

What Changes Are Coming to the 2024 CPA Exam?

By Jane N. Baldwin, Ph.D., CPA; R. Kathy Hurtt, Ph.D., CPA (Inactive); and David Hurtt, Ph.D., CMA



Evolution of the CPA Exam

CPAs remember their qualifying Exam quite differently depending on when they sat for it. The content and administration of the CPA Exam has evolved over time to keep pace with the growing complexity of business structures and technology.

The first CPA Exam was administered in the state of New York in 1896 and by 1952, all states used the same uniform two- and one-half-day pencil-and-paper Exam (AICPA, 2020). Since then, four significant revisions in format and/or delivery have been implemented. Please see Figure 1.

In 2020, the National State Boards of Accountancy (NASBA) and the American Institute of CPAs (AICPA) voted to proceed with the CPA Evolution licensure model, resulting in another significant revision to the CPA Exam starting in January 2024. AICPA (AICPA and NASBA, 2021) sees these benefits to the new testing model. This model:

- Will enhance public protection by producing candidates who have the deep knowledge necessary to

perform high-quality work, meeting the needs of organizations, firms and the public.

- Is responsive to feedback, as it builds accounting, auditing, tax and technology knowledge requirements into a robust common core.
- Reflects the realities of practice, requiring deeper proven knowledge in one of three disciplines that are pillars of the profession.
- Is adaptive and flexible, helping to future-proof the CPA as the profession continues to evolve.
- Results in one CPA license.

The purpose of this article is to describe the new Exam so that CPA candidates, practitioners and educators can prepare for the changes. We will also discuss the transition policy for those who have not completed the Exam before the January 2024 launch date. A more comprehensive explanation of the changes is available in the Exposure Draft, *Maintaining the Relevance of the Uniform CPA Examination® – Aligning the Exam with the CPA Evolution Licensure Model* (AICPA, 2022a).

Structure of 2024 Exam

Under the new model, all candidates will be required to demonstrate a meaningful understanding of accounting by passing each of three Core Exam sections:

- Auditing and Attestation (AUD),
- Financial Accounting and Reporting (FAR), and
- Taxation and Regulation (REG).

In addition to the three Core sections that all candidates will take, each candidate will choose one of three Discipline Exam sections in which to demonstrate deeper skills and knowledge. The three Discipline Exam sections are:

- Business Analysis and Reporting (BAR),
- Information Systems and Controls (ISC), and
- Tax Compliance and Planning (TCP).

No longer will all candidates take an identical four-part Exam as has been the case throughout the Exam's history. No differentiation will appear on an individual's CPA license as to the type of Discipline section passed, and each candidate may complete only one

Figure 1. Major Revisions of the CPA Exam Through 2017
Adapted from Brasel, Flasher, Huang (2016)

Date	Description/Revision of the CPA Exam
Pre-1994	19.5 hours, pencil/paper, four parts are: Auditing, Law, Accounting Theory, Accounting Practice (2 parts, 4.5 hours each); given twice per year in May and November.
1994	15.5 hours, use of calculator, pencil/paper, four parts are: 1. Business Law and Professional Responsibilities (LPR). 2. Auditing (AUDIT). 3. Accounting and Reporting (Tax, Managerial, Gov't, Not-for-profit) (ARE). 4. Financial Accounting and Reporting – Business Enterprises (FARE).
2004	14 hours, computerized Exam; given in testing windows of January/February, April/May, July/August, October/November; revised four parts are: 1. Auditing and Attestation (AUD). 2. Business Environment and Concepts (BEC) – Covers business structures, economic concepts, financial management, information technology, and planning and measurement. 3. Financial Accounting and Reporting (FAR). 4. Regulation (REG) – Covers ethics and professional responsibility, business law and federal taxation.
2011	14 hours, enhanced computer-based testing, testing International Financial Reporting Standards, research codification and international auditing standards.
2017	16 hours, increasing assessment of higher-order cognitive skills and increasing use of task-based simulations with corresponding reduction in multiple-choice questions to 50% of the Exam.

