



**PUERTO RICO BOARD OF ACCOUNTANCY
GUIDANCE STATEMENT ON CPA LICENSE CLASSIFICATION OR TYPE
FOR ALL CERTIFIED PUBLIC ACCOUNTANTS UNDER THE JURISDICTION OF
PUERTO RICO**

**Originally issued on May 14, 2018
Clarifying statement issued on September 10, 2018**

The PR Board of Accountancy has observed an increasing number of possible CPA's non-compliant with the license requirements or the license applicable to their respective status. The PR Act 293, enacted on May 15, 1945, as amended, contains the definition relevant for this Guidance Statement. Specifically, we refer to CPA Practicing and Non-practicing licensees as exposed on Act 147 of 2014 and Ruling 8381, as follows;

1. Practicing CPA – a CPA with a valid license engaged directly or indirectly on attestation engagements over financial statements or financial information, compilation of financial statements, consulting services, tax services and other direct or indirect services related to the professional services rendered by a CPA.
2. Non-practicing CPA – a CPA engaged as an employee or self-employed that do not practice Public Accounting, thus is not authorized to carry an official registry (“Bitacora”) neither is authorized to acquire the PR CPA Society mandatory stamps for issued reports.

The Board strongly believes that all CPA's engaged on the public accounting practice should self-evaluate the services they provide, offer or sale, in order to determine if they have the corresponding type of license disregarding if they use or not the PR CPA Society stamps.

A Non-Practicing licensee is limited to those **not engaged in the public accounting practice** as defined on numeral **item 12, Article 17 of the Act 147 of 2014**, these licensees:

- cannot provide services as a CPA
- cannot represent themselves as CPA to the public opinion, meaning they can represent themselves as Non-Practicing CPA's, whether next to the title, disclosed on the presented document such as a business card, resume, signed communication etc.
- cannot provide advisory services on Board of Directors whether Governmental, Public or Private sector, unless their services are not related to their professional licensure status, however if the CPA Non-Practicing professional is retained to serve, is highly recommendable that whenever their name appears on document using the letters CPA the expression Non-Practicing must accompany his professional licensure abbreviated title.
- cannot provide Tax preparation services representing that they ~~hold a~~ are practicing CPA licensees, however they could provide those services as authorized by the PR Department of Treasury from time to time as tax Preparers, or by having a PTIN for Federal Taxes filings.

The Board cautions Non-Practicing CPA's to self-evaluate and determine if they are providing, offering or selling services or time to other CPA's, in order to determine if they must apply for a Practicing CPA license.

In order to promote a safe-harbor for those non-compliant CPA's, the Board will allow a self-evaluation period to expire on ~~June~~ October 15, 2018. Therefore, on or before said date, all non-practicing CPAs will have to affirmatively evaluate themselves and determine if they should file for a CPA Practicing License. If the licensee determines that he or she has engaged in public accounting services, after filing a self-evaluation disclosure contained herein, the licensee will have up to December 31, 2018 to complete 30 additional CPE's to the 90 CPE credits completed for the Non-Practicing CPA license to convert their license into a CPA Practicing license that will be valid through the remainder period of their actual renewal cycle.

Guiding questions and answers, provided by the Board, to serve as a guide, as to the implementation of this Clarified Guidance Statement.

1. If you are providing services as an **independent contractor**, covering services that are related to Controllershship, Finance Director, Administrator or CFO, Are you a Public Accounting Practitioner?

Could be. If you prepare Financial Reports, to be used or disclosed by the entity to Third parties, referring to you as the preparer, whether independent preparer or not, you are practicing public accounting, therefore you need to have a Practicing License to provide said services.

The key elements are two, one your professional judgment is exercised or not, the second one is it the disclosure to third parties referring to your expertise as a CPA. If the answer to either of these two is positive, then you are a practitioner.

2. If you are providing services as an **employee, as part of your regular employment**, related to Controllershship, Finance Director, Administrator or CFO, Am I a Public Accounting Practitioner?

No, you are not practicing public accounting since you are exercising independent professional judgment. You are acting as a learned professional with a particular skill set on taxes or accountancy, whether financial, managerial or statutory, etc.

3. If you are a CPA and licensed attorney providing services a Tax Consultant or Preparer, are you a Practicing CPA?

Yes, you are a practicing CPA. As far as you do not differentiate when you will be providing services as a CPA and or an Attorney, (it is not practicable to attempt such differentiation) engaged on the Taxes Practice you are engaged in the Public Accounting practice.

If your employment as an Attorney-CPA does not require a CPA License for purposes of the employment, then you will not be considered as a Public Accounting Practitioner. However, whenever using the CPA abbreviation,

you must disclose to the Public on your business cards, stationary or published communications where the CPA letters are used, that you are a Non-Practicing CPA.

4. If you developed and/ or promoted a Tax Preparing software **without providing tax advice** to the user, potential buyer or buyer, you are not engaged in Public Accounting.
5. If you are a CPA Retired with a license status registered as such, then you are not a practicing CPA, neither a Non-Practicing CPA. The Board encourages Retired CPAs to disclose said status in order to avoid any form of misleading representations to the Public.
6. If you are subcontracted or employed by a CPA Firm or CPA Solo practitioner because of your skill set as a CPA, and you are exercising professional judgment, whether independent or not, then you will be considered a Practicing CPA.
7. If you are subcontracted or employed by a CPA Firm or Solo Practitioner because of your skill set as a CPA, and you are not exercising professional judgment then you must disclose on your business documents that you are a Non-Practicing CPA.

Follows the required self-evaluation disclosure to be filed with the PR Society of CPA's on or before October 15, 2018 and will also be part of the requirements of the immediate renewal applications through NASBA CPA License services.

NON-PRACTICING CPA LICENSEE
SELF EVALUATION DISCLOSURE

I, _____, under penalty of perjury hereby declare that I have a Non Practicing CPA license, (License _____ valid through _____) since I have not being engaged as a Public Accounting practitioner from the issuance of this license through the present, neither will engage during the remainder of my license period, as defined by the actual and applicable law, rulings and or regulations.

Name and signature

Date

The preceding statement was approved unanimously by the Board on its meeting celebrated on May 14, 2018, clarifying statement issued on September 11, 2018.

Gabriel Moreno, CPA, CICA, Member
V́ctor Cortés, CPA, CFE, MBA, Secretary
Edwin Ramos, CPA, Esq., Chairman