest of an associate is not expressed in the articles of association, the fair value of such interest shall be determined by the American Arbitration Association.

(5) **Directors and Officers.** The principal executive officer of a professional corporation shall be a shareholder and a director, and to the extent possible, all other directors and officers shall be certified public accountants. The principal executive officer of a professional association shall be an associate and a governor and, to the extent possible, all other governors and officers shall be certified public accountants. ~~Lay directors, governors, and officers shall not exercise any authority whatsoever over professional matters.~~

(6) **Conduct.** The right to practice as a professional corporation or professional association shall not change the obligation of its shareholders, directors, officers, associates, or board of governors and other employes to comply with the rules of professional conduct promulgated by the board.

(7) **Liability.** In addition to the liability provisions of the "Professional Corporation Law," the professional corporation shall carry professional liability insurance or maintain unimpaired capital in accordance with regulations promulgated by the board. In addition to the liability provisions of the act of August 7, 1961 (P.L.941, No.416), known as the "Professional Association Act," the professional association shall carry professional liability insurance or maintain unimpaired capital in accordance with regulations promulgated by the board. Liability shall not be limited by the formation of subsidiary or affiliated corporations or associations each with its own limited and unrelated liability.]

Section 8.2. Permits to Practice.—(a) Biennial permits to engage in practice in this Commonwealth [as certified public accountants, or to practice as designated in section 8.1 of this act,] shall be issued by the department to (i) holders of the certificate of certified public accountant issued by this Commonwealth, *foreign accountants and public accountants registered under sections 8.1 and 8.7 respectively of this act who shall have*

*furnished evidence satisfactory to the board of compliance with the requirements of subsection (b) of this section and (ii) [to persons, professional corporations or professional associations] partnerships and corporations registered under [section 8.1] sections 8.3 to 8.6 of this act. There shall be a biennial permit fee in an amount to be determined, from time to time, by the department not to exceed [ten dollars (\$10)] thirty dollars (\$30). Permits to practice shall expire on the last day of August of [1974] 1977 and on the last day of August of alternate years thereafter, or on such other biennial expiration dates as the department may fix. Permits may be renewed, biennially, for a period of two years by such certificate holders and registrants in good standing upon payment of the biennial fee. Failure of a certificate holder or registrant to apply for such permit to practice within (a) three years from the expiration date of the permit to practice last obtained or renewed, or (b) three years from the date upon which the certificate holder or registrant was granted his certificate or registration, if no permit was ever issued, shall deprive the certificate holder or registrant of the right to such permit: Provided, That a certified public accountant *or a public accountant registered under this act* who is not engaged in the practice of public accounting may request the board, in writing, to place his name on the inactive roll and thus protect his right to obtain a permit at such time as he may become engaged in the practice of public accounting. The board, in its discretion, may also review each case of failure to apply for such biennial permit and determine whether such failure was due to excusable neglect. In such case the renewal fee or the fee for the issuance of the original permit, as the case may be, shall be such amount as the department shall, from time to time, determine.*

(b) Effective with respect to biennial permits to be issued for the two-year period beginning September 1, 1981 and for each subsequent period, each certified public accountant, public accountant and foreign accountant filing an application for a permit or a renewal thereof to engage in the practice of public accounting in this Commonwealth must, during the two-year period immediately preceding a biennial date, complete eighty hours of continuing education, as defined by and acceptable to the board, which shall include a specified number of hours dealing with accounting, auditing and tax subjects. No carry-over of credits shall be permitted from one biennial permit period to another.

(c) Failure by an applicant for renewal of his biennial permit to furnish evidence of completion of eighty hours of acceptable continuing education shall constitute grounds for denial or refusal to renew such permit, unless the board, in its discretion, shall determine such failure to have been due to reasonable cause.

(d) In issuing rules, regulations and individual orders in respect of requirements of continuing education, the board, in its discretion, may among other things, use and rely upon guidelines and pronouncements of recognized educational and professional organizations; may prescribe for content, duration and organization of courses; shall take into account the

accessibility of such continuing education as it may require, and any impediments to interstate practice of public accounting which may result from differences in such requirements in other states; and may provide for relaxation or suspension of such requirements in instances of individual hardship such as for reasons of health, military service or other good cause.