Discipline Exam. (If a candidate takes a Discipline Exam section and does not pass, or loses credit for a passed Exam section, they can choose to take any of the Discipline Exam sections.)

Discipline sections are meant to allow future CPAs to choose a path that interests them but does not require a commitment to work in a specific area.

Realignment of 2024 Exam Content

The implementation of three Core sections and three Discipline sections requires realigning the existing CPA Exam content and identifying new content to be assessed. The BEC section has been eliminated and its content moved to either the AUD or FAR Core sections, or BAR or ISC Discipline sections. Data and technology are tested at some level in all of the Core and Discipline sections, not only the ISC Discipline. Please see Figure 2 for a diagram illustrating the realignment of content.

Figure 3 and Figure 4 summarize the content of the Core section and the Discipline sections.

Design of 2024 Exam

Each Core and Discipline Exam will be composed of a combination of multiple-choice questions and task-based simulations. Figure 5 presents the design of the 2024 CPA Exam by Core and Discipline section.

Infrastructure Changes

AICPA plans the following infrastructure changes for the 2024 Exam (AICPA, 2022b):

- Assessing research and related critical thinking skills differently;
- Replacing the Excel spreadsheet with a JavaScript based one;
- Removing the Written Communication Task (essay question); and
- Eliminating multistage adaptive testing (where the difficulty of the Exam is dynamically personalized) in the multiple-choice question testlets.

