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Landmark Accounting Legislation Passes in New York State Senate

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The New York State Senate unanimously passed S302-D, landmark legislation which provides greater oversight of the accounting profession in New York. The New York State Society of Certified Public Accountants strongly supported this legislation, which is an amended version of the bill the Society originally proposed.

According to the New York State Society of CPAs, the legislation modernizes New York's laws regulating the practice of public accountancy and is the result of two years of public hearings and meetings the Senator has held on the need for accountancy reform in the post-Enron environment. The legislation will protect the public interest by updating the laws governing the practice of public accountancy in New York, without imposing an adverse economic consequence on the many small businesses and not-for-profit organizations served by CPA firms across the state.

The NYSSCPA has spent four years calling for the reform of New York's accountancy laws, last revised in 1947.

Highlights of the legislation include:

- All CPAs will be subject to registration, regulation and professional discipline and all professional services by CPAs, including tax return preparation and tax advisory services, will be within the regulated scope of practice.
- All CPAs, including those in private industry, will be mandated to meet substantial continuing professional education requirements.
- The current requirement for registration of CPA partnerships will be expanded to cover all CPA firms.
- CPA firms, not just individual licensees, will be subject to substantial fines for professional misconduct.
- The current voluntary program of peer review will become mandatory for CPA firms that perform attest or compilation services and will be conducted in accordance with state regulation.
- The accountancy statute will be clarified to authorize CPAs to accept commissions and referral fees from non-attest clients, with required written disclosure to the client.
- A new temporary practice permit will be established for CPAs licensed and concurrently practicing in another state.
- Qualifying experience for licensure will include accounting, attest, auditing, tax return preparation and tax advisory service.

The bill has been delivered to the New York State Assembly where the companion bill (A.8555-A) is in the Assembly Higher Education Committee.

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