



DEPARTMENT OF BUSINESS & PROFESSIONAL REGULATION

Jeb Bush, Governor

Cynthia Henderson, Secretary

June 21, 2000

John P. Arvin
2731 NW 41st Street, Suite B-3
Gainesville FL 32606

Dear Mr. Arvin:

At a meeting on October 28, 1999, the Board of Accountancy considered your request for an opinion relating to 61H1-26.001 – Form of Practice and Name.

The scenario outlined in your letter of October 11, 1999 presumes that a CPA wished to incorporate his firm and elect Sub-Chapter S Status.

Your specific questions are:

A) If the corporation is a Sub-S corporation would any law or rules be violated?

Your conclusion was that it would be permissible for a CPA practicing as a sole proprietor to incorporate his firm and elect Sub – S status and have the same liability protection as any other S – Corporation.

The Board agreed with your conclusion that it would be permissible for a CPA firm to be incorporated and elect Sub – S status. However, the Board cannot advise you on liability protection related to such incorporation.

B.) In the above situation is the CPA shareholder protected from liability to the same extent that a sole shareholder of a non- CPA S Corporation would be?

Again, the Board cannot advise you on liability matters.

C.) If the S Corporation has only one shareholder who is a CPA and who is also the only employee of the S Corporation can PA be used following the firm name?

You concluded that it would be permissible.

The Board agreed that it would be permissible provided it was true. That is to say that the firm incorporated as a professional association and registered as such with the Secretary of State.

D.) If the corporation was an S – Corporation would the corporation qualify as a public accounting corporation as referred to in 61H1-26.002?

Your conclusion was that it would.

61H1-26.002 refers to the minimum capitalization or Liability Insurance requirements for CPA firms. Therefore, the Board concluded that a CPA firm that was incorporated and practicing public accounting as defined in 473.302(7) must comply with the provisions of 61H1-26.002. It must also be licensed by the Board.

Please keep in mind that this opinion is based solely on the facts set forth in your letter and is not intended to be an opinion of general applicability. Furthermore, we have not conducted an independent factual investigation to determine whether other relevant facts do or may exist. We have not determined whether any aspects of these transactions run afoul of any law or rule other than those specifically mentioned herein.

Sincerely,

DIVISION OF CERTIFIED PUBLIC ACCOUNTING

BY: _____

Martha P. Willis
Division Director

MPW/jc