**20:75:07:04.  New firms.** A new firm, as a condition to renewal of its firm permit, must undergo a peer review during the first calendar year after it has been engaged in the practice of public accountancy for one full calendar year. After the initial review, the firm shall be reviewed every three years.

 A new firm is a firm that has not been previously licensed in this state or has not had a peer review completed in the three-year period prior to application. It does not include the following:

 (1)  A firm that has been previously licensed and changes its name or the legal form of its practice, but retains the same practice;

 (2)  A new partnership formed by two former sole proprietors who are existing permit holders who were already selected for peer review. The peer review of the new firm shall be conducted in the later of the years for which each of the former sole proprietors was selected;

 (3)  A partnership that is dissolved with each individual taking clients from the partnership. The peer review for the new firm of each permit holder remains in the same year to which the original partnership was assigned;

 (4)  A partnership that is dissolved with one partner taking all of the clients. The peer review for the permit holder taking over the existing business remains in the year to which it was originally assigned.

 **Source:** 29 SDR 16, effective August 14, 2002.

 **General Authority:** SDCL 36-20B-12(9).

 **Law Implemented:** SDCL 36-20B-36.