Section 7. The act is amended by adding sections to read:

Section 8.3. Partnerships Composed Solely of Certified Public Accountants.—*A partnership composed solely of certified public accountants engaged in this Commonwealth in the practice of public accounting shall, within six (6) months after the enactment of this act, register with the board as a partnership of certified public accountants, provided it meets the following requirements:*

(1) At least one partner thereof must be a certified public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act, and

(2) Each partner thereof personally engaged within this Commonwealth in the practice of public accounting as a member thereof (i) must be a certified public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act, or (ii) must be a certified public accountant of some state or political subdivision of the United States in good standing and must have filed with the board, but not have been refused by the board, an application for a certificate of certified public accountant of this Commonwealth by reciprocity and after having received such certificate must have filed for, but not been refused, a permit under section 8.2 of this act, and

(3) Each partner thereof engaged in the practice of public accounting in the United States must be a certified public accountant of some state or political subdivision of the United States in good standing, and

(4) Each manager in charge of an office of a partnership in this Commonwealth must be a certified public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act.

Section 8.4. Corporations Composed Solely of Certified Public Accountants.—*A professional corporation or a professional association composed solely of certified public accountants organized in this Commonwealth or any other state or territory of the United States or District of Columbia, and engaged in the practice of public accounting in this Commonwealth as certified public accountants, shall register with the board and file with the board a copy of its Articles of Incorporation, or Articles of Association, and a copy of its bylaws, and such professional corporation, or professional association shall at all times have the following characteristics:*

(1) The name under which the professional corporation or professional association renders professional services shall contain only ~~the name of the~~ the name of the certified public accountant in the case of a sole practitioner, the names of one or more of the present or former associates or shareholders or of

partners who were associated with a predecessor accounting firm. No name of a professional corporation, or professional association shall include the words certified public accountant, public accountant, or any abbreviations thereof. Impersonal or fictitious names, as well as names which indicate a specialty, are prohibited.

(2) The professional corporation, or professional association shall not provide services that are incompatible with the practice of public accounting.

(3) All shareholders of the professional corporation or associates of the professional association shall be persons duly qualified to practice as certified public accountants in a state or territory of the United States or the District of Columbia, and engaged in the practice of public accounting. At least one shareholder of a professional corporation must be a certified public accountant of this Commonwealth, and each shareholder thereof personally engaged within this Commonwealth in the practice of public accounting as a shareholder thereof, must be a certified public accountant of this Commonwealth. Each manager in charge of an office of a professional corporation in this Commonwealth must be a certified public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act. At least one associate of a professional association must be a certified public accountant of this Commonwealth and each associate thereof personally engaged within this Commonwealth in the practice of public accounting as an associate thereof, must be a certified public accountant of this Commonwealth. Each manager in charge of an office of a professional association in this Commonwealth must be a certified public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act. Shareholders or associates shall at all times own their shares or interest in their own right and shall be the real and beneficial owners of such equity capital or interest ascribed to them.

(4) In the case of professional corporations, transfer of shares shall be in accordance with the provisions of the act of July 9, 1970 (P.L.461, No.160), known as the "Professional Corporation Law." In the case of professional associations, provisions shall be made requiring any associate who ceases to be eligible to be an associate to dispose of all of his interest within a reasonable period to a person qualified to be an associate or to the association. If mutual agreement cannot be reached, and if the method of determining the sale price of the interest of an associate is not expressed in the Articles of Association, the fair value of such interest shall be determined by the American Arbitration Association.

(5) The principal executive officer of a professional corporation shall be a shareholder and a director, and to the extent possible, all other directors and officers shall be certified public accountants. The principal executive officer of a professional association shall be an associate and a governor and, to the extent possible, all other governors and officers shall be certified public accountants. Lay directors, governors, and officers shall

not exercise any authority whatsoever over professional matters.

(6) The right to practice as a professional corporation or professional association shall not change the obligation of its shareholders, directors, officers, associates, or board of governors and other employes to comply with the rules of professional conduct promulgated by the board.

(7) In addition to the liability provisions of the "Professional Corporation Law," the professional corporation shall carry professional liability insurance or maintain unimpaired capital in accordance with regulations promulgated by the board. In addition to the liability provisions of the act of August 7, 1961 (P.L.941, No.416), known as the "Professional Association Act," the professional association shall carry professional liability insurance or maintain unimpaired capital in accordance with regulations promulgated by the board. Liability shall not be limited by the formation of subsidiary or affiliated corporations or associations each with its own limited and unrelated liability.

