

Frequently Asked Questions

Retirees and Those Currently Inactive or on Waiver

Q: I am fully retired. How does the new law affect me?

A: The new law provides for retirees to apply for “Emeritus” status. “Emeritus” is a permanent distinction to recognize only those who are truly retired. If you ever decide to become active again you would be required to re-take the CPA exam and meet current education requirements. The definition of work that disqualifies you from being eligible is very specific and defined below. Unless you are fully retired it will be difficult to qualify. If you do meet the criteria established in Section 40-2-270 please notify the Board of your desire to receive an application.

Section 40-2-270.

(A) A licensee who is retired and does not perform or offer to perform for compensation one or more kinds of services involving the use of accounting or auditing skills, including issuance of reports on financial statements or of one or more kinds of management advisory, financial advisory, or consulting services or the preparation of tax returns or the furnishing of advice on tax matters, may apply to the board for permission to place the word 'Emeritus' adjacent to the licensee's 'Certified Public Accountant' title or 'Public Accountant' title on any document or device on which the 'Certified Public Accountant' or 'Public Accountant' title appears.

(B) A license in 'emeritus' status must be renewed annually with no fee required. A license in 'emeritus' status may not be reinstated as an active license.

(C) A licensee holding a license in 'emeritus' status may apply for licensure under Section 40-2-35 as if the licensee was a new applicant and never sat for the exam.

Q: If I am retired and granted “Emeritus” status can I prepare tax returns?

A: No. If you are found to be working in a capacity that violates section 40-2-270 your licensed will be revoked.

Q: Do I have to maintain my license in order to continue to be eligible for insurance through SCACPA or AICPA?

A: Contact SCACPA or AICPA directly:

AICPA 1-(888)-777-7077 OR (201)-938-3750

SCACPA (803)-791-4181

Q: How many hours of CPE do I need to earn to become active and in compliance with the new law?

A: For 2004 you will need to earn 40 hours of CPE and file a CPE Report by June 30, 2005. On your 2004 CPE Report you can count hours earned from January 1, 2004 until June 30, 2005. Looking forward all active licensees are required to earn 40 hours of CPE each year including 2005.

Q: Can I count CPE hours I have earned in previous years but have not claimed?

A: No. You can only count hours you are reporting for 2004 that you earned from January 1, 2004 until June 30, 2005. The Board has granted a one-time extension in an effort to help those who wish to become active. Since you were not required to earn CPE hours prior to 2004, there is no provision to carry over hours earned in previous years. For 2005 you can count hours earned in the standard CPE window, from January 1, 2005 until December 31, 2005. However, if you earn more than 40 hours from January 1, 2004 to June 30, 2005 you can carry forward those hours on your 2005 CPE Report.

Q: I am not in public practice and have worked privately for many years. Do I have to earn 40 hours of CPE?

A: Yes. You must complete CPE requirements, whether you are working privately or publicly, if you want to retain your certificate.

Q: Am I required to obtain a certain number of hours in specific areas of accounting?

A: No. South Carolina no longer has an "A&A" requirement, however you are still limited to 8 hours of personal development each year.

Q: Can I take self-study classes?

A: Yes. You may complete all of your hours via self-study. You will need to obtain the certificates of completion and submit them with your CPE Report. In order to obtain full credit for self-study your course needs to be based on a 100-minute-hour or a 50-minute-interactive-hour. Credit for classes based on a 50-minute-non-interactive-hour must be cut in half. Contact the vendor for information.

Q: If I turn in my certificate now and decide later I wish to become active what will I need to do?

A: According to 2004 Act 289 you will need to do the following to be reinstated:

- Pay a \$500 reinstatement fee
- Make up back CPE hours not to exceed 120 hours
- If at has been 3 years or more since you have held a license you will need to submit an additional 6 months of current work experience to the Board.

CPA Exam and Education Requirements

Q: I'm in the process of completing the CPA exam. Can I still qualify to sit under the old regulations?

A: Candidates who have sat for exam prior to July 22, 2004 may still sit under the old rules and have until July 22, 2006 to pass the exam AND be licensed under those rules. Candidates who sit for the exam up to August 31, 2005 can choose to sit under either the old rules or the new rules. After August 31, 2005 you

can only qualify as a candidate under the new “120/24/24” Rule. To sit for the exam you must have:

- 1) Earned 120 semester hours including at least:
 - a. 24 semester hours of accounting in courses that are applicable to a baccalaureate, masters or doctoral degree and which cover financial accounting, managerial accounting, taxation and audit AND
 - b. 24 semester hours of business courses that are applicable to a baccalaureate, masters or doctoral degree and which may include macro and micro economics, finance, business law, management, computer science, marketing and accounting hours not included in item (a).

