

Chapter 3. CPA Firm Permits

Section 3.1. General Requirements

- 3.1.1. The practice of public accounting as defined per Mississippi Code of 1972, Section 73-33-2, and the Definitions section of these *Rules and Regulations* must be performed through ~~an entity~~ a CPA firm meeting ownership and other requirements specified herein and duly registered with the Board with a firm permit to practice public accounting. This section also applies to offices located outside of Mississippi where such offices are holding-out or are engaged in the practice of public accounting as CPA firms for Mississippi clients. ~~in this state through any person(s) holding a reciprocal license~~. This section is also applicable to a sole proprietor acting as a practice unit as defined by Mississippi Code of 1972, Section 73-33-2(b), but is not applicable to a sole proprietor who does not maintain a full-time office with professional accounting staff. Except, the sole proprietor must comply with 3.1.12. and the peer review requirements.
- 3.1.2. Authorized forms of practice.
- (a) A domestic CPA firm may be ~~legally~~ organized as any entity or any business form ~~a partnership, limited liability partnership, professional limited liability company, professional corporation, sole proprietor acting as a practice unit, or joint venture~~ allowed by Mississippi law and must comply with the requirements thereof. ~~Incorporation under the general business corporation laws is not permitted by CPA firms or offices thereof.~~
- (b) A foreign CPA firm may be legally organized under a law other than the law of this state. The foreign firm must comply with the requirements as stated herein.
- 3.1.3. CPA firm ownership.
- (a) ~~Each owner of each practice unit (office) in Mississippi must hold a current license to practice public accountancy in Mississippi. A professional corporation of licensed certified public accountants of this state in good standing may be an owner of a CPA firm. A certified public accountant~~ firm located inside of the State of Mississippi shall be required to show that:

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~~partnership composed of professional corporations of certified public accountants of this state in good standing with the Board; and~~

- (3) ~~each individual holding a license as a CPA from another state engaged in the practice of public accountancy for a Mississippi client is a CPA licensed in Mississippi and in good standing with the Board. each resident manager in charge of an office of the firm in this state is a CPA licensee of this state in good standing with the Board.~~

(c) Any certified public accountant firm may include non-licensee owners provided that:

- (1) the firm designates a licensee of this state, who is responsible for the proper registration of the firm and identifies that individual to the Board;
- (2) all non-licensee owners are natural persons and are active individual participants in the certified public accountant firm or affiliated entities;
- (3) all non-licensee owners are identified as owners in connection with the registration of the firm and do not hold, in the aggregate, more than forty-nine percent of the firm financial interest or voting rights;
- (4) all services as defined herein are under the charge of a Mississippi CPA licensee;
- (5) all services are performed within the requirements set out in Section 73-33-15 of the Mississippi Code of 1972 and the professional standards for such services;
- (6) no person not holding a valid CPA licensee shall use or assume the title certified public accountant or the abbreviation CPA or any other title, designation, words, letters, abbreviation, sign, card or device likely to be confused with or tending to indicate that such person is a certified public accountant;
- (7) non-licensees shall not have ultimate responsibility for the performance of audits, reviews or compilations of financial statements or other forms of attestation related to financial statements and may not use language in any statement related to the financial affairs or a person or entity which is conventionally used by licensees in reports on financial statements;

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- 3.1.7. Firm Permit. Upon satisfaction of the application and registration requirements, the Board will issue to a CPA firm an annual firm permit to practice public accounting.
- 3.1.8. Failure to apply or register. The absence of filing of the required application, failure to register on or before January 1, or satisfaction of this rule shall be construed to mean that no ~~partnership, limited liability partnership, professional limited liability company, or~~ entity exists as an authorized CPA firm for the practice of public accounting. In such case the Board may take disciplinary action against the firm's members.
- 3.1.9. Disclaimer by non-qualified firms. An entity that is not qualified to register as a CPA firm but which engages in aspects of public accountancy as permitted by statute and employs or engages licensee(s) or registration holder in such work must include an asterisk by the name of the employer or principal in each advertisement or written statement by the licensee or registration holder and/or by his employer or principal in which reference is made to the licensee or registration holder or his association with the employer or principal as such, which asterisk shall refer to a notation included within conspicuous proximity and with reasonable prominence that ~~states says~~ "This firm is not a CPA firm." ~~"Not qualified to register with the Mississippi State Board of Public Accountancy as a CPA firm to practice public accountancy in Mississippi."~~
- 3.1.10. Notices. A CPA firm registered under this rule must give notice to the Board within 30 days after significant changes including but not limited to:
- (a) formation of new firm;
 - (b) changes in ownership including the admission, withdrawal, or death of an owner, partner, member, shareholder; or
 - (c) dissolution of the firm;
 - (d) changes in legal form of organization;
 - (e) establishment, withdrawal, or changes of offices;
 - (f) change in physical location and/or address;
 - (g) change in the firm name;

