



April 2, 2018

**Attention: Law Change Impacting Requirements for Certified Public Accountants and Firms**

[House Bill 5236](#), (now Public Act 81 of 2018) amends [Article 7](#) of the Occupational Code, 1980 PA 299, by revising the continuing education requirements for licensed CPA's, as well as revising the requirements for out of state firms. These requirements take effect on **June 17, 2018**.

Highlights of PA 81 of 2018 include the following:

- Requires that the CPA examination used by the state be the Uniform CPA Examination developed and scored by the American Institute of Certified Public Accountants, or its successor organization, and the bill would authorize LARA to promulgate rules governing the educational requirements that qualify an applicant to sit for the exam.
- Allows an out-of-state firm to perform attest services without a license if it meets certain conditions, which include being authorized to perform the services in the jurisdiction where it is licensed and meeting Michigan requirements regarding peer review and firm ownership.
- Provides that a licensee is not required to meet the CE requirements for the 12-month period beginning on the date of his or her original license.
- Requires at least 8 of the 40 hours of CE required annually to be in the areas of auditing and accounting, while also stipulating that the board cannot require more than 8 hours of CE in auditing and accounting in any 1 year.
- Requires at least 2 of the 40 hours of CE required annually to be in the area of professional ethics, while also stipulating that the board cannot require more than 2 hours of CE in professional ethics in any 1 year.
- Requires that, of the 4 hours of CE in the area of professional ethics that are required in a 2-year license cycle, at least 1 hour must cover the laws and rules of this state that apply to public accountancy. The content for this hour of CE is required to be created by a statewide professional CPA association approved by LARA.
- Allows a licensee who has earned more than 40 hours of CE in a year to carry over the excess hours to the next year, as long as the hours carried over to the next year do not exceed 40 hours in total and do not exceed 8 hours of CE in auditing and accounting, 2 hours of CE in professional ethics, or 1 hour of CE in public accountancy laws and regulations.

- Requires a nonresident licensee to certify in his or her renewal application that he or she has met the state's CE requirements, but stipulate that a nonresident licensee is considered to have met this state's CE requirements if the state where his or her business is located also has CE requirements for renewal of a licensee and the nonresident licensee has met the CE requirements of that state.
- Requires a licensee to provide, upon request of LARA, proof acceptable to LARA that the licensee meets applicable CE requirements. For a licensee with a principal place of business in this state, the proof would show that the licensee meets the CE requirements for license renewal in this state. For a nonresident licensee, the proof would show that the licensee meets the CE requirements for license renewal in the licensing jurisdiction where his or her principal place of business is located.

The Department is currently working with the Board to update the administrative rules.

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