



Accreditation Council for Accountancy and Taxation

Every professional needs a professional credential.®

CANDIDATE HANDBOOK

**Everything You Need to Know about
ACAT's Accounting & Tax Credentials:**

- **ABA ACCREDITED BUSINESS
ACCOUNTANT/ADVISOR®**
- **ACCREDITED TAX
PREPARER®**

ABOVE & BEYOND — Accreditation Council for Accountancy and Taxation (ACAT) credential holders demonstrate a level of competency **far above and beyond what the IRS tax preparer regulation proposal considers sufficient and stand out and apart from the “minimally competent” paid preparer crowd.**

ACAT accreditation provides evidence to clients, prospective clients, employers, and the public that the accredited professional has met higher national standards and has a mastery of accounting and taxation procedures and practices. This will be especially important when the IRS implements its searchable database of registered tax preparers, a database where other professional achievements like the ACAT credentials can be listed. Potential clients will certainly want to know whether a preparer has credentials demonstrating expertise in business accounting, tax planning and advising, or tax matters affecting the elderly.

ACAT credentials are a public declaration that you have the expertise and qualifications to provide sound and accurate taxation and accounting advice to individuals and to small-medium size businesses.

Because accreditation is voluntary, the choice to become accredited demonstrates individual pride in the profession, the desire to be recognized for mastery of the principles of accounting and taxation, and an ongoing commitment to continuing professional education, quality client care. Accreditation gives nationwide recognition and can open the door for upward mobility, employment opportunities and higher pay.

ACAT CONFERS FOUR CREDENTIALS:

- ABA Accredited Business Accountant/Advisor®
- Accredited Tax Preparer® (ATP)
- Accredited Tax Advisor® (ATA)
- Accredited Retirement Advisor (ARA)

ABA ACCREDITED BUSINESS ACCOUNTANT/ADVISOR®

What is Accreditation in Accountancy or ABA?

ABA Accredited Business Accountant® is ACAT’s trademarked designation for Accreditation in Accountancy. The ABA is a prestigious professional accounting credential that demonstrates to clients, potential clients and employers that the credential holder has a thorough knowledge and proficiency in financial accounting, financial reporting, financial statement preparation, taxation, managerial accounting, business law, and ethics for small- to medium-sized businesses.

In some states—DE, IA, MN—achieving the ABA designation meets state regulatory requirements to practice public accountancy. MN requires a 75% passing score on both Practices of the exam. The use of the term “accountant” for non CPAs varies by state. In states where the term “accountant” cannot be used in any form or in states that allow the use the term “accountant” as a stand alone word but with a disclaimer—AL, AK, AR, CA, HI, IN, KY, LA, ND, NV, NY, OH, OK, PA, RI, SC, SD, TN and TX, accredited individuals use Accredited Business Advisor®. The process for attaining the credential and rules for use are the same.



The ABA is accredited by the National Commission for Certifying Agencies (NCCA), an independent resource recognized as the authority on accreditation standards for professional certification organizations and programs.

How do I become ABA accredited & what are the requirements?

To become an ABA, you must pass the *Comprehensive Examination for Accreditation in Accountancy*, a full-day, 200-question exam offered twice in a year at testing centers around the country and have three years of related work experience, up to two of which may be satisfied through college credit.

ACAT seeks to ensure that all accredited individuals possess theoretical knowledge and the practical knowledge necessary to be successful practitioners. For that reason, candidates for accreditation must satisfy a three-year experience requirement before becoming fully credentialed. Individuals who pass the exam but who have not met the experience requirement may promote themselves as having “passed the ACAT *Comprehensive Examination for Accreditation in Accountancy*,” but are not entitled to use the ABA designation.

Who is eligible to take the ABA examination?

There are no educational requirements to sit for the *ABA Comprehensive Examination*. However, there is a three-year experience requirement to earn and use the ABA credential. It is recommended that a candidate have a minimum background of several years work experience or two years of college-level accounting. Individuals without substantive work experience are advised to have completed Principles, Intermediate, and either Cost or Managerial Accounting, as well as at least one semester in taxation, before taking the exam.

