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Proposed Regulation
Agency Background Document

Agency name	Virginia Board of Accountancy
Virginia Administrative Code (VAC) Chapter citation(s)	18VAC5-22
VAC Chapter title(s)	Board of Accountancy Regulations
Action title	Amendments to Education, Experience, and Substantial Equivalency Requirements
Date this document prepared	July 25, 2025

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Order 19 (2022) (EO 19), any instructions or procedures issued by the Office of Regulatory Management (ORM) or the Department of Planning and Budget (DPB) pursuant to EO 19, the Regulations for Filing and Publishing Agency Regulations (1 VAC 7-10), and the *Form and Style Requirements for the Virginia Register of Regulations and Virginia Administrative Code*.

Brief Summary

Provide a brief summary (preferably no more than 2 or 3 paragraphs) of this regulatory change (i.e., new regulation, amendments to an existing regulation, or repeal of an existing regulation). Alert the reader to all substantive matters. If applicable, generally describe the existing regulation.

This regulatory change will amend requirements regarding CPA licensure pathways, substantial equivalency, and practice privilege. New 2025 legislation now allows for additional CPA licensure pathways and redefines requirements regarding substantial equivalency and practice privilege. The proposed amendments aim to revise corresponding VBOA regulations to ensure compliance with the new statutes.

Acronyms and Definitions

Define all acronyms used in this form, and any technical terms that are not also defined in the "Definitions" section of the regulation.

"Board" or "VBOA" means the Virginia Board of Accountancy.
"CPA" means Certified Public Accountant.

Mandate and Impetus

Identify the mandate for this regulatory change and any other impetus that specifically prompted its initiation (e.g., new or modified mandate, petition for rulemaking, periodic review, or board decision). For purposes of executive branch review, "mandate" has the same meaning as defined in the ORM procedures, "a directive from the General Assembly, the federal government, or a court that requires that a regulation be promulgated, amended, or repealed in whole or part."

This regulatory action was prompted by General Assembly directive to promulgate regulations to align with recent statutory changes, to be effective within 280 days of its enactment.

Legal Basis

Identify (1) the promulgating agency, and (2) the state and/or federal legal authority for the regulatory change, including the most relevant citations to the Code of Virginia and Acts of Assembly chapter number(s), if applicable. Your citation must include a specific provision, if any, authorizing the promulgating agency to regulate this specific subject or program, as well as a reference to the agency's overall regulatory authority.

The VBOA is the promulgating entity for regulations governing public accountancy. VBOA regulations are promulgated under the general authority of Title 54.1, Chapter 44 of the Code of Virginia.

Virginia Code § 54.1-4402(H) states "The Board shall have the responsibility of enforcing this chapter and may by regulation establish rules and procedures for the implementation of the provisions of this chapter."

Virginia Code § 54.1-4403(3) grants authority to the Board to promulgate regulations, "in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) necessary to assure continued competency, to prevent deceptive or misleading practices by licensees, and to effectively administer the regulatory system."

This regulatory action is based on legislation found in the 2025 Virginia Acts of Assembly, under chapters 523 and 539.

Purpose

Explain the need for the regulatory change, including a description of: (1) the rationale or justification, (2) the specific reasons the regulatory change is essential to protect the health, safety or welfare of citizens, and (3) the goals of the regulatory change and the problems it is intended to solve.

Amendments to the regulations are necessary to ensure compliance and alignment with 2025 statutory changes and to provide clear, cohesive, and understandable requirements for all regulated parties. The VBOA may impose other changes it identifies as necessary during the regulatory process to better protect the health, safety, and welfare of citizens of the Commonwealth.

Substance

Briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both. A more detailed discussion is provided in the "Detail of Changes" section below.

18VAC-22-70 amendments revises the educational requirements for licensure and clarifies educational "substantial equivalency" requirements for out of state CPA candidates.

18VAC5-22-100 amendments will revise the experience requirements for CPA licensure.

18VAC5-22-110 is being repealed, as it references an outdated definition of "substantial equivalency" and refers to a statute that has been removed after recent statutory changes.

