

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

CC:PA:APJP:B02:MSCooper  
POSTN-100100-07

date: March 12, 2007

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

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

---

subject: Practice by Illinois Public Accountants

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

ISSUES

Whether individuals who are registered certified public accountants in Illinois, but who are not licensed certified public accountants, are eligible to practice before the IRS by virtue of their registered CPAs' status?

CONCLUSION

No. 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 Illinois law, an individual who is registered as a CPA must also be a licensed CPA to practice public accountancy in Illinois. Thus, for purposes of Circular 230, an individual who is registered as a CPA, but is not a licensed CPA in Illinois, may not practice before the IRS by virtue of their registered CPA status.

FACTS

Two categories of individuals may currently hold themselves out to the public as a CPA in Illinois: registered CPAs and licensed CPAs. Under Illinois law, a registered CPA is a person issued a registration as a CPA under the Illinois Public Accounting Act. A licensed CPA is a person holding a license to practice as a CPA under the Illinois Public Accounting Act.

LAW AND ANALYSIS

Section 500 of title 5 of the United States Code sets forth the general rules for practicing

**PMTA 2010-35**

before United States administrative agencies. Paragraph (c) of 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 phrase "qualified to practice as a CPA" suggests that the authority to practice before the Service under 5 U.S.C. § 500(c) is not limited to persons who are CPAs in fact, but includes those persons who the State has authorized to perform the same services as CPAs.

Illinois Public Act 93-683 was signed into law on July 2, 2004 and amended the Illinois Public Accounting Act (the Act) with respect to the licensing and registration requirements of certified public accountants. Beginning in 2006, persons can only hold themselves out to the public in Illinois as a CPA if the person is either a registered CPA or a licensed CPA.<sup>1</sup> 225 Ill. Comp. Stat. 450, § 4(e).

The Act defines a registered CPA as "any person who has been issued a registration under this Act as a Registered Certified Public Accountant." 225 Ill. Comp. Stat. 450, § 0.03(a). An individual may receive a registration as a registered CPA from the Illinois Department of Financial and Professional Regulation (the Department) by filing an application postmarked no later than June 30, 2010<sup>2</sup> that includes proof of an Illinois CPA certificate<sup>3</sup> and the required fee of \$90. Ill. Admin. Code tit. 68, § 1420.25. An individual receives the requisite CPA certificate by taking and passing the CPA exam administered by the Illinois Board of Examiners. The Department, however, does not require the applicant to satisfy any initial experience or continuing professional education requirements before becoming a registered CPA. Registered CPAs must renew their registration every three years, but are exempt from any continuing professional education requirements. Ill. Admin. Code tit. 68, § 1420.80(a).

Under section 7 of the Act, a registered CPA is not authorized to practice public accounting in Illinois until the individual receives a license to practice as a certified public accountant from the Department. 225 Ill. Comp. Stat. 450, § 7. To apply for a

---

<sup>1</sup> Before enactment of Public Act 93-683, an individual holding an Illinois CPA certificate did not have to register with the Department of Financial and Professional Regulation and could use the CPA designation on resumes, business cards, or in any other manner.

<sup>2</sup> Any individual not registered by July 1, 2010 will need to obtain a license as a CPA in order to use the title "CPA" after that time. 225 Ill. Comp. Stat. 450, § 4(d).

<sup>3</sup> Proof of similar certification from another jurisdiction with equivalent educational requirements and examination standards is also sufficient. Ill. Admin. Code tit. 68, § 1420.25.

license, an individual must have a CPA certificate and at least one year of full-time experience, or its equivalent, providing any type of service or advice involving the use of accounting, attest, management advisory, financial advisory, tax or consulting skills, which may be gained through employment in government, industry, academia, or public practice. 225 Ill. Comp. Stat. 450, § 14(a); Ill. Admin. Code tit. 68, §1420.20.<sup>4</sup> Licensed CPAs must renew their license every three years, comply with all of the proscribed ethical requirements, and satisfy the continuing professional education requirements. A licensed CPA's failure to renew his or her license may result in disciplinary action, such as refusal to issue or renew a license, revoke or suspend a license, or reprimand a licensee. 225 Ill. Comp. Stat. 450, § 16(c) and 20.01.

Section 8 of the Act provides that only a licensed CPA may sign, affix, or associate their name "to any report expressing or disclaiming an opinion on a financial statement based on an audit or examination of that statement, or expressing assurance on a financial statement." 225 Ill. Comp. Stat. 450, § 8. Additionally, no person shall begin to practice licensed public accountancy in Illinois or hold himself out as being able to practice public accountancy in Illinois, unless he is licensed in accordance with the provisions of the Act. 225 Ill. Comp. Stat. 450, § 9. Thus, any professional services required to be performed by a licensed CPA may not be performed by a registered CPA and a registered CPA does not have the same rights and privileges as a licensed CPA. An individual who is registered as a CPA, but is not a licensed CPA in Illinois, therefore, may not practice before the IRS for Circular 230 purposes by virtue of their registered CPA status.

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

---

<sup>4</sup> The applicant for licensure must also include the following with the application: (a) the complete work history since receipt of the CPA certificate or registration; (b) the required fee of \$120; (c) proof of having completed more than 90 hours of continuing education in the 3 years preceding the application; and (d) the certification of licensure from another jurisdiction, if applicable. Ill. Admin. Code tit. 68, §1420.20