

**ADOPTED REGULATION OF THE  
NEVADA STATE BOARD OF ACCOUNTANCY**

**LCB File No. R169-99**

Effective December 13, 1999

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1-5, 7, 10, 11, 12 and 15, NRS 628.120, §§6, 13 and 14, NRS 628.120 and 628.200, §8, NRS 628.120, 628.200, 628.250 and 628.280, §9, NRS 628.120, 628.250 and 628.280.

**Section 1.** NAC 628.019 is hereby amended to read as follows:

628.019 Each applicant for certification must:

1. Agree to an investigation of his criminal history to determine whether he is qualified for certification pursuant to *paragraph (d) of* subsection ~~2~~ *1* of NRS 628.190; and
2. Submit to the board a complete set of his fingerprints.

**Sec. 2.** NAC 628.020 is hereby amended to read as follows:

628.020 1. Applications to take the examination for certification as a certified public accountant must be made on a form provided by the board and filed with the board on or before March 1 for the examination scheduled in May and on or before September 1 for the examination scheduled in November. The examinations will be held at locations designated by the board.

2. Each applicant must submit the names of at least three persons, one of whom must be a resident of Nevada and none of whom may be related by blood or marriage to the applicant, who can vouch for the applicant's character. No person may take the examination until the board is satisfied that he is of fiscal integrity and without any history of acts involving dishonesty or moral turpitude.

3. An application is not considered filed until the fee for the examination and all required supporting documents, other than official transcripts, have been received, including photographs . ~~[and certification of degree.]~~ Official transcripts must be received by the board on or before ~~[March 31]~~ *April 1* for the examination scheduled in May and on or before October 1 for the examination scheduled in November.

4. An applicant who fails to appear for an examination or reexamination forfeits the fees charged for the examination or reexamination unless the board determines, based on information supplied by the applicant before the scheduled time of the examination, that there existed reasonable cause beyond the applicant's control for the failure to appear.

5. Notice of the time and place of the examination will be mailed to each applicant with the notice of the acceptance of the application.

**Sec. 3.** NAC 628.030 is hereby amended to read as follows:

628.030 1. The examination required by NRS 628.190 is the Uniform Certified Public Accountants' ~~[Examination, which includes the following subjects:~~

~~—(a) Auditing;~~

~~—(b) Business law and professional responsibilities;~~

~~—(c) Financial accounting and reporting, including for business enterprises; and~~

~~—(d) Accounting and reporting, including taxation, managerial accounting and auditing for governmental and nonprofit organizations.] Examination.~~

2. In addition to the Uniform Certified Public Accountants' Examination, no earlier than 3 years before filing the application for certification as a certified public accountant an applicant must pass an examination in professional ethics which is prescribed by or acceptable to the board.

**Sec. 4.** NAC 628.040 is hereby amended to read as follows:

628.040 1. The passing grade for each subject in the examination is 75 percent. ~~[Subject to the board's final determination, the board will use the Advisory Grading Service of the American Institute of Certified Public Accountants.]~~

2. Except as otherwise provided in subsection 3, an applicant who at one sitting receives a passing grade in any two subjects on the examination is entitled to conditional credit for the subjects passed. Any conditional credit granted pursuant to this section expires if all unpassed subjects on the examination have not been completed within the next six consecutive examinations.

3. At each examination, an applicant must be examined or reexamined in all subjects in which credit for passing has not been previously received. An applicant must receive a minimum score of 50 percent in all subjects not passed to receive conditional credit in the subjects passed.

4. ~~[An applicant who holds conditional credit in a subject earned in an examination held before May 1, 1994, will be granted conditional credit to be applied to an examination held after May 1, 1994, as follows:~~

~~—(a) For conditional credit held in auditing, an applicant will be awarded conditional credit in auditing and may retain this credit for the remainder of the period for which the conditional credit in auditing was initially granted;~~

~~—(b) For conditional credit held in commercial law, an applicant will be awarded conditional credit in business law and professional responsibilities and may retain this credit for the remainder of the period for which the conditional credit in commercial law was initially granted;~~

~~—(c) For conditional credit held in theory of accounts, an applicant will be awarded conditional credit in financial accounting and reporting and may retain this credit for the remainder of the period for which the conditional credit in theory of accounts was initially granted; and~~

~~—(d) For conditional credit held in accounting practice, an applicant will be awarded conditional credit in accounting and reporting and may retain this credit for the remainder of the period for which the conditional credit in accounting practice was initially granted.~~

~~—5.]~~ An applicant who holds a conditional credit may be excused by the board, for exceptional circumstances, from sitting for an examination. An applicant who wishes to be excused by the board from sitting for an examination must petition the board. If the applicant wishes to be excused because of an illness, the petition must be accompanied by a written statement, signed by the applicant's physician, which sets forth the illness of the applicant.

