DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

DIRECTOR'S OFFICE

ACCOUNTANCY – GENERAL RULES

(By authority conferred on the department of licensing and regulatory affairs by sections 205, 308, 721, 725, 726, 728, and 729 of the occupational code, 1980 PA 299, MCL 339.205, 339.308, 339.721, 339.725, 339.726, 339.728, and 339.729, and Executive Reorganization Order Nos. 1991-9, 1996-2, 2003-1, 2008-4, and 2011-4, MCL 338.3501, 445.2001, 445.2011, 445.2025, and 445.2030)

PART 1. GENERAL PROVISIONS

R 338.5101 Definitions.

Rule 101. (1) As used in these rules:

(a) "Board" means the state board of accountancy created under section 721 of the code, MCL 339.721.

(b) "Code" means the occupational code, 1980 PA 299, MCL 339.101 to 339.2677.

(c) "Continuing education period" means all or part of a year beginning July 1 and ending June 30.

(d) "Continuous instruction" means education time not including breakfast, lunch, or dinner periods, coffee breaks, or any other breaks in the program.

(e) "CPA" means certified public accountant.

(f) "Disclose" means to provide a written communication from a CPA or CPA firm informing the client, before making a recommendation or referral, that the CPA or CPA firm will receive a commission, referral fee, or contingency fee from a third-party for recommendations or referrals of products or services, or both.

(g) "Enterprise" means a person for which an individual licensee, firm licensee, individual with practice privileges, or out-of-state firm performs professional services.

(h) "Financial statements" means statements and related footnotes that show financial position, results of operations, and cash flows based on generally accepted accounting principles or another comprehensive basis of accounting. Financial statements does not include incidental financial data included in-management advisory services reports to support recommendations to a client and does not include tax returns and supporting schedules of tax returns.

(i) "Generally accepted accounting principles" means accounting principles issued by the applicable nationally or internationally recognized professional standard setting organization related to individual accounting engagements.

(j) "Generally accepted auditing standards" means the standards of professional conduct, issued by the applicable nationally or internationally recognized professional standard setting organization, related to individual audit engagements.

(k) “Individual with practice privileges” means an individual who practices in this state under section 727a of the code, MCL 339.727a.

(l) “Nano-learning program” means a tutorial program designed to allow a participant to learn a given content area in a 10-minute period with electronic media and without interaction with a real-time instructor.

(m) “Out-of-state firm” means a firm that may provide certain services and use the title “CPA firm” without obtaining a firm license under the conditions in section 728(4) and (5) of the code, MCL 339.728.

(n) “Professional engagement” means an agreement between a client and an individual licensee, firm licensee, individual with practice privileges, or out-of-state firm relative to the performance of professional services.

(o) “Professional services” means any services performed or offered to be performed by an individual licensee, firm licensee, individual with practice privileges, or out-of-state firm for a client in the course of the practice of public accounting under section 720 of the code, MCL 339.720.

(p) “Qualifying hours” means continuing education hours that satisfy part 3 of these rules.

(2) A term defined in the code has the same meaning when used in these rules.

History: 1979 AC; 1986 AACS; 1996 AACS; 1998-2000 AACS; 2007 AACS; 2013 AACS; 2017 AACS; 2019 AACS; 2021 AACS; 2022 AACS; 2023 AACS.

R 338.5102 Standards of professional practice adopted by reference.

Rule 102. (1) The following standards are approved and adopted by reference:

(a) The standards issued by the American Institute of CPAs (AICPA), 220 Leigh Farm Road, Durham, North Carolina, 27707, in the publication titled “AICPA Professional Standards” updated June 15, 2024, and any statements issued as of the effective date of this rule, which are available at a cost of $335.00 from the institute’s website at https://www.aicpa.org/cpe-learning/publication or at no cost from the institute’s website at https://www.aicpa-cima.com/resources/landing/standards-and-statements.

(b) The standards issued by the Public Company Accounting Oversight Board (PCAOB), 1666 K Street NW, Suite 300, Washington, D.C., 20006, in the publication titled “PCAOB Standards and Related Rules” 2025 edition, and any updates issued as of the effective date of this rule, which are available at a cost of $235.00 from the AICPA’s website at https://www.aicpa.org/cpe-learning/publication or at no cost from the AICPA’s website at https://pcaobus.org/oversight/standards.

(c) The auditing standards issued by the Government Accountability Office, 441 G Street, NW, Washington, D.C., 20548, in the publication titled “Government Auditing Standards” 2018 Revision Technical Update April 2021, which are available at no cost on the Office’s website at https://gaoinnovations.gov/yellowbook/.

(d) The standards issued by the International Auditing and Assurance Standards Board (IAASB), 529 5th Avenue, New York, New York, 10017, in the publication titled “2023-2024 Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements” issued on August 29, 2024, and any related pronouncements issued as of the effective date of this rule, which are available at no cost from the IAASB's website at https://www.iaasb.org/standards-pronouncements.

(e) The accounting standards issued by the Financial Accounting Standards Board

(FASB), 801 Main Avenue, P.O. Box 5116, Norwalk, Connecticut, 06856, in the publication titled "FASB Accounting Standards Codification" as of November 2024, and any updates published as of the effective date of this rule, which are available at no cost from the board's website at https://asc.fasb.org.