18VAC5-22-120 replaces the term "substantial equivalency" with "practice privilege" to correspond with statute changes.

Issues

Identify the issues associated with the regulatory change, including: 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions; 2) the primary advantages and disadvantages to the agency or the Commonwealth; and 3) other pertinent matters of interest to the regulated community, government officials, and the public. If there are no disadvantages to the public or the Commonwealth, include a specific statement to that effect.

The creation of new CPA licensure pathways will decrease the barrier to entry into the CPA profession, resulting in greater professional opportunities for the public. This new pathway replaces additional education with additional work experience, thereby decreasing education costs and increasing earnings for CPA candidates who can now enter the workforce earlier. At this time, there are no known disadvantages to the public or the Commonwealth.

Requirements More Restrictive than Federal

Identify and describe any requirement of the regulatory change which is more restrictive than applicable federal requirements. Include a specific citation for each applicable federal requirement, and a rationale for the need for the more restrictive requirements. If there are no applicable federal requirements, or no requirements that exceed applicable federal requirements, include a specific statement to that effect.

There are no applicable federal requirements related to this regulatory change.

Agencies, Localities, and Other Entities Particularly Affected

Consistent with § 2.2-4007.04 of the Code of Virginia, identify any other state agencies, localities, or other entities particularly affected by the regulatory change. Other entities could include local partners such as tribal governments, school boards, community services boards, and similar regional organizations. "Particularly affected" are those that are likely to bear any identified disproportionate material impact which would not be experienced by other agencies, localities, or entities. "Locality" can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulation or

regulatory change are most likely to occur. If no agency, locality, or entity is particularly affected, include a specific statement to that effect.

Other State Agencies Particularly Affected

There are no other state agencies particularly affected.

Localities Particularly Affected

There are no other localities particularly affected.

Other Entities Particularly Affected

CPA candidates are particularly affected, as they now have additional licensure pathways to choose from, resulting in a decreased barrier to entry into the CPA profession.

Economic Impact

Consistent with § 2.2-4007.04 of the Code of Virginia, identify all specific economic impacts (costs and/or benefits) anticipated to result from the regulatory change. When describing a particular economic impact, specify which new requirement or change in requirement creates the anticipated economic impact. Keep in mind that this is the proposed change versus the status quo.

Impact on State Agencies

For your agency: projected costs, savings, fees, or revenues resulting from the regulatory change, including: a) fund source / fund detail; b) delineation of one-time versus on-going expenditures; and c) whether any costs or revenue loss can be absorbed within existing resources.	No projected economic impact. A non-monetary cost for the agency is the time spent updating the agency website and licensing system software to include the new licensure pathways.
For other state agencies: projected costs, savings, fees, or revenues resulting from the regulatory change, including a delineation of one-time versus on-going expenditures.	No projected economic impact.
For all agencies: Benefits the regulatory change is designed to produce.	The decreased barrier to entry into the CPA profession is expected to lead to an increased number of licensed CPAs.

Impact on Localities

If this analysis has been reported on the ORM Economic Impact form, indicate the tables (1a or 2) on which it was reported. Information provided on that form need not be repeated here.

Projected costs, savings, fees, or revenues resulting from the regulatory change.	See Table 2 of the ORM Economic Review Form.
Benefits the regulatory change is designed to produce.	See Table 2 of the ORM Economic Review Form.

Impact on Other Entities

If this analysis has been reported on the ORM Economic Impact form, indicate the tables (1a, 3, or 4) on which it was reported. Information provided on that form need not be repeated here.

