



# Washington State Board of Accountancy

**Policy Number:** 2002-4

**Title:** International Reciprocity\*

**Revised:** October 17, 2008\*

**Effective:** October 25, 2002

**Approved:**

A handwritten signature in cursive script, appearing to read "Edwin G. Jolicoeur".

**Edwin G. Jolicoeur, CPA, Chair**

\*This policy rescinds and supersedes any previous Board policy.

## Purpose:

To facilitate international reciprocity for professional accountants by recognizing accounting credentials issued by the accounting professions of other countries; specifying reciprocal arrangements for individuals holding a professional accounting designation of other countries seeking a Washington State license; adopting a qualifying examination and passing score; and setting experience standards.

Statutory authority: RCW 18.04.183

- I. **Recognized credentials** - The Board will recognize the following international accounting credentials:
  - A. **Canada – Chartered Accountant (CA)** issued by the Institutes of Chartered Accountants of **Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, and Saskatchewan** based on the following:
    - i. Canada is party to trade treaties with the United States (the US Canada Free Trade Agreement and the North American Free Trade Agreement) that encourage mutual recognition of professional licenses and credentials.
    - ii. Canadian provincial and territorial bodies award more than one type of professional accounting credential. Various professional bodies award credentials as Chartered Accountants, Certified General Accountants, and Certified Management Accountants. The most stringent of these credentials, for purposes of this Board's recognition as basis for reciprocity, is the Chartered Accountant credential.
    - iii. The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA) have conducted studies (published as *Principles for Reciprocity*, September 16, 1991) of the Chartered Accountant credentials issued by the Institutes of Chartered Accountants of the Canadian provinces and territories. NASBA and the

AICPA agreed that the Canadian Chartered Accountant credential is based on education, examination, and ethics requirements that are substantially equivalent to those required for licensure as a CPA if the Chartered Accountant credential was based, in part, on passing the Canadian Uniform Final Examination.

- iv. Canadian provincial and territorial Institutes of Chartered Accountants' experience requirements meet or exceed the requirements set by this Board for domestic candidates.
- v. Some Provincial Institutes of Chartered Accountants require Washington licensees to establish residency in the province as a condition of granting a Chartered Accountant credential by reciprocity. Provisions of the North American Free Trade Agreement discourage members from using residency requirements to inhibit the movement of professionals between countries. This Board does not impose residency as a condition of interstate or international reciprocity, unless the reciprocating credentialing authority imposes a residency requirement on this Board's licensees. The Institutes of Chartered Accountants of **Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, and Saskatchewan** have no residency requirements for granting Chartered Accountant recognition to Washington State licensees.

The Board will consider extending reciprocity to individuals holding Chartered Accountant credentials from other Canadian Provincial Institutes at such time as those credentialing bodies acknowledge that a residency requirement is not imposed on Washington State licensees.

- B. Australia – Chartered Accountant (CA)** issued by the Institute of Chartered Accountants in Australia (ICAA) based on the following:
  - i. The General Agreement on Trade in Services (GATS) is an international trade agreement that came into effect in 1995 and operates under the umbrella of the World Trade Organization (WTO). This agreement encourages countries to set regulations that are not discriminatory or more burdensome for applicants from other countries. Provisions of the agreement discourage members from using residency or citizenship requirements to inhibit the movement of professionals between countries. Australia and the United States are members of the WTO.
  - ii. The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA), operating jointly as the U. S. International Qualifications Appraisal Board (IQAB), have completed a thorough study of the Chartered Accountant credential issued by the Institute of Chartered Accountants in Australia (ICAA).
  - iii. The IQAB concluded (as summarized within *Principles Agreement for Reciprocal Licensing*, IQAB and ICAA, October 8, 1996 and within *Mutual Recognition Agreement*, IQAB and ICAA, August 15, 2002) the Australian Chartered Accountant credential is based on education and examination

requirements that are substantially equivalent to those required by U.S. accountancy boards for domestic licensing.

