

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

CC:PA:B02:ALMielke
POSTNO-101856-08

date: March 13, 2008

to: Director
Office of Professional Responsibility
Attn: Michael Hahn

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

subject: Practice by Michigan Public Accountants

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

ISSUES

Whether individuals who are registered certified public accountants in Michigan, 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 Michigan law, an individual who is registered as a CPA must also be a licensed CPA to practice public accountancy in Michigan. Thus, for purposes of Circular 230, an individual who is registered as a CPA, but is not a licensed CPA in Michigan, 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 Michigan: registered CPAs and licensed CPAs. Both are holders of certificates issued by the Michigan Board of Accountancy (the "Department") pursuant to sections 725 and 726 of Article 7 of Act 299 of the Michigan Code. Mich. Comp. Laws Ann. § 339.725 and 339.726. Under Michigan law, a registered CPA is a person issued a registration as a CPA. A licensed CPA is a person holding a license to practice as a CPA.

LAW AND ANALYSIS

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

The Michigan Occupational Code Act 299 of 1980 (the Act) provides the requirements for licensure and registration of certified public accountants.¹ The Act defines a CPA as "an individual who is qualified by education, examination, and experience as evidenced by the issuance of a certificate as a certified public accountant under section 725 or 726 to engage or offer to engage in the practice of public accounting." Mich. Comp. Laws Ann. § 339.720. The Department issues a CPA certificate to all persons of good moral character who meet the State's education, experience, and examination requirements.² Mich. Comp. Laws Ann. § 339.725. The Department may discipline a certified public accountant, including both registered and licensed public accountants, or revoke a license to practice public accountancy for any number of enumerated violations. Mich. Comp. Laws Ann. § 339.734.

A registered CPA is not authorized to practice public accounting in Michigan until the individual receives a license to practice as a certified public accountant from the Department. Mich. Comp. Laws Ann. §§ 339.723(2), 339.727. The Department renews registration for a CPA upon application every two years provided the requisite fee has been paid. Mich. Comp. Laws Ann. § 338.2211. Similarly, the Department renews licenses upon application provided that the CPA has completed 40 hours of continuing education each year and has paid the requisite fee for renewal. Mich. Comp. Laws Ann. §§ 339.729, 338.2211. A registered or licensed CPA who engages in prohibited conduct as set forth in the Act may face disciplinary action, including, but not limited to,

¹ This version of the Michigan Occupational Code was enacted on May 16, 1997. The prior version of the Act, Mich. Comp. Laws Ann. § 339.701-716, provided similar requirements for licensure and registration of certified public accountants.

² Proof of similar certification from another jurisdiction with equivalent educational requirements and examination standards is also sufficient. Mich. Comp. Laws Ann. § 339.726.

suspension or revocation of a registration or license, failure to issue or renew a registration or license, and censure or probation of a registrant or licensee. Mich. Comp. Laws Ann. §§ 339.734, 339.602.

The Act provides that only a licensed CPA may engage in the practice of public accounting which is defined as “rendering or offering to render an opinion on or attesting to or offering to attest to the reliability of a representation or estimate, including, but not limited to, the giving of an opinion in substance that financial information as set forth fairly presents the condition of the entity reviewed or audited...” Mich. Comp. Laws Ann. § 339.720(1)(c). Additionally, no person shall begin to practice licensed public accountancy in Michigan or hold himself out as being able to practice public accountancy in Michigan, unless such person is certified and licensed in accordance with the provisions of the Act. Mich. Comp. Laws Ann. § 339.727. Any violation of the foregoing is considered a felony punishable by a fine of not more than \$25,000.00, or imprisonment for not more than 5 years, or both. Mich. Comp. Laws Ann. § 339.735. 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 Michigan, 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