Description of the individuals, businesses, or other entities likely to be affected by the regulatory change. If no other entities will be affected, include a specific statement to that effect.	See Tables 1a, 3, and 4 of the ORM Economic Review Form.
Agency's best estimate of the number of such entities that will be affected. Include an estimate of the number of small businesses affected. Small business means a business entity, including its affiliates, that: a) is independently owned and operated, and; b) employs fewer than 500 full-time employees or has gross annual sales of less than $6 million.	1,000+ accounting businesses within Virginia.
All projected costs for affected individuals, businesses, or other entities resulting from the regulatory change. Be specific and include all costs including, but not limited to: a) projected reporting, recordkeeping, and other administrative costs required for compliance by small businesses; b) specify any costs related to the development of real estate for commercial or residential purposes that are a consequence of the regulatory change; c) fees; d) purchases of equipment or services; and e) time required to comply with the requirements.	See Tables 1a, 3, and 4 of the ORM Economic Review Form.
Benefits the regulatory change is designed to produce.	See Tables 1a, 3, and 4 of the ORM Economic Review Form.

Alternatives to Regulation

Describe any viable alternatives to the regulatory change that were considered, and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the regulatory change. Also, include discussion of less intrusive or less costly alternatives for small businesses, as defined in § 2.2-4007.1 of the Code of Virginia, of achieving the purpose of the regulatory change.

See Table 1c of the ORM Economic Review Form.

If this analysis has been reported on the ORM Economic Impact form, indicate the tables on which it was reported. Information provided on that form need not be repeated here.

Regulatory Flexibility Analysis

Consistent with § 2.2-4007.1 B of the Code of Virginia, describe the agency's analysis of alternative regulatory methods, consistent with health, safety, environmental, and economic welfare, that will accomplish the objectives of applicable law while minimizing the adverse impact on small business.

Alternative regulatory methods include, at a minimum: 1) establishing less stringent compliance or reporting requirements; 2) establishing less stringent schedules or deadlines for compliance or reporting requirements; 3) consolidation or simplification of compliance or reporting requirements; 4) establishing performance standards for small businesses to replace design or operational standards required in the proposed regulation; and 5) the exemption of small businesses from all or any part of the requirements contained in the regulatory change.

See Table 1c and 4 of the ORM Economic Review Form.

If this analysis has been reported on the ORM Economic Impact form, indicate the tables on which it was reported. Information provided on that form need not be repeated here.

Periodic Review and Small Business Impact Review Report of Findings

If you are using this form to report the result of a periodic review/small business impact review that is being conducted as part of this regulatory action, and was announced during the NOIRA stage, indicate whether the regulatory change meets the criteria set out in EO 19 and the ORM procedures, e.g., is necessary for the protection of public health, safety, and welfare; minimizes the economic impact on small businesses consistent with the stated objectives of applicable law; and is clearly written and easily understandable. In addition, as required by § 2.2-4007.1 E and F of the Code of Virginia, discuss the agency's consideration of: (1) the continued need for the regulation; (2) the nature of complaints or comments received concerning the regulation; (3) the complexity of the regulation; (4) the extent to the which the regulation overlaps, duplicates, or conflicts with federal or state law or regulation; and (5) the length of time since the regulation has been evaluated or the degree to which technology, economic conditions, or other factors have changed in the area affected by the regulation. Also, discuss why the agency's decision, consistent with applicable law, will minimize the economic impact of regulations on small businesses.

This regulatory action does not include a periodic review or small business impact review.

Public Comment

Summarize all comments received during the public comment period following the publication of the previous stage and provide the agency's response. Include all comments submitted: including those received on Town Hall, in a public hearing, or submitted directly to the agency. If no comment was received, enter a specific statement to that effect.

Commenter	Comment	Agency response
Stephanie Peters, CAE, President & CEO of the Virginia Society of CPAs (VSCPA)	On behalf of the nearly 12,000 members of the Virginia Society of CPAs (VSCPA), the VSCPA Executive Committee (Committee) appreciates the opportunity to provide comments on the Virginia Board of Accountancy's (VBOA) proposed emergency regulations to amend the education, experience and substantial equivalency	VBOA appreciates VSCPA's support of the regulatory changes.

	requirements under §18VAC 5-22 of the Virginia Administrative Code. The VSCPA has carefully reviewed the proposal and fully supports it as submitted. The changes reflect updates made to the accountancy statutes through legislation passed by the Virginia General Assembly approved by Gov. Glen Youngkin during 2025. Statute changes affecting practice privileges for out-of-state CPAs take effect July 1, 2025, and changes affecting education and experience requirements for CPA licensure take effect Jan. 1, 2026. Therefore, it is critical for these proposed changes to the regulations to be approved and allowed to take effect on an emergency basis in order to best serve current and future licensees. We appreciate the opportunity to comment and remain committed to working alongside VBOA and other stakeholders in shaping the future of CPA licensure. Please feel free to contact me or VSCPA Vice President, Advocacy & Pipeline Emily Walker, CAE, at (804) 612-9428 or ewalker@vscpa.com if we can be of further assistance.	