(f) The accounting standards issued by the Governmental Accounting Standards Board (GASB), 801 Main Avenue, P.O. Box 5116, Norwalk, Connecticut, 06856, in the publication titled "GASB Codification" as of June 30, 2024, and any pronouncements published as of the effective date of this rule, which are available at no cost from the board's website at https://gars.gasb.org/.

(g) The accounting standards issued by the International Accounting Standards Board, Columbus Building, 7 Westferry Circus, Canary Wharf, London E14 4HD, United Kingdom, in the publication titled "2024 International Financial Reporting Standards IFRS®" issued on January 1, 2024, and any pronouncements issued as of the effective date of this rule, which are available at a cost of £99.00 from the board's website at http://www.ifrs.org.

(h) The United States Securities and Exchange Commission (SEC) rules contained in 17 CFR chapter 2 and the SEC's interpretative releases and policy statements issued as of the effective date of this rule. The SEC rules may be obtained free of charge at https://www.ecfr.gov/. The SEC's interpretative releases and policy statements may be obtained free of charge at https://www.sec.gov.

(2) Copies of the standards adopted in this rule are available for inspection and distribution at the cost of 25 cents per page from the Department of Licensing and Regulatory Affairs, Bureau of Professional Licensing, 611 W. Ottawa Street, P.O. Box 30670, Lansing, Michigan, 48909.

(3) A licensee shall satisfy the applicable standards adopted in subrule (1) of this rule.

History: 2007 AACS; 2013 AACS; 2017 AACS; 2019 AACS; 2021 AACS; 2022 AACS; 2023 AACS; 2025 AACS.

R 338.5103 Rescinded.

History: 1986 AACS; 1996 AACS; 1999 AACS; 2007 AACS; 2013 AACS.

R 338.5104 Retention of documents.

Rule 104. (1) With the exception of documents related to a peer review, all individual licensees, firm licensees, individuals with practice privileges, and out-of-state firms shall keep sufficient documentation, in any form, about services performed while engaged in the practice of public accounting, as well as evidence obtained and conclusions reached, for a period of not less than 5 years.

(2) Documents related to a peer review must be kept in accordance with and satisfy the AICPA's professional standards and retention policies under R 338.5102(1)(a) or until final adjudication of a complaint related to a peer review, whichever is later.

(3) Documentation must be consistent with that required by professional standards or issued by the applicable nationally or internationally recognized professional standards setting organizations.

History: 2007 AACS; 2013 AACS; 2022 AACS.

R 338.5105 Rescinded.

History: 1979 AC; 1986 AACS; 1998-2000 AACS; 2003 AACS; 2013 AACS.

R 338.5110 Rescinded.

History: 1979 AC; 1986 AACS; 1996 AACS; 1998-2000 AACS; 2013 AACS; 2021 AACS.

PART 2. LICENSURE REQUIREMENTS

R 338.5110a Uniform CPA exam procedures.

Rule 110a. The following procedures apply to the uniform CPA exam:

(a) Applicants may take the required exam sections individually and in any order.

(b) Applicants shall pass all sections of the exam within a rolling 30-month period beginning on the date that the score is released for the first section passed. If all sections are not passed within the rolling 30-month period, then credit for any section passed outside the 30-month period expires and the section must be retaken.

(c) The department may extend the rolling 30-month period under subdivision (b) of this rule due to the sickness of the candidate or a member of the candidate's immediate family if substantiated by a doctor's certificate or if the candidate provides proof, as directed by the department, verifying a death in the candidate's immediate family, temporary military service, or another good reason acceptable to the department. A candidate shall make a request for an extension within 90 days of the date of the exam. If extended, an applicant's exam does not count as a failure to write the exam.

(d) The department or the entity contracted with the department to administer the exam may allow a candidate to sit for the exam in another state if the candidate satisfies all the requirements for sitting for the exam under these rules.

(e) The department grants a candidate credit for exam grades of 75 or higher earned in another state if the candidate satisfies the educational requirements to sit for the exam and the board decides the exam is equivalent to the exam provided by the department.

(f) An applicant may retake an exam section after the applicant's grade for any earlier attempt of the same exam section has been released.

History: 2003 AACS; 2013 AACS; 2021 AACS; 2022 AACS; 2023 AACS.

R 338.5111 Exam scores.

Rule 111. (1) The minimum passing grade for each section is 75.

(2) The department shall notify each candidate of the applicant's grades within a reasonable time, but not later than 120 days after completion of the exam.

(3) A candidate may appeal the grading of any paper to the department, in writing, within 30 days after grades are released.

History: 1986 AACS; 1996 AACS; 1998-2000 AACS; 2013 AACS; 2022 AACS; 2023 AACS.

R 338.5112 Rescinded.

History: 1986 AACS; 1998-2000 AACS; 2013 AACS; 2021 AACS.

R 338.5114 Rescinded.

History: 1998-2000 AACS; 2007 AACS; 2013 AACS.

R 338.5115 Educational requirements for the uniform CPA exam; approved educational institutions; adoption of accreditation standards by reference.

Rule 115. (1) To satisfy section 725(1)(b) and (2) of the code, MCL 339.725, an individual shall provide proof, as directed by the department, verifying both the following requirements:

(a) Completion of a curriculum required for a baccalaureate degree consisting of not less than 120 semester hours at a higher education institution approved under subrule (3) or (4) of this rule or considered substantially equivalent under subrule (5) of this rule.

(b) Completion of a concentration in accounting at a higher education institution approved under subrule (3) or (4) of this rule or considered substantially equivalent under subrule (5) of this rule, which includes both the accounting and general business requirements under subrule (2) of this rule.

