

1.1 **Board of Accountancy**

1.2 **Adopted Permanent Rules Relating to Board of Accountancy**

1.3 **1105.0100 DEFINITIONS.**

1.4 [For text of subps 1 to 9, see M.R.]

1.5 Subp. 9a. **Licensee.** In addition to the definition in Minnesota Statutes, section
1.6 326A.01, subdivision 9, a "licensee" for purposes of parts 1105.1200, 1105.5600,
1.7 1105.5800, and 1105.7800, and Minnesota Statutes, sections 326A.08, 326A.10, and
1.8 326A.13, can also be a person issued a certificate as a certified public accountant under
1.9 the law of any other state who is rendering services in this state according to Minnesota
1.10 Statutes, section 326A.04 or 326A.14, or an entity issued a permit as a CPA firm under
1.11 the law of any other state who is rendering services in this state according to Minnesota
1.12 Statutes, section 326A.05.

1.13 [For text of subps 10 and 11, see M.R.]

1.14 Subp. 11a. **Professional engagement.** "Professional engagement" means an
1.15 agreement between a client and a licensee relative to the performance of professional
1.16 services and the services performed under the agreement.

1.17 Subp. 11b. **Professional services.** "Professional services" means services that
1.18 require the specialized knowledge or skills associated with certified public accountants or
1.19 persons registered under Minnesota Statutes, section 326A.06, paragraph (b), including:

1.20 A. issuing reports on financial statements;

1.21 B. providing management or financial advisory or consulting services;

1.22 C. preparing tax returns;

1.23 D. providing advice in tax matters; or

1.24 E. other services performed under a professional engagement.

2.1 Subp. 12. **Quality review.** "Quality review" means a peer review as required by
2.2 Minnesota Statutes, section 326A.05, subdivision 8. Quality review also means an
2.3 independent study, appraisal, or review of one or more aspects of the attest or compilation
2.4 professional services of a licensee that issues attest or compilation reports, or the
2.5 professional work of a person registered under Minnesota Statutes, section 326A.06,
2.6 paragraph (b). The reviews must be conducted according to standards approved by the
2.7 board as specified in this chapter by a person or persons who hold certificates with an
2.8 active status and who are not affiliated with the licensee or CPA firm being reviewed or by
2.9 reviewers approved by the board as specified in this chapter.

2.10 [For text of subps 13 to 16, see M.R.]

2.11 Subp. 17. [See repealer.]

2.12 **1105.0200 INTERPRETATION OF RULES.**

2.13 [For text of subpart 1, see M.R.]

2.14 Subp. 2. **Other statutory authority.** Nothing contained in this chapter prohibits or
2.15 limits in any way the exercise by the board of powers granted to it by Minnesota Statutes,
2.16 sections 214.001 to 214.12 and 326.53, and chapter 326A.

2.17 [For text of subps 3 and 4, see M.R.]

2.18 **1105.0250 INCORPORATION BY REFERENCE.**

2.19 A. For purposes of this chapter, the documents dated June 1, 2007, in item B;
2.20 the documents dated June 1, 2007, in item C; the document as of December 2007 and
2.21 copyrighted 2008 in item D; the ~~January~~ July 2007 revision of the document in item E; the
2.22 document dated October 2006, in item F; the document dated June 1, 2007, in item G;
2.23 and the document dated June 30, 2007, in item H; are incorporated by reference to the
2.24 extent other provisions of this chapter and Minnesota Statutes do not modify or conflict
2.25 with the provisions of the documents, in which case the provisions of this chapter and

3.1 Minnesota Statutes shall prevail. They can be found at the State Law Library and are
3.2 subject to frequent change.

3.3 B. The following documents are published by and available from the American
3.4 Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY
3.5 10036:

3.6 (1) AICPA Code of Professional Conduct;

3.7 (2) Statements on Quality Control Standards;

3.8 (3) Standards for Performing and Reporting on Peer Reviews; and

3.9 (4) Standards for Continuing Professional Education (CPE) Programs.

3.10 The Code of Professional Conduct and the other statements and standards identified in this
3.11 item are published in the document identified in item C, subitem (2).

3.12 [For text of item C, see M.R.]

3.13 D. The following document is published by and available from the American
3.14 Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY
3.15 10036: PCAOB Standards and Related Rules.

3.16 E. The following document is published by and available from the United States
3.17 General Accounting Office, Washington, DC 20548: Government Auditing Standards:
3.18 July 2007 revision.

3.19 F. The following document is published by the National Association of State
3.20 Boards of Accountancy, Nashville, TN: NASBA Model Code of Conduct.

3.21 G. The following document is published by the Financial Accounting Standards
3.22 Board, Norwalk, CT: Accounting Standards-Current Text, Volumes I and II.

4.1 H. The following document is published by the Governmental Accounting
4.2 Standards Board, Norwalk, CT: Codification of Governmental Accounting and Financial
4.3 Reporting Standards.

4.4 **1105.0600 FEES.**

4.5 The following fees apply:

4.6 A. initial issuance of certificate, \$50;

4.7 B. renewal of certificate with an active status, \$45 per year;

4.8 C. initial CPA firm permits, except for sole practitioners, \$100;

4.9 D. renewal of CPA firm permits, except for sole practitioners and those firms
4.10 specified in item Q, \$35 per year;

4.11 E. initial issuance and renewal of CPA firm permits for sole practitioners, except
4.12 for those firms specified in item Q, \$35 per year;

4.13 F. annual late processing delinquency fee for permit, certificate, or registration
4.14 renewal applications not received prior to expiration date, \$50;

4.15 G. copies of records, per page, 25 cents;

4.16 H. registration of noncertificate holders, nonlicensees, and nonregistrants in
4.17 connection with renewal of firm permits, \$45 per year;

4.18 I. applications for reinstatement, \$20;

4.19 J. initial registration of a registered accounting practitioner, \$50;

4.20 K. initial registered accounting practitioner firm permits, \$100;

4.21 L. renewal of registered accounting practitioner firm permits, except for sole
4.22 practitioners, \$35 per year;

4.23 M. renewal of registered accounting practitioner firm permits for sole
4.24 practitioners, \$35 per year;

- 5.1 N. CPA examination application, \$40;
- 5.2 O. CPA examination, fee determined by third-party examination administrator;
- 5.3 P. renewal of certificates with an inactive status, \$10 per year; and
- 5.4 Q. renewal of CPA ~~firms~~ firm permits for firms that have one or more offices
- 5.5 located in another state, \$68 per year.

5.6 **1105.1000 PRORATING FEES.**

5.7 Certificate, permit, or registration fees pertain to a specified initial or renewal period

5.8 and must not be prorated.

5.9 **1105.1100 OBLIGATION OF LICENSEES AND REGISTRANTS TO NOTIFY**

5.10 **THE BOARD OF CHANGES OF ADDRESS AND OTHER INFORMATION.**

5.11 Each licensee or registrant shall notify the board in writing within 30 days of any

5.12 change of address and, in the case of individual licensees or registrants, change of

5.13 employment. In addition, each licensee and registrant shall notify the board of correct

5.14 business and home addresses and telephone and facsimile numbers in connection with the

5.15 renewal of the certificate, permit, or registration.

5.16 **1105.1200 COMMUNICATIONS.**

5.17 An applicant, licensee, or registrant shall respond to communications from the board,

5.18 committees of the board, or the attorney general on behalf of the board within 30 days

5.19 of the mailing of communications, unless an earlier response is requested within the

5.20 communications. An applicant, licensee, or registrant shall appear before the board,

5.21 committees of the board, or the attorney general on behalf of the board when requested to

5.22 do so and provide copies of all pertinent records, including handwriting samples, to assist

5.23 the board in its deliberations. Communications must be addressed to "Executive Director,

5.24 Board of Accountancy." An applicant, licensee, or registrant shall sign an authorization

5.25 letter giving the board access to information relating to a board investigation that is held

6.1 by any federal, state, or other local government agency, or professional organization, the
6.2 subject matter of which pertains to conduct as described in Minnesota Statutes, section
6.3 326A.08, subdivision 5, paragraph (a), clause (10), when requested to do so by the board
6.4 or by the attorney general on behalf of the board.

6.5 **1105.1650 EARLY APPLICATION AND EXAMINATION PROVISIONS.**

6.6 A. Notwithstanding the requirements in parts 1105.1500, subpart 1, and
6.7 1105.1600, subpart 2, and as provided for by Minnesota Statutes, section 326A.03,
6.8 subdivision 3a, an applicant for the examination may:

6.9 (1) make application for the examination within 180 days prior to the
6.10 anticipated completion of the education requirements contained in part 1105.1500 and
6.11 Minnesota Statutes, section 326A.03, subdivision 3; and

6.12 (2) sit for part or all of the examination within 90 days prior to the
6.13 anticipated completion of the education requirements contained in part 1105.1500 and
6.14 Minnesota Statutes, section 326A.03, subdivision 3, provided that:

6.15 (a) the applicant has met all the requirements for sitting for the
6.16 examination contained in part 1105.1600, except for obtaining the final official transcript
6.17 containing proof the applicant has completed the education requirements contained in part
6.18 1105.1500 and Minnesota Statutes, section 326A.03, subdivision 3;

6.19 (b) the applicant submits a transcript containing courses completed
6.20 and a listing of courses which are going to be completed by the applicant to meet the
6.21 education requirements contained in part 1105.1500 and Minnesota Statutes, section
6.22 326A.03, subdivision 3; and

6.23 (c) the applicant has paid all required fees for the examination and is
6.24 otherwise qualified to sit for the examination.