Section 8.5. Partnerships, Composed of Certified Public Accountants and Public Accountants or Solely of Public Accountants.—A partnership, composed of certified public accountants and public accountants or solely of public accountants, engaged in this Commonwealth in the practice of public accounting shall, within six (6) months after the enactment of this act, register with the board as a partnership of public accountants provided it meets the following requirements:

(1) At least one partner thereof must be a certified public accountant or a public accountant registered under this act, in good standing and the holder of a live permit issued under section 8.2 of this act, and

(2) Each partner thereof personally engaged within this Commonwealth in the practice of public accounting as a member thereof (i) must be a certified public accountant or a public accountant registered under this act, in good standing and the holder of a live permit issued under section 8.2 of this act, or (ii) must be a certified public accountant of some state or political subdivision of the United States in good standing and must have filed with the board, but not have been refused by the board, an application for certificate of certified public accountant of this Commonwealth by reciprocity and after having received such certificate, must have filed for, but not have been refused, a permit under section 8.2 of this act, and

(3) Each manager in charge of an office of a partnership in this Commonwealth must be a certified public accountant or a public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act.

Section 8.6. Corporations, Composed of Certified Public Accountants and Public Accountants or Solely of Public Accountants.—A professional corporation or a professional association, composed of certified public accountants and public accountants or solely of public accountants, organized under the laws of this Commonwealth and engaged in the practice of public accounting in this Commonwealth as public

accountants, shall, within twelve (12) months after the enactment of this act, register with the board and file with the board a copy of its Articles of Incorporation, or Articles of Association, and a copy of its bylaws, and such professional corporation, or professional association shall at all times have the following characteristics:

(1) The name under which the professional corporation or professional association render professional services shall contain only the name of the public accountant in the case of a sole practitioner, the names of one or more of the present or former associates or shareholders or of partners who were associated with a predecessor accounting firm. No name of a professional corporation, or professional association shall include the words certified public accountant, public accountant, or any abbreviations thereof. Impersonal or fictitious names, as well as names which indicate a specialty, are prohibited.

(2) The professional corporation or professional association shall not provide services that are incompatible with the practice of public accounting.

(3) All shareholders of the professional corporation or associates of the professional association shall be persons duly qualified to practice as certified public accountants in a state or territory of the United States or the District of Columbia, or as public accountants registered under this act, and engaged in the practice of public accounting. At least one shareholder of a professional corporation must be a certified public accountant, or a public accountant registered under this act and each shareholder thereof personally engaged within this Commonwealth in the practice of public accounting as a shareholder thereof, must be a certified public accountant, or a public accountant registered under this act. Each manager in charge of an office of a professional corporation in this Commonwealth must be a certified public accountant, or a public accountant registered under this act, in good standing and the holder of a live permit issued under section 8.2 of this act. At least one associate of a professional association must be a certified public accountant, or a public accountant registered under this act and each associate thereof personally engaged within this Commonwealth in the practice of public accounting as an associate thereof, must be a certified public accountant, or a public accountant registered under this act. Each manager in charge of an office of a professional association in this Commonwealth must be a certified public accountant, or a public accountant registered under this act, in good standing and the holder of a live permit issued under section 8.2 of this act. Shareholders or associates shall at all times own their shares of interest in their own right and shall be the real and beneficial owners of such equity capital or interest ascribed to them.

(4) In the case of professional corporations, transfer of shares shall be in accordance with the provisions of the act of July 9, 1970 (P.L.461, No.160), known as the "Professional Corporation Law." In the case of professional associations, provisions shall be made requiring any associate

who ceases to be eligible to be an associate to dispose of all of his interest within a reasonable period to a person qualified to be an associate or to the association. If mutual agreement cannot be reached, and if the method of determining the sale price of the interest of an associate is not expressed in the Articles of Association, the fair value of such interest shall be determined by the American Arbitration Association.

(5) The principal executive officer of a professional corporation shall be a shareholder and a director, and to the extent possible, all other directors and officers shall be certified public accountants, or public accountants registered under this act. The principal executive officer of a professional association shall be an associate and a governor and, to the extent possible, all other governors and officers shall be certified public accountants, or public accountants registered under this act. Lay directors, governors, and officers shall not exercise any authority whatsoever over professional matters.

(6) The right to practice as a professional corporation or professional association shall not change the obligation of its shareholders, directors, officers, associates, or board of governors and other employes to comply with the rules of professional conduct promulgated by the board.

(7) In addition to the liability provisions of the "Professional Corporation Law," the professional corporation shall carry professional liability insurance or maintain unimpaired capital in accordance with regulations promulgated by the board. In addition to the liability provisions of the act of August 7, 1961 (P.L.941, No.416), known as the "Professional Association Act," the professional association shall carry professional liability insurance or maintain unimpaired capital in accordance with regulations promulgated by the board. Liability shall not be limited by the formation of subsidiary or affiliated corporations or associations each with its own limited and unrelated liability.

