

Mutual Recognition Agreement between Hong Kong and U.S.

The mutual recognition agreement (MRA) was first 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) on 24 October 2011 and lasted until 31 December 2019.

In 2020, both sides agreed to renew the MRA. The new MRA takes effect from 1 July 2020 to 31 December 2022.¹

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) You are required to hold a baccalaureate degree recognized by the relevant U.S. State Board of Accountancy, excluding a degree obtained in Hong Kong, Macau or Mainland China unless you are a U.S. citizen, immigrant visa holder or lawful permanent resident.
- (3) You have passed the U.S. Uniform CPA Examination.
- (4) 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.

Before you submit your application for the Hong Kong Institute of CPAs membership, you are required to complete a [preliminary assessment](#) of your eligibility for the Institute's membership under the MRA.

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 that you have met the applicable semester hour requirement at the time of licensure.

¹ The MRA will expire on 31 December 2022 and will not be renewed. U.S. CPAs who are eligible for HKICPA membership under the terms of the agreement are advised to meet all the application requirements and apply for membership of HKICPA **before 31 December 2022**.

(2) 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.



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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.
- (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.

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

- (1) For U.S. CPAs who are not U.S. citizens, immigrant visa holders or lawful permanent residents and who have obtained their baccalaureate degree in Hong Kong, Macau or Mainland China, the Institute provides a pathway to them. They may sit and pass the Capstone of the Institute's new Qualification Programme (new QP) or Final Examination (FE) in previous syllabus of the QP for the purpose of satisfying the degree requirement under the MRA.

To enrol for the Capstone, 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 are not U.S. citizens, immigrant visa holders or lawful permanent residents and who have obtained their baccalaureate degree in Hong Kong, Macau or Mainland China, if they passed the U.S. Uniform CPA Examination before 30 June 2005, they are deemed to have satisfied the degree requirement under the MRA and do not need to pass the Capstone / FE.

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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