7.1 B. No credit shall be given for any part of the examination taken before
7.2 completion of the education requirements contained in part 1105.1500 and Minnesota
7.3 Statutes, section 326A.03, subdivision 3, if the education requirements are not met within
7.4 120 days subsequent to first sitting for any part of the examination and a final transcript
7.5 containing proof that the applicant has completed the education requirements as required
7.6 by part 1105.1600, subpart 2, is not received by the board or examination administrator
7.7 within 150 days of the applicant first sitting for any part of the examination.

7.8 C. Examination related fees required by parts 1105.0600 and 1105.2100 shall
7.9 not be refunded if the applicant does not submit a final transcript within the 150-day
7.10 period required in item B.

7.11 **1105.1800 EXAMINATION CONTENT.**

7.12 [For text of subpart 1, see M.R.]

7.13 Subp. 2. **Ethics.** A written or computer-based examination on professional ethics, as
7.14 specified by the board, is required before application for a certificate. A grade of at least
7.15 75 percent correct is required to pass the ethics examination, and the examination must
7.16 have been completed within two years preceding initial application for the certificate.

7.17 [For text of subp 3, see M.R.]

7.18 **1105.2000 RETAKE AND GRANTING OF CREDIT REQUIREMENTS.**

7.19 Subpart. 1. [Repealed, 28 SR 1636]

7.20 Subp. 2. **Examination requirements.** An applicant may take the required
7.21 examination sections individually and in any order. Credit for any section passed shall be
7.22 valid for 18 months from the actual date the applicant took that section, without having to
7.23 attain a minimum score on any failed section and without regard to whether the applicant
7.24 has taken other sections, regardless of the date the applicant actually receives notice of
7.25 the passing grade. In addition:

8.1 [For text of items A and B, see M.R.]

8.2 Subp. 3. [See repealer.]

8.3 Subp. 4. **Other states.** An applicant shall retain credit, if approved by the board
8.4 according to part 1105.1900, for sections of an examination passed in another state if the
8.5 credit would have been given, under then applicable requirements, if the applicant had
8.6 taken the examination in this state.

8.7 [For text of subp 5, see M.R.]

8.8 **1105.2200 CHEATING.**

8.9 [For text of subpart 1, see M.R.]

8.10 Subp. 2. **Actions constituting cheating.** For purposes of this part, the following
8.11 actions or attempted activities, among others, may be considered cheating:

8.12 [For text of items A to C, see M.R.]

8.13 D. substitution of another person to sit in the test site in the place of a candidate;

8.14 E. reference to crib sheets, textbooks, or other material, inside or outside of the
8.15 test site, other than that provided to the candidate by the examination administrator as part
8.16 of the examination while the candidate is taking the examination; and

8.17 F. retaking or attempting to retake a section by an individual holding a valid
8.18 certificate or by an applicant who has unexpired credit for having passed the same section,
8.19 unless the board has expressly authorized the individual or applicant to retake the section.

8.20 [For text of subps 3 to 5, see M.R.]

8.21 Subp. 6. **Findings.** In any case in which a candidate is refused credit for a section of
8.22 the examination taken, or is disqualified from taking other sections, the board shall give
8.23 the candidate a statement containing its findings, the evidence upon which the findings
8.24 are based, and a notice of the right of the candidate to a formal hearing by the board,

9.1 with right of appeal, pursuant to the procedures in Minnesota Statutes, section 326A.08,
9.2 subdivision 6.

9.3 [For text of subp 7, see M.R.]

9.4 Subp. 8. **Disclosure of examination questions.** The board may impose disciplinary
9.5 action, as provided for in Minnesota Statutes, section 326A.08, subdivision 5, against an
9.6 applicant, licensee, or certificate holder who discloses examination questions to any other
9.7 entity or person, with or without compensation, or aids or abets another in obtaining
9.8 examination questions.

9.9 **1105.2400 EMERGENCY EXAMINATION PROCEDURES.**

9.10 When circumstances exist making it impossible for the board or examination
9.11 administrator to conduct the examination at the time, date, or place scheduled or make
9.12 it impossible for a majority of examination candidates to attend the examination at the
9.13 time, date, or place scheduled, the board shall waive parts 1105.0600, items N and
9.14 O; 1105.1600, subpart 3; 1105.1700; and 1105.2000, subpart 2; to avoid hardship on
9.15 examination candidates affected. The circumstances include notice to the board of the
9.16 unavailability of the examination site with insufficient time to give notice to examination
9.17 candidates; weather emergencies as declared by the governor, the governor's designees,
9.18 or those state officials empowered to close public highways; civil disturbances; natural
9.19 disasters; and other causes that affect the board's or examination administrator's ability to
9.20 fairly administer the examination.

9.21 **1105.2450 GOOD MORAL CHARACTER.**

9.22 A. Applicants have the burden of demonstrating good moral character as defined
9.23 by Minnesota Statutes, section 326A.03, subdivision 1, in the manner specified by the
9.24 board in its application forms.

9.25 B. Prima facie evidence of a lack of good moral character includes:

10.1 (1) any deferred prosecution agreement involving an admission of
10.2 wrongdoing, or any criminal conviction, including conviction following a guilty plea or
10.3 plea of nolo contendere, for any felony or any crime, an essential element of which is fraud,
10.4 dishonesty, or deceit, or any other crime that evidences an unfitness of the applicant to
10.5 practice public accountancy in a competent manner and consistent with the public safety;

10.6 (2) revocation of any license or other authority to practice by or before any
10.7 state, federal, foreign, or other licensing or regulatory authority; or

10.8 (3) any act which would be grounds for revocation or suspension of a
10.9 license if committed by a licensee of the board.

10.10 C. Factors the board ~~may~~ shall consider in determining rehabilitation of moral
10.11 character include the following:

10.12 (1) completion of criminal probation, restitution, community service,
10.13 military, or other public service;

10.14 (2) the passage of time without the commission of any further crime or act
10.15 demonstrating a lack of moral character under item B; or

10.16 (3) the expungement of any conviction or reduction of a conviction from a
10.17 felony to misdemeanor.

10.18 **1105.2500 APPLICATIONS FOR CERTIFICATES.**

10.19 A. Applications for initial certificates and for renewal of certificates pursuant to
10.20 the act must be made on a form provided by the board and, in the case of applications
10.21 for renewal, must be filed no later than the expiration date set by the act or this chapter.
10.22 Applications are not considered filed until the applicable fee prescribed in this chapter is
10.23 received. If an application for renewal is filed late, it must also be accompanied by the
10.24 delinquency fee prescribed in this chapter. In addition, the reinstatement fee prescribed in
10.25 this chapter must be paid if the renewal is filed more than two years late. The application

11.1 for renewal must be submitted on a form provided by the board by December 31 of each
11.2 year or in accordance with part 1105.2550.

11.3 [For text of item B, see M.R.]

11.4 C. (1) Licensees granted an exception under part 1105.3300 shall have a
11.5 certificate status of "inactive."

11.6 [For text of subitems (2) to (4), see M.R.]

11.7 (5) Licensees shall renew their certificates with a status of "active" if they:

11.8 (a) are employees of a firm granted a permit under Minnesota Statutes,
11.9 section 326A.05, or are engaged as independent contractors by a firm granted a permit
11.10 under Minnesota Statutes, section 326A.05;

11.11 [For text of units (b) and (c), see M.R.]

11.12 (d) are employees in the Office of the Legislative Auditor or State
11.13 Auditor.

11.14 Persons specified in unit (a) or (d) who perform no direct or indirect professional service
11.15 for any client do not need an "active" certificate.

11.16 [For text of subitem (6), see M.R.]

11.17 (7) Nonresident individuals who do not meet the requirements of part
11.18 1105.7900, item B, and Minnesota Statutes, section 326A.04, subdivision 7, or 326A.14,
11.19 and who have never been granted a CPA certificate by any state must not be issued a
11.20 certificate by this state unless the individual previously met the nonresident requirements
11.21 of part 1105.1600, subpart 1, and meets all other requirements for initial issuance of a
11.22 certificate.

11.23 D. Applicants, licensees, or nonresident individuals who desire to practice in this
11.24 state but do not meet the requirements of part 1105.7900, item B, who have successfully
11.25 passed the Uniform Certified Public Accountant Examination and have met the experience

12.1 and education requirements of parts 1105.2600 or 1105.2700, and 1105.2900, and
12.2 Minnesota Statutes, section 326A.04, must either:

12.3 (1) make an application and receive an initial certificate; or

12.4 (2) make an application and receive an "active" certificate;

12.5 if the applicants, licensees, or nonresident individuals who do not meet the requirements
12.6 of part 1105.7900, item B, are owners or are employed by or become employed by a
12.7 firm which has been issued a permit under this chapter and Minnesota Statutes, section
12.8 326A.05, or are employees in the Office of the Legislative Auditor or State Auditor, and
12.9 the employment results in the providing of professional services to a client. Applications
12.10 must be accompanied by the applicable fee prescribed in this chapter and must be filed
12.11 with the board within 60 days of meeting the criteria specified in this item.

12.12 [For text of item E, see M.R.]

12.13 **1105.2550 RENEWAL OF CERTIFICATES AFTER 2009.**

12.14 A. Beginning with certificate renewal applications for calendar year 2010, the
12.15 board shall renew each certificate as follows:

12.16 (1) for licensees whose last name begins with the letters:

12.17 (a) A through H, certificates shall be renewed for a three-year period
12.18 (Cycle A);

12.19 (b) I through P, certificates shall be renewed for a two-year period
12.20 (Cycle B); and

12.21 (c) Q through Z, certificates shall be renewed for a one-year period
12.22 (Cycle C); and

12.23 (2) renewals of those certificates, after the expiration of the renewals
12.24 periods specified in subitem (1), shall thereafter follow a three-year cycle.

