325.301 Firms required to obtain license to practice in Kentucky -- Firms exempted from licensure requirement -- Criteria for license.

(1) The following firms shall obtain a license to practice in this state:

(a) Any firm with an office located in this state performing attest services, as defined in KRS 325.220;

(b) Any firm with an office in this state that uses the title "CPA" or other phrase or abbreviation in any manner described in KRS 325.410 to suggest it is a certified public accounting firm; and

(c) Any firm that does not have an office located in this state but performs any attest service described in KRS 325.220(4)(a), (c), or (d) for a client with his or her home office in this state or a client who is a resident of this state.

(2) The following firms shall not be required to obtain a license to practice in this state and may use the title "CPA" in the name of the firm:

(a) A firm which does not have an office in this state that performs services described in KRS 325.220(4)(b) for a client having its home office in this state or a client who is a resident of this state if:

1. The firm complies with the requirements contained in subsections (3)(a) and (12) of this section; and

2. All services provided by the firm are performed by an individual with a practice privilege granted under KRS 325.282; and

(b) A firm which does not have an office in this state and does not provide attest services, as defined in KRS 325.220, to a client having his or her home office located in this state or a client who is a resident of this state may provide other services that are regulated activities, as defined in KRS 325.220, if:

1. The services are provided through an individual granted a practice privilege as described in KRS 325.282; and

2. The firm can legally provide the services in the state where the individual with a practice privilege has his or her principal place of business.

(3) All firms seeking to obtain a license to practice in this Commonwealth shall meet the following requirements:

(a) Certified public accountants shall hold fifty-one percent (51%) or more of the ownership of the firm in terms of financial interests and voting rights of all partners, officers, shareholders, members, or managers of the firm;

(b) All owners of the firm who are not certified public accountants shall be natural persons actively engaged in the firm's operations and shall satisfy additional requirements established by the board through promulgation of an administrative regulation;

(c) The name of the firm shall comply with the requirements of KRS 325.380;

(d) All certified public accountants who are sole proprietors, partners, shareholders, members, officers, directors, or employees of a firm with an office located in this state, who regularly practice in this Commonwealth,

shall maintain current licenses to practice issued by the board;

(e) Any individual licensee and any individual qualifying for a practice privilege under this chapter who is responsible for supervising attest services and signs or authorizes someone to sign the report on the financial statements on behalf of the firm shall meet the competency requirements established by the board through promulgation of an administrative regulation; and

(f) The firm shall comply with the provisions of this chapter, the administrative regulations promulgated by the board, and all other laws of this Commonwealth applicable to the firm's particular form of business organization.

(4) Before a firm may practice in this Commonwealth, the firm manager shall:

(a) Submit an initial application which contains information required by the board through promulgation of an administrative regulation; and

(b) Pay a fee not to exceed two hundred dollars ($200) established by an administrative regulation promulgated by the board.

(5) The firm license shall be renewed every two (2) years by the firm manager:

(a) Completing the renewal process according to the procedures as established in administrative regulation promulgated by the board; and

(b) Paying the renewal fee, which shall not exceed two hundred dollars ($200), as established by administrative regulation promulgated by the board.

(6) A firm license due to expire on July 1, 2011, shall:

(a) Be renewed by the firm manager according to the procedures established by the board through promulgation of an administrative regulation;

(b) Require payment of a fee not to exceed fifty dollars ($50) established by the board through promulgation of an administrative regulation; and

(c) Expire on August 1, 2012.

(7) A firm license that expires on or after August 1, 2012, shall:

(a) Be renewed by the firm manager prior to August 1, 2012;

(b) Require payment of a fee not to exceed two hundred dollars ($200) established by the board through promulgation of an administrative regulation;

(c) Be effective for two (2) years; and

(d) Be renewed by the firm manager on or before August 1 of each two (2) year period thereafter according to the procedures contained in this subsection and as established by the board through promulgation of an administrative regulation.

(8) If a firm license has been expired for a period of less than one (1) month and the firm has not violated any other provision of this chapter or the accompanying administrative regulations promulgated thereunder, the firm manager may renew the license by:

(a) Satisfying all the requirements of this subsection, including any requirements established by the board through promulgation of an administrative regulation;

and

(b) In addition to the renewal fee, paying a late fee not to exceed one hundred dollars ($100).

(9) A firm with a license expired for a period of longer than one (1) month after the date of expiration shall cease operating immediately. The firm shall not operate until the board approves the issuance of a new license to the firm.

(10) Effective August 1, 2012, sole proprietors shall comply with the licensing requirements for firms under this section.

(11) The firm manager shall notify the board in accordance with procedures established in an administrative regulation promulgated by the board, of any change in its licensing information within thirty (30) days. Any change in the name of a firm shall require the filing of an initial application.

(12) All firms that perform audits, reviews, or compilations shall enroll in and complete on a regular basis an approved peer review program with standards that are equivalent to or better than the peer review program administered by the American Institute of Certified Public Accountants as determined by administrative regulations promulgated by the board. Every firm shall comply with any requirements or restrictions placed on its license as prescribed by the board in response to the results of peer reviews.

(13) Nothing contained in this chapter shall require a certified public accountant or firm of certified public accountants licensed by another state to obtain a license to practice in this Commonwealth if the certified public accountant or firm of certified public accountants enters this Commonwealth solely to:

(a) Conduct a peer review of a firm; or

(b) Perform attestation work, incidental to an engagement which was initiated with a client located outside of the Commonwealth and has extended into the Commonwealth due to common ownership or existence of a subsidiary, assets, or other operations located within the Commonwealth.

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