(2) A concentration in accounting must include both the following accounting and general business requirements:

(a) Not less than 24 semester hours of accounting courses in all the following accounting content areas:

(i) Accounting information systems.

(ii) Auditing and attestation services.

(iii) Cost or managerial accounting.

(iv) Financial accounting and reporting.

(v) Governmental or fund accounting.

(vi) Taxation.

(b) Not less than 24 semester hours of general business courses, other than accounting, which may include any of the following general business content areas:

(i) Business communications.

(ii) Business ethics.

(iii) Business law.

(iv) Economics.

(v) Finance.

(vi) Management.

(vii) Marketing.

(viii) Information systems or technology.

(ix) Quantitative methods.

(x) Statistics.

(xi) Other general business content areas approved by the department.

(3) The standards for recognition of accrediting organizations developed and adopted by the Council for Higher Education Accreditation (CHEA), One Dupont Circle NW, Suite 510, Washington, D.C. 20036, in the publication titled "CHEA Standards and Procedures for Recognition," effective October 4, 2021, which are available at no cost on the council's website at https://www.chea.org, are approved and adopted by reference. If a higher education institution is accredited by the accrediting body of the region in which the institution is located and the accrediting body satisfies the recognition standards of CHEA, then the institution is approved.

(4) The criteria for recognition and the recognition process for the secretary's recognition of accrediting agencies of the United States Department of Education, 400 Maryland Avenue SW, Washington, D.C. 20202, in 34 CFR 602.10 to 602.39, effective July 1, 2020, which are available at no cost on the United States Department of Education's website at https://www.ed.gov/, are approved and adopted by reference. If a higher education institution is accredited by the accrediting body of the region in which the institution is located and the accrediting body satisfies the recognition criteria and process of the United States Department of Education, then the institution is approved.

(5) An individual who attended an unaccredited higher education institution shall establish that the applicant has completed educational requirements at a higher education institution that satisfies accreditation requirements substantially equivalent to those recognized in subrule (3) or (4) of this rule, by providing a credential evaluation completed by either the National Association of State Boards of Accountancy (NASBA) or a credential evaluation organization that is a current member of the National Association of Credential Evaluation Services (NACES).

(6) Copies of the standards and criteria approved and adopted by reference in this rule are available for inspection and distribution at a cost of 25 cents per page from the Board of Accountancy, Department of Licensing and Regulatory Affairs, Bureau of Professional Licensing, 611 W. Ottawa Street, P.O. Box 30670, Lansing, Michigan, 48909.

History: 1979 AC; 1982 AACS; 1986 AACS; 1996 AACS; 1998-2000 AACS; 2013 AACS; 2017 AACS; 2019 AACS; 2021 AACS; 2022 AACS; 2023 AACS; 2025 AACS.

R 338.5116 Educational requirements for certificate of CPA.

Rule 116. (1) To satisfy section 725(1)(e) of the code, MCL 339.725, an individual shall provide proof, as directed by the department, verifying all the following requirements:

(a) Completion of not less than 150 semester hours at a higher education institution approved under R 338.5115(3) or (4) or considered substantially equivalent under R 338.5115(5).

(b) Completion of a baccalaureate degree or higher degree from a higher education institution approved under R 338.5115(3) or (4) or considered substantially equivalent under R 338.5115(5).

(c) Completion of a concentration in accounting under R 338.5115(1)(b) and (2) at a higher education institution approved under R 338.5115(3) or (4) or considered substantially equivalent under R 338.5115(5).

(2) A person may earn credit only once for an accounting or general business topic. If the department decides that 2 courses are duplicative, then only the semester hours of the first course are counted toward the semester hour requirement.

History: 2013 AACS; 2019 AACS; 2021 AACS; 2022 AACS; 2023 AACS; 2025 AACS.

R 338.5117 Certificate of certified public accountant; qualifying experience requirement.

Rule 117. (1) An applicant for a CPA certificate shall have obtained not less than 2,000 hours of qualifying experience within a period of not less than 1 calendar year nor more than 5 calendar years.

(2) The department shall grant full credit for qualifying experience earned during a college or university internship, including the internships for which educational credit is provided.

(3) The department shall regard instruction as qualifying experience, if the applicant has completed not less than 4 academic semesters of an academic appointment in accounting at an institution recognized by the department. An instructor who has an academic appointment in accounting shall teach, as the principal instructor, not less than 6 credit hours per semester of accounting courses above the elementary level.

History: 2013 AACS; 2023 AACS.

R 338.5120 Rescinded.

History: 1979 AC; 1986 AACS; 1998-2000 AACS; 2013 AACS.

R 338.5125 Rescinded.

History: 1979 AC; 1986 AACS; 1997 AACS.

R 338.5130 Rescinded.

History: 1979 AC; 1998-2000 AACS.

R 338.5135 Rescinded.

History: 1979 AC; 1986 AACS; 1997 AACS.

R 338.5139 Practice privilege.

Rule 139. An individual shall not, as a condition of qualification for the practice privilege granted under section 727a of the code, MCL 339.727a, be required to satisfy the continuing professional education requirements of this state provided that the individual satisfies the continuing professional education requirements of the state of the individual's principal place of business.

History: 2013 AACS; 2022 AACS.

R 338.5140 Permit for temporary practice.