13.1 B. Initial issuances of certificates after January 1, 2010, shall expire on the
13.2 December 31 following issuance and shall thereafter be renewed so as to place the
13.3 certificate in the correct renewal cycle established for the licensee's last name in item A.

13.4 C. Licensees who have obtained a legal name change shall, upon renewal,
13.5 have their certificates renewed so as to place the certificate in the correct renewal cycle
13.6 established for the licensee's last name in item A.

13.7 D. Licensees requesting a change in certificate status during the renewal
13.8 period shall not be entitled to any refund of fees according to part 1105.1000 and can
13.9 only request a change in status according to this chapter and on a form provided by the
13.10 board. However, additional fees covering any remaining portion of the renewal period
13.11 established as a result of items A and B shall be paid if the change in status is to "active."
13.12 The additional fee is based on a complete calendar year and is not prorated.

13.13 E. Licensees electing to change the status of the licensee's active certificate to a
13.14 status other than active can only do so effective on the January 1 following the licensee's
13.15 written request for the change and on a form provided by the board. The request shall
13.16 be accompanied with documentation showing that the licensee completed at least 120
13.17 hours of continuing professional education required by this chapter during the three-year
13.18 period ended June 30 preceding the effective date of the status change, with a minimum of
13.19 20 hours each year.

13.20 F. Notwithstanding the three-year renewal period established by this part and
13.21 except as provided for in part 1105.3000, item J, at each June 30, licensees holding a
13.22 certificate with an "active" status shall comply with the one- and three-year continuing
13.23 professional education requirements in part 1105.3000.

13.24 **1105.2900 EDUCATION REQUIRED FOR INITIAL CERTIFICATION ON OR**
13.25 **AFTER JULY 1, 2006.**

13.26 [For text of items A and B, see M.R.]

14.1 C. The 48-semester hour requirement in item B may not include more than six
14.2 hours for internships or life experience.

14.3 D. The 150-semester hour requirement in items A and B must cover some or all
14.4 of the following subjects:

14.5 (1) accounting-related subjects:

14.6 (a) financial accounting and reporting for business organizations;

14.7 (b) financial accounting and reporting for government and not-for-profit
14.8 entities;

14.9 (c) auditing and attestation services;

14.10 (d) managerial or cost accounting;

14.11 (e) taxation;

14.12 (f) fraud examination;

14.13 (g) internal controls and risk assessment;

14.14 (h) financial statement analysis;

14.15 (i) accounting research and analysis;

14.16 (j) tax research and analysis;

14.17 (k) accounting information systems; and

14.18 (l) ethics; and

14.19 (2) business-related subjects:

14.20 (a) business law;

14.21 (b) economics;

14.22 (c) management;

- 15.1 (d) finance;
- 15.2 (e) business communications;
- 15.3 (f) statistics;
- 15.4 (g) quantitative methods;
- 15.5 (h) technical writing;
- 15.6 (i) information systems or technology; and
- 15.7 (j) ethics.

15.8 **1105.3000 CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS.**

15.9 The requirements of continuing professional education in items A to K apply pursuant
15.10 to Minnesota Statutes, section 326A.04, subdivision 4.

15.11 A. A licensee holding a certificate with an active status shall complete at least
15.12 120 hours of continuing professional education complying with this chapter during the
15.13 preceding three-year period, with a minimum of 20 hours in each year. No carryforward
15.14 of CPE hours from a one- or three-year CPE period ended on June 30 to another
15.15 CPE period is allowed. As further explained in part 1105.3100, a licensee holding a
15.16 certificate with an active status shall demonstrate participation in a program of learning
15.17 meeting the applicable standards set forth in the Statement on Standards for Continuing
15.18 Professional Education (CPE) Programs jointly approved by NASBA and AICPA, which
15.19 is incorporated by reference. At least eight hours of the 120 hours shall be in accounting
15.20 ethics or business ethics. A program in ethics includes topics such as ethical reasoning,
15.21 state-specific statutes and rules, and standards of professional conduct, including those of
15.22 other applicable regulatory bodies.

15.23 [For text of items B to F, see M.R.]

15.24 G. Failure to report CPE, failure to obtain CPE required by this part, reporting of
15.25 an amount less than that required, or fraudulently reporting CPE is a basis for disciplinary

16.1 action under Minnesota Statutes, section 326A.08. A licensee not in compliance with
16.2 this part on June 30 of each year shall be assessed a late processing fee of \$50 for the
16.3 first month, or partial month, of noncompliance and \$25 per month, or partial month, of
16.4 noncompliance thereafter until the date the licensee ~~reports~~ is in compliance with this part
16.5 and provides documentation of compliance in writing to the board ~~compliance with this~~
16.6 ~~part and demonstrates compliance to the satisfaction of the board.~~

16.7 H. A licensee may use CPE hours taken subsequent to the end of a CPE period
16.8 ended on June 30 to satisfy the requirements of item A related to a period ended on June
16.9 30 provided the late processing fee specified in item G is paid. The hours must not be
16.10 counted in two different reporting periods.

16.11 I. A licensee electing to change the status of the licensee's active certificate to
16.12 a status other than active can only do so effective on the January 1 following a written
16.13 request for the change and on a form provided by the board. The request shall be
16.14 accompanied with documentation showing that the licensee completed at least 120 hours
16.15 of continuing professional education required under this chapter during the three-year
16.16 period ended June 30 preceding the effective date of the status change, with a minimum of
16.17 20 hours each year.

16.18 J. Licensees granted an initial certificate with an active status have no continuing
16.19 professional education hour requirement for the year ending June 30 during which the
16.20 initial certificate was granted. The 120-hour requirement and the ethics requirement
16.21 in item A are not effective for these licensees until the June 30 following the third
16.22 anniversary of the initial certificate issuance, at which time at least 120 hours of CPE and
16.23 the ethics requirement complying with this chapter must be completed. The 20-hour
16.24 requirement in item A is not effective for these licensees until the June 30 following the
16.25 first anniversary of the initial certificate issuance.

17.1 K. A licensee shall report compliance with this part as required by parts
17.2 1105.2500, item B; 1105.3200, items A and C; or upon request by the board under part
17.3 1105.3200, item B.

17.4 **1105.3100 PROGRAMS QUALIFYING FOR CONTINUING PROFESSIONAL**
17.5 **EDUCATION CREDIT.**

17.6 Subpart 1. **Regular qualifications.** A program qualifies as acceptable continuing
17.7 professional education for purposes of this chapter and Minnesota Statutes, section
17.8 326A.04, subdivision 4, if it is a program of learning that contributes to the growth in the
17.9 professional knowledge and professional competence of a licensee. The program must
17.10 meet the minimum standards of quality of development, presentation, measurement, and
17.11 reporting of credits in the Statement on Standards for Continuing Professional Education
17.12 (CPE) Programs jointly approved by NASBA and AICPA or such other standards
17.13 acceptable to the board. Except to the extent permitted in subpart 2, program sponsors
17.14 qualifying under this chapter must be members of NASBA's CPE registry and, in the
17.15 case of self-study programs, members of NASBA's Quality Assurance Service program.
17.16 Seminar or lecture programs sponsored or presented by the entities in items A to D are
17.17 not subject to the NASBA's CPE Registry requirement:

17.18 [For text of items A to D, see M.R.]

17.19 Subp. 2. **Other qualifications.** The board shall accept programs that, in the
17.20 determination of the board, contribute to the growth of the professional knowledge and
17.21 competence of the licensee even if the programs do not meet the specific requirements of
17.22 subpart 1 or part 1105.3000, item A, if the licensee shows that the programs contribute to
17.23 the licensee's professional knowledge and professional competence and provided at least
17.24 72 hours for the three-year period do meet the requirements of subpart 1. All self-study
17.25 program sponsors must be members of NASBA's Quality Assurance Service Program as
17.26 required by subpart 1 and the program must comply with part 1105.3000, item A.

18.1 Subp. 3. **Nonresident.** A nonresident licensee holding a certificate with an active
18.2 status issued by this state meets the CPE requirement of this chapter by meeting the CPE
18.3 requirements for renewal of a certificate in the state in which the licensee's principal
18.4 place of business is located.

18.5 Nonresident applicants for renewal of a certificate shall demonstrate compliance
18.6 with the CPE renewal requirements of the state in which the licensee's principal place of
18.7 business is located by signing a statement to that effect on the renewal application of
18.8 this state.

18.9 If a nonresident licensee's principal place of business state has no CPE requirements
18.10 for renewal of a certificate, the nonresident licensee must comply with all CPE
18.11 requirements of this state.

18.12 Subp. 4. **CPE hour limitations.** The following hour limitations apply during the
18.13 three-year CPE period:

18.14 A. at least 60 hours must be obtained from other than instructor preparation
18.15 or presentation;

18.16 B. at least 60 hours must be obtained from other than the writing of articles,
18.17 books, or CPE courses for publication;

18.18 C. at least 24 hours must be obtained from other than self-study programs; and

18.19 D. at least 96 hours must be obtained from programs in subject areas other
18.20 than personal development as defined in the Statement on Standards for Continuing
18.21 Professional Education (CPE) Programs.

