

Revisiting the Subject of Firm Names

The Board's authority to approve or disapprove names of CPA firms is granted under Section 501.83 of the Rules of Professional Conduct set out in the Texas Administrative Code. This section deals with the Board's mandate to protect the public interest and with the licensee's responsibilities to the public. This responsibility includes assuring that firm names do not mislead or confuse the public. A firm licensed by the Board must practice, i.e., provide services, to clients using only the name under which it is licensed.

Names that may be considered to be misleading include names that imply expertise the CPA members of the firm do not have, those that are assumed or trade names, or those that include a geographic description. Words, derivatives, or abbreviations such as "company" or "and company," "associates" or "and associates," or "group" can also be misleading and may not be used unless there are at least two licensees (not independent contractors) employed in the practice. Firm names must not state or imply educational or professional attainment that firm members do not have nor licensing recognition for the firm or its owners that is not supported by fact.

NOTE: Before registering your firm name with the Secretary of State and submitting Articles of Incorporation, make sure the intended firm name meets all Board requirements. If in doubt, call the Board's Licensing Division, 512-305-7853.

Names That Are Not Considered Misleading

Naming practices that are not considered misleading include using the names of current or former CPA owners or a current or former foreign practitioner-owner of the firm or its predecessor or successor firm who are or would have been eligible to practice in Texas under Subsection 513.2 of the Rules. Names may indicate the legal organization of the firm and may state or imply any true limitation on the type of services offered, such as tax, audit, or advisory services, so long as the type of services named comprise the majority of the services offered.

The names of a corporation, professional corporation, limited liability partnership, professional limited liability company, or similar forms of ownership, must include the form of ownership, or an abbreviation thereof, in the name. Limited liability partnerships organized before September 1, 1993, are exempt from this requirement.

Sole Proprietorships

A sole proprietor is required to include his or her surname as it appears on the individual license. Unless an exemption is provided by the Board, a current or former owner may not be used in the firm name during any period when he or she is expressly prohibited from practicing or from using terms reserved for licensees, such as "certified public accountant" or "CPA."

Firms must report to the Board any change in the legal organization of the firm and amend the firm name to reflect this change within 30 days of the effective date of the change. An exception to this rule is granted for a partner surviving the death of all other partners. The surviving partner is given up to two years after becoming a sole proprietor to change the firm name to reflect the death(s) of the other partner(s).

Any firm contemplating a name change should review the particulars spelled out in Board Rule 501.83 before making the change to ensure that the firm is in compliance with the statute. The Rules may be reviewed on the Board's website: www.tsbpa.state.tx.us.

3

Failure to Renew
or Renewing
With CPE
Deficiencies

4

In Memoriam

5

Reviewing the Act
and Board Rules

6

Enforcement
Actions