Rule 140. (1) An accountant who does not qualify for practice privileges under section 727a of the code, MCL 339.727a or who does not hold a license to practice public accounting in this state, shall obtain a permit and pay the fee for each engagement in this state by the accountant, or on behalf of the accountant's firm, who does not hold a license to practice public accountancy in this state. The applicant shall hold a license as a CPA of another state, or hold a title from a foreign country, recognized by the board as comparable to the Michigan certificate of CPA and shall be practicing public accountancy under the certificate or license in the grantor state or country.

(2) If approved by the department, the term of the permit begins on the date approved unless otherwise specified and must be for a specified period but must not be for more than 1 year.

(3) The temporary practice shall be performed by, or under the direct supervision of, a licensed CPA, an individual with practice privileges under section 727a of the code, MCL 339.727a, or the holder of a title from a foreign country who is recognized under subrule (1) of this rule.

(4) A temporary permit is not required if the work relates to a Michigan-based division or subsidiary of an entity, if the parent entity is located in another state or foreign country and is a client of the CPA, firm, or foreign accountant, and if a separate presentation of financial statements with a related independent auditor's report or review report, or an attestation regarding the reliability of a representation or estimate, is not made for the division or subsidiary on a stand-alone basis.

(5) A temporary permit is not required if the work is to be performed through the applicant's employer who presently holds a license to practice public accountancy in this state.

(6) A temporary permit issued to an accountant also constitutes a temporary permit for the accountant's firm, if the accountant's firm is not presently licensed in this state.

(7) If another jurisdiction charges a fee for providing an affidavit or certificate of professional standing for deciding whether the applicant is qualified to practice public accountancy temporarily in this state, the applicant shall pay the fee.

History: 1979 AC; 1998-2000 AACS; 2007 AACS; 2013 AACS; 2022 AACS.

R 338.5145 Rescinded.

History: 1979 AC; 1982 AACS; 1986 AACS; 1996 AACS; 1998-2000 AACS;2007 AACS; 2013 AACS.

R 338.5147 Rescinded.

History: 1996 AACS; 1998-2000 AACS.

R 338.5150 Rescinded.

History: 1979 AC; 1996 AACS; 1998-2000 AACS.

R 338.5155 Rescinded.

History: 1979 AC; 1986 AACS; 1998-2000 AACS.

R 338.5160 Rescinded.

History: 1979 AC; 1986 AACS.

R 338.5165 Rescinded.

History: 1979 AC; 1986 AACS.

R 338.5170 Rescinded.

History: 1979 AC; 1986 AACS.

R 338.5201 Rescinded.

History: 1979 AC; 1986 AACS.

R 338.5205 Rescinded.

History: 1979 AC; 1986 AACS.

PART 3. CONTINUING EDUCATION

R 338.5210 License renewals; continuing education requirements; applicability; continuing education waiver; reciprocity.

Rule 210. (1) This part applies to applications for renewal of an accountancy license under sections 411 and 729 of the code, MCL 339.411 and 339.729. An applicant for

renewal shall provide the required fee and a completed application on a form provided by the department. Both of the following standards apply:

(a) Under section 729(1) of the code, MCL 339.729, an applicant for renewal who is a nonresident licensee is considered to have met the requirements under this part if the applicant satisfies all the following requirements:

(i) Provides the required fee and a completed application on a form provided by the department.

(ii) The state in which the applicant's principal place of business is located requires continuing education for renewal of that state's accountancy license.

(iii) Meets the continuing education requirements of the state in which the applicant's principal place of business is located.

(b) If audited, the applicant shall provide a copy of the license that was renewed by the state in which the applicant's principal place of business is located.

(2) Submission of an application for renewal constitutes the applicant's certification of compliance with the requirements of this rule. Both of the following standards apply:

(a) An applicant shall keep documentation required by R 338.5215 as proof, as directed by the department, verifying satisfaction of the requirements under this rule for 4 years after the date of applying for license renewal.

(b) A licensee is subject to audit under this part and may have to provide the documentation as described by R 338.5215 on request of the department.

(3) An applicant must submit a request for a waiver of continuing education requirements to the department for the board's consideration not less than 30 days before the last regularly scheduled board meeting before the expiration date of the license.

History: 1979 AC; 1986 AACS; 1996 AACS; 1998-2000 AACS; 2007 AACS; 2013 AACS; 2019 AACS; 2021 AACS; 2022 AACS; 2023 AACS.

R 338.5211 Renewal of license with insufficient qualifying hours allowed under certain circumstances.

Rule 211. A licensee who does not earn sufficient qualifying hours during the continuing education period may be allowed to renew a license after reporting 80 qualifying hours and an additional 4 hours of continuing education credit for each month of time needed to remove the deficiency. The additional 4 hours of continuing education credit for each month of time needed to remove the deficiency does not apply toward the qualifying hours of continuing education credit required in a continuing education period for the renewal of a license.

History: 1986 AACS; 1996 AACS; 1998-2000 AACS; 2022 AACS; 2023 AACS.

R 338.5215 Acceptable continuing education; requirements; limitations.