Section 8.7. Registration of Public Accountants.—Any person (i) who is a resident of this Commonwealth or has a place of business therein, and (ii) who has attained the age of eighteen years, and (iii) who is of good moral character, and (iv) meets the requirements of clause (1) or (2) to the satisfaction of the board as set forth in clause (3) may register with the board as a public accountant within twelve (12) months from publication in the Pennsylvania Bulletin of the announcement that application forms are available and not thereafter:

(1) Persons who held themselves out to the public as public accountants and who were engaged as principals (as distinguished from employes) within this Commonwealth (i) at the effective date of this act in the practice of public accounting as their principal occupation, or (ii) at any time within six (6) years prior to the effective date of this act.

(2) Persons serving in the armed forces of the United States of America at the effective date of this act who immediately prior to entering such service held themselves out to the public as public accountants and were engaged as principals (as distinguished from employes) within this

Commonwealth in the practice of public accounting as their principal occupation. In the case of any such person, the time for registration shall be extended for a period of six (6) months from the time such person is separated from active duty with such service.

(3) In order to meet the requirements of clauses (1) and (2), the applicant must furnish the board with evidence that he, as a principal (as distinguished from an employe), has held himself out to the public as being engaged in the practice of public accounting as his principal occupation.

(4) The board shall in each case determine whether the applicant qualified for registration. Any individual who is so registered and who holds a permit issued under section 8.2 of this act shall be styled and known as a "public accountant."

(5) The department shall charge a fee for registration hereunder.

(6) Persons who have registered as provided in this section and whose qualifications as set forth in their registration applications are in compliance with this section may continue to hold themselves out to the public as public accountants and engage as principals in the practice of public accounting within this Commonwealth and shall not be subject to sections 12, 14, 15, 16 and 16.2 for a period of one (1) year from the enactment hereof but thereafter shall be subject to the provisions of sections 12, 14, 15, 16 and 16.2.

Section 8. Section 9 of the act is reenacted and amended to read:

Section 9. Procedure for the Suspension and Revocation of Certificates; Appeals.—The procedure to be followed in the suspension and revocation of certificates, *registrations or permits to practice under this act, censure of certificate holders or registrants*, and in appeals taken from actions of the board shall be that prescribed by the act, approved the fourth day of June, one thousand nine hundred forty-five (Pamphlet Laws 1388), known as the Administrative Agency Law, and its amendments, *and any General Rules of Administrative Practice and Procedure promulgated by the board pursuant to said act.*

Section 9. Sections 9.1 and 9.2 of the act, amended December 30, 1974 (P.L.1122, No.362), are reenacted and amended to read:

Section 9.1. Revocation or Suspension of Certificate, Registration or Permit.—In accordance with the procedure referred to in section 9 of this act, the board, *[by unanimous vote] by a two-third's vote of its maximum authorized membership as provided by law, or by a minimum of five affirmative votes, if the membership of the board is less than its authorized membership as provided by law*, may revoke or suspend any certificate of certified public accountant or *the registration of those registered under [section 8.1] sections 8.1 and 8.7* of this act, or may revoke, suspend or refuse to renew any permit issued under section 8.2(a)(i) of this act, or may censure the holder of any such certificate, registration or permit, for any one or any combination of the following causes:

(1) Fraud or deceit in obtaining a certificate as certified public

accountant or in obtaining registration under this act or in obtaining a permit to practice under this act.

(2) Dishonesty, fraud or gross negligence in the practice of public accounting.

(3) Violation of any of the provisions of section 12 of this act.

(4) Violation of a rule of professional conduct promulgated by the board under the authority granted by this act.

(5) Pleading guilty, entering a plea of nolo contendere, or being found guilty of a felony under the laws of any state or political subdivision of the United States or of the United States.

(6) Pleading guilty, entering a plea of nolo contendere, or being found guilty of any crime, an element of which is dishonesty or fraud under the laws of any state or political subdivision of the United States or of the United States.

(7) Cancellation, revocation, suspension or refusal to renew authority to practice as a certified public accountant, **[professional corporation or professional association] public accountant or foreign accountant** by any other state or political subdivision of the United States for any cause other than failure to pay a registration or other fee *in such other state or political subdivision*.

(8) Suspension or revocation of the right to practice before any state or Federal agency.

(10) Failure *(1)* of a certificate holder or registrant to obtain a biennial permit under section 8.2 within either (a) three years from the expiration date of the permit to practice last obtained or renewed by said certificate holder or registrant, or (b) three years from the date upon which the certificate holder or registrant was granted a certificate or registration if no permit was ever issued, unless under section 8.2, such failure shall have been excused by the board; *or (2) of a certificate holder or registrant to furnish evidence of satisfaction of requirements of continuing education as required by the board under and pursuant to section 8.2 or to meet any conditions in respect of continuing education which the board may have ordered in respect of such certificate holder or registrant under that section.*

(11) Conduct discreditable to the public accounting profession.