~~[6.]~~ 5. If the board approves the petition, it will:

(a) Not consider the examination for which the applicant was excused as an examination for the purposes of subsection 2; and

(b) Refund the examination fee minus the fee to review the application. The board will charge a fee of \$25 to review the application.

~~[7.]~~ 6. An applicant who fails to appear to sit for an examination or reexamination and is not excused by the board pursuant to subsection ~~[5]~~ 4 is not entitled to a refund of any of the examination fee paid.

**Sec. 5.** NAC 628.070 is hereby amended to read as follows:

628.070 The board may grant ~~[certificates]~~ *a certificate* by reciprocity ~~[and temporary permits]~~ *or a temporary permit* to practice to ~~[persons in the following jurisdictions of the United States:~~

- ~~—1. The District of Columbia;~~
- ~~—2. The Commonwealth of Puerto Rico;~~
- ~~—3. The Virgin Islands of the United States; and~~
- ~~—4. The territory of Guam.]~~ *any person who is the holder of:*

*1. A certificate as a certified public accountant then in effect issued pursuant to the laws of any state or other jurisdiction of the United States; or*

*2. An equivalent certificate then in effect issued by a foreign country pursuant to the provisions of NRS 628.310.*

**Sec. 6.** NAC 628.080 is hereby amended to read as follows:

628.080 1. The examination for a certificate as a certified public accountant will not be waived for an applicant whose certificate as a certified public accountant was based in whole or in part on the entitlement of the applicant to practice public accounting in a foreign country unless the applicant has passed an equivalent examination approved by the board.

2. Every applicant for waiver of the examination must file his application upon a form provided by the board, accompanied by the prescribed fee. If the board waives the examination it will not issue a certificate as a certified public accountant until it has received confirmation from the jurisdiction which issued the certificate that the certificate upon which the waiver is based is current and valid.

3. An applicant must ~~[complete]~~ *submit proof that he has completed* at least 20 hours of continuing education within 12 months ~~[after]~~ *before* the date of filing his application for waiver of the examination. ~~[The board may give credit for any program of continuing education which is completed in the 6 months immediately preceding the date of application.]~~

**Sec. 7.** NAC 628.090 is hereby amended to read as follows:

628.090 1. ~~[An]~~ *Pursuant to the provisions of NRS 628.310, an* applicant whose certificate as a certified public accountant was issued by another state or jurisdiction of the United States approved by the board ~~[and was based in whole or in part upon the entitlement of the applicant to practice public accounting in a foreign country is not]~~ *or who holds an equivalent certificate then in effect issued by a foreign country pursuant to the provisions of NRS 628.310 is* eligible for the issuance of a temporary permit ~~[unless]~~ *if* the applicant passes an examination approved by the board that is *substantially* equivalent to the examination for a certificate as a certified public accountant that is conducted by the board.

2. An application for a temporary permit must be in the name of the firm proposing to conduct the engagement and must be executed by the proprietor, partner, member or shareholder responsible for the conduct of the engagement. The person executing the application must have completed at least 80 hours of continuing education in a qualified program during the 2 calendar years immediately preceding the commencement of the engagement.

3. If the applicant is a partnership, a limited-liability company or a corporation of certified public accountants, the applicant must comply with the applicable requirements of NRS 628.325 to 628.370, inclusive.

4. The application must specify the name of the client, the nature of the service to be provided and the anticipated duration of the engagement. A temporary permit is valid for the duration of the engagement or for 6 months, whichever is less. If the engagement is longer than 6 months, new permits must be obtained for each subsequent 6-month period or portion thereof.

5. A resident agent designated pursuant to subsection 3 of NRS 628.440 shall serve for all future engagements of the applicant until the board is advised to the contrary by the agent or by the applicant.

6. Within 30 days after the expiration of a temporary permit, the applicant shall report to the board the names of all persons present in the state and employed in the conduct of the engagement during the period of the permit and shall pay any additional fees prescribed by the board. If reports or fees are delinquent from any prior engagement, the board will not issue any further temporary permits to the applicant for any purpose. Delinquent reports must be accompanied by a delinquency penalty of 25 percent of the sum due for each 30-day period or part thereof during which the reports are delinquent, but a delinquency penalty must not exceed \$500 per report. The board may waive such penalties in whole or in part if there is reasonable cause. All reports made pursuant to this section are subject to audit by the board or its representatives.