Rule 215. (1) The continuing education hours required for renewal must satisfy the following requirements:

	Activity and Proof of Completion	Number of Continuing Education Hours Earned for the Activity

(a)	Attendance in a group program that satisfies all the following requirements: - The content area of the program satisfies R 338.5255. - The program is conducted by an instructor or discussion leader whose background, training, education, or experience makes it appropriate for the instructor or discussion leader to lead a discussion on the content area. - The sponsor of the program takes individual attendance. - The sponsor of the program issues to each attendee a program outline and a written certification of the attendee's hours of attendance. - The sponsor of the program keeps written records of individual attendance and the program outline for 4 years. If audited, a licensee shall provide a copy of a letter or certificate of completion showing the licensee's name, total continuing education hours earned, sponsor name and contact information, course title, course field of study, date offered or completed, and type of instruction or delivery method used.	Fifty minutes of continuous instruction equals 1 continuing education hour. Additional credit is granted after the first 50 minutes for continuous instruction in the following amounts: One-half credit, 0.5 credit, for every additional 25 minutes. One-fifth credit, 0.2 credit, for every additional 10 minutes.
(b)	Completion of an individual nano-learning program that satisfies all the following requirements: - The content area of the program satisfies R 338.5255. - The program is an educational course designed for nano-learning delivery. - The program uses instructional methods that define a minimum of 1 learning objective. - The program guides the participant through a program of learning and provides proof verifying a participant's satisfactory completion of the program. - The sponsor requires the participant to successfully complete a qualified assessment with a passing grade of 100% before issuing credit for the course. - The sponsor of the program issues the participants a written certification of the participants' completion of the program and a program outline. - The sponsor of the program keeps written records of the participant's completion of the program and the program outline for 4 years.	Credit is awarded as 1/5 credit, 0.2 credit, for each nano-learning program completed. A nano-learning course cannot be combined with another nano-learning course. A combined maximum of 20 continuing education hours may be earned under this activity and activity (f) during each continuing education period.

	If audited, the licensee shall provide a copy of a letter or certificate of completion provided by the program sponsor verifying the licensee's name, number of continuing education hours earned, sponsor name and contact information, course title, course field of study, date completed, and type of instruction or delivery method used.	
(c)	Passing a noncredit academic course that satisfies both of the following requirements: - The content area of the course satisfies R 338.5255. - The course is offered by an educational institution that satisfies R 338.5115. If audited, the licensee shall provide a letter from the institution confirming the name and course number of the course completed, number of classroom hours attended, and the date of satisfactory course completion.	Each 50 minutes of continuous instruction equals 1 continuing education hour.
(d)	Passing a for-credit academic course that satisfies both of the following requirements: - The content area of the course satisfies R 338.5255. - The course is offered by an educational institution that satisfies R 338.5115. If audited, the licensee shall provide a copy of an official transcript or a letter from the institution confirming the name and course number of the course completed, credit hours earned, and date of satisfactory course completion.	Fifteen continuing education hours are granted for each academic credit hour.
(e)	Classroom work as a teacher, instructor, speaker, or lecturer that is part of an academic course of which the content area satisfies R 338.5255 and is offered at an educational institution that satisfies R 338.5115 or conducting a group program that satisfies the requirements under activity (a) as a teacher, instructor, lecturer, speaker, or seminar discussion leader. If audited, the licensee shall provide a copy of the confirmation letter provided by the program sponsor or the institution verifying the licensee's name, number of hours of classroom work or hours spent conducting the group program, course title, course	Three continuing education hours are granted for every 50 minutes of continuous instruction. A maximum of 20 continuing education hours may be earned during each continuing education period.

	field of study, and dates of the presentation or instruction.	
(f)	Completion of an individual self-study program that satisfies all the following requirements: - The content area of the program satisfies R 338.5255. - The program is an educational course designed for self-study. - The sponsor of the program issues the participants a written certification of the participant's completion of the program and a program outline. - The sponsor of the program keeps written records of the participant's completion of the program and the program outline for 4 years. If audited, the licensee shall provide a copy of a letter or certificate of completion provided by the program sponsor verifying the licensee's name, number of continuing education hours earned, sponsor name and contact information, course title, course field of study, date completed, and type of instruction or delivery method used.	Twenty-five minutes of continuous instruction equals ½ credit, 0.5 credit, of 1 continuing education hour. One-fifth credit (0.2 credit) of 1 continuing education hour is granted for every additional 10 minutes of continuous instruction after the first 25 minutes of continuous instruction. A combined maximum of 20 continuing education hours may be earned under this activity and activity (b) during each continuing education period.
(g)	A course in professional ethics that satisfies the requirements of activity (a), (b), (c), (d), (e), or (f) is approved if the content area of the course satisfies R 338.5255(2). If audited, the licensee shall provide a copy of a letter or certificate of completion provided by the program sponsor verifying the licensee's name, number of continuing education hours earned, sponsor name and contact information, course title, course field of study, date completed, and type of instruction or delivery method used.	Continuing education hours are granted in an amount allowed under the type of activity for which the course qualifies.
(h)	Completion of a course in Michigan statutes and rules applicable to public accountancy that satisfies all the following requirements: - The content of the course is created by the Michigan Association of Certified Public Accountants. - The course provider issues the participants a written certification of the participant's completion of the course and a course outline.	Fifty minutes of continuous instruction equals 1 continuing education hour.

	- The sponsor of the program keeps written records of the participant's completion of the course and the course outline for 4 years. If audited, the licensee shall provide a copy of a letter or certificate of completion provided by the program sponsor verifying the licensee's name, number of continuing education hours earned, sponsor name and contact information, course title, course field of study, date completed, and type of instruction or delivery method used.	

(2) Continuing education hours are not granted for a program or activity that has substantially equivalent content of a program or activity for which the applicant has already earned continuing education hours during the continuing education period.