18.22 **1105.3200 CONTINUING PROFESSIONAL EDUCATION RECORDS.**

18.23 A. Persons seeking renewal of certificates with an active status pursuant to
18.24 the act shall file with their applications a signed statement indicating they have met the
18.25 requirements for participation in a program of continuous learning as set forth in this

19.1 chapter and indicate the number of hours claimed for each of the three preceding years
19.2 ending on June 30. The licensee shall report the hours claimed, separately identifying
19.3 those programs meeting the registry requirements under part 1105.3100, subpart 1, and
19.4 those programs not meeting the registry requirement under part 1105.3100, subpart 2.
19.5 Responsibility for documenting the acceptability of the program and the validity of the
19.6 credits rests with the licensee who must retain the documentation for five years following
19.7 completion of each learning activity. Further, the documentation of participation in the
19.8 program of learning must consist of a certificate of attendance that contains the registry
19.9 number of the program sponsor if the registry participation meets the requirements of this
19.10 chapter and must consist of the following items for those programs that do not meet
19.11 the registry requirements of this chapter:

19.12 [For text of subitems (1) to (4), see M.R.]

19.13 B. The board shall verify on a test basis, through inspection of documentation
19.14 supplied by the licensee, information regarding hours of CPE attendance in order to
19.15 determine compliance with the continuing professional education requirements of this
19.16 chapter. In cases where the board determines that the hour information supplied by the
19.17 licensee is not supported by the documentation supplied by the licensee or the hours do
19.18 not meet the requirements of this chapter, the board may grant an additional period of time
19.19 in which the deficiencies can be cured or the board may take disciplinary action. Licenses
19.20 determined not in compliance shall be assessed the late processing fee required in part
19.21 1105.3000, item G. Fraudulent reporting is a basis for disciplinary action.

19.22 C. Beginning in calendar year 2011, licensees holding an active certificate on
19.23 June 30 shall report to the board by July 31 of each year the continuing professional
19.24 education hours earned during the one- and three-year CPE period ended on June 30.
19.25 The report shall be made as required by the board and no report under this item shall be
19.26 required of a licensee in the final year of the renewal cycle specified in part 1105.2550.

20.1 **1105.3300 EXCEPTION TO CONTINUING PROFESSIONAL EDUCATION**
20.2 **REQUIREMENT.**

20.3 A. The board may make an exception to the requirement in part 1105.3000,
20.4 item A, for a licensee who is retired or who does not perform or offer to perform for
20.5 the public one or more kinds of services involving the use of accounting or auditing
20.6 skills, including the issuance of reports on financial statements or other compilation
20.7 communication; furnishing one or more kinds of management advisory, financial advisory,
20.8 or consulting services; the preparation of tax returns; or the furnishing of advice on tax
20.9 matters. Licensees shall request an exception only in connection with the application for
20.10 certificate renewal or as provided for in part 1105.2550, item E.

20.11 [For text of item B, see M.R.]

20.12 C. A licensee granted an exception by the board must place the word "inactive"
20.13 adjacent to the licensee's CPA title on any business card, letterhead, or any other document
20.14 or device, with the exception of the CPA certificate, on which the CPA title appears.

20.15 [For text of item D, see M.R.]

20.16 **1105.3400 INTERSTATE RECIPROCITY.**

20.17 Subpart 1. **Principal place of business not in this state.** If the substantial
20.18 equivalency standard in Minnesota Statutes, section 326A.14, is not applicable, the board
20.19 shall issue a certificate to the holder of a certificate in good standing issued by another
20.20 state provided that the applicant:

20.21 A. has successfully completed the CPA examination, meaning that the applicant
20.22 passed the examination according to the rules of the other state at the time it granted
20.23 the applicant's initial certificate;

21.1 B. has, in addition to meeting the requirements of item A, satisfied the
21.2 requirements in Minnesota Statutes, section 326A.04, subdivision 3, paragraph (a),
21.3 clause (2);

21.4 C. has experience of the type required under this chapter and the act for issuance
21.5 of the initial certificate;

21.6 D. has met the CPE requirement pursuant to Minnesota Statutes, section
21.7 326A.04, subdivision 3, paragraph (a), clause (3), if applicable; and

21.8 E. has completed the examination on professional ethics as required by part
21.9 1105.1800, subpart 2.

21.10 Subp. 2. **Principal place of business in this state.** A certificate holder licensed
21.11 by another state who establishes a principal place of business in this state shall obtain
21.12 a certificate from this state. If the certificate holder's individual qualifications are not
21.13 substantially equivalent to the act or this chapter, the board shall issue a certificate to the
21.14 holder of a certificate in good standing issued by another state provided the applicant is of
21.15 good moral character and has met the qualifications in subpart 1.

21.16 Subp. 3. **Applicant duties.** An applicant granted a certificate under subpart 1 is
21.17 subject to Minnesota Statutes, section 326A.14, subdivision 1, paragraph (c). Further,
21.18 the holder of a certificate granted under subpart 1 shall notify the board if the holder
21.19 establishes a principal place of business in this state.

21.20 Subp. 4. **Certificate based on international reciprocity.** An applicant holding a
21.21 certificate issued by another state whose certificate in that other state was issued based
21.22 on a professional accounting credential or professional registration issued by a foreign
21.23 country must apply for a certificate in this state under part 1105.3500 and Minnesota
21.24 Statutes, section 326A.03, subdivision 7.

21.25 **1105.3500 INTERNATIONAL RECIPROCITY.**

22.1 Subpart 1. **Foreign countries.** The board may designate a professional accounting
22.2 credential or professional registration issued in a foreign country as generally equivalent
22.3 to a CPA license and:

22.4 A. may rely on the International Qualifications Appraisal Board for evaluation
22.5 of foreign credential equivalency;

22.6 B. may accept a foreign accounting credential in partial satisfaction of its
22.7 domestic credentialing requirements if:

22.8 (1) the holder of the foreign accounting credential met the issuing body's
22.9 education requirement and passed the issuing body's examination used to qualify its own
22.10 domestic candidates; and

22.11 (2) the foreign credential is valid and in good standing at the time of
22.12 application for a domestic credential; and

22.13 C. if the foreign jurisdiction that granted the accounting credential to the foreign
22.14 applicant is a party to a currently valid mutual recognition agreement with NASBA, the
22.15 credential holder is presumed to be generally equivalent and is subject to other qualifying
22.16 requirements as provided in the mutual recognition agreement.

22.17 Subp. 2. **Qualifying examinations.** The board shall satisfy its requirements
22.18 through qualifying examinations that the holder of a foreign credential deemed by the
22.19 board to be generally equivalent to a CPA certificate possesses adequate knowledge of
22.20 United States practice standards and the board's regulations. The board may rely on the
22.21 National Association of State Boards of Accountancy, the American Institute of Certified
22.22 Public Accountants, or other professional bodies to develop, administer, and grade the
22.23 qualifying examinations. The board shall specify the qualifying examinations and process
22.24 by resolution.

22.25 [For text of subp 3, see M.R.]

23.1 Subp. 4. **Self-reporting.** The holder of a license or practice privilege issued or
23.2 granted by the board in reliance on a foreign accounting credential or license shall report
23.3 any investigations undertaken, or sanctions imposed, by a foreign credentialing or
23.4 licensing body against the CPA's foreign credential or license, or any discipline ordered
23.5 by any regulatory authority having jurisdiction over the holder's conduct in the practice
23.6 of accountancy.

23.7 Subp. 5. **Sanctions against foreign credentials.** Suspension or revocation of, or
23.8 refusal to renew, the CPA's foreign accounting credential by the foreign credentialing
23.9 body may be evidence of conduct reflecting adversely upon the CPA's fitness to retain the
23.10 certificate and may be a prima facie basis for board action.

23.11 Subp. 6. **Conviction.** Conviction of a felony or any crime involving dishonesty or
23.12 fraud under the laws of a foreign country is evidence of conduct reflecting adversely on
23.13 the CPA's fitness to retain the certificate and is a prima facie basis for board action.

23.14 [For text of subps 7 and 8, see M.R.]

23.15 **1105.3600 QUALITY REVIEW FOR LICENSEES WHO DO NOT PRACTICE**
23.16 **IN A FIRM.**

23.17 A licensee who issues compilation reports as defined in the act other than through a
23.18 CPA firm that holds a permit under Minnesota Statutes, section 326A.05, must undergo
23.19 a quality review as described in parts 1105.4600 to 1105.5500, unless, as specified in
23.20 Minnesota Statutes, section 326A.05, subdivision 1, paragraph (b), the firm is not required
23.21 to have a permit issued in this state.

23.22 **1105.3700 EXEMPTION FROM CERTIFICATE RENEWAL REQUIREMENT.**

23.23 [For text of items A and B, see M.R.]

23.24 C. Persons electing to change from exempt status shall report continuing
23.25 professional education as described in subitems (1) to (3).

24.1 [For text of subitems (1) and (2), see M.R.]

24.2 (3) Hours reported in subitem (1) may be used to satisfy the requirement in
24.3 part 1105.3000 to the extent the hours fall within the one- or three-year CPE period.

24.4 D. For purposes of this part, the "practice of public accounting in any manner"
24.5 means issuing a report as described in Minnesota Statutes, section 326A.01, subdivision
24.6 15, whether or not a fee is received. In addition, for purposes of this subpart, "hold out"
24.7 means any oral or written communication conveying the facts that the person holds a
24.8 CPA certificate, including, without limitation, the displaying of the CPA certificate in
24.9 any location where business is conducted and the use of titles or legends on letterheads,
24.10 business cards, resumes, office doors, or advertisements and listings, including published
24.11 membership listings of professional organizations.

24.12 E. Certificate holders who have never met the experience or education
24.13 requirements in Minnesota Statutes, section 326A.03, subdivision 6 or 8, may not elect to
24.14 be exempt from the renewal requirement.

24.15 **1105.3800 INITIAL ISSUANCE OF CERTIFICATE ON OR AFTER JANUARY**
24.16 **1, 2003.**

24.17 A certificate shall be issued to a person who has:

24.18 [For text of items A to E, see M.R.]