Section 9.2. Reinstatement.—Upon application in writing and after hearing pursuant to notice, the board may issue a new certificate to a certified public accountant whose certificate has been revoked, or may permit the re-registration of any person, **[professional corporation, or professional association] partnership or corporation** whose registration has been revoked, or may reissue or modify the suspension of any permit to practice which has been revoked or suspended.

Section 10. The act is amended by adding a section to read:

Section 9.3. Revocation or Suspension of Partnership or Corporation Registration or Permit.—*In accordance with the procedure referred to in section 9 of this act, the board shall revoke the registration and permit to practice of a partnership or corporation if at any time it does not have all*

the qualifications prescribed by the section of this act under which it qualified for registration.

Section 11. Section 10 of the act is reenacted to read:

Section 10. Employes and Assistants.—The department shall assign to the board such agents, clerks, stenographers, assistants and investigators as may be deemed necessary to carry out and enforce the provisions of this act.

Section 12. Sections 11, 11.1, 12, 13, 14, 15 and 16 of the act, amended December 30, 1974 (P.L.1122, No.362), are reenacted and amended to read:

Section 11. Ownership of Working Papers.—All statements, records, schedules, working papers and memoranda prepared by or for a certified public accountant, **[professional corporation, or professional association] public accountant, partnership or corporation** incident to or in the course of professional service to clients by such certified public accountant, **[professional corporation, or professional association] public accountant, partnership or corporation**, except reports submitted to a client, shall be and remain the property of such certified public accountant, **[professional corporation, or professional association] public accountant, partnership or corporation** in the absence of an express agreement between the parties to the contrary. No such statement, record, schedule, working paper or memorandum shall be sold, **[or] transferred, or bequeathed**, without the consent of the client or his personal representative, successor or assignee, to anyone other than one or more surviving partners, shareholders or associates of such certified public accountant **or such public accountant**.

Section 11.1. Privileged Communication.—Except by permission of the client or person or **[firm or corporation] entity** engaging him or the heirs, successors or personal representatives of such client or person or **[firm or corporation] entity**, a certified public accountant, **[professional corporation, or professional association] public accountant, partnership or corporation**, holding a permit to practice under this act, or a person employed by a certified public accountant, **public accountant, partnership**, or a director of or a person employed by a professional corporation holding a permit to practice under this act, or an associate of or a person employed by a professional association holding a permit to practice under this act shall not be required to, and shall not voluntarily, disclose or divulge information of which he may have become possessed relative to and in connection with any professional services as a certified public accountant, **[professional corporation, or professional association] public accountant, partnership or corporation**. The information derived from or as the result of such professional services shall be deemed confidential and privileged: Provided, however, That nothing herein shall be taken or construed as prohibiting the disclosure of information required to be disclosed by the standards of the profession in reporting on the examination of financial statements, or in making disclosures in a court of law or in disciplinary investigations or proceedings when the professional services of the certified

public accountant, [**professional corporation, or professional association**] *public accountant, partnership or corporation* are at issue in an action, investigation or proceeding in which the certified public accountant, [**professional corporation or professional association**] *public accountant, partnership or corporation* are parties.

Section 12. Unlawful Acts.—(a) It is unlawful for any person (1) to assume or use the title or designation “certified public accountant,” or the abbreviation “CPA,” or any other title, designation, words, letters, abbreviation, sign, card or device, tending to indicate that such person is a certified public accountant unless such person has received, or has been notified in writing by the board that he has qualified to receive a certificate of certified public accountant issued by this Commonwealth, which is not revoked or suspended, or (2) to assume or use such title, designation or abbreviation in the practice of public accounting *unless he has received or has been notified in writing that he has qualified to receive a certificate of certified public accountant by this Commonwealth* and unless he also holds a permit issued under section 8.2 of this act, which is not revoked or suspended, hereinafter referred to as a “live permit”: Provided, That a foreign accountant who has registered under the provisions of section 8.1 of this act, and who holds a live permit issued under section 8.2 of this act, may use the title under which he is permitted to practice in his country, followed by the name of the country from which he received his certificate, license or degree.

