

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

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Madison
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to: Deputy Director
Office of Professional Responsibility

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

subject: Connecticut Public Accountants

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

Issue

Whether an individual who holds current public accountant authority in Connecticut, 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 Connecticut law, a registered and licensed public accountant has the same rights and privileges as a CPA. CONN. GEN. STAT. Ch. 389 (2005). Thus, for purposes of Circular 230, a public accountant registered and licensed in Connecticut 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 Connecticut: CPAs and public accountants. Connecticut law defines "Practicing public accountancy" as:

[P]erforming for the public or offering to perform for the public for a fee by a person or firm holding himself or itself out to the public as a licensee one or more kinds of services involving the use of accounting or auditing skills, including, but not limited to, the issuance of reports on financial statements, or of one or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters.

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CONN. GEN. STAT. § 20-279b(7) (2005).

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., 1st 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 Connecticut law, only individuals possessing a license to practice public accountancy issued by the Connecticut State Board of Accountancy (the Board) may practice public accountancy in the state. CONN. GEN. STAT. § 20-281g (2005). The Board issues licenses to practice public accountancy to CPAs and public accountants. Public accountants and CPAs alike must renew such licenses annually in order to remain eligible to practice. CONN. GEN. STAT. § 20-281d (2005).

The Board issues a CPA certificate to any applicant who has satisfied the State's good character, education, experience, examination, and fee payment requirements. CONN. GEN. STAT. § 20-281c (2005).

The State of Connecticut authorized individuals to practice as public accountants up until October 1, 1992. See CONN. GEN. STAT. § 20-281b (2005). Such public accountants may practice public accountancy to the same extent as CPAs. See id.

Only those individuals holding a license to practice public accounting may hold themselves out to the public as qualified for the practice of public accounting in the State. CONN. GEN. STAT. § 20-281g (2005). The Board renews licenses to engage in the practice of public accounting upon application provided the CPA or public accountant has completed 40 hours of continuing education. CONN. GEN. STAT. § 20-281d(e) (2005).

The Board may discipline public accountants and CPAs alike or revoke their licenses to practice public accountancy for any number of enumerated violations. CONN. GEN. STAT. § 20-281a (2005).

Accordingly, while the state of Connecticut no longer qualifies persons as public accountants, it will renew public accountant licenses of those individuals who held the authority to practice accounting in Connecticut as of October 1, 1992, provided that these individuals meet the same continuing education requirements imposed on CPAs. Public accountants must also comply with the same ethical standards and remain subject to the same disciplinary actions as CPAs. Connecticut 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 Connecticut public accountant's license, 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.

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