24.19 F. for initial certificate applications received on or after July 1, 2006:

24.20 [For text of subitem (1), see M.R.]

24.21 (2) for those whose initial sitting for any part of the examination required
24.22 by Minnesota Statutes, section 326A.03, was on or after July 1, 2006, and for all initial
24.23 applications received after December 31, 2008:

24.24 (a) completed the experience required by part 1105.2600 and
24.25 Minnesota Statutes, section 326A.03, subdivision 6, paragraph (b); and

25.1 (b) completed the education required by part 1105.2900 and Minnesota
25.2 Statutes, section 326A.03, subdivision 6, paragraph (a);

25.3 G. complied with the continuing professional education requirement in part
25.4 1105.3350; and

25.5 H. completed the examination on professional ethics as required by part
25.6 1105.1800, subpart 2.

25.7 **1105.3900 RENEWAL BY CERTIFICATE HOLDERS WHO HAVE NOT MET**
25.8 **EXPERIENCE REQUIREMENTS OF MINNESOTA STATUTES, SECTION**
25.9 **326A.03, SUBDIVISION 5.**

25.10 [For text of item A, see M.R.]

25.11 B. The renewal must be submitted on a form provided by the board by December
25.12 31 of each year or according to part 1105.2550.

25.13 C. The board shall notify each certificate holder of the renewal requirement.
25.14 Each certificate holder shall file the form and pay the delinquency fee as required in part
25.15 1105.0600 if the renewal form is not received prior to expiration on December 31 or
25.16 postmarked by the United States Postal Service by that date. The certificate holder shall
25.17 also inform the board of any address change within 30 days of the date of occurrence.

25.18 D. The certificates of persons who on January 1, 2003, have not met the
25.19 experience required by Minnesota Statutes, section 326A.03, subdivision 5, must be
25.20 revoked following Minnesota Statutes, section 326A.04, subdivision 11, if the experience
25.21 is not obtained before July 1, 2006, or unless the person:

25.22 (1) submits to the board within the 90 days prior to July 1, 2006, a statement
25.23 detailing experience of the type required by part 1105.2600 and Minnesota Statutes,
25.24 section 326A.03, subdivision 6, paragraph (b), on a form provided by the board and in the
25.25 amount required by Minnesota Statutes, section 326A.03, subdivision 5;

- 26.1 (2) submits a certificate renewal application with the statement required by
26.2 subitem (1) requesting an inactive status; and
- 26.3 (3) pays the fee in part 1105.0600.

26.4 Once the experience is verified by the board and the application is approved, the
26.5 certificate shall have an inactive status effective as of July 1, 2006. Persons who have had
26.6 their certificates revoked or who have been notified by the board that the action is pending
26.7 can file an application for initial certificate provided that the then-current requirements
26.8 specified in part 1105.3800, item F, subitem (2), have been satisfied. The board shall
26.9 use the grades achieved on the examination that was the basis for the certificate held on
26.10 January 1, 2003, for determining completion of the examination required by Minnesota
26.11 Statutes, section 326A.03, subdivision 4.

26.12 **1105.4000 APPLICATION FOR FIRM PERMIT.**

26.13 A. Applications by firms for initial issuance and for renewal of permits under
26.14 Minnesota Statutes, section 326A.05, must be made on a form provided by the board
26.15 and, in the case of applications for renewal, must be filed no later than December 31.
26.16 Applications are not considered filed until the applicable fee and all required documents
26.17 prescribed in this chapter are received. If an application for permit renewal is filed late,
26.18 it must also be accompanied by the delinquency fee prescribed in part 1105.0600. In
26.19 addition, the reinstatement fee prescribed in this chapter shall be paid if the renewal
26.20 is filed more than two years late.

26.21 B. A sole proprietor shall apply for a firm permit, when a permit is needed.

26.22 [For text of item C, see M.R.]

26.23 D. The board shall not issue a permit to a firm until all partners, members,
26.24 managers, shareholders, directors, and officers whose principal place of business is in this
26.25 state and who hold a certificate:

27.1 (1) for initial issuance of a permit, individually hold nonexpired certificates
27.2 with an active status issued under Minnesota Statutes, section 326A.04, covering the
27.3 term of the permit to be issued; or

27.4 (2) for renewal of a permit, individually renew their certificates with an
27.5 active status or hold nonexpired certificates with an active status issued under Minnesota
27.6 Statutes, section 326A.04, covering the term of the permit to be issued.

27.7 [For text of items E to H, see M.R.]

27.8 I. The application for a firm permit shall contain a representation from the firm
27.9 that it has complied with part 1105.7850, item F, and that it has verified compliance of
27.10 its partners, members, managers, shareholders, directors, or officers resident in this state
27.11 with items D, E, and F.

27.12 **1105.4100 NOTIFICATION OF CHANGES BY FIRMS.**

27.13 A. A firm granted a permit according to Minnesota Statutes, section 326A.05,
27.14 shall file with the board a written notification of any of the following events concerning
27.15 the practice of public accountancy within this state within 30 days after its occurrence:

27.16 (1) formation of a new firm;

27.17 (2) addition of a partner, member, manager, director, or shareholder who
27.18 resides or practices in this state;

27.19 (3) retirement, withdrawal, or death of a partner, member, manager, director,
27.20 or shareholder who resides or practices in this state;

27.21 (4) any change in the name of the firm;

27.22 (5) termination of the firm;

27.23 (6) change in the management of any branch office in this state;

28.1 (7) establishment of a new branch office or the closing or change of address
28.2 of a branch office in this state;

28.3 (8) the initial offering of attest or compilation services in this state; and

28.4 (9) the occurrence of any event or events that would cause the firm not to be
28.5 in conformity with this chapter or the act.

28.6 [For text of item B, see M.R.]

28.7 C. Firms that fall out of compliance with Minnesota Statutes, section 326A.05,
28.8 subdivision 3, paragraph (b), shall take corrective action within 60 days to bring the firm
28.9 back into compliance within 60 days of the date the noncompliance begins. Failure to
28.10 comply with this requirement shall result in the suspension or revocation of the firm permit.

28.11 **1105.4150 HEADQUARTERS OF CLIENT.**

28.12 A. For purposes of part 1105.4200 and Minnesota Statutes, sections 326A.05,
28.13 subdivision 1, and 326A.14, subdivision 1, a client is considered to have its headquarters
28.14 in this state if the location specified by the client as the address to which a service is
28.15 directed is located in this state. In addition, a client is considered to have its headquarters
28.16 in this state if:

28.17 (1) the client has its headquarters, home office, or principal place of
28.18 business located within this state;

28.19 (2) the client is a subsidiary or affiliate of another entity that does not have
28.20 its headquarters in this state, but the client subsidiary or client affiliate does have its
28.21 headquarters in this state and enters into an agreement with a CPA firm to provide attest
28.22 services;

28.23 (3) the CPA firm's engagement letter or agreement to provide attest services
28.24 is with a client located within this state; or

29.1 (4) the client is a subsidiary or affiliate of another entity that does not have
29.2 its headquarters in this state, but the client subsidiary or client affiliate is located within
29.3 this state and the CPA firm is engaged, either directly or indirectly, to provide attest
29.4 services and issue a report on the financial statements of the entity located within this state.

29.5 B. Upon a request from the board, a firm not holding a permit in this state shall
29.6 provide to the board documentation obtained from its client supporting the determination
29.7 that the address to which a service is directed is not located in this state and shall provide
29.8 other requested documentation supporting such determination.

29.9 C. For purposes of determining whether a firm permit is required for a firm
29.10 that does not have an office in this state, the board can make a determination, based on
29.11 the documentation provided by the firm in item B and other information regarding the
29.12 location and ownership structure of the client obtained from other state agencies, that
29.13 a client has its headquarters in this state.

29.14 **1105.4200 APPLICATIONS FOR INITIAL ISSUANCE AND FOR RENEWAL**
29.15 **OF PERMITS.**

29.16 A. The application for initial issuance and for renewal of permits must specify
29.17 that:

29.18 (1) all individual employees of the firm who have been granted practice
29.19 privileges under Minnesota Statutes, section 326A.14, or who hold certificates and reside
29.20 or practice in this state and those persons specified in part 1105.4000, item D, who
29.21 are responsible for supervising attest or compilation services or who sign or authorize
29.22 someone to sign an accountant's report on financial statements have met the competency
29.23 requirements set out in professional standards; and

29.24 (2) all attest and compilation services rendered by the firm in this state are
29.25 under the charge of a person holding an unexpired certificate issued under Minnesota
29.26 Statutes, section 326A.04, with an active status or the corresponding provision of prior

30.1 law or a person who has been granted practice privileges under Minnesota Statutes,
30.2 section 326A.14.

30.3 B. An entity with an office in this state, including a sole proprietorship, is
30.4 required to hold a valid permit if it:

30.5 (1) provides attest services;

30.6 (2) assumes or uses the title "certified public accountants," the abbreviation
30.7 "CPAs," or any other title, designation, words, letters, abbreviation, sign, card, or device
30.8 tending to indicate that the entity is a CPA firm; or

30.9 (3) provides compilation services, except that if the entity's form of business
30.10 does not qualify it for a permit, then the CPA holding an active certificate and employed
30.11 by the entity who performs the compilation services shall comply with Minnesota Statutes,
30.12 section 326A.10, paragraph (k). Registered accounting practitioners shall comply with
30.13 this chapter including part 1105.7500.

30.14 C. Any entity, including a sole proprietorship, which does not have an office in
30.15 this state but performs the attest services specified in Minnesota Statutes, section 326A.05,
30.16 subdivision 1, paragraph (a), clause (4), for a client having its headquarters in this state, is
30.17 required to hold a valid permit.