Comprehensive Examination for Accreditation in Accountancy

The *Comprehensive Examination for Accreditation in Accountancy* is a one-day, seven-hour exam that tests the technical proficiency of candidates in financial accounting, financial reporting, financial statement preparation, taxation, business consulting services, business law, and ethics. Emphasis is on a practical approach to public accounting. The exam is divided into two parts: **PRACTICE 1** and **PRACTICE 2**, both of which have 100 multiple-choice questions.

The questions on ABA exam are developed as the result of a Job Practice Analysis that studies what accountants do, how often they perform each task

and how important they perceive the task to be. The result of this survey was a blueprint or outline for the exam covering the topics to be tested and the number of questions on each topic.

PRACTICE 1	
Financial Accounting and Financial Statement Preparation, Presentation and Reporting	
100 QUESTIONS	
<ul style="list-style-type: none"> • Accounting Principles and Pronouncements • Record Setup • Accounting Cycle • Cash vs. Accrual • Revenue Recognition • Adjusting, Reversing, Closing Entries and Error Correction • Worksheet Preparation • Financial Statement Preparation and Presentation • Partnerships • Accounting for Cash and Equivalents • Accounts and Notes Receivable • Investments • Inventories 	<ul style="list-style-type: none"> • Property and Equipment—Depreciation & Depletion • Intangible Assets—Amortization • Current Liabilities and Long-Term Liabilities • Stockholder’s Equity • Payroll • Accounting for Leases • Accounting for Pensions • Engagement Letters • Other Comprehensive Basis of Accounting • Working Papers • Reports and Transmittal Letters • Statements of Changes in Equity • Financial Statement Analysis

PRACTICE 2

Taxation, Managerial Accounting, Business Law, Ethics

TAXATION: 50 QUESTIONS

- Filing Considerations
- Accounting Methods
- Inclusions in Income
- Income Exclusions
- Adjustments to Income
- Deductions for Adjusted Gross Income
- Itemized Deductions
- Income Tax Credits
- Sole Proprietorship, Self-Employment, and Rental Activity
- Taxation of Investments and Planning
- Special Tax Computations
- Taxation of Partnerships
- Corporate Taxation
- S Corporations
- Fiduciary Income Tax Returns
- Federal Estate Tax Returns
- Limited Liability Entities
- Self Employment Issues
- Divorce Issues
- Independent Contractor Issues
- Nonprofit Issues

MANAGERIAL ACCOUNTING: 27 QUESTIONS

- Cost-Volume-Profit Analysis
- Departmental Analysis
- Time Value of Money
- Capital Budgeting
- Capital Investment Analysis
- Budgets
- Managerial Decisions
- Cash Flow Planning/ Cash Budgeting
- Internal Control Systems
- Investments/Business Opportunities
- Employee Benefit Plans

PRACTICE 2 (continued)

BUSINESS LAW: 15 QUESTIONS

- Property Law
- Contracts
- Uniform Commercial Code
- Agency
- Partnerships
- Corporations
- Trusts
- Limited Liability Entities

ETHICS: 8 QUESTIONS

- Circular 230
- ACAT Code of Ethics

ACCREDITED TAX PREPARER® (ATP)

What is the Accredited Tax Preparer® (ATP) Credential?

The ATP is a leading national credential for tax practitioners who have a thorough knowledge of the existing tax code and the preparation of individual tax returns with an expertise in comprehensive 1040 issues including supporting schedules, self-employed returns, and ethics.

How do I become ATP accredited & what are the requirements?

To become an *Accredited Tax Preparer*®, you must pass the 100 question ATP examination which is offered twice a year at testing centers around the country. In addition, you must have three years of work experience in tax preparation, two of which



For more information go to
www.acatcredentials.org or call
toll-free 888-289-7763.

ACAT CREDENTIAL HOLDERS STAND OUT AND APART FROM THE “MINIMALLY COMPETENT” PAID PREPARER CROWD.