7. Applicants, their partners, members, shareholders, employees and affiliates, while practicing under a temporary permit, must comply with the regulations adopted by the board which are effective during the term of the engagement.

**Sec. 8.** NAC 628.110 is hereby amended to read as follows:

628.110 1. The certificate of a certified public accountant or the registration of a public accountant may, upon application to the board by the holder thereof, be placed by the board in retired or inactive status.

2. Any employment related to the financial functions of business or government, including, without limitation, the supervision of such functions, will be considered as active involvement in the accounting profession, and the holder of the certificate or registrant does not qualify for inactive status.

3. A former holder of a certificate or a former registrant may be reinstated into the practice of public accounting from retired or inactive status by submitting an application to the board

accompanied by the fee prescribed in NAC 628.120. The applicant must show that he has completed at least 40 hours of continuing education ~~[as described in subsection 1 of NAC 628.210.]~~ *during the 12 months immediately preceding his application.*

4. A former holder of a certificate whose certificate has been voluntarily surrendered to the board must submit:

(a) A new application for licensing accompanied by:

(1) The application fee;

(2) The fee for annual renewal of the permit for any year the fee was not paid before he surrendered the certificate; and

(3) The penalty for late filing for any year fees were not paid before he surrendered the certificate as prescribed in paragraph (e) of subsection 3 of NAC 628.120; and

(b) Proof that he has completed at least 40 hours of continuing education ~~[as described in subsection 1 of NAC 628.210.]~~ *during the 12 months immediately preceding his application.*

5. A former holder of a certificate whose certificate has been revoked for nonpayment of fees must submit:

(a) A new application for licensing accompanied by:

(1) The application fee; ~~[and]~~

(2) *The fee for annual renewal of the permit for any year that the fee was not paid before his certificate was revoked; and*

(3) The penalty for late filing prescribed in paragraph (e) of subsection 3 of NAC 628.120 ~~[;]~~ *for any year that a fee was not paid before his certificate was revoked; and*

(b) Proof that he has completed at least 80 hours of continuing education programs approved by the board during the 12 months immediately preceding the filing of the new application.

6. For the purposes of this section:

(a) "Inactive status" means the voluntary reversion by a holder of a certificate or a registrant to a nonprofessional status outside the fields of public, private or governmental accounting before reaching the age of retirement; and

(b) "Retired status" means the voluntary termination by a holder of a certificate or a registrant of all activities in the profession of public or private accounting upon the attainment of at least 60 years of age or upon becoming permanently disabled and no longer gainfully employed.

**Sec. 9.** NAC 628.120 is hereby amended to read as follows:

628.120 1. The following fees for examinations are prescribed by the board:

(a) For initial examination for a certificate as a certified public accountant until conditional credit is received, the board will establish each year a fee that will not exceed ~~[\$250.]~~ \$500.

(b) For reexamination after conditional credit is received, ~~[of the subjects required to receive a certificate as a certified public accountant pursuant to NAC 628.030,]~~ the board will establish each year fees that will not exceed \$100 per subject.

(c) For review and inspection of examination papers .....\$100

(d) For proctoring the Uniform Certified Public Accountant Examination administered in this state and taken by a nonresident applicant if that applicant is not required to pay the board a fee for the examination .....\$ 75

2. The following fees for applications are prescribed by the board:

(a) For an application for a certificate as a certified public accountant by reciprocity or pursuant to passing the Uniform Certified Public Accountant Examination administered in this state or in another jurisdiction.....\$100

plus the actual cost of the investigation required pursuant to NAC 628.019, which will not exceed \$75.

(b) For an application for registration of a corporation, limited-liability company or partnership.....\$ 200

3. The following other fees are prescribed by the board:

(a) For a temporary permit to a nonresident accounting firm:

The proprietor, partner, member or shareholder responsible for the conduct of the engagement.....\$160

Each additional person employed in the conduct of the engagement during the period of the permit .....\$ 25

(b) For filing an annual report for a corporation, limited-liability company or partnership.....\$ 100

(c) For the late filing of an annual report of a corporation, limited-liability company or partnership.....\$ 100

(d) For reinstatement into public practice from retired or inactive status.....\$ 250

(e) For the late filing of the annual renewal of a permit to practice public accounting, after January 31 of each year.....\$ 100

(f) For an individual evaluation of experience pursuant to subsection 2 of NAC 628.060, in addition to any reasonable costs of travel actually incurred by the board and imposed pursuant to subsection 3 of NAC 628.060.....\$ 750

(g) A uniform fee for an annual permit or an annual renewal of a permit to practice public accounting will be established by the board each year. The fee will not exceed \$160 and will be prorated if an initial annual permit is obtained during the year.