30.18 **1105.4500 LICENSED PUBLIC ACCOUNTANTS.**

30.19 [For text of items A to E, see M.R.]

30.20 F. Persons granted a certificate under item A shall not change the person's
30.21 certificate status from "exempt" to "active or inactive."

30.22 **1105.4600 QUALITY REVIEW.**

30.23 For the purpose of parts 1105.4600 to 1105.5500, the terms in this part have the
30.24 meanings given.

31.1 A. "Quality review" means an independent study, appraisal, or review of one
31.2 or more aspects of the attest or compilation professional services of a person or firm as
31.3 required by Minnesota Statutes, section 326A.05, subdivision 8.

31.4 B. "Report acceptance body" or "administrating entity" means the organization
31.5 that accepts the quality review report from the reviewer, reviews it, and determines what,
31.6 if any, action the firm shall take in order to bring the firm's practice up to the professional
31.7 standards.

31.8 C. "Reviewer" means the licensee or firm selected to conduct the quality review
31.9 who is not affiliated with the licensee being reviewed. The Public Company Accounting
31.10 Oversight Board is also considered a reviewer.

31.11 **1105.4700 QUALITY REVIEW STANDARDS.**

31.12 [For text of item A, see M.R.]

31.13 B. Quality reviews conducted according to the standards meet the board's
31.14 requirements for a quality review. Except as specified in part 1105.4800, inspections
31.15 conducted under Section 104 of the Sarbanes-Oxley Act of 2002, Public Law 107-204,
31.16 shall meet the board's requirements for a quality review. Approved report acceptance
31.17 bodies specified in part 1105.5300, item B, shall file with the board prior to April 1 of
31.18 each year a statement which details all significant differences between the quality review
31.19 standards followed by the report acceptance body and the standards specified in item A.
31.20 A firm shall notify the board and obtain permission prior to having a review conducted
31.21 through a report acceptance body other than those specified in part 1105.5300.

31.22 [For text of item C, see M.R.]

31.23 **1105.4800 QUALITY REVIEW REQUIREMENTS.**

31.24 [For text of items A and B, see M.R.]

32.1 C. Firms holding a permit issued by the State Board of Accountancy of another
32.2 state and that are required to apply for a permit in this state under Minnesota Statutes,
32.3 section 326A.05, subdivision 1, paragraph (a), clause (4), shall submit with its application
32.4 the material required by part 1105.5400, item A, covering the quality review of its public
32.5 and nonpublic company attest and compilation client practice.

32.6 **1105.5000 QUALITY REVIEW CYCLE FOR FIRMS.**

32.7 [For text of subpart 1, see M.R.]

32.8 Subp. 2. [See repealer.]

32.9 Subp. 3. **Firms that are subject to quality review after December 31, 2002.** Firms
32.10 that become subject to the quality review program after December 31, 2002, for the first
32.11 time shall determine their cycles according to part 1105.5100.

32.12 [For text of subp 4, see M.R.]

32.13 **1105.5100 FIRM QUALITY REVIEW REQUIREMENT FOR FIRMS NEWLY**
32.14 **SUBJECT TO REQUIREMENT ON OR AFTER JANUARY 1, 2003.**

32.15 As a condition to renewal of a firm permit, a new firm shall undergo a quality review
32.16 during the first year after it becomes subject to the requirements for quality review, and
32.17 shall report the material in part 1105.5400 to the board no later than 15 months after the
32.18 end of the first year after becoming subject to the requirement.

32.19 After the initial report, the firm shall be required to report every three years.

32.20 A new firm is one that has not previously been issued a permit in Minnesota or has
32.21 not had a quality review completed in the three-year period prior to application. It does
32.22 not include the firms described in items A to D.

32.23 [For text of item A, see M.R.]

33.1 B. A new partnership, corporation, LLC, or LLP in which the constituent
33.2 firms were already in a quality review cycle. The quality review of the new firm must
33.3 be conducted in the latest of the constituent firms' cycles.

33.4 [For text of items C and D, see M.R.]

33.5 **1105.5200 QUALIFICATIONS OF REVIEWER.**

33.6 The reviewer shall have the following minimum qualifications:

33.7 [For text of items A to F, see M.R.]

33.8 G. have the expertise, experience, and qualifications to conduct a quality review.

33.9 **1105.5400 REPORT TO BOARD.**

33.10 A. Within 30 days of receipt of the letter described in subitem (2), but no later
33.11 than the date in part 1105.5000, each firm shall submit, or have submitted on its behalf, the
33.12 following material to the board:

33.13 (1) a copy of the report issued by the reviewer, including any response from
33.14 the firm that addresses deficiencies or significant deficiencies contained in the report;

33.15 (2) the final letter of acceptance from the report acceptance body; and

33.16 (3) any agreements to correct deficiencies that have been entered into
33.17 between the firm and the report acceptance body.

33.18 The board shall review and consider this material in its decision to issue a permit to
33.19 the firm.

33.20 Failure to file the required material by the required date is cause for discipline against
33.21 the firm's permit.

33.22 In the case where the report acceptance body and the firm have entered into an
33.23 agreement to correct deficiencies, failure by the firm to abide by that agreement is grounds
33.24 for discipline against the firm's permit and the certificates of the managers in charge of
33.25 the firm's offices maintained in this state.

34.1 Except as specified in part 1105.4800, a written report, including any responses
34.2 by the firm attached to the report, on all inspections conducted by the Public Company
34.3 Accounting Oversight Board submitted within 30 days of receipt to the board shall meet
34.4 the requirements of this part.

34.5 Nothing in this part requires a firm to submit the Public Company Accounting
34.6 Oversight Board inspections report to the board, providing a quality review encompassing
34.7 the firm's public company attest client practice has been conducted and submitted to the
34.8 board according to parts 1105.4600 to 1105.5500 or according to standards adopted by the
34.9 AICPA or the Public Company Accounting Oversight Board within the previous three
34.10 years. Prior to January 1, 2008, the board may waive the requirement for a report on the
34.11 firm's public company attest client practice if a report on the review of such practice is not
34.12 received by the firm from the Public Company Accounting Oversight Board.

34.13 [For text of item B, see M.R.]

34.14 C. In connection with the submission required by item A, the firm shall
34.15 specifically notify the board if it has had two or more consecutive quality reviews of its
34.16 nonpublic company attest or compilation client practice that resulted in the firm receiving
34.17 a report that was other than pass. A firm's review shall result in one of three findings:

34.18 (1) pass;

34.19 (2) pass with deficiencies; or

34.20 (3) fail.

34.21 **1105.5600 GROUNDS FOR ENFORCEMENT ACTION.**

34.22 Subpart 1. **Grounds for disciplinary action.** The grounds for revocation and
34.23 suspension of certificates, registrations, and permits, and other disciplinary action against
34.24 licensees, certificate holders, applicants, and individuals with privileges under Minnesota

35.1 Statutes, section 326A.14, are specified in Minnesota Statutes, section 326A.08. In
35.2 addition, the grounds include the following particular grounds for disciplinary action:

35.3 A. fraud, dishonesty, or deceit in obtaining a certificate, registration, or permit,
35.4 within the meaning of Minnesota Statutes, section 326A.08, subdivision 5, paragraph
35.5 (a), clause (5), including the submission to the board of any knowingly false or forged
35.6 evidence in, or in support of, an application for a certificate, registration, or permit, and
35.7 cheating on an examination as defined in this chapter;

35.8 B. dishonesty, fraud, deceit, or gross negligence through knowingly or through
35.9 gross negligence, by making misleading, deceptive, or untrue representations in the
35.10 performance of services;

35.11 C. violations of the act or rules promulgated under the act, within the meaning of
35.12 Minnesota Statutes, section 326A.08, subdivision 5, paragraph (a), clause (1), including:

35.13 (1) using the CPA title or providing attest or compilation services in this
35.14 state without a certificate with an active status, registration, or permit to practice issued
35.15 under Minnesota Statutes, sections 326A.04 and 326A.05, or without properly qualifying
35.16 to practice across state lines under the substantial equivalency provision of the act;

35.17 (2) using or attempting to use a certificate, registration, or permit which
35.18 has been suspended or revoked;

35.19 (3) making any false, deceptive, or misleading statement, in support of an
35.20 application for a certificate, registration, or permit filed by another;

35.21 (4) failure of a licensee to provide any explanation requested by the board
35.22 regarding evidence submitted by the licensee in support of an application filed by another,
35.23 or regarding a failure or refusal to submit such evidence; and failure by a licensee to
35.24 furnish for inspection, upon request by the board or its representative, documentation
35.25 relating to any evidence submitted by the licensee in support of such an application;

36.1 (5) failure to satisfy the continuing professional education requirements
36.2 in Minnesota Statutes, section 326A.04, subdivision 4, and failure to comply with the
36.3 continuing education requirements of this chapter;

36.4 (6) failure to comply with professional standards as to the attest or
36.5 compilation competency requirement for those who supervise attest or compilation
36.6 engagements and sign reports on financial statements or other compilation communications
36.7 with respect to financial statements;

36.8 (7) failure to comply with the applicable quality review requirements set out
36.9 in this chapter and Minnesota Statutes, sections 326A.04 and 326A.05, subdivision 8; or

36.10 (8) making any false, deceptive, or misleading statement in support of a
36.11 request to the board to accept the voluntary surrender of a certificate, registration, or
36.12 permit;

36.13 D. conduct reflecting adversely upon the licensee's fitness to perform services,
36.14 within the meaning of Minnesota Statutes, section 326A.08, subdivision 5, paragraph
36.15 (a), clauses (2) and (10), includes:

36.16 (1) adjudication as mentally incompetent;

36.17 (2) fiscal dishonesty of any kind;

36.18 (3) presenting as one's own a certificate, registration, or permit issued to
36.19 another;

36.20 (4) concealment of information regarding violations by other licensees of
36.21 the act or this chapter when questioned or requested by the board;

36.22 (5) willfully failing to file a report or record required by state or federal law;
36.23 willfully impeding or obstructing the filing of a report or record, or inducing another
36.24 person to impede or obstruct a filing by another; and the making or filing of a report or
36.25 record which one knows to be false; and

37.1 (6) incompetence, including:

37.2 (a) gross negligence, recklessness, or repeated acts of negligence in the
37.3 licensee's record of professional practice; or

37.4 (b) any condition, whether physical or mental, that endangers the
37.5 public by impairing skill and care in providing professional services.