ACAT credential holders demonstrate a competency far **above and beyond** the minimum level that the IRS tax preparer regulations consider sufficient. When the IRS implements its searchable database of registered tax preparers, hold out your earned ACAT credentials for public awareness and professional reliability as being **above and beyond**.

may be satisfied through college credit. One year experience is considered a tax-season (January through April).

Who is eligible to take the ATP examination?

There are no educational or experience requirements to sit for the ATP exam. However, there is a three-year tax experience requirement, two of which may be satisfied through college credit, to earn and use the ATP credential.

Accredited Tax Preparer® (ATP) Examination

The ATP examination is a three and a half hour, 100 multiple-choice question exam that tests proficiency in the preparation of individual tax returns, comprehensive 1040 issues, and ethics. Questions on the ATP exam are developed as the result of a Job Practice Analysis that studies what tax preparers do, how often they perform each task and how important they perceive the task to be. The result of this analysis is a blueprint or outline for the exam covering the topics to be tested and the number of questions on each topic.



For more information go to www.acatcredentials.org or call toll-free 888-289-7763.

PREPARATION OF TAXES: 92 QUESTIONS

- Individual Tax Returns
- Filing Considerations and Determination of Tax
- Income Inclusions and Exclusions
- Classify Employees for Compliance Issues: Workers Compensation, Insurance, Retirement Coverage
- Itemized Deductions and Deductions for Adjusted Gross Income
- Determine Appropriate Accounting Methods: Accrual, Cash, Hybrid
- Organize Data Received from Client Records
- Perform Payroll-Related Functions: Tax Documents, Electronic Transfers, Payroll Tax Reports
- Complete Work Papers, Procedures and Checklists
- Clarify Employee/Independent Contractor Status
- Sole Proprietorships, Rental Income, Self-Employed and Independent Contractors
- Provide and Maintain Tax Records Employee Benefits, Track Cost Basis

ETHICS: 8 QUESTIONS

- Standards of ethical and professional conduct
- Difference between regulatory ethics and behavioral ethics
- Apply knowledge of IRS Circular 230 and of the ACAT Code of Ethics to issues that may arise when performing tax and accounting services

EXAMINATION INFORMATION

Testing Windows for ABA & APT Examinations

	Spring	Fall
2010	May 22 – June 12	Nov. 19 – Dec. 11
2011	May 23 – June 13	Nov. 28 – Dec. 19

How do I register for the ABA & ATP exam?

ACAT has engaged Professional Credential Services, Inc. (PCS) for application processing and computer-based testing examination administration. To register, go to www.pcshq.com, click on the Applicant Information tab, scroll down to National, click ACAT.

The computer-based exams are offered at any of the over 700 authorized LaserGrade test centers in North America in late- May through mid-June and late-November through mid-December. You may access test center information at www.lasergrade.com. Candidates can register online, by mail or by fax.

Once your registration is processed, you will receive a confirmation Authorization-To-Test letter (ATT) with information on setting up your exam date and testing site.

ACAT does not discriminate and offers reasonable accommodations to those with disabilities. There is a place on the registration form to notify ACAT of your needs, so we may accommodate you.

Exam Registration Contact Information:

PCS ACAT Coordinator
PO Box 198689
Nashville, TN 37219-8689
877.U.TRY.PCS (877.887.9727)
fax: 615.846.0153
www.pcshq.com; acat@pcshq.com

What are the examination fees?

The fee to sit for the full ABA exam, PRACTICE 1 and 2 is \$285. The exam fee for one part, PRACTICE 1 or PRACTICE 2 is \$200. The fee to sit for the ATP exam is \$200.

These fees are for the exams only and are separate from annual ACAT renewal fees to maintain the credentials.

What is the exam rescheduling policy?

You must test within the testing window stated on the Authorization-To-Test (ATT), which you receive after your submitted registration is processed.

Candidates who wish to reschedule an examination within the testing window without forfeiting the examination fee must notify LaserGrade at least three working days prior to the scheduled test date. You will forfeit your examination fee if you do not appear for your scheduled examination or are not admitted due to lack of proper photo/signature identification.