(b) It is unlawful for any person to use the title “certified public accountant,” *“public accountant”* or any abbreviation thereof, or the letters “CPA” or “PA” by virtue of any certificate, *registration* or permit illegally or fraudulently obtained by such person, or issued unlawfully or through any fraudulent representation or deceit, or misstatement of material fact or fraudulent concealment of a material fact made or induced or aided or abetted by such person.

(c) It is unlawful for any partnership *or corporation* to assume or use the title or designation “certified public accountant,” or the abbreviation “CPA,” or any other title, designation, words, letters, abbreviation, sign, card or device, tending to indicate that such partnership *or corporation* is composed of certified public accountants, unless such partnership [**meets all of the following requirements:**

(1) At least one partner thereof must be a certified public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act, and

(2) Each partner thereof personally engaged within this Commonwealth in the practice of public accounting as a member thereof (i) must be a certified public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act, or (ii) must be a certified public accountant of some state or political subdivision of the United States in good standing and must have filed with the board, but not have been refused by the board, application for a

certificate of certified public accountant of this Commonwealth by reciprocity, and after having received such certificate, must have filed but not have been refused a permit under section 8.2 of this act;

(3) Each partner thereof must be a certified public accountant of some state or political subdivision of the United States in good standing, and

(4) Each manager in charge of an office of the firm in this Commonwealth must be a certified public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act.] *or corporation is registered as a partnership or corporation of certified public accountants under sections 8.3 and 8.4 of this act and holds a live permit issued under section 8.2 of this act.*

(d) It is unlawful for any person, [professional corporation, or professional association] *partnership or corporation* to sell or offer to sell or fraudulently obtain, furnish or procure any certificate, registration or permit under the provisions of this act or cause or aid or abet another person so to do.

(e) It is unlawful for any person or persons to engage in the practice of public accounting in this Commonwealth as a limited partnership providing for limited liability of the members or partners.

(f) Except as prescribed in subsections (a) *and* (c), [and (h),] in respect of certified public accountants, it is unlawful for any person, partnership, [professional corporation, or professional association] *or corporation* to use a title, including the word "certified" as a part thereof, or any other title or designation likely to be confused with "certified public accountant," or any title or designation implying or connoting accreditation by a state or political subdivision of the United States, for the practice of any type of bookkeeping, accounting, auditing, tax or other professional practice related thereto, or to use any abbreviation of such title or designation.

(g) It is unlawful for any person to assume or use the title or designation "certified public accountant" *or "public accountant"* in conjunction with names indicating or implying that there is a partnership *or corporation*, or in conjunction with the designation "and Company" or "and Co" or a similar designation, if there is, in fact, no bona fide partnership *or corporation registered under sections 8.3 through 8.6*: Provided, That a sole proprietor or partnership lawfully using such title or designation in conjunction with such names or designation prior to November 1, 1961 may continue to do so if he, or it, otherwise complies with the provisions of this act: *And further provided, That any public accountant registered under this act using the title or designation public accountant or the abbreviation "PA" in conjunction with such names or designation prior to the effective date of this act may continue to do so if he otherwise complies with the provisions of this act.*

(h) [It is unlawful for any professional corporation or professional association to use the title or designation "certified public accountant" or the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device, tending to indicate that such

professional corporation or professional association is composed of certified public accountants, unless such professional corporation or professional association is registered under section 8.1 of this act and holds a live permit issued under section 8.2 of this act; and, each manager in charge of an office of the firm in this Commonwealth is a certified public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act.] *No person shall sign or affix a partnership or corporate name to any opinion or certificate attesting in any way to the reliability of any representation or estimate in regard to any person or organization embracing (1) financial information or (2) facts respecting compliance with conditions established by law or contract, including but not limited to, statutes, ordinances, regulations, grants, loans, and appropriations, together with any wording, accompanying or contained in such opinion or certificate, which indicates that such partnership or corporation is composed of or employs (i) accountants or auditors or (ii) persons having expert knowledge in accounting or auditing, unless the partnership or corporation holds a live permit issued under section 8.2 of this act.*

(i) It is unlawful for a certified public accountant, [professional corporation, or professional association] *public accountant, partnership or corporation*, engaged in the practice of public accounting, to use an impersonal fictitious name or a name which indicates a specialty. Firm names may contain the names of one or more of the present or former associates or shareholders or of partners who were associated with a predecessor accounting firm.