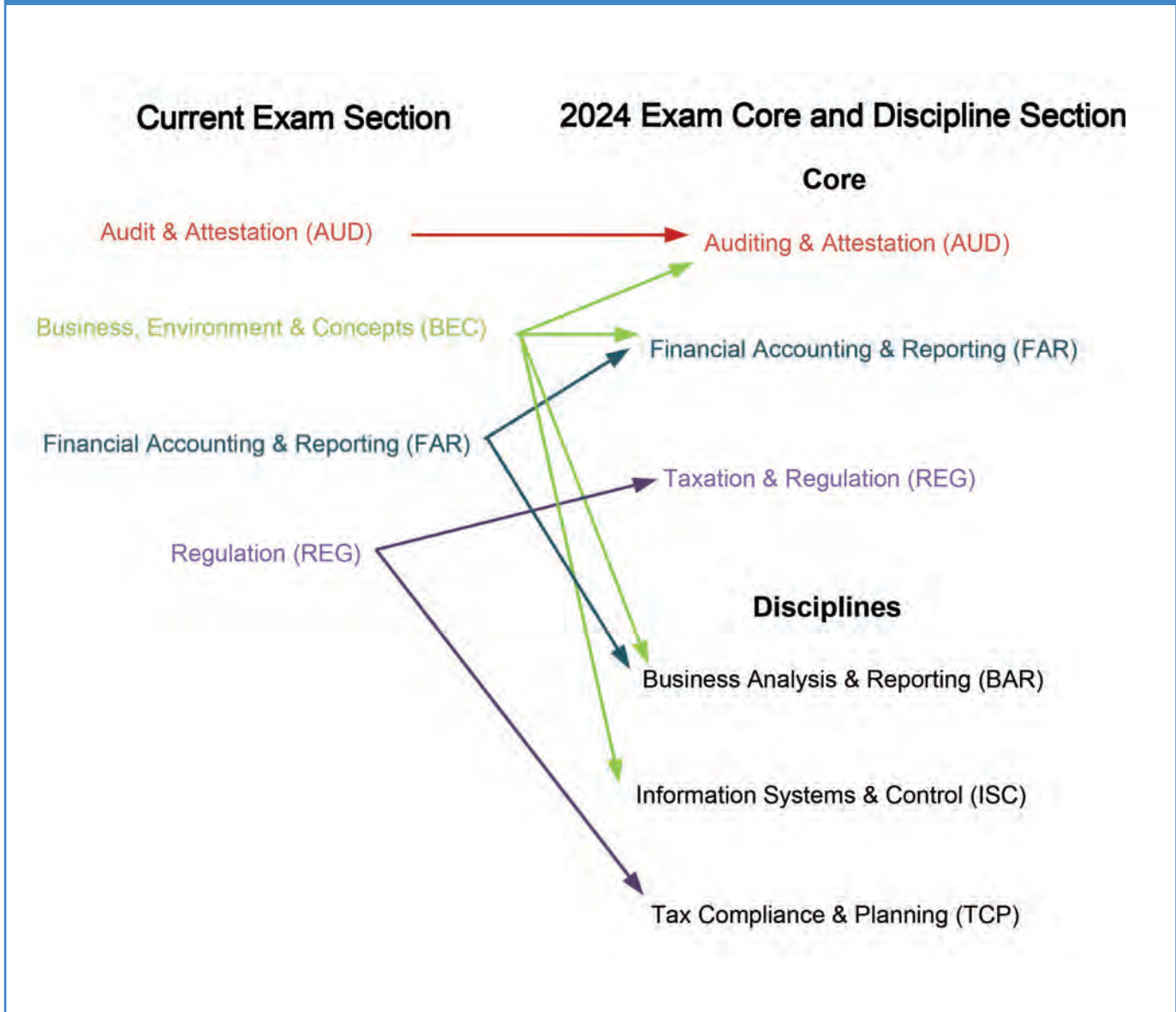
Transition Policy

None of the sections of the current CPA Exam will be available for testing after December 2023, but a transition policy exists for candidates who have started but not finished the current Exam by then.

Candidates who have credit for AUD, FAR or REG on the current Exam will not need to take the corresponding new Core section of AUD, FAR or REG. The candidate will retain credit for the corresponding Core sections for the remainder of their rolling 18-month window from the date they passed each part.

Candidates who have passed BEC before January 2024 will not have to take any Discipline section but those who have not passed BEC prior to January 2024 must select one of the three Discipline sections. A candidate who loses credit for any of these sections must take the corresponding Core section or one of the three Discipline sections that are on the new Exam.

Figure 2.
Illustration of CPA Exam Content Realignment



Preparing for the New Format

As the environment in which CPAs practice changes, so must the Exam that assesses the entry-level skills of those practicing in that environment. Awareness of the changes to the 2024 Exam will help CPA candidates, educators and practitioners be prepared to adapt to the new format. This article provides only a brief overview of the significant changes. For a more exhaustive look, visit

[AICPA's website at aicpa.org](https://aicpa.org) (AICPA, 2023b).

About the Authors: Jane N. Baldwin, Ph.D., CPA (inactive), is an accounting professor at Baylor University. She may be contacted at Jane_Baldwin@baylor.edu.

R. Kathy Hurtt, Ph.D., CPA (inactive), is an associate accounting professor at Baylor University. She may be contacted at Kathy_Hurtt@baylor.edu.

David Hurtt, Ph.D., CMA, is an accounting professor at Baylor University. He may be contacted at David_Hurtt@baylor.edu.

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Figure 3.

New Exam Core: Titles and Content Descriptions (All candidates are required to take and pass all three Core Exam sections.)

Business Environment and Concepts (BEC) from the old Exam format does not exist in the new format. Its content is redistributed to other core sections (AUD, FAR) and disciplines (BAR, ISC).

Auditing and Attestation (AUD)

The AUD Core Exam section tests the knowledge and skills that all new CPAs must demonstrate when performing audit engagements, attestation engagements, and accounting and review service engagements. AUD is largely unchanged except for the addition of redistributed BEC content (basic economic concepts, business processes and internal controls). No existing AUD content was moved to other sections.