Q: What are the requirements to obtain a CPA Certificate?

A: To apply for a CPA Certificate you must have the following:

- 1) Passed all four parts of the CPA exam
- 2) Demonstrate experience- Section 40-2-35 states experience may be gained by working either full-time or part-time and that 2000 hours of part-time work is equivalent to one year. Experience may not accrue more rapidly than 40 hours a week.
- 3) Earned 150 semester hours of education included successful completion of at least:
 - a. 36 semester hours of accounting in courses that are applicable to a baccalaureate, masters or doctoral degree and which cover financial accounting, managerial accounting, taxation and audit. Of these, 24 semester hours must be taught at the junior level or above
 - b. 36 semester hours of business courses that are applicable to a baccalaureate, masters or doctoral degree and which may include macro and micro economics, finance, business law, management, computer science, marketing and accounting hours not included in item (a).

Q: I have successfully passed at least one section of the CPA exam. How long do I have to pass the remaining sections?

A: You have a rolling 18 month window to pass the remaining sections before your credits expire.

Q: Does the Board accept credit for classes taken at Bob Jones University?

A: Yes. The law includes a provision to accept educational hours completed at schools accredited by the South Carolina Department of Education.

Section 1-06

(2) The Board shall accept any college or university accredited by the Southern Association of Colleges and Schools or any other independent senior college in South Carolina certified by the South Carolina Department of Education for teacher training.

Accounting Practitioners

Q: What are the requirements for an Accounting Practitioner license?

A: Under Section 40-2-250 of the new statute, to be eligible to apply for a license as an Accounting Practitioner a candidate must have both:

- 1) A bachelor's degree with a major in accounting from a four-year college or university accredited by the Southern Association of Colleges and Schools or from a college or university having equivalent standards as determined by the Board
- 2) Passed the Financial Reporting (FAR) and Regulation (REG) sections of the CPA Exam

Q: As an Accounting Practitioner can I perform an audit or a review?

A: No. Performing an audit or a review is a violation of 2004 Act 289 and subject to both fines and disciplinary action. Section 40-2-340 of the new statute provides an example of how an Accounting Practitioner can associate his or his firm's name with compiled financial statements provided the following disclaimer is used:

'I (we) have compiled the accompanying balance sheet of XYZ Company as of December 31, XXXX, and the related statements of income, retained earnings and cash flows for the years then ended, in accordance with statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting, in the form of financial statements, information that is the representation of management (owners). I (we) have not audited or reviewed the accompanying financial statements and I am (we are) prohibited by law from expressing an opinion on them.

Q: I am an Accounting Practitioner currently on inactive status. If I do not take action and allow my license to lapse, can I be reinstated under the education requirements set forth in the old statute?

A: No. If you do not apply for "Emeritus" status or file a CPE report before June 30, 2005, your license will be revoked without prejudice. Under the new statute, if you ever decided to reactivate your license you would have to reapply as a new candidate and meet the current requirements. (Hold both a degree in accounting and pass BOTH the FAR and REG sections of the CPA exam)

General Information

Q: What if I don't receive a renewal form?

A: If you do not receive a renewal form by June 1, 2005 it is your responsibility to either:

- 1) Renew on-line

2) Download a renewal form (located under “Applications and Forms” tab

3) Call the Board at (803) 896-4770 for a replacement form

The Board cannot guarantee delivery of items sent via the United States Postal Service. It is your responsibility to renew your license in a timely manner. FAILURE TO RECEIVE A RENEWAL FORM DOES NOT RELIEVE THE LICENSEE OF THE RESPONSIBILITY FOR TIMELY RENEWAL.

Q: I have moved. How can I change my address?

A: For your protection the Board requires any changes to your contact information be made in writing. You may use the “Change of Address” form located under “Applications and Forms” and either mail it in or fax it to (803) 896-4554. Please also be sure to include any changes to your phone number, e-mail address and employer.

Q: I noticed that the changes to the South Carolina Accountancy Practice Act include a provision for peer review. Is every licensee required to undergo a peer review?

A: No. If you perform compilations, reviews or audits you will be required to undergo a peer review once every three years.

Q: When will my first peer review be required and what are the guidelines?

A: The Board has not yet developed regulations regarding peer review. We will provide information as soon as we have it.