(j) *It is unlawful for any person to assume or use the title or designation "public accountant" or the abbreviation "PA" or any other title, designation, words, letters, abbreviation, sign, card or device, tending to indicate that such person is a public accountant, unless such person is registered as a public accountant under section 8.7 of this act and holds a live permit issued under section 8.2 of this act, or unless such person has received, or has been notified in writing by the board that he has qualified to receive a certificate as certified public accountant issued by this Commonwealth and holds a live permit issued under section 8.2 of this act.*

(k) *It is unlawful for any partnership or corporation to assume or use the title or designation "public accountant" or the abbreviation "PA" or any other title, designation, words, letters, abbreviation, sign, card or device, tending to indicate that such partnership or corporation is composed of public accountants, unless such partnership or corporation is registered as a partnership or corporation of public accountants under section 8.5 or 8.6 of this act, or as a partnership or corporation of certified public accountants under section 8.3 or 8.4 of this act and holds a live permit issued under section 8.2 of this act; and each manager in charge of an office of the firm in this Commonwealth is a certified public accountant or a public accountant registered under this act, in good standing and the holder of a live permit issued under section 8.2 of this act.*

(l) It is unlawful for any person, partnership or corporation to assume or use the title or designation "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," "licensed public accountant," "registered public accountant," or "accredited accountant," or any other title or designation likely to be confused with "certified public accountant" or "public accountant," or any of the abbreviations "CA," "EA," "RA," "LA," "RPA," "LPA," or "AA," or similar abbreviations likely to be confused with "CPA": Provided, however, That anyone who holds a live permit issued under section 8.2 of this act may hold himself out to the public as an "accountant," "auditor" or "accountant and auditor": Provided, however, That a foreign accountant registered under section 8.1 of this act and who holds a live permit issued under section 8.2 of this act may use the title under which he is permitted to practice in his own country, followed by the name of the country from which he received his certificate, license or degree.

(m) It is unlawful for any person to sign or affix his name or any trade or assumed name used by him in his profession or business to any opinion or certificate attesting in any way to the reliability of any representation or estimate in regard to any person or organization embracing (1) financial information or (2) facts respecting compliance with conditions established by law or contract, including, but not limited to statutes, ordinances, regulations, grants, loans, and appropriations, together with any wording accompanying or contained in such opinion or certificate, which indicates (i) that he is an accountant or auditor, or (ii) that he has expert knowledge in accounting or auditing, unless he holds a live permit issued under section 8.2 of this act: Provided, however, That the provisions of this subsection shall not prohibit any officer, employe, partner, or principal of any organization from affixing his signature to any statement or report in reference to the affairs of said organization with any wording designating the position, title, or office which he holds in said organization, nor shall the provisions of this subsection prohibit any act of a public official or public employe in the performance of his duties as such.

(n) It is unlawful for any person, partnership or corporation not holding a live permit under section 8.2 of this act to hold himself or itself out to the public as an "auditor" or as an accountant and auditor by use of either designation on any sign, card, letterhead, or in any advertisement or directory: Provided, however, That this subsection shall not prohibit any officer, employe, partner, or principal of any organization from describing himself by the position, title or office he holds in such organization, nor shall this subsection prohibit any action of a public official or public employe in the performance of his duties as such.

(o) It is unlawful for any person, partnership or corporation to indicate by printed or written statement, sign, card or other device that such person, foreign accountant, partnership or corporation holds membership in any society, association or organization of certified public accountants or public accountants, unless such person holds a valid certificate of certified

public accountant issued by this Commonwealth or by some state or political subdivision of the United States, is registered as a foreign accountant under section 8.1 or as a public accountant under section 8.7, and in the case of a partnership or corporation, they are registered under sections 8.3 through 8.6 of this act.

(p) The provisions of sections 12, 14, 15, 16 and 16.2 as they relate to public accountants permitted to register under section 8.7 and as to partnerships permitted to register under sections 8.3 and 8.5 and as to corporations permitted to register under sections 8.4 and 8.6, the said sections shall become effective one (1) year from the enactment hereof.

Section 13. Acts Not Unlawful.—*(a) Nothing contained in this act shall prohibit any person not a certified public accountant or a public accountant registered under this act from serving as an employe of or an assistant to a certified public accountant, [a professional corporation, or a professional association] a public accountant, a partnership of certified public accountants or public accountants or a corporation, holding a permit to practice issued under section 8.2 of this act, [a partnership of certified public accountants,] or a foreign accountant registered under section 8.1 of this act: Provided, That such employe or assistant shall not issue any accounting or financial statement over his name.*

(b) Nothing contained in this act shall prohibit a certified public accountant, [professional corporation, or professional association,] or partnership or corporation composed of certified public accountants of another state or political subdivision of the United States, or any accountant who holds a certificate, degree or license in a foreign country constituting a recognized qualification for the practice of public accounting in such country, and who is concurrently engaged in public practice in such state, political subdivision or country from temporarily practicing in this Commonwealth on professional business incident to their regular practice outside this Commonwealth: Provided, That such temporary practice is conducted in conformity with the regulations and rules of professional conduct promulgated by the board.

