

**Office of Chief Counsel  
Internal Revenue Service  
memorandum**

CC:PA:RSGoldstein  
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date: February 25, 2005

to: Deputy Director  
Office of Professional Responsibility

from: Special Counsel to the Associate Chief Counsel  
(Procedure & Administration)

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subject: Rhode Island Public Accountants

This memorandum responds to your inquiry regarding practice before the Service by Rhode Island public accountants.

***Issue***

Whether individuals who hold current public accountant permits in Rhode Island, but who are not certified public accountants, are eligible to practice before the IRS by virtue of their public accountants' status?

***Conclusion***

Yes. The statute and regulations provide that an individual who is duly qualified to practice as a CPA in any State, territory, or possession of the United States or the District of Columbia may represent a person before the IRS. Under Rhode Island law, persons who hold a Rhode Island public accountant's permit have the same rights and privileges as a certified public accountant in that state. 1995 R.I. Pub. Laws ch. 159, § 2. Thus, for purposes of Circular 230, public accountants who hold permits to practice accounting in Rhode Island are eligible to practice before the IRS by virtue of their public accountant's permit.

***Facts***

Two categories of individuals may practice public accounting in Rhode Island: CPAs and public accountants. Under Rhode Island law, a CPA is a person holding a certificate issued under chapter 3.1 of title 5 of the General Laws of Rhode Island, corresponding provisions of prior law, or the accountancy act or similar law of any other state. A public accountant is a person holding an authority as a public accountant issued under the prior laws of Rhode Island.

**PMTA 2010-24**



### ***Law and Analysis***

Section 500(c) of Title 5 of the United States Code sets forth the general rules for practicing before United States administrative agencies. This section provides that an individual who is duly qualified to practice as a CPA in a State may represent a person before the IRS by filing with the agency a written declaration that he is currently qualified as provided by this subsection and is authorized to represent the particular person in whose behalf he acts. The regulations governing practice before the IRS (Circular 230) mirror 5 U.S.C. § 500(c). Section 10.2(b) of Circular 230 defines a CPA, in relevant part, as any person who is duly qualified to practice as a CPA in any State. Section 10.3(b) further provides that any CPA who is not currently under suspension or disbarment from practice before the IRS may practice before the IRS by filing with the IRS a written declaration that he or she is currently qualified as a CPA and is authorized to represent the party or parties on whose behalf he or she acts.

The decision to include CPAs within the class of professionals entitled to practice before the IRS by virtue of their State professional status is discussed in H.R. Rep. No. 1141, 89 Cong. Cong., 1st Sess. (October 25, 1965). In explaining why CPAs are not subject to the Service's admission procedures, the House noted:

[T]here is a presumption that members in good standing of the profession[] of . . . certified public accountancy are of good moral character, and that surveillance by . . . State associations of certified public accounts [sic] will sufficiently insure the integrity of practice by such persons before the Internal Revenue Service. The cumbersome admission procedures of the Internal Revenue Service seem unwarranted in their impact on duly qualified . . . certified public accountants.

Id. at 4.

The Rhode Island Accountancy Act provides for the issuance of annual permits to engage in the practice of public accounting in the state. R.I. Gen. Laws § 5-3.1-7(a) (2004). Only those persons holding a permit to practice public accounting may hold themselves out to the public as being qualified for the practice of public accounting in the state. R.I. Gen. Laws § 5-3.1-16(i). Annual permits to engage in the practice of public accounting may be issued, upon application<sup>1</sup>, to CPAs or public accountants. R.I. Gen. Laws § 5-3.1-7(a). Section 5.3.1-3 of the Accountancy Act, defines a CPA as “a person holding a certificate issued under this chapter or corresponding provisions of prior law<sup>[2]</sup> or under the accountancy act or similar law of any other state.” That same

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<sup>1</sup> Applications for renewal of the annual permit must be accompanied by evidence that the applicant satisfied the accountancy board's continuing professional education requirements. R.I. Gen Laws § 5-3.1-7(c).

<sup>2</sup> Persons who, on July 1, 1995, held a certificate issued under the laws of Rhode Island prior to July 1, 1995, are not required to obtain an additional certificate under this chapter, but are subject to all the provisions of this chapter; the certificate previously issued is, for all purposes, considered a certificate

section defines a public accountant as “a person holding an authority as a public accountant issued under the prior laws of this state.”

No person may be issued a permit to practice accountancy as a public accountant in Rhode Island unless such person was entitled to hold authority<sup>3</sup> as a public accountant on July 1, 1995. R.I. Gen. Laws § 5-3.1-6(c). Further, to continue to engage in the practice of public accounting, persons who hold authority as a public accountant must otherwise remain compliant with the Accountancy Act. R.I. Gen. Laws § 5-3.1-6(a). Public accountants, like CPAs, may be disciplined and potentially lose their permit to practice accountancy for any violation of the conduct provisions contained in section 5-3.1-12 of the Accountancy Act.

Accordingly, while the state of Rhode Island no longer qualifies persons as public accountants, it will issue public accountant permits to those individuals who held the authority to practice accounting in Rhode Island prior to July 1, 1995, provided that these individuals meet the same continuing education requirements imposed on CPAs. Public accountants also must comply with the same ethical standards and are subject to the same disciplinary actions as CPAs. Thus, a person who holds authority as a public accountant and a current Rhode Island public accountant’s permit, is, for practical purposes, a CPA, and is, therefore, eligible to practice before the IRS.

This writing may contain privileged information. Any unauthorized disclosure of this writing may undermine our ability to protect the privileged information. If disclosure is determined to be necessary, please contact this office for our views.

If you have any questions, please contact this office at 202-622-3400.

cc: Associate Chief Counsel (General Legal Services)  
Attn: Kirsten Witter

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issued under this chapter and subject to the provisions of this chapter. R.I. Gen. Laws § 5-3.1-5(f).  
<sup>3</sup> “Authority” is defined as the authority to practice as a public accountant in Rhode Island under former § 5-3-6 of the General Laws of Rhode Island. R.I. Gen. Laws § 5-3.1-3(2).