

Mutual Recognition Agreement between Hong Kong and U.S.

The mutual recognition agreement was signed between the Hong Kong Institute of Certified Public Accountants (HKICPA) and the U.S. International Qualifications Appraisal Board (IQAB) representing the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA). The agreement covers the period from 24 October 2011 to 31 December 2018.

Application Requirements for U.S. CPAs

A U.S. CPA applying for the Hong Kong Institute of CPAs membership needs to meet the following criteria:

- (1) You are a U.S. CPA, i.e. you hold a current CPA licence, in good standing, issued by a U.S. State Board of Accountancy.
- (2) Degree requirement:-
 - (a) You are required to hold a baccalaureate degree recognized by the relevant U.S. State Board of Accountancy. If you obtained your U.S. CPA licence on or after 24 October 2011, the degree has to consist of 150 semester hours, as set out in section 5(c)(2) of the Uniform Accountancy Act, including at least a baccalaureate degree.
 - (b) The degree must have been substantially undertaken in the United States (i.e. at least 90 semester hours must have been undertaken in the United States).
- (3) You have passed the U.S. Uniform CPA Examination.
- (4) You have passed the Institute's [Aptitude Tests](#) on Hong Kong Law and Hong Kong Taxation.
- (5) You have at least 3 years of relevant accounting experience recognized by the Hong Kong Institute of CPAs (the Institute). Generally, the Institute recognizes U.S.-based accounting experience which meets the requirements of the relevant U.S. State Board of Accountancy and Hong Kong-based experience gained under an Institute-authorized employer or supervisor.

To enrol for the aptitude test, you are required to complete a [preliminary assessment](#) of your eligibility for the Institute's membership under the MRA before you may proceed to enrol.

Documents to submit with the application

Your application must be accompanied by the following documents:

- (1) A [letter](#) from the State Board that granted you the license
 - (a) certifying that your CPA license is in good standing; and
 - (b) confirming the date that the State enacted the 150 semester hour requirement.
- (2) A [statement](#) attesting that 90 semester hours of your U.S. CPA education requirement were completed in the United States.
- (3) Documentation of your practical experience:

For U.S.-based accounting experience which meets the requirements of the relevant U.S. State Board of Accountancy, you are required to submit a testimonial(s) issued by your employer confirming your position, duration of employment and job duties for the Institute's assessment. If your experience was gained under an Institute authorized employer or supervisor, please submit the Institute's Prospective Member's Record of Practical Experience for Membership Admission certified by the employer / supervisor.

U.S. jurisdictions that have not yet enacted the 150-semester hour requirement as at the date of the mutual recognition agreement i.e. 24 October 2011

U.S. CPAs who obtained the U.S. CPA designation after 24 October 2011 in a state which has not yet enacted the 150-semester hour requirement, will need to make up for the shortfall in the 150 semester hours by taking a course or courses of an accountancy degree programme that is accredited or recognized by the Institute in order to meet the education requirement under the mutual recognition agreement. In addition, the 150 semester hours must be substantially (i.e. not less than 90 semester hours) undertaken in the United States.

Application for public practice rights in Hong Kong

In the U.S., there is generally a one-tier system wherein a CPA license encompasses both the CPA designation and public practice rights. Hong Kong has a two-tier system in which the CPA designation is obtained through membership in the Institute and public practice rights through the additional step of acquiring a practising certificate.

A U.S. CPA seeking a practising certificate (PC) would be required to meet the following *additional* requirements after satisfying the membership application requirements:

- (1) Passed the Institute's PC examinations in Hong Kong Taxation and Hong Kong Law (passing this will exempt you from the aptitude tests).
- (2) Have four years of full-time approved accounting experience (75% in auditing), of which at least one year is post-qualifying experience or reduced to 2.5 years if all post qualified.
- (3) Have gained one year of auditing experience in Hong Kong within three years prior to the date of application.
- (4) Be ordinarily resident in Hong Kong (has been present in Hong Kong for not less than 180 days in the preceding 12 months; or is presently residing in Hong Kong and intends to reside in Hong Kong for the next 12 months and has the right of abode in Hong Kong; or has met specific conditions prescribed by the Institute's Council for those working in China).
- (5) Not be or have not become bankrupt and have not entered into a voluntary arrangement with creditors within the meaning of the Bankruptcy Ordinance (Cap. 6, Laws of Hong Kong).
- (6) Have complied with relevant Continuing Professional Development (CPD) requirements prescribed by the Institute.

Separate provisions offered by HKICPA for U.S. CPAs who fall outside the Mutual Recognition Agreement

- (1) For U.S. CPAs whose 150 semester hours were not substantially (i.e. less than 90 semester hours) undertaken in the United States, the Institute provides a pathway to them. They may sit and pass the Final Examination (FE) of the Institute's Qualification Programme for the purpose of satisfying the degree requirement that the degree must be substantially undertaken in the United States under the Mutual Recognition Agreement.

To enrol for the FE, the U.S. CPA is required to complete a [preliminary assessment](#) of his/her eligibility for the Institute's membership under the MRA before he/she may proceed to enrol.

- (2) For U.S. CPAs who passed the U.S. Uniform CPA Examination before 30 June 2005, the Institute offers relief to them in that they are only required to hold a baccalaureate degree recognized by the relevant U.S. State Board of Accountancy for the purpose of satisfying the degree requirements under the Mutual Recognition Agreement.

Note:

The Institute offers this transitional relief for the group of AICPA members who passed the U.S. Uniform CPA Examination before 30 June 2005, i.e. the end of the Institute's unilateral recognition of AICPA, but could not join the Institute by that date because they had not met other conditions for admission then, such as passing the aptitude tests. The Institute has decided to provide relief to this group of AICPA members, noting that by 30 June 2005, they had in fact completed the U.S. Uniform CPA Examination and only became ineligible because they had yet to complete other formalities/ requirements for the Institute's membership.

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