(c) Persons, partnerships or corporations other than as defined in this act offering and rendering only bookkeeping and similar technical services or engaged in the preparation of tax returns are not required to register under this act and may continue to perform such services. Such persons, partnerships, or corporations may use the title or designation of "accountant" or "accountants."

Section 14. Injunction Against Unlawful Act.—Whenever [in the unanimous judgment of all the members of the board] *in the judgment of two-thirds of the maximum authorized membership of the board as provided by law, or in the judgment of a minimum of five members, if the membership of the board is less than its authorized membership as provided by law,* any person, [professional corporation, or professional association] *partnership or corporation,* has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of this

act the board or its agents may make application to the appropriate court for an order enjoining such acts or practices and, upon a showing by the board that such person, **[professional corporation, or professional association] partnership or corporation** has engaged or is about to engage in any such acts or practices, an injunction, restraining order or such other order as may be appropriate shall be granted by such court without bond.

Section 15. Single Act Evidence of Practice.—The **[wilful] willful** or knowing display or uttering by a person, **[professional corporation, or professional association] partnership or corporation** of a card, sign, advertisement or other printed, engraved or written instrument or device bearing a person's name, or the name of a **[professional corporation or professional association] partnership or corporation** in conjunction with the words "certified public accountant" or "**public accountant**" or any abbreviation thereof or any designation prohibited by this act, shall be prima facie evidence in any prosecution, proceeding or hearing that the person, **[professional corporation, or professional association,] partnership or corporation** whose name is so displayed, caused or procured the display or uttering of such card, sign, advertisement or other printed, engraved, or written instrument or device and that such person, **[professional corporation, or professional association] partnership or corporation** is holding himself or itself out to be a certified public accountant or a **public accountant**. In any prosecution or proceeding under this act, evidence of the commission of a single act prohibited by this act, shall be sufficient to justify an injunction or a conviction without evidence of a general course of conduct.

Section 16. Penalties.—(a) Any person, **[professional corporation, or professional association] partnership or corporation** violating any of the provisions of this act shall be guilty of a misdemeanor and upon conviction thereof shall be sentenced to pay a fine not exceeding **[five hundred dollars (\$500)] one thousand dollars (\$1,000)** or suffer imprisonment not exceeding one (1) year, or both.

(b) The right of the board to suspend and revoke certificates and permits issued under this act **and the right to censure certificate holders or registrants** shall be in addition to the penalties set forth in this section.

Section 13. Section 16.1 of the act, added September 2, 1961 (P.L. 1165, No. 524), is reenacted to read:

Section 16.1. Construction.—If any provision of this act or the application thereof to anyone or to any circumstances is held invalid, the remainder of the act and the application of such provision to others or other circumstances shall not be affected thereby.

Section 14. The act is amended by adding a section to read:

Section 16.2. Audits Limited to Certified Public Accountants and Public Accountants Registered Under This Act.—Whenever any statute or rules and regulations or orders of a department, board, agency or commission heretofore or hereafter enacted or adopted requires the audit or examination of finances, accounts, financial statements, books and

records or reports of (1) any department, division, board, bureau, office, commission or agency of this Commonwealth or (2) of any municipal authority or other authority or political subdivision within this Commonwealth, or (3) of any corporation, joint stock company, nonprofit corporation, association, cooperative or joint stock association or any other business or professional entity or (4) of any eleemosynary institution by a certified public accountant, public accountant, independent accountant or auditor, competent public accountant or other person purporting to have expert knowledge of accounting and auditing, such requirement shall be construed to mean certified public accountant or public accountant registered under this act: Provided however, That nothing in this section shall be construed to affect the eligibility of any person to serve as an elected auditor in political subdivisions.

Section 15. Section 17 of the act is reenacted and amended to read:

Section 17. Repeals.—The act, approved the twenty-ninth day of March, one thousand eight hundred ninety-nine (Pamphlet Laws 21), entitled “An act to establish a board for the examination of accountants, to provide for the granting of certificates to accountants, and to provide a punishment for the violation of this act,” and its amendments are hereby repealed.

Section 421, act of April 9, 1929 (P.L.177, No.175), known as “The Administrative Code of 1929,” is repealed.

All other acts or parts of acts inconsistent herewith are hereby repealed.

Section 16. Except as heretofore provided, this act shall take effect immediately.

APPROVED—The 8th day of December, A. D. 1976.

MILTON J. SHAPP