What happens on the day of the exam?

Please report to your exam location at least 30 minutes prior to your scheduled testing time. You must bring your ATT Authorization-To-Test letter and a government-issued photo ID. You may also bring a non-printing, non-programmable calculator with you. If you are taking the whole ABA test, we suggest you bring your lunch as you will only have 30 minutes between tests.

You will not receive your test scores at the time you complete the examination. You should receive your exam scores approximately six weeks after the end of the examination period.

What scores do I need to pass the ABA and ATP exam?

For the ABA, a passing grade is 70 on each part of the exam—Practice 1 and Practice 2. A candidate who does not pass the full exam, but does pass one part, either Practice 1 or Practice 2, has 18 months to re-take that part of the exam. A candidate failing to pass both parts within the designated time must reapply and retake both parts. For the ATP, a passing grade is 70.

Candidates will receive a letter notifying them of their test scores. Test results are confidential and will not be released to anyone without your written permission. ACAT securely stores exam results indefinitely.

What do I receive when I pass the ABA or ATP exam & meet the experience requirement?

As a new ABA credential holder, you will be able to use the *ABA Accredited Business Accountant*[®] or *Accredited Business Advisor*[®] designation as permitted by your State Board of Accountancy. As a new ATP credential holder, you will be able to use the *Accredited Tax Preparer*[®] designation.

You also will receive a hand-lettered certificate attesting to your accredited status, as well as other materials to assist you in promoting your achievement, and you'll be listed in a national credentials directory where clients can go to when they are searching for a new accountant or tax professional.

ACAT has many programs to benefit credential holders including the *ACAT ActionLetter* e-newsletter, tax and accounting tips, and through our partnership with the National Society of Accountants, your voice will be heard on state and national accounting and tax issues.

How do I maintain the ABA & ATP credentials?

Renewal is not automatic. Credential holders maintain accreditation through:

1. payment of annual renewal fees;
2. compliance with ACAT's mandatory Continuing Professional Education (CPE) requirements; and
3. adherence to ACAT's *Code of Ethics* and *Rules of Professional Conduct*.

Annual Renewal Fees

Annual renewal fees are due by June 30th each year, regardless of when the credential is earned. The exam fee is for the exam only and does not include renewal fees. In 2010, the fee for one ACAT credential was \$60; two ACAT credentials was \$100.

Continuing Professional Education Requirements

ACAT CPE reporting cycles always begin on July 1 and end on June 30, and run for three years. The

current CPE reporting cycle began on July 1, 2008 and will end June 30, 2011. CPE requirements are prorated for those who earn an ACAT credential in after the start of a reporting cycle.

Individuals holding Accreditation in Accountancy (ABA) must earn 120 CPE hours every three years: with at least 24 hours in accounting or related subjects (finance, business management, technology, or business law); at least 24 hours in taxation; 4 hours in ethics. This meets or exceeds the recommended educational requirements of all state boards of accountancy.

Individuals holding the *Accredited Tax Preparer*[®] credential must earn 72 hours of CPE during each three-year cycle with at least 68 hours in taxation or related subjects (accounting, finance, technology, business law) or subjects that relate to your particular area of practice or employment; plus 4 hours in ethics.

Credential holders who have more than one credential need to have total hours of CPE for the credential with the highest requirement — not the combined number of hours.

ACAT conducts periodic random audits to ensure that credential holders remain in compliance. If you have not earned the required CPE at the end of a cycle, you may apply for a 6-month extension of time. If you do not complete and report your CPE hours, your credential will be suspended. Once your credential is suspended, you will have a limited amount of time to meet the qualifications for reinstatement.

ACAT Code of Ethics

ACAT's *Code of Ethics and Rules of Professional Conduct* are among the highest standards of practice in the financial and taxation profession. Compliance with this standard of professional integrity is required of all those with accreditation. A code of ethics is sent to all credential holders and is also on the ACAT website at www.acatcredentials.org.