History: 1979 AC; 1986 AACS; 1996 AACS; 1998-2000 AACS; 2003 AACS; 2019 AACS; 2021 AACS; 2022 AACS; 2023 AACS.

R 338.5216 Rescinded.

History: 1986 AACS; 1996 AACS; 1998-2000 AACS; 2019 AACS.

R 338.5217 Rescinded.

History: 1986 AACS; 1996 AACS; 1998-2000 AACS; 2019 AACS.

R 338.5218 Rescinded.

History: 1986 AACS; 1996 AACS; 1998-2000 AACS; 2019 AACS.

R 338.5220 Rescinded.

History: 1979 AC; 1986 AACS; 1996 AACS.

R 338.5221 Rescinded.

History: 1986 AACS; 1998-2000 AACS.

R 338.5225 Rescinded.

History: 1979 AC; 1986 AACS; 1997 AACS.

R 338.5230 Relicensure; continuing education.

Rule 230. (1) An applicant for relicensure whose license has lapsed for less than 3 years after the expiration date of the last license may be relicensed under section 411(3) of the code, MCL 339.411, if the applicant satisfies both of the following requirements:

(a) Provides the required fee and a completed application on a form provided by the department.

(b) Provides proof, as directed by the department, verifying the completion of 40 hours of continuing education within the 12 months immediately preceding the date of filing the relicensure application. However, if the continuing education hours provided with the application are deficient, the application will be held by the department and the applicant shall provide proof, as directed by the department, verifying the completion of the deficient hours within 1 year after the date of filing the relicensure application. The 40 hours must satisfy all the following requirements:

(i) Satisfy the requirements of R 338.5215.

(ii) Eight of the 40 hours are in auditing and accounting.

(iii) Two of the 40 hours are in professional ethics.

(iv) One of the 2 hours is in professional ethics that satisfies the requirements under R 338.5215(1)(h).

(2) An applicant whose license has been lapsed for 3 or more years after the expiration date of the last license may be relicensed under section 411(4) of the code, MCL 339.411, if the applicant satisfies all the following requirements:

(a) Provides the required fee and a completed application on a form provided by the department.

(b) Establishes that the applicant holds a valid and unrevoked certificate as a CPA that was issued under section 725 or 726 of the code, MCL 339.725 or 339.726.

(c) Provides proof, as directed by the department, verifying the completion of 40 hours of continuing education within the 12 months immediately preceding the date of filing the relicensure application. However, if the continuing education hours provided with the application are deficient, the applicant has 1 year after the date of filing the application to provide proof, as directed by the department, verifying the completion of the deficient hours. The 40 hours must satisfy all the following requirements:

(i) Satisfy the requirements of R 338.5215.

(ii) Eight of the 40 hours are in auditing and accounting.

(iii) Two of the 40 hours are in professional ethics.

(iv) One of the 2 hours is in professional ethics that satisfies the requirements under R 338.5215(1)(h).

(3) The continuing education hours required for the continuing education period of the year in which the license is granted under this rule are prorated starting with the month following the date of relicensure.

(4) The department shall not calculate the period of a lapsed license based on a current or lapsed registration. A registrant whose license has lapsed for less than 3 years shall satisfy the requirements under subrule (1) of this rule. A registrant whose license has lapsed for 3 years or more shall satisfy the requirements under subrule (2) of this rule.

History: 1979 AC; 1986 AACS; 1996 AACS; 1998-2000 AACS; 2003 AACS; 2013 AACS; 2019 AACS; 2021 AACS; 2022 AACS; 2023 AACS.

R 338.5235 Rescinded.

History: 1979 AC; 1986 AACS; 1997 AACS.

R 338.5240 Rescinded.

History: 1979 AC; 1986 AACS; 1998-2000 AACS; 2013 AACS; 2019 AACS.

R 338.5245 Rescinded.

History: 1979 AC; 1986 AACS.

R 338.5250 Rescinded.

History: 1979 AC; 1986 AACS.

R 338.5255 Qualifying continuing education content areas.

Rule 255. (1) Content areas qualifying for continuing education include any of the following:

(a) Accounting.

(b) Auditing.

(c) Management advisory services.

(d) Information technology.

(e) Mathematics, statistics, probability, and quantitative application to business.

(f) Economics.

(g) Finance.

(h) Business law.

(i) Business management.

(j) Professional ethics for certified public accountants.

(k) Taxation.

(l) Financial advisory services.

(m) Business valuations.

(n) Any other content areas that contribute to the professional competency of a licensee and for which the responsibility for compliance rests solely with the applicant or licensee.

(2) Content areas that qualify for continuing education in the study of professional ethics include any of the following:

(a) Behavioral ethics in any of the following areas:

(i) Ethical reasoning.

(ii) Ethical philosophy.

(iii) Ethics enforcement.

(iv) Ethical practice in business.

(v) International ethical professional standards.

(b) Technical ethics in the following areas:

(i) Business transactions with clients.

(ii) Competence.

(iii) Conflict of interest.

(iv) Contingent fees, commissions, and other considerations.

(v) Discreditable acts.

(vi) General and professional standards.

(vii) Independence.

(viii) Integrity and objectivity.

(ix) Malpractice

(x) Professional conduct.

(xi) Public interest and responsibilities.

(xii) State rules and regulations.