- iv. The IQAB further concluded ICAA experience requirements for CAs meet or exceed the requirements set by this Board for candidates for domestic licensing.
- v. The Board has received the ICAA's written agreement to extend reciprocal credentialing to Washington licensees in accordance with the *Mutual Recognition Agreement* (without conditioning the grant of the ICAA CA credential on either Australian residency or citizenship).

**C. Australia – Certified Practising Accountant (CPA) issued by CPA Australia based on the following:**

- i. The *General Agreement on Trade Services* (GATS) is an international trade agreement that came into effect in 1995 and operates under the umbrella of the World Trade Organization (WTO). This agreement encourages countries to set regulations that are not discriminatory or more burdensome for applicants from other countries. Provisions of the agreement discourage members from using residency or citizenship requirements to inhibit the movement of professionals between countries. Australia and the United States are members of the WTO.
- ii. The National Association of State Board of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA), operating jointly as the U.S. International Qualifications Appraisal Board (US IQAB), have completed a thorough study of the Certified Practising Accountant credential issued by CPA Australia.
- iii. The US IQAB concluded (as summarized with *Principles Agreement for Reciprocal Licensing, Recommended by CPA Australia and The U.S. International Qualifications Appraisal Board, October 19, 2000*), the Australian Certified Practising Accountant credential is based on education and examination requirements that are substantially equivalent to those required by U.S. accountancy boards for CPA licensure (with certain specific exceptions related to the completion the Auditing Module of CPA Australia's CPA Program.)
- iv. The U.S. IQAB further concluded CPA Australia experience requirements for Australian CPA's experience requirements for Australian CPAs meet or exceed the requirements set by this Board for domestic CPA candidates.
- v. The Board has received CPA Australia's written agreement to extend reciprocal credentialing to Washington State licensees in accordance with the *principles Agreement of Reciprocal Licensing* without conditioning the grant of Australia CPA's Certified Practising Accountant credential on either Australian residency or citizenship.

**II. International Qualifications Examination (IQEX) - The Board:**

- A. Adopts the International Qualifications Examination (IQEX) prepared and graded by the American Institute of Certified Public Accountants as the appropriate examination to assess Canadian Chartered Accountants', Australian Chartered Accountants', and Australian Certified Practising Accountants' competence in accounting principles, auditing standards, commercial law, income tax law, and professional ethics unique to the United States. The Board will continue to recognize passing grades from the predecessor Canadian Chartered Accountant Uniform CPA Qualification Examination (CAQEX).
- B. Accepts International Qualifications Examination (IQEX) grades from examinations administered by other state boards of accountancy or by the National Association of State Boards of Accountancy
- C. Sets the passing score for the IQEX (and its CAQEX predecessor) at 75

**III. Individuals applying for a CPA License based on International Reciprocity**

The Board will grant a CPA license to an applicant who:

- A. Possesses a:
  - i. Canadian Chartered Accountant credential in good standing issued by the Provincial Institutes of Chartered Accountants of **Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, or Saskatchewan** if the credential is based, in part, on passing the Canadian Chartered Accountant's Uniform Final Examination
  - ii. Chartered Accountant credential in good standing issued by the Institute of Chartered Accountants in Australia (ICAA).
  - iii. Australian Certified Practising Accountant (CPA) credential in good standing issued by CPA Australia. Note: Candidates who qualified as Australian CPA on the basis of recognition of credentials earned in other countries are not eligible to apply.
- B. Passes the International Qualifications Examination (IQEX) (or its CAQEX predecessor);
- C. Those applicants possessing an Australian Certified Practising Accountant credential issued by CPA Australia who have not passed CPA Australia's Audit Module must successfully complete the AUDITING AND ATTESTATION section of the US Uniform CPA Examination;
- D. Files such application forms and pays such license fees to this Board as would be required of an applicant for CPA licensure by reciprocity from another U.S. jurisdiction;
- E. Satisfactorily completes the AICPA's self-study course and examination, "Professional Ethics for CPAs";
- F. Demonstrates completion of 120 hours of acceptable continuing professional education with a limitation of 24 hours of non-technical subjects, within the 36 months immediately preceding the application for license; and

- G. Demonstrates one year of public accounting experience equivalent to the experience required under RCW 18.04.105(1)(d) within the eight years prior to applying for a license.