*4. Any fee paid pursuant to this section must be paid in the currency of the United States.*

**Sec. 10.** NAC 628.140 is hereby amended to read as follows:

628.140 1. The name under which a proprietorship, partnership, limited-liability company or professional corporation engages in the practice of public accounting may ~~be~~:

~~—(a) Contain only the names of the proprietor or one or more of the present or former partners, members or stockholders associated with the firm or its predecessors; and~~

~~—(b) Not include any fictitious name, indicate specialization or mislead any person as to the nature of the organization.]~~ *not be misleading or deceptive.*

2. A name of a firm is misleading *or deceptive* if the name of the firm:

(a) Implies the existence of a corporation, when the firm is not a corporation, by the use of the abbreviations “P.C.,” “Ltd.” or similar abbreviations.

(b) Implies the existence of a partnership, when the firm is not a partnership, by the use of a designation similar to “Smith & Jones” or “C.P.A.’s.”

(c) Implies the existence of a limited-liability company, when the firm is not a limited-liability company, by the use of the abbreviations “Ltd.,” “L.L.C.,” “LLC” or “LC.”

(d) Includes the name of a proprietor, partner, member or shareholder who has withdrawn from the firm or, in the case of a corporation, has terminated his employment other than by retirement from public practice or by death, without the written consent of the person who has withdrawn being first obtained by the firm and filed with the board. The name of the proprietor, partner, member or shareholder must be removed from the name of the firm or corporation within 120 days after the withdrawal or termination.

(e) Implies more than one principal, when there is only one shareholder, one member or one proprietor, by the use of a designation similar to “Smith & Co.,” “Smith & Assoc.” or “Smith Group.”

*(f) Contains a misrepresentation of fact.*

*(g) Creates or is likely to create false or unjustified expectations of favorable results.*

3. *A fictitious name must not be formulated in such a manner that the initials or parts of the name form a term or phrase that is misleading or deceptive.*

4. A proprietorship, partnership, limited-liability company or corporation engaged in the practice of public accounting may not render professional services using [a]:

*(a) A name other than that which is stated in its certificate of registration [b]; or*

*(b) A fictitious name unless the fictitious name has been registered with and approved by the board.*

**Sec. 11.** NAC 628.150 is hereby amended to read as follows:

628.150 1. Proprietorships, partnerships, limited-liability companies and corporations holding certificates of registration to practice as certified public accountants may affiliate with other partnerships, partnerships of partnerships, limited-liability companies or corporations for the practice of public accounting if all proprietors, partners, members or shareholders of the affiliated firms in the practice of public accounting in the United States or its territories are [certified]:

*(a) Certified* public accountants in good standing in some other state or territory of the United States [b];

*(b) Persons who are the holders of an equivalent certificate then in effect issued by a foreign country who meet the requirements set forth in subsection 2 of NRS 628.310; or*

*(c) Persons who meet the requirements set forth in subsection 5 of NRS 628.325.*

2. Proprietorships, partnerships, limited-liability companies and corporations holding permits to practice as public accountants may affiliate with other partnerships, partnerships of partnerships, limited-liability companies or corporations for the practice of public accounting if all proprietors, partners, members or shareholders of affiliated firms regularly engaged in the practice of public accounting in ~~the State of Nevada~~ *this state* are public accountants or certified public accountants holding a live permit in this state and all other proprietors, partners, members or shareholders of the affiliated firms in the practice of public accounting in the United States or its territories are ~~certified~~ :

*(a) Certified* public accountants in good standing in some other state or territory of the United States ~~is~~ ;

*(b) Persons who are the holders of an equivalent certificate then in effect issued by a foreign country who meet the requirements set forth in subsection 2 of NRS 628.310; or*

*(c) Persons who meet the requirements set forth in subsection 5 of NRS 628.325.*

**Sec. 12.** NAC 628.160 is hereby amended to read as follows:

628.160 1. The personal representative or estate of a ~~shareholder~~ *practitioner* who has died or become legally incompetent or a ~~shareholder~~ *practitioner* who is disqualified from practicing public accounting must sell ~~the stock to the remaining shareholders or the corporation~~ *his interest in a partnership, limited-liability company or corporation to the remaining owners or to the legal entity* not later than 6 months after the death or incompetency of the ~~shareholder~~ *practitioner* or not later than 120 days after the ~~shareholder~~ *practitioner* becomes disqualified.