(c) Any other content area in the study of professional ethics that contributes to the professional competency of a licensee and for which the responsibility for compliance rests solely with the applicant or licensee.

History: 1979 AC; 1986 AACS; 1996 AACS; 1998-2000 AACS; 2013 AACS; 2019 AACS; 2023 AACS.

R 338.5260 Rescinded.

History: 1979 AC; 1986 AACS; 2013 AACS.

R 338.5265 Rescinded.

History: 1979 AC; 1986 AACS.

R 338.5270 Rescinded.

History: 1979 AC; 1986 AACS; 2013 AACS.

R 338.5275 Rescinded.

History: 1979 AC; 1986 AACS; 1996 AACS; 1998-2000 AACS.

R 338.5280 Rescinded.

History: 1979 AC; 1986 AACS.

R 338.5285 Rescinded.

History: 1979 AC; 1986 AACS; 1996 AACS.

R 338.5301 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5303 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5304 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5305 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5309 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5311 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5313 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5315 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5317 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5319 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5321 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5323 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5325 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5327 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5329 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5331 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5333 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5335 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5337 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5339 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5341 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5343 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5345 Rescinded.

History: 1979 AC; 1998-2000 AACS.

R 338.5347 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5349 Rescinded.

History: 1979 AC; 1996 AACS.

R 338.5351 Rescinded.

History: 1979 AC; 1996 AACS.

PART 4. PROFESSIONAL CONDUCT

R 338.5401 Responsibility for conduct of supervised persons.

Rule 401. (1) The department may hold an individual licensee, a firm licensee, an individual with practice privileges, or an out-of-state firm responsible for compliance with the rules of professional conduct by all persons under their supervision. If the licensee is a firm, the department shall hold the firm, including an out-of-state firm, responsible for compliance with the rules of professional conduct by all the firm's officers, employees, partners, and principals.

(2) An individual licensee, a firm licensee, and individual with practice privileges, or an out-of-state firm, shall not allow others to conduct on its behalf acts which, if conducted by the individual licensee, firm licensee, individual with practice privileges, or out-of-state firm, would constitute a violation of the rules of professional conduct.

History: 1979 AC; 1986 AACS; 1998-2000 AACS; 2013 AACS; 2022 AACS.

R 338.5405 Independence rule; adoption by reference.

Rule 405. An individual licensee, a firm licensee, an individual with practice privileges, or an out-of-state firm may perform attest services as that term is defined in section 720 of the code, MCL 339.720, of an enterprise only if the individual licensee, firm licensee, individual with practice privileges, or out of-state firm is independent from the enterprise. The standards adopted in R 338.5102(1) shall be used to decide if the individual or firm is independent from the enterprise.

History: 1979 AC; 1986 AACS; 1996 AACS; 1998-2000 AACS; 2003 AACS; 2007 AACS; 2013 AACS; 2017 AACS; 2022 AACS.

R 338.5410 Rescinded.

History: 1979 AC; 1986 AACS; 1997 AACS.

R 338.5415 Rescinded.

History: 1979 AC; 1986 AACS; 1997 AACS.

R 338.5420 Rescinded.

History: 1979 AC; 1986 AACS; 1997 AACS.

R 338.5425 Rescinded.

History: 1979 AC; 1986 AACS; 1997 AACS.

R 338.5430 Rescinded.

History: 1979 AC; 1986 AACS; 1998-2000 AACS.

R 338.5435 Licensee competence required to undertake professional engagement.

Rule 435. An individual licensee, a firm licensee, an individual with practice privileges, or an out-of-state firm shall not undertake a professional engagement that the individual

licensee, firm licensee, individual with practice privileges, or out-of-state firm cannot competently complete.

History: 1979 AC; 1986 AACS; 1998-2000 AACS; 2013 AACS.

R 338.5440 Rescinded.

History: 1979 AC; 1986 AACS; 1998-2000 AACS.

R 338.5445 Rescinded.

History: 1979 AC; 1986 AACS; 1998-2000 AACS.

R 338.5446 Rescinded.

History: 1986 AACS; 1998-2000 AACS; 2013 AACS.

R 338.5450 Rescinded.

History: 1979 AC; 1986 AACS; 1998-2000 AACS.

R 338.5460 Contingent fees.

Rule 460. (1) A contingent fee, as that term is defined in section 703(4) of the code, MCL 339.730, is a fee paid by a client to an individual licensee, a firm licensee, an individual with practice privileges, or an out-of-state firm.

(2) An individual licensee, firm licensee, an individual with practice privileges, or an out-of-state firm who is paid or expects to be paid a contingent fee by a client shall disclose that fact to the client.

(3) As used in section 730(4) of the code, MCL 339.730, the term "tax matters" relates to the preparation of an original or amended tax return or claim for tax refund and includes giving advice on events that occurred before the time the advice is given if the advice is directly relevant to determining the existence, character, or amount of a schedule, entry, or other portion of a return of claim for refund.

(4) As provided in section 730(4) of the code, MCL 339.730, a fee is considered determined, based on the findings of a governmental agency, if the individual licensee, firm licensee, individual with practice privileges, or out-of-state firm can show a reasonable expectation at the time of a fee arrangement of substantive consideration by the agency with respect to the client. An expectation of substantive consideration is not considered reasonable for preparation of original tax returns.

History: 1979 AC; 1986 AACS; 1998-2000 AACS; 2013 AACS; 2022 AACS.

R 338.5465 Acts constituting discreditable conduct.