37.6 E. A licensee, applicant, certificate holder, registrant, or person specified in
37.7 Minnesota Statutes, section 326A.05, subdivision 3, paragraph (c), who is subject to the
37.8 actions, or has engaged in activities, described in Minnesota Statutes, section 326A.08,
37.9 subdivision 5, paragraph (a), clause (6) or (7) or has been convicted of, has pled guilty or
37.10 nolo contendere to, or has been sentenced as a result of the commission of a felony or crime,
37.11 an element of which is dishonesty or fraud, shall, within 30 days of being subject to or
37.12 engaging in such actions or activities, notify the board in writing and provide the details of
37.13 the activities. The notification may be used as a basis for initiating an investigation against
37.14 the licensee, applicant, certificate holder, registrant, or person specified in Minnesota
37.15 Statutes, section 326A.05, subdivision 3, paragraph (c), the results of which could result in
37.16 disciplinary action specified in Minnesota Statutes, section 326A.08.

37.17 F. An initial determination by the board not to institute proceedings under
37.18 Minnesota Statutes, section 326A.08, does not preclude the board from subsequently
37.19 doing so if relevant information is obtained which, in the opinion of the board, would have
37.20 resulted in a different determination if the information was known earlier.

37.21 Subp. 2. **Failing to file a report.** A finding, adjudication, consent order, or
37.22 conviction by a federal or state court, agency, or regulatory authority, or the Public
37.23 Company Accounting Oversight Board that a licensee has willfully failed to file a required
37.24 report or record specified in subpart 1, item D, subitem (5), is prima facie evidence of a
37.25 violation of this part.

37.26 **1105.5900 NOTICES OF HEARING OR CONFERENCE.**

38.1 [For text of item A, see M.R.]

38.2 B. When the notice of conference is served pursuant to Minnesota Statutes,
38.3 section 326A.08, it must be accompanied by a copy of Minnesota Statutes, section
38.4 326A.08.

38.5 C. The investigation, hearing, or conference may result in the discovery of
38.6 additional violations. The additional violations do not need to be specifically identified in
38.7 the notice issued in item A.

38.8 **1105.6200 ACTION BY BOARD.**

38.9 [For text of items A and B, see M.R.]

38.10 C. In considering an application under part 1105.6100, the board may consider
38.11 all activities of the applicant since the disciplinary penalty from which relief is sought
38.12 was imposed, the offense for which the applicant was disciplined, the applicant's activities
38.13 during the time the certificate, registration, privileges under Minnesota Statutes, section
38.14 326A.14, or permit was in good standing, the applicant's rehabilitative efforts, restitution
38.15 to damaged parties in the matter for which the penalty was imposed, the applicant's general
38.16 reputation for truth and professional probity, and factors described in part 1105.2450.

38.17 [For text of item D, see M.R.]

38.18 **1105.6300 MISLEADING CPA FIRM NAMES.**

38.19 A CPA firm name is misleading within the meaning of Minnesota Statutes, section
38.20 326A.10, paragraph (h), if, among other things, the CPA firm name:

38.21 [For text of items A and B, see M.R.]

38.22 C. includes the name of a person who is not a CPA if the title "CPAs" is included
38.23 as part of the firm name.

38.24 The firm name shall not include the name of a person who was a past partner,
38.25 member, or shareholder of the firm if the person withdraws consent to the use or if the

39.1 person becomes a partner, member, shareholder, or owner of a firm established under
39.2 Minnesota Statutes, section 326A.05.

39.3 **1105.6400 FICTITIOUS FIRM NAMES.**

39.4 A fictitious CPA firm name, that is, one not consisting of the names or initials of
39.5 one or more present or former partners, members, or shareholders, may not be used by
39.6 a CPA firm unless the name has been registered with and approved by the board as not
39.7 being false or misleading.

39.8 A firm name is considered false or misleading if:

39.9 [For text of items A to J, see M.R.]

39.10 K. the name of a firm that is a sole proprietorship fails to contain the surname of
39.11 the sole proprietor;

39.12 [For text of items L and M, see M.R.]

39.13 **1105.6550 DEFINITION OF VALID CERTIFICATE, LICENSE, PERMIT,**
39.14 **REGISTRATION, AND OF GOOD STANDING.**

39.15 A. "Valid certificate" or "valid license," as used in Minnesota Statutes, section
39.16 326A.10 or 326A.14, is an unexpired certificate that has a certificate status of "active" as
39.17 defined in part 1105.2500. This definition does not limit the use of the CPA designation by
39.18 those persons who comply with parts 1105.3300 and 1105.3900.

39.19 [For text of items B and C, see M.R.]

39.20 D. "Good standing," as used in parts 1105.3400 and 1105.3500 and Minnesota
39.21 Statutes, section 326A.14, is the absence of grounds for enforcement or disciplinary action
39.22 described in part 1105.5600 and Minnesota Statutes, section 326A.08, subdivision 5.

39.23 **1105.6600 REGISTERED ACCOUNTING PRACTITIONER.**

40.1 The designation of "registered accounting practitioner" shall be issued by the board
40.2 to persons of good moral character who have made application on a form provided by
40.3 the board and who:

40.4 A. have met the education requirement in part 1105.6700;

40.5 B. have met the RAP examination requirement in part 1105.6800;

40.6 C. have met the experience requirement in part 1105.6900;

40.7 D. have submitted documentation, which can be verified by the board, to
40.8 support items A to C; and

40.9 E. have paid the fee in part 1105.0600.

40.10 **1105.7000 RENEWAL OF REGISTRATION.**

40.11 A. The registration of a registered accounting practitioner expires on December
40.12 31 each year and must be renewed annually before December 31 on a form provided by
40.13 the board for that purpose. The fee in part 1105.0600 must be paid. If an application
40.14 for renewal is filed late, it shall also be accompanied by the delinquency fee in part
40.15 1105.0600. In addition, the reinstatement fee in this chapter must be paid if the renewal
40.16 is filed more than two years late.

40.17 B. A registrant seeking renewal shall show that the registrant has completed no
40.18 less than 90 hours of continuing professional education complying with the standards
40.19 in part 1105.3100 during the three-year period preceding renewal with a minimum
40.20 of 20 hours in each year. At least four hours of the 90 hours shall be in accounting
40.21 ethics or business ethics. A program in ethics includes topics such as ethical reasoning,
40.22 state-specific statutes and rules, and standards of professional conduct, including those of
40.23 other applicable regulatory bodies. A registrant's initial three-year period starts on January
40.24 1 following the date the individual is initially registered by the board.

41.1 C. Failure to report continuing professional education, failure to obtain CPE
41.2 required by this part, reporting an amount less than that required, or fraudulently reporting
41.3 continuing professional education is a basis for disciplinary action under Minnesota
41.4 Statutes, section 326A.08. A registrant not in compliance with this part on June 30 of each
41.5 year shall be subject to the requirements of part 1105.3000, item G.

41.6 D. A registrant shall report compliance with this part as required by item B.
41.7 The board shall verify on a test basis, through inspection of documentation supplied
41.8 by the registrant, information regarding hours of CPE attendance in order to determine
41.9 compliance with the continuing professional education requirements of this chapter.

41.10 E. The continuing professional education hour limitations in part 1105.3100,
41.11 subpart 4, do not apply to a registrant.

41.12 **1105.7200 NOTIFICATION OF CHANGES BY RAP FIRMS.**

41.13 A. A RAP firm registered under this chapter shall file with the board a written
41.14 notification of any of the following events concerning its practice within this state within
41.15 30 days after its occurrence:

41.16 (1) formation of a new RAP firm;

41.17 (2) addition of a partner, member, manager, director, or shareholder;

41.18 (3) retirement, withdrawal, or death of a partner, member, manager,
41.19 director, or shareholder;

41.20 [For text of subitems (4) to (8), see M.R.]

41.21 B. In the event of any changes in legal form of a RAP firm, the new firm shall,
41.22 within 30 days of the change, file an application for an initial RAP firm permit according
41.23 to this chapter and pay the fee required by this chapter.

42.1 C. RAP firms that fall out of compliance with this part shall take corrective
42.2 action within 60 days to bring the firm back into compliance. Failure to do so shall result
42.3 in the suspension or revocation of the RAP firm permit.

42.4 **1105.7450 MISLEADING RAP FIRM NAMES AND FICTITIOUS RAP FIRM**
42.5 **NAMES.**

42.6 [For text of item A, see M.R.]

42.7 B. A RAP firm name is misleading if, among other things, the RAP firm name:

42.8 [For text of subitems (1) and (2), see M.R.]

42.9 (3) includes the name of a person who is not a RAP if the title "RAP" is
42.10 included as part of the firm name.

42.11 The firm name shall not include the name of a person who was a past partner, member,
42.12 shareholder, or owner of the firm if the person withdraws consent to the inclusion or if
42.13 the person becomes a partner, member, shareholder, or owner of a firm established under
42.14 part 1105.7100.

