

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

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date: April 5, 2006

to: Deputy Director  
Office of Professional Responsibility  
Attn: Michael Hahn

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

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subject: Tennessee Public Accountants

This memorandum responds to your inquiry regarding practice before the Internal Revenue Service (IRS) by Tennessee public accountants.

***Issue***

Whether an individual who holds current public accountant authority in Tennessee, but who is not a certified public accountant (CPA), is eligible to practice before the IRS by virtue of possessing public accountancy authority?

***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 Tennessee law, a registered and licensed public accountant has the same rights and privileges as a CPA. Tenn. Code Ann. § 62-1-109 (West 2006). Thus, for purposes of Circular 230, a public accountant registered and licensed in Tennessee is eligible to practice before the IRS by virtue of possessing a public accountant's license.

***Facts***

Two categories of individuals may practice public accountancy in Tennessee: CPAs and public accountants. CPAs are holders of certificates issued by the Tennessee State Board of Accountancy (the "Board") pursuant to sections 106 or 107 of chapter 1 of title 62 of the Tennessee Code or corresponding provisions of prior law. Tenn. Code Ann. § 62-1-103(4) (West 2006). Public accountants are holders of a registration to practice public accountancy under section 109 of chapter 1 of title 62 of the Tennessee Code. Tenn. Code Ann. § 62-1-103(14) (West 2006).

**PMTA 2010-38**

***Law and Analysis***

Section 500(c) of title 5 of the United States Code sets forth the general rules for practicing before the 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 section and is authorized to represent the particular person on 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., 1<sup>st</sup> Sess. (October 25, 1965). In explaining why CPAs are not subject to the IRS'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 accountants [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.

Under Tennessee law, only individuals possessing a license to practice public accountancy issued by the Board may practice public accountancy in the State. See Tenn. Code Ann. § 62-1-102 (West 2006).<sup>1</sup> The Board issues licenses to practice public accountancy to CPAs and public accountants. Tenn. Code Ann. §§ 62-1-106 and 62-1-109 (West 2006). Public accountants and CPAs alike must renew such registrations and licenses biennially in order to remain eligible to practice. Tenn. Code Ann. § 62-1-107(b).

The Board issues a CPA certificate to all persons of good moral character who meet the State's education, experience, and examination requirements. Tenn. Code Ann. § 62-1-106 (West 2006).

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<sup>1</sup> Individuals whose principal place of business is not in Tennessee having a valid CPA license from any state which the Board has verified to be in substantial equivalence with the Tennessee CPA licensure requirements shall have all the privileges of Tennessee CPAs without the need to obtain a license, but are required to notify the Board of their intent to perform services in Tennessee. Tenn. Code Ann. § 62-1-117 (West 2006). (West 2006).

The State of Tennessee authorized individuals to practice public accounting as public accountants until October 1, 1998.<sup>2</sup> Tenn. Code Ann. § 62-1-109 (West 2006). Licensed public accountants are entitled to perform attest services to the same extent as CPAs. See id. The Board renews licenses to engage in the practice of public accounting upon application provided the CPA or public accountant has completed 80 hours of continuing education over a two-year period, with a minimum of 20 hours in each year. Tenn. Code Ann. § 62-1-107(d) (West 2006).

The Board may discipline public accountants and CPAs alike or revoke their licenses to practice public accountancy for any number of enumerated violations. Tenn. Code Ann. § 62-1-111 (West 2006).

Accordingly, while the State of Tennessee no longer qualifies persons as public accountants, it will renew public accountant licenses of those individuals who held the authority to practice accounting in Tennessee as of October 1, 1998, provided that these individuals meet the same continuing education requirements imposed on CPAs. Public accountants also must comply with the same ethical standards and remain subject to the same disciplinary actions as CPAs. Tennessee law provides that public accountants have the same rights and privileges as CPAs. Thus, a person who holds authority as a public accountant and a current Tennessee public accountant's registration, 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 a disclosure question arises, please contact this office at (202) 622-3400.

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

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<sup>2</sup> According to the Tennessee Department of Commerce and Insurance website, there are twenty-one active public accountants in Tennessee as of December 31, 2005.