Financial Accounting and Reporting (FAR)

The FAR Core Exam section tests the knowledge and skills that all new CPAs must demonstrate with respect to financial accounting and reporting frameworks used by for-profit (public and nonpublic) and not-for-profit entities and the foundational concepts related to state and local governments as issued by GASB. Existing FAR content will be allocated between the FAR Core section and the BAR Discipline section, with the more routine and recurring tasks appearing in the Core Exam.

For example, revenue recognition in the FAR Core Exam section will assess recalling basic concepts of accounting for revenue and applying the five-step model to determine the amount and timing of revenue recognition. Lease accounting in the FAR Core section will assess lessee (not lessor) accounting, including determining the carrying amounts of lease-related assets and liabilities.

International financial reporting is no longer tested. The Core FAR Exam section will also include content redistributed from BEC related to understanding and applying financial statement ratios and performance metrics.

Taxation and Regulation (REG)

The REG Core Exam section tests the knowledge and skills that all new CPAs must demonstrate with respect to U.S. ethics and professional responsibilities related to tax practice, U.S. business law, and U.S. federal tax compliance for individuals and entities. Existing REG content will be allocated between the REG Core section and the TCP Discipline section.

The REG Core Exam section will focus on federal tax compliance related to routine and recurring transactions for individuals and entities. For example, the REG Core Exam will test individual gross income concepts like wages, interest and dividends, guaranteed payments received from a partnership, and income from a qualified retirement plan.

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Figure 4.

New Exam Disciplines: Titles and Content Descriptions

(Each candidate must take and pass a single Discipline Exam section to demonstrate skills in that area.)

Business Analysis and Reporting (BAR)

The BAR Discipline Exam would be an appropriate Discipline choice for candidates interested in assurance or advisory services, financial statement analysis and reporting, technical accounting, and financial and operations management. The BAR Discipline Exam will test more complex technical accounting and reporting topics at higher skill levels, including assessment of revenue recognition, lease accounting for lessors, business combinations, derivative and hedge accounting, and financial statements of pension plans.

The BAR Discipline Exam section includes content from BEC on non-financial measures of performance, managerial and cost accounting concepts, and the use of variance analysis techniques.

Information Systems and Control (ISC)

The ISC Discipline Exam would be an appropriate Discipline choice for candidates interested in assurance or advisory services related to business processes, information systems, information security and governance, and IT audits. This Discipline Exam will have content focused on IT and data governance, internal control testing and information system security.

Information security includes network security, software security, access and endpoint security. The performance and use of System and Organization Controls (SOC) engagements is also likely to be covered in this section.

Tax Compliance & Planning (TCP)

The TCP Discipline Exam would be an appropriate Discipline choice for candidates interested in taxation topics involving more advanced individual and entity tax compliance, plus additional content focused on personal financial planning and entity planning. Individual tax compliance and planning topics could cover areas such as inclusions and exclusions to gross income and gift taxation compliance and planning. Advanced entity tax compliance coverage potentially includes consolidated tax returns and multijurisdictional tax issues, and transactions between an entity and its owners.

Entity planning could include the tax treatments of the formation and liquidation of business entities. For example, TCP Discipline Exam will test gross income concepts like the exercise of incentive stock options, imputed interest on below market interest rate loans and compensation from income outside the U.S.

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Figure 5.

Proposed Design of the 2024 CPA Exam by Core and Discipline Section (AICPA, 2023b)

Section	Section Time	# of Multiple-Choice Questions (Score Weighting)	# of Task-Based Simulations (Score Weighting)
AUD – Core	4 Hours	78 (50%)	7 (50%)
FAR – Core	4 Hours	50 (50%)	7 (50%)
REG – Core	4 Hours	72 (50%)	8 (50%)
BAR – Discipline	4 Hours	50 (50%)	7 (50%)
ISC – Discipline	4 Hours	82 (60%)	6 (40%)
TCP – Discipline	4 Hours	68 (50%)	7 (50%)

TXCPA Resources

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