42.15 C. A fictitious RAP firm name, that is, one not consisting of the names or initials
42.16 of one or more present or former partners, members, or shareholders, may not be used by
42.17 a RAP firm unless the name has been registered with and approved by the board as not
42.18 being false or misleading.

42.19 A firm name is considered false or misleading if:

42.20 [For text of subitems (1) to (10), see M.R.]

42.21 (11) the name of a firm that is a sole proprietorship fails to contain the
42.22 surname of the sole proprietor;

42.23 [For text of subitems (12) and (13), see M.R.]

42.24 **1105.7500 COMPILATION REPORTS.**

43.1 [For text of item A, see M.R.]

43.2 B. The form of the compilation report that can be issued is in part 1105.6500,
43.3 items B and C.

43.4 C. Registrants must comply with Statements on Standards for Accounting and
43.5 Review Services issued by the American Institute of Certified Public Accountants when
43.6 performing compilation services except as specified in part 1105.6500, item C. The
43.7 statements are in AICPA Professional Standards, Volume 2, published by the American
43.8 Institute of Certified Public Accountants, which are incorporated by reference.

43.9 **1105.7800 CODE OF PROFESSIONAL CONDUCT.**

43.10 [For text of item A, see M.R.]

43.11 B. Failure to report continuing professional education or falsely reporting
43.12 continuing professional education required by parts 1105.3000 and 1105.7000 is an
43.13 act discreditable to the profession and is basis for disciplinary action under Minnesota
43.14 Statutes, section 326A.08.

43.15 C. Failure to report quality reviews required by parts 1105.4000 and 1105.7100
43.16 or seeking an exemption when one is not warranted, is an act discreditable to the profession
43.17 and is a basis for disciplinary action under Minnesota Statutes, section 326A.08.

43.18 D. Failure to file an application, registration, renewal, or other document or form
43.19 required to be filed with the board pursuant to this chapter, the act, or any other statutes
43.20 or rule is an act discreditable to the profession and is basis for disciplinary action under
43.21 Minnesota Statutes, section 326A.08.

43.22 E. Persons and firms subject to the Sarbanes-Oxley Act of 2002, Public Law
43.23 107-204, shall comply with that act and related published rules. Failure to do so is an
43.24 act discreditable to the profession and is basis for disciplinary action under Minnesota
43.25 Statutes, section 326A.08.

44.1 F. Persons and firms performing audit or attest services according to government
44.2 auditing standards issued by the Comptroller General of the United States or auditing
44.3 or related professional practice standards issued by the Public Company Accounting
44.4 Oversight Board, which documents are incorporated by reference, shall comply with
44.5 those standards. Failure to do so is an act discreditable to the profession and is basis for
44.6 disciplinary action under Minnesota Statutes, section 326A.08.

44.7 [For text of item G, see M.R.]

44.8 H. (1) A licensee, registrant, certificate holder, or applicant may not directly or
44.9 indirectly take any action to fraudulently influence, coerce, manipulate, or mislead any
44.10 certified public accounting firm, the state auditor, or the legislative auditor engaged in the
44.11 performance of an audit of financial statements if that person knew or was unreasonable in
44.12 not knowing that the action could, if successful, result in rendering the financial statements
44.13 materially misleading. Engaging in these acts is an act discreditable to the profession and
44.14 is a basis for disciplinary action under Minnesota Statutes, section 326A.08.

44.15 [For text of subitem (2), see M.R.]

44.16 I. A licensee shall not render services that do not follow the standards, as
44.17 applicable under the circumstances and at the time the services are provided, specified
44.18 in the documents in part 1105.0250. In addition to these applicable standards, and to the
44.19 extent other provisions of this chapter and Minnesota Statutes do not modify or conflict
44.20 with them, a licensee shall follow standards issued by other professional or governmental
44.21 bodies including international standards setting bodies with which a licensee is required
44.22 by law, regulation, or the terms of engagement to comply.

44.23 J. (1) A licensee shall not for a commission recommend or refer to a client
44.24 any product or service, or for a commission recommend or refer any product or service
44.25 to be supplied by a client, or receive a commission, when the licensee also performs
44.26 for that client:

45.1 (a) an audit or review of a financial statement;

45.2 (b) a compilation of a financial statement when the licensee expects,
45.3 or reasonably might expect, that a third party will use the financial statement and the
45.4 licensee's compilation report does not disclose a lack of independence; or

45.5 (c) an examination of prospective financial information.

45.6 This prohibition applies during the period in which the licensee is engaged to perform
45.7 any of the services listed under this item and the period covered by any historical financial
45.8 statements involved in these services.

45.9 (2) A licensee who is not prohibited by this item from performing services
45.10 for or receiving a commission and who is paid or expects to be paid a commission shall
45.11 disclose that fact to any person or entity to whom the licensee recommends or refers a
45.12 product or service to which the commission relates.

45.13 (3) Any licensee who accepts a referral fee for recommending or referring
45.14 any service of a licensee to any person or entity or who pays a referral fee to obtain a
45.15 client shall disclose any acceptance or payment to the client.

45.16 K. (1) A licensee shall not:

45.17 (a) perform for a contingent fee any professional services for, or
45.18 receive any fee from a client for whom the licensee or the licensee's firm performs:

45.19 i. an audit or review of a financial statement;

45.20 ii. a compilation of a financial statement when the licensee
45.21 expects, or reasonably might expect, that a third party will use the financial statement and
45.22 the licensee's compilation report does not disclose a lack of independence; or

45.23 iii. an examination of prospective financial information; or

45.24 (b) prepare an original or amended tax return or claim for a tax refund
45.25 for a contingent fee for any client.

46.1 (2) The prohibition in subitem (1) applies during the period in which the
46.2 licensee is engaged to perform any of the services listed in this item and the period covered
46.3 by any historical financial statements involved in any listed services.

46.4 (3) A contingent fee is a fee established for the performance of any service
46.5 pursuant to an arrangement in which no fee will be charged unless a specified finding or
46.6 result is attained, or in which the amount of the fee is otherwise dependent upon the
46.7 finding or result of such service. For purposes of this item, fees are not regarded as being
46.8 contingent if fixed by courts or other public authorities, or, in tax matters, if determined
46.9 based on the results of judicial proceedings or the findings of governmental agencies. A
46.10 licensee's fees may vary depending, for example, on the complexity of services rendered.

46.11 **1105.7850 RETENTION AND CONTENT OF AUDIT DOCUMENTATION.**

46.12 A. Firms granted permits under Minnesota Statutes, section 326A.05, shall
46.13 prepare, according to professional standards contained in AICPA Professional Standards,
46.14 Volume 1, and retain for a period of not less than six years from the report date audit
46.15 documentation in sufficient detail to support the conclusions reached in any report issued
46.16 by the firm on the financial statements audited.

46.17 B. The professional standards referred to in item A are incorporated by reference.

46.18 C. Failure to comply with this part, or with all professional standards applicable
46.19 to particular engagements, including, but not limited to, standards adopted by the Public
46.20 Company Accounting Oversight Board or the Comptroller General of the United States,
46.21 which are incorporated by reference in part 1105.0250, items D and E, respectively, is an
46.22 act discreditable to the profession and is basis for disciplinary action under Minnesota
46.23 Statutes, section 326A.08. The documentation and retention requirements in this part
46.24 do not apply to engagements that are subject to the jurisdiction of the Public Company
46.25 Accounting Oversight Board or the Comptroller General of the United States. Unless
46.26 otherwise stated in this part, firms shall comply with the documentation and retention

47.1 requirements in this part in any other audit engagement performed for a client having its
47.2 headquarters in this state.

47.3 [For text of item D, see M.R.]

47.4 E. Any documents required to be retained by this part must be retained in
47.5 accessible form so that a reviewer may read the information contained in the documents.

47.6 [For text of items F to H, see M.R.]

47.7 **1105.7900 SUBSTANTIAL EQUIVALENCY.**

47.8 A. Under Minnesota Statutes, section 326A.04, subdivision 3, paragraph (b), an
47.9 individual rendering professional services in this state whose principal place of business
47.10 will be in this state is required to have a certificate issued under Minnesota Statutes,
47.11 section 326A.04.

47.12 B. Upon meeting the qualifications in Minnesota Statutes, section 326A.14,
47.13 subdivision 1, paragraph (a) or (b), an individual rendering professional services in this
47.14 state whose principal place of business is not in this state is granted practice privileges
47.15 equivalent to the licensees of this state without the need to obtain a license.

47.16 C. For purposes of the act and this chapter, an individual shall, at any time, only
47.17 designate a single state as the individual's principal place of business. Residents of this
47.18 state who provide professional services in this state at an office location in this state shall
47.19 be considered to have their principal place of business in this state.

47.20 D. Individuals required by Minnesota Statutes, section 326A.14, subdivision 1,
47.21 paragraph (b), to obtain a verification that their individual qualifications are substantially
47.22 equivalent to the licensure requirements of Minnesota Statutes, section 326A.03,
47.23 subdivisions ~~2~~ 3, 4, and 6, shall obtain the verification from the NASBA National
47.24 Qualification Appraisal Service prior to rendering professional services in this state.

48.1 Documentation supporting this verification must be maintained by the individual for a
48.2 minimum period of six years and must be submitted to the board upon request.

48.3 **REPEALER.** Minnesota Rules, parts 1105.0100, subpart 17; 1105.2000, subpart 3;
48.4 1105.4250; 1105.5000, subpart 2; and 1105.7600, are repealed.

48.5 **INSTRUCTION TO REVISOR.** In Minnesota Rules, part 1105.5800, change the
48.6 reference to part 1105.4300 to 1105.5400.