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- ~~(6) the name implies educational or professional attainment or licensing recognition of the firm and/or of its owners, partners, or shareholders which are not supported in fact.~~
- (c) No firm will be permitted to register with the Board as a certified public accounting firm unless the firm name contains the personal name/names, initials and names, or initials of one or more individuals who are present or previous CPA owners of the firm ~~partnership~~.
- (d) The Board will not register two CPA firms under the same name unless there are different individuals involved with identical surnames.
- (e) The name of a non-licensee or nonowner employee may not be used as part of a CPA firm name.
- (f) The CPA firm may continue to use the name of a deceased CPA owner on its letterhead provided some indication is made which will show the individual is no longer living.
- ~~(g) If only one licensee is involved in a CPA firm practice, it cannot use the terms "and company," "and associates," abbreviations thereof, or any other term which is misleading to the general public as a part of the name. However, the term "and company" or "and associates" may be used as long as the name(s) of the employee(s) licensed by this Board are shown on the application for CPA firm registration.~~
- (g) ~~(h)~~ The name of any former partner, member, or shareholder may not be used in a registered firm name during the period of sanction when the former partner member, or shareholder has been prohibited from practicing public accountancy or prohibited from using the title "CPA".
- (h) ~~(i)~~ Partnership.
- (1) If a partner dies or withdraws from a firm and there is no change in the firm name, the partnership will not be required to again register with the Board until the next annual registration.
- (2) If, for any reason, there is a change in the name of a partnership, it must file a new application for registration.
- (3) A partner surviving the death or withdrawal of all other partners may continue to practice under a partnership name for up to two years after becoming a sole practitioner

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3.1.13. A CPA firm domiciled and licensed from another state that does not hold a firm permit to practice public accountancy in the State of Mississippi may temporarily practice if the following conditions are met:

- (a) temporarily in this state or who temporarily perform work for a Mississippi client, and
- (b) on professional business incident to their regular practice in the state of their domicile, and
- (c) does not have an office in this state.

3.1.14. For purposes of regulation 3.1.13.:

- (a) *Temporarily* is defined as less than ten (10) days per year.
- (b) *Office in this state* includes any office of a multi-office firm consisting of a sole proprietorship, partnership, corporation or professional corporation.
- (c) *Incident to regular practice* means an engagement which is primarily conducted for a client which is located where the CPA is licensed. An engagement performed for a Mississippi domiciled client whether or not physically performed in the State of Mississippi and no matter what medium would not be incident to regular practice, but would represent the performance of public accounting for reciprocity purposes.

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3.1.15.

~~3.2.6.~~ Sole Proprietors Acting as a Practice Unit.

- (a) Every sole proprietorship acting as a practice unit as defined per Mississippi Code of 1972, Section 73-33-2, while engaged in the practice of public accountancy in this state must register with the Board.
 - (b) Death of a Sole Proprietor. Upon written authorization from the executive director, a sole proprietorship may continue to operate for a period of up to 12 months following the death of the sole proprietor. The executive director, subject to ratification by the Board at the next Board meeting, may permit the continued operation of the sole proprietorship when the following has been provided:
 - (1) a copy of the sole proprietor's death certificate;
 - (2) a copy of the power of attorney from the sole proprietor's executor, administrator, or heir designating a CPA licensee or registration holder in good standing with the Board to manage the sole proprietorship on behalf of such party. When such party is not a licensee or registration holder, the power of attorney must authorize a licensee or registration holder to manage the sole proprietorship on behalf of such party; and
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- (3) written evidence that a disruption in the continuation of the sole proprietorship would jeopardize the survivability of the firm.

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3.2.6.

~~3.3.6.~~ A CPA firm who obtained the firm permit through reciprocity must provide the Board confirmation of good standing with the jurisdiction of original issue on forms as prescribed by this Board.

3.2.7.

~~3.3.7.~~ Reinstatement of a suspended firm permit related to a licensee's noncompliance with an order for support as defined in Mississippi Code of 1972, Section 93-11-153, shall be reinstated only under the conditions provided per Section 93-11-157 or 93-11-163, as the case may be.