Public Participation

Indicate how the public should contact the agency to submit comments on this regulation, and whether a public hearing will be held, by completing the text below.

The Virginia Board of Accountancy is providing an opportunity for comments on this regulatory proposal, including but not limited to (i) the costs and benefits of the regulatory proposal, (ii) any alternative approaches, (iii) the potential impacts of the regulation, and (iv) the agency's regulatory flexibility analysis stated in that section of this background document.

Anyone wishing to submit written comments for the public comment file may do so through the Public Comment Forums feature of the Virginia Regulatory Town Hall web site at: https://townhall.virginia.gov. Comments may also be submitted by mail, email or fax to:

Virginia Board of Accountancy
9960 Mayland Dr. Suite 402
Henrico, VA 23233

Phone: (804) 367-8505
E-mail: boa@boa.virginia.gov
Fax: (804) 527-4409

In order to be considered, comments must be received by 11:59 pm on the last day of the public comment period.

A public hearing will not be held following the publication of this stage of this regulatory action.

Detail of Changes

List all regulatory changes and the consequences of the changes. Explain the new requirements and what they mean rather than merely quoting the text of the regulation. For example, describe the intent of the language and the expected impact. Describe the difference between existing requirement(s) and/or agency practice(s) and what is being proposed in this regulatory change. Use all tables that apply, but delete inapplicable tables.

If an existing VAC Chapter(s) is being amended or repealed, use Table 1 to describe the changes between the existing VAC Chapter(s) and the proposed regulation. If the existing VAC Chapter(s) or sections are being repealed and replaced, ensure Table 1 clearly shows both the current number and the new number for each repealed section and the replacement section.

Table 1: Changes to Existing VAC Chapter(s)

Current chapter-section number	New chapter-section number, if applicable	Current requirements in VAC	Change, intent, rationale, and likely impact of new requirements
18VAC5-22-70	N/A	At least 120 semester hours of education is required to take the CPA exam. A person who has passed the CPA exam in another state and has met educational requirements of that other state is deemed substantially equivalent to Virginia's requirement, pursuant to § 54.1-4411.	Remove the 120-hour requirement. Per the statutory changes (§ 54.1-4409.2), education requirements are now based on education level, not number of credit hours. Education beyond a bachelor's degree is no longer required for licensure. Per the statutory changes (§§ 54.1-4400 and 54.1-4411), "substantial equivalency" of another state is now based on a Board determination of educational equivalency. The amendment clarifies that a person's education from another state is deemed substantially equivalent to Virginia if the other state's educational requirements meet the requirements outlined in this regulation.
18VAC5-22-100	N/A	Prior to applying for a license, a person must have been employed full-time for one year.	Per the statutory changes (§ 54.1-4409.2), the experience requirement is either one *or* two years, depending on the highest education level attained.
18VAC5-22-110	N/A	Cites subdivision A2 of § 54.1-4411 which does not	Repeal. The recent statutory change (§ 54.1-4411) has removed this subdivision.

		require a person to notify the board that one's qualifications (including education, examination, experience) are substantially equivalent.	The new definition of "substantial equivalency" (§ 54.1-4400) is now based on a Board determination of educational equivalency (not experience or examination) – the definition in the current regulation is outdated.
18VAC5-22-120	N/A	A person's work must be supervised and reviewed by a person who complies with substantial equivalency provisions of § 54.1-4411.	The term used for CPA mobility across state lines has changed from "substantial equivalency" to "practice privilege." This is a technical amendment to align with the recent statue change (§ 54.1-4411).