ACCOUNTANCY BOARD

- Reduces the percentage of owners who must hold an Ohio permit or foreign certificate for a public accounting firm to register in Ohio.
- Changes references to ownership interests in a public accounting firm from "equity interest" to "equity interest or shares."

Public accounting firm ownership interests and registration

(R.C. 4701.01, 4701.04, and 4701.16)

The act requires a public accounting firm, as a condition to register and practice public accounting in Ohio, to have more than 50% of the firm's total equity interest or shares owned by individuals who hold a permit to practice public accounting issued under Ohio law (referred to as an "Ohio permit") or a license, permit, certificate, or registration issued under laws of another state authorizing the holder to practice public accounting in that state (referred to as a "foreign certificate").

Formerly, as a condition of registration, every owner of an equity interest in an Ohio public accounting firm was required to (1) hold an Ohio permit or a foreign certificate or (2) satisfy specific requirements, including meeting continuing education and ethics standards established in rules adopted by the Accountancy Board. The act maintains the requirements for any owner of an equity interest or shares in a firm who does not have an Ohio permit or foreign certificate.

The act adds a requirement that, if a public accounting firm has a board of directors, more than 50% of the directors must hold an Ohio permit or a foreign certificate. Additionally, if the firm has an employee stock ownership plan (ESOP), more than 50% of the plan's trustees must hold an Ohio permit or a foreign certificate.

Continuing law lists additional requirements a public accounting firm must satisfy to register.

The act also changes references to "equity interest" in the Accountancy Law to "equity interest or shares." It is unclear whether the change makes a substantive difference because the law defines "equity interest" as "any capital interest or profit interest," which appears to include shares in a corporation.[1]

[1] See Internal Revenue Service, Capital gains and losses, which is available by conducting a keyword "topic no. 409" search on the Internal Revenue Service website: irs.gov.