2. All restrictions on the ownership and transfer of the ~~[stock of a corporation]~~ *interest described in subsection 1* must be set forth in the articles of incorporation or the bylaws of the ~~[corporation.~~

~~—3.— The certificates of stock of a corporation organized for the practice of public accounting must contain an appropriate legend stating that the ownership and transfer of the stocks are restricted and must identify the appropriate section of the bylaws or articles of incorporation relating thereto.]~~ *corporation or in the operating agreement or articles of organization of the limited-liability company or partnership agreement.*

**Sec. 13.** NAC 628.210 is hereby amended to read as follows:

628.210 1. ~~[An]~~ *Except as otherwise provided in NAC 628.110, an* applicant for the renewal of a permit to engage in the practice of public accounting must show that he has completed at least 80 hours of continuing education during the 2 years immediately preceding the date for renewal of the permit, of which at least 20 hours were completed in each year.

2. ~~[An]~~ *Except as otherwise provided in NAC 628.110, an* applicant who has previously held a permit, but whose permit has, at the time of application, lapsed, must adhere to the educational requirements in subsection 1 during the 2 years immediately preceding the date he applies for the permit.

3. ~~[Except for a holder of a certificate based on reciprocity, an]~~ *An* applicant seeking the first annual renewal of an initial permit is exempt from the requirements of NAC 628.210 to 628.250, inclusive.

4. The requirements of NAC 628.210 to 628.250, inclusive, may be waived by the board for reasons of personal hardship including health, military service, foreign residence, retirement or other good cause.

**Sec. 14.** NAC 628.220 is hereby amended to read as follows:

628.220 1. A program qualifies as a program of continuing education if it:

(a) Is a formal program of learning which contributes to a growth in professional knowledge and the competence of a person engaged in the practice of public accounting;

(b) Meets the minimum standards of quality of development, presentation, measurement and the reporting of credits set forth in the “Statement on Standards for Formal Continuing Education Programs” published by the National Association of State Boards of Accountancy, as it ~~exists~~ *existed* on May 13, 1982, or other educational standards which may be established by the board;

(c) Requires attendance or is a program for individual study;

(d) Is at least 1 hour in length;

(e) Is conducted by a qualified instructor or leader of discussions;

(f) Is a postsecondary course of education or educational seminar;

(g) Requires a record of attendance if it is not a program for individual study; and

(h) Requires a written outline to be retained.

2. A copy of the statement may be obtained at no cost from the National Association of State Boards of Accountancy, ~~[380 Lexington Avenue, Suite 200, New York, N.Y. 10168-0002.]~~ *150 Fourth Avenue North, Suite 700, Nashville, Tennessee 37219-2417.*

**Sec. 15.** NAC 628.500 is hereby amended to read as follows:

628.500 1. The board hereby adopts by reference the Rules of Professional Conduct adopted by the American Institute of Certified Public Accountants, as those rules existed on ~~[February 1, 1993,]~~ *June 1, 1999*, with the following exceptions:

(a) References to “member” are amended to refer to “practitioner.”

(b) The definition of “financial statements” in ET Section 92 is amended to read as follows:

(1) “Financial statements” means:

(I) Any statements or footnotes related thereto that purport to demonstrate the financial condition of a person at a particular time or the change in a person’s financial condition during a particular period; or

(II) Any statements prepared using a cash or other comprehensive basis of accounting.

(2) The term includes balance sheets, statements of income, statements of retained earnings, statements of cash flows and statements of changes in equity.

(3) The term does not include incidental financial data that is included in reports concerning advisory services for management made to support recommendations to a client, tax returns or schedules in support of a tax return, or the statement, affidavit or signature of the person who prepares a tax return.

(c) The definition of “practice of public accounting” in ET Section 92 is amended to have the meaning ascribed to it in NRS 628.023.

(d) *The disclosure required pursuant to Section B of Rule 503 ~~is deleted.~~ must:*

*(1) Include the amount of the commission expressed in dollars or the method, described in plain language, used to calculate the commission;*

*(2) Include the name of the person or entity paying the commission;*

*(3) Be written;*

*(4) Be made on or before the date of referral or recommendation; and*

*(5) Be signed and dated.*

(e) The statement, affidavit or signature of the preparer of a tax return does not constitute an opinion on a financial statement, and the preparer of the tax return is not required to make a disclaimer of such an opinion.

2. A copy of the Rules of Professional Conduct may be obtained :

(a) *By mail* from the American Institute of Certified Public Accountants, ~~Harborside Financial Center, 201 Plaza Three,~~ *P.O. Box 2209*, Jersey City, NJ ~~[07311-3881,~~ *at a cost of \$5.] 07303-2209, at a cost of \$13.50 for a printed copy or \$10 for a copy on CD-ROM; or*

(b) *Online from the American Institute of Certified Public Accountants at its website at [www.aipca.org](http://www.aipca.org), free of charge.*