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Final 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 Firm Requirements and CPA Re-examination
Date this document prepared	07/15/2026

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 clarify requirements surrounding firm ownership and communication requirements regarding changes to firm ownership or organizational structure. The change will also eliminate the CPA re-exam fee and remove time restrictions related to CPA re-examination requirements. Some technical amendments are included for enhanced clarity.

After consideration of public comments, changes in the regulatory text from the prior proposed stage include the removal of amendments to 18VAC5-22-50 concerning principal place of business, as well as 18VAC5-22-150 concerning peer review. A minor revision was made to 18VAC5-22-170 for added clarity.

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 Virginia Board of Accountancy
"CPA" means Certified Public Accountant

Statement of Final Agency Action

Provide a statement of the final action taken by the agency including: 1) the date the action was taken; 2) that the agency has "adopted final amendments" to the regulation; 3) the name of the agency taking the action; and 4) the title of the regulation. A suggested statement is, "On [insert date] the Board/Department of [insert name] adopted final amendments to the [title of regulation(s)]."

On July 14, 2026, the Virginia Board of Accountancy adopted final amendments to 18VAC5-22-20 (Fees), 18VAC5-22-30 (Determining whether persons or entities to whom communications are made, or for whom services are provided, are located in Virginia), 18VAC5-22-80 (Examination), 18VAC5-22-130 (Owners of firms who are not licensees), 18VAC5-22-170 (Communication with the board), and 18VAC5-22-180. (Issuance, renewal, and reinstatement of Licenses).

Mandate and Impetus

List all changes to the information reported on the Agency Background Document submitted for the previous stage regarding the mandate for this regulatory change, and any other impetus that specifically prompted its initiation. If there are no changes to previously reported information, include a specific statement to that effect.

This regulatory change was prompted by Board decision to amend outdated and unnecessary regulations, as well as provide enhanced clarity surrounding CPA firm requirements.

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."

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.

CPA re-examination (18VAC5-22-80) time restrictions will be lifted and the CPA re-exam fee (18VAC5-22-20) will be eliminated to reduce regulatory burdens for CPA candidates. Amendments related to firms (18VAC5-22-130 and 18VAC5-22-170) are necessary to improve regulatory and ethical oversight of CPA firms for the sake of public protection and safety. This is especially important given the increasing risk of non-CPA influence and control within CPA firms through alternative practice structures and private equity investment. 18VAC5-22-30 is redundant and will be repealed. Technical amendments are being made to 18VAC5-22-180.

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.

18VAC5-22-20 amendments will eliminate the CPA re-exam fee.

18VAC5-22-30 will be repealed due to redundancy.

18VAC5-22-80 amendments will remove restrictions for re-examination requirements and clarify CPA license eligibility requirements.

18VAC5-22-130 amendments will clarify statutes related to CPA firm ownership requirements.

18VAC5-22-170 amendments will require firms to report changes to their ownership or organizational structure to the board.

18VAC5-22-180 will include technical amendments.

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 public will benefit from amendments to 18VAC5-22-20 and 18VAC5-22-80 that will eliminate the re-exam fee and remove the time restrictions to re-take the CPA exam, helping to shorten the licensure process. All other amendments related to firms (18VAC5-22-130 and 18VAC5-22-170) are meant to enhance public protection by ensuring that CPA firms maintain transparency and remain majority-owned by CPAs, as intended by the statutes, rather than risk ownership and independence loss through the rising influence of alternative practice structures and private equity investment.

Requirements More Restrictive than Federal

List all changes to the information reported on the Agency Background Document submitted for the previous stage regarding any requirement of the regulatory change which is more restrictive than applicable federal requirements. If there are no changes to previously reported information, 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

List all changes to the information reported on the Agency Background Document submitted for the previous stage regarding any other state agencies, localities, or other entities that are particularly affected by the regulatory change. If there are no changes to previously reported information, 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 will be positively affected by the removal of the re-exam fee and re-exam time restrictions. CPA firms will be required to report to the Board regarding changes to firm ownership and organizational structure.

Public Comment

<u>*Summarize*</u> *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
Virginia Society of CPAs (VSCPA)	VSCPA's comments centered on concerns regarding the proposed amendment to 18VAC5-22-50 on principal place of business, with the suggestion that such amendments should be handled through statutory change and after further national conversation. VSCPA also noted that amendments to 18VAC5-22-150 regarding peer review might conflict with national standards.	VBOA removed all amendments to 18VAC5-22-50 and 18VAC5-22-150.

Detail of Changes Made Since the Previous Stage

List all changes made to the text since the previous stage was published in the Virginia Register of Regulations and the rationale for the changes. 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. Explain the new requirements and what they mean rather than merely quoting the text of the regulation. <u> Put an asterisk next to any substantive changes</u>.*

Current chapter-section number	New chapter-section number, if applicable	New requirement from previous stage	Updated new requirement since previous stage	Change, intent, rationale, and likely impact of updated requirements
18VAC5-22-50	N/A	Outlines the specific circumstances in which Virginia would be considered a person's or firm's principal place of business.	Amendments removed.	Amendments removed after consideration of public concerns.
18VAC5-22-150	N/A	The regulation applies specifically to Virginia firms that fall within the scope of practice, and that they must enroll in a specific peer review program approved by the board.	Amendments removed.	Amendments removed after consideration of public concerns and possible conflict with national standards.
18VAC5-22-170	N/A	Adds a circumstance: "Any change in ownership, operating status, or structure of a Virginia CPA firm."	Updated language to the new circumstance: "Any significant change of control, ownership, or practice of regulated activities of a Virginia CPA firm" Merging of numbers 3 and 4.	Amendments made to improve clarity.

Detail of All Changes Proposed in this Regulatory Action

List all changes proposed in this action and the rationale for the changes. 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. Explain the new requirements and what they mean rather than merely quoting the text of the regulation. <u> Put an asterisk next to any substantive changes</u>.*

Current chapter-section number	New chapter-section number, if applicable	Current requirements in VAC	Change, intent, rationale, and likely impact of updated requirements
18VAC5-22-20	N/A	The CPA re-exam fee is $20.	Eliminate the re-exam fee to reduce burden.
18VAC5-22-30	N/A	Refers to the Code of Virginia to determine whether a Virginia licensee is providing services.	Repeal due to redundancy.
18VAC5-22-80	N/A	Outlines examination requirements. A person who fails a section of the CPA exam cannot retake that section until the next quarter of the calendar year.	A person who fails a section of the CPA exam can retake that section as soon as the failing grade is released. Negligence during the licensure process will affect the privilege of licensure. This change is intended to reduce regulatory and time burdens for CPA candidates re-taking the exam.
18VAC5-22-130	N/A	The section references the Code of Virginia regarding the requirements for owners of firms who are not licensees.	This change is intended to clarify statutory requirements. It will include that the firm must be at least 51 percent owned by licensees and should list a Virginia licensee as the firm's principal licensee.
18VAC5-22-170	N/A	Outlines licensee circumstances or situations of which the board must be notified.	Merge numbers 3 and 4. Adds a new circumstance: "Any significant change of control, ownership, or practice of regulated activities of a Virginia CPA firm"
18VAC5-22-180	N/A	For Virginia licenses expiring on June 30, 2019 or later, the licensee shall renew annually on or before June 30.	Technical amendments for enhanced clarity. The regulatory requirement remains the same.