Reinstatement

If you do not pay your renewal fees, fail to meet your CPE requirements or do not adhere to Code of Ethics, your ACAT credential(s) will be suspended and your certificate(s) will need to be returned to ACAT. You have five years from the date of suspension to request reinstatement. Accredited status may be reinstated in one of three ways:

1. You may sit for and satisfactorily complete the examination at any time following the expiration of the accredited status.
2. You may submit the reinstatement fee, back renewal fees, and give evidence to ACAT of the completion of acceptable continuing education in the 12 months immediately prior to the date of filing for reinstatement. The CPE required

for reinstatement in accountancy (ABA) is 40 hours over the last 12 months, 8 of which must be in accounting and related subjects and 8 must be in taxation. The CPE required for reinstatement of the *Accredited Tax Preparer* (ATP) is 24 hours over the last 12 months in taxation and related subjects and in ethics. Hours used for the purposes of reinstatement may be applied towards renewal if earned within the current reporting cycle.

3. You may be reinstated by ACAT Board action on an individual basis only for extreme or special circumstances.

For more information, go to www.acatcredentials.org or call toll-free 888-289-7763.

HOW TO STUDY

ABA Accredited Business Accountant/Advisor®

- **ABA Study Guide/Outline:** This guide indicates the percent of the examination devoted to each content area. Use it to determine whether the exam is appropriate for you and how much of the material you already know, and identify areas where additional study should be planned.
- **ABA Preparatory Course.** The ABA Preparatory Course helps students and practitioners prepare for the ACAT Comprehensive Examination for Accreditation in Accountancy. It offers a comprehensive review of PRACTICE 1 and PRACTICE 2 and includes sample questions and answers after each section.
- **ABA Preview Exam.** ACAT's 200-question self-study, self-graded Preview Exam exactly mirrors in topic and question format the ACAT ABA exam to determine which areas you need to brush up on before you take the exam.
- **Capstone Review Courses.** Many colleges and technical schools offer a credit course, called a Capstone Course, to prepare current students and recent graduates for the Comprehensive Examination.

Accredited Tax Preparer®

- **ATP Preparatory Course.** The ATP Preparatory Course helps practitioners prepare for the ACAT Accredited Tax Preparer® exam. The self-study course is comprehensive review 1040 tax preparation and tax preparer ethics with sample questions and answers.
- **Essentials of Federal Income Taxation for Individuals and Business.** This CCH publication written by Linda M. Johnson, Ph.D., CPA, features an easy-reading, straightforward forms approach that is both simple and direct. It introduces basic tax concepts and then fully illustrates them with clear examples and helpful filled-in forms.

For more information on any of these study resources, go to www.acatcredentials.org or call toll-free 888-289-7763.



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Limitations: Information in this publication is correct as of **March 2010** and is subject to change without notice. The Accreditation Council for Accountancy and Taxation, Inc., reserves the right to modify or amend credentialing requirements and change fees without notice. It is the responsibility of credential holders to keep themselves informed of the content of all notices concerning such changes.

About ACAT

The Accreditation Council for Accountancy and Taxation® (ACAT) was established in 1973 as a non-profit, independent, testing, accrediting and monitoring organization. ACAT accredits professionals who have demonstrated knowledge of the principles, practices, and ethical standards of accounting, taxation, information technology and related financial services in order to maintain the highest level of service to the public.

ACAT is affiliated with the National Society of Accountants, headquartered in Alexandria, VA.

ACAT Mission

To accredit professionals who have demonstrated knowledge of the principles, practices, and ethical standards of accounting, taxation, information technology and related financial services in order to maintain the highest level of service to the public; to promote the value, recognition and use of the ACAT credentials; and to protect the ability to use the earned credential.

ACAT Objectives

- To raise professional standards and improve the practices of accountancy and taxation.
- To identify persons with demonstrated knowledge of the principles and practices of accountancy and taxation.
- To encourage practitioners in a continuing program of professional development.
- To assure that accredited individuals provide the highest degree of technical proficiency in small- and mid-size businesses and individual accounting and taxation services.
- To foster increased recognition for the accredited individual in the public, private and educational sectors of our nation.



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