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NASBA ANNOUNCES HISTORIC CPA EXAM MODEL RULE AMENDMENT

NASHVILLE, TENN (April 24, 2023) – The National Association of State Boards of Accountancy (NASBA) announces the adoption of an eagerly anticipated amendment to the Uniform Accountancy Act (UAA) Model Rules pertaining to the Uniform CPA Examination (Exam).

For nearly 20 years, since the launch of the computer-based Exam in early 2004, candidates have had 18 months from the date of passing the first section of the Exam to complete the remaining three sections without losing credit (the "conditioning" rule). All 55 U.S. states and territories adopted that rule. With the disruptions of the COVID pandemic, the reduction of candidates in the pipeline, and the increased workload of firms, there has been increasing interest in providing candidates and firms relief by extending the conditioning period.

On April 21, 2023, the NASBA Board of Directors voted to adopt an amendment to UAA Model Rule 5-7. The amendment increases the length of conditional credit from 18 months to 30 months, bases the calculation of conditional credit for Exam sections passed on the date that scores are released, and adds descriptive language to provide greater clarity for when Boards of Accountancy may extend conditional credit.

The UAA Model Rules have no immediate effect on state board rules. As the membership organization of the 55 U.S. Boards of Accountancy, NASBA, through its Uniform Accountancy Act Committee, provides the Model Rules as recommendations to boards for adoption whereby uniform adoption is encouraged. As such, each individual board may consider the amendment to the Model Rule 5-7 and, if so choose, commence a process to change the rules at the state level. Current Exam candidates remain under existing rules until, if and when, the board to which they applied makes changes.

The approved amendments cover the granting of credit requirements for sections passed on the Exam for those who wish to enter the CPA profession. The revised rule provides that once a candidate has successfully passed one section of the Exam, they will then be provided with a rolling 30-month period to pass the remaining three sections of the Exam. The exposure draft proposed a six-month extension of the credit period to 24 months, but based on further consideration and input, the NASBA Board of Directors elected to approve a 12-month extension to 30 months.

"Providing an additional year of conditional credit to candidates for Exam sections passed provides more flexibility to those seeking licensure as a CPA. The additional time also provides greater latitude to firms and candidates as they negotiate the demands of today's complex career environment," said NASBA President and CEO Ken L. Bishop.

In addition, recent revisions to the Exam indicate that score delays may occur when significant updates are made to Exam content and structure. The approved rule seeks to provide uniformity among jurisdictions on the timing of granting Exam credits, which also has the benefit of providing relief to candidates when such delays happen.

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"On behalf of the NASBA Board of Directors, we would like to thank the Uniform Accountancy Act Committee and the many stakeholders who provided valuable input to the rule making process," said Richard N. Reisig, CPA, 2023-24 NASBA Chair. "We believe this amendment made to the UAA Model Rules will support the best interests of the candidates in their journey to entering the profession."

Over a 60-day comment period leading up to the adoption of the new rule, more than 850 respondents provided input to the exposure draft, which was issued by NASBA's Uniform Accountancy Act Committee. Comments were received from a broad representation of stakeholders, including State Boards of Accountancy, State CPA Societies, CPA firms, licensed CPAs, educators, and students. NASBA would like to thank all who responded.

At the same April meeting, the NASBA Board of Directors expressed continued support for the development of a recommended policy for state board consideration that would allow CPA Exam candidates who lost credits because of conditions beyond their control resulting from economic disruptions of the pandemic to come back into the process of completing the Exam and obtaining a license. The Board also agreed to open a dialogue to consider possibilities of additional alternative pathways to licensure.

CLICK HERE for more information on the UAA.

About NASBA

Since 1908, the National Association of State Boards of Accountancy (NASBA) has served as a forum for the nation's Boards of Accountancy, which administer the Uniform CPA Examination, license more than 665,600 certified public accountants and regulate the practice of public accountancy in the United States.

NASBA's mission is to enhance the effectiveness and advance the common interests of the Boards of Accountancy in meeting their regulatory responsibilities. The Association promotes the exchange of information among accountancy boards, serving the needs of the 55 U.S. jurisdictions.

NASBA is headquartered in Nashville, TN, with an International Computer Testing and Call Center in Guam and operations in San Juan, PR. To learn more about NASBA, visit www.nasba.org.

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