Rule 465. Any of the following acts by an individual licensee, firm licensee, an individual with practice privileges, or an out-of-state firm, constitutes conduct that is discreditable to the accounting profession:

(a) Using deceptive representations in connection with services performed.

(b) Representing services are of a particular standard when they are not.

(c) Failing to perform, on a prompt basis, services in accordance with the conditions, terms, or prerequisites of a public communication or any quotation.

(d) Misrepresenting facts or not disclosing relevant facts.

(e) Creating false or unjustified expectations of favorable results.

(f) Implying abilities not supported by valid educational or professional attainments or licensing recognition.

(g) Implying the ability to influence improperly any court, tribunal, or other public body or official.

(h) Making any other representation or implication that is false, deceptive, or misleading.

(i) Employing or engaging a person to perform a discreditable act.

(j) Engaging in a trade practice prohibited by law.

(k) Retaining documents constituting the original books and records of a client after a demand has been made for their return.

(l) Failing to respond, within a reasonable time, to inquiries of the board or the board's authorized representatives relative to the administration of the code.

(m) Providing false or misleading information on the qualifying experience of an applicant for CPA.

(n) Stating or implying that the individual licensee, firm licensee, individual with practice privileges, or out-of-state firm has received formal recognition as a specialist in any aspect of the practice of public accountancy if the individual licensee, firm licensee, individual with practice privileges, or out-of-state firm has not received the recognition.

(o) Representing that professional services can or will be competently performed for a stated fee when this is not the case, or making representations with respect to fees for professional services that do not disclose all variables which may reasonably be expected to affect the fees that will in fact be charged.

History: 1979 AC; 1986 AACS; 1996 AACS; 1998-2000 AACS; 2013 AACS; 2022 AACS.

R 338.5470 Rescinded.

History: 1979 AC; 1986 AACS.

R 338.5475 Payment or acceptance of commissions; "commission" defined.

Rule 475. (1) As used in section 731 of the code, MCL 339.731, "commission" means any consideration paid to an individual licensee, a firm licensee, an individual with practice privileges, or an out-of-state firm by a third-party in connection with a recommendation or referral of a person to the third-party.

(2) As provided in section 731(3) of the code, MCL 339.731, a referral fee is not a commission when received or paid by an individual licensee, a firm licensee, an individual with practice privileges, or an out-of-state firm for recommending or referring a client to another individual licensee, firm licensee, individual with practice privileges, or out-of-state firm for a service involving the practice of public accounting.

(3) An individual licensee, a firm licensee, an individual with practice privileges, or an out-of-state firm who is paid or expects to be paid a commission or a referral fee shall disclose that fact to the client.

History: 1979 AC; 1986 AACS; 1998-2000 AACS; 2013 AACS; 2022 AACS.

R 338.5480 Rescinded.

History: 1979 AC; 1986 AACS; 1998-2000 AACS; 2013 AACS.

R 338.5501 Peer review.

Rule 501. (1) Each firm or sole practitioner required to take part in a peer review program under section 729(2) of the code, MCL 339.729, shall enroll in the program of a qualified sponsoring organization within 1 year of the earlier of the following:

(a) The firm or sole practitioner's initial licensing date.

(b) The performance of services that require a peer review.

(2) The firm or sole practitioner shall not have to provide proof verifying a peer review to the department until the second renewal following initial licensure or the performance of services requiring a peer review.

(3) The department shall accept, as proof verifying compliance with section 729(2) of the code, MCL 339.729, the electronic submission of information from the facilitated state board access (FSBA) website.

(4) Qualified sponsoring organizations include the AICPA peer review program, and other entities that adhere to the peer review standards defined in R 338.5102(1)(a) as decided by the board. With respect to an out-of-state firm required to obtain a license under section 728 of the code, MCL 339.728, a peer review sponsoring organization approved by another state in which that firm is licensed is presumed to be qualified in this state.

(5) A licensee subject to peer review shall not be required to become a member of any sponsoring organization.

(6) Out-of-state firms required to obtain a peer review under section 728(5) of the code, MCL 339.728, may, instead of enrolling in a program sponsored by an organization described in subrule (3) of this rule, satisfy the peer review requirement applicable in the state where that firm is licensed, verified proof of which must be given to the department on the department's request.

History: 2007 AACS; 2013 AACS; 2022 AACS; 2023 AACS.

R 338.5503 Peer review standards; change in sponsoring organization; deficient peer review reports; documentation.

Rule 503. (1) If a firm is merged, otherwise combined, dissolved, or separated, the sponsoring organization shall decide which firm is considered the succeeding firm. The succeeding firm shall keep its peer review status and the review due date.

(2) A firm choosing to change to another sponsoring organization may do so provided that the firm authorizes the previous sponsoring organization to communicate to the succeeding sponsoring organization any outstanding corrective actions related to the firm's most recent review.

(3) The department may rely on a failed peer review report or a second consecutive pass with deficiencies peer review report as prima facie evidence of a violation of professional standards.

(4) Each peer review and reviewer must satisfy the applicable review standards in place at the time of the review. The following standards apply:

(a) Documents related to a peer review must be kept and satisfy the AICPA's retention policies under R 338.5102(1)(a), or until final adjudication of a complaint related to a peer review, whichever is later.

(b) The documents described in subdivision (a) of this subrule shall be available for inspection by the department during regular business hours with reasonable notice.

History: 2007 AACS; 2013 AACS; 2022 AACS.