FIRM OWNERSHIP QUICKGUIDE

ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY
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REQUIREMENTS TO REGISTER A CPA FIRM:

Firms in Alabama must register with the Board:

- If the firm provides attest services. Ala. Code (1975) §34-1-16(2).
- If the firm assumes or uses the title or designation "certified public accountants" or the abbreviation"CPAs" or any other title, designation, words, letters, signs, abbreviation, card of device tending to indicate that the firm is composed of certified public accountants. Ala. Code (1975) §34-1-16(2).
- If the firm's office is established or maintained in this state for the practice of public accounting by acertified public accountant, firm of certified public accountants or public accountants. Ala. Code (1975) §34-1-10(a)).
- Within 30 days after it is opened, and annually thereafter. Ala. Admin. Code r.30-X-3-.05.

Note – the practice of public accountancy is defined as providing any attest services, compilations, providing services as one skilled in the knowledge and practice of public accountancy, but not limited to, kinds of services involving the use of accounting or auditing skills, including the issuance of reports on financial statements or oneor more kinds of management advisory services, or the preparation of tax returns or the furnishing of advice on tax matters. Ala. Admin. Code r. 30-X-1-.01(f)(1).

REQUIREMENTS OF FIRM OWNERSHIP

To register a firm in this state all the following qualifications must be met:

- At least 51% of the ownership of the firm holds a license in some state. Ala. Code (1975) §34-1-6(a)(1).
- Each CPA owner regularly engaged within this state in the practice of public accountancy shall be aCPA of this state in good standing. Ala. Code (1975) §34-1-6(a)(2).
- Each office shall be under the direct supervision of a resident manager who must be registered in thisstate, who may only serve in such capacity in only one office in this state, which office shall be his or her principal place of employment and which he or she manages on a continuous full-time basis. Ala. Admin. Code r. 30-X-3-.05(2).
- All shares of stock in a Professional Corporation (PC) practicing public accounting in Alabama must be owned by Certified Public Accountants (CPAs), if practicing as CPAs, or by CPAs or Public Accountants (PAs), if practicing as PAs. Ala. Admin. Code r. 30-X-6-.05(7).

A CPA firm may include non-licensee owners (NLOs) provided that:

- All NLOs are active individual participants in the CPA firm, and their principal place of business is in Alabama. Ala. Code (1975) §34-1-6(a)(5)b.
- A NLO is prohibited from being an owner if he or she has previously held a license. Ala. Code (1975) §34-1-6(a)(5)c.
- All NLOs shall register with the Board annually, pay an annual registration fee and complete allCPE requirements. Ala. Code (1975) §34-1-6(a)(5)d.

DISCLAIMER: THIS SUMMARY IS DESIGNED AS A QUICK GUIDE AND CANNOT BE RELIED UPON IN ALL SITUATIONS. For a complete understanding of all statutes pertaining to Firm Ownership, see the State of Alabama Code of 1975 and the Alabama State Board of Public Accountancy Administrative Rules.