



## News Release

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## IRS Marks Third Anniversary of Return Preparer Review; Urges Required Preparers to Take Competency Test as Soon as Possible

IRS YouTube Video: [New Tax Preparer Test Explained](#)

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WASHINGTON — The Internal Revenue Service today marked the third anniversary of its groundbreaking return preparer initiative and urged those paid tax return preparers required to pass a new competency test to take the test as soon as possible.

Three years ago the IRS took its first step toward ensuring standards for competency, continuing education and ethics would apply to all paid tax return preparers. Major facets of the initiative are now in place.

On June 4, 2009, IRS Commissioner Doug Shulman launched a six-month review focusing on the competency and conduct of paid tax return preparers. The review resulted from a recognition that paid tax return preparers were an important element in the integrity of the nation's tax system. The review included a series of public hearings with the tax preparation community, consumer advocates, oversight groups and taxpayers.

Six months later, the Return Preparer Review laid out a series of recommendations to extend oversight to certain areas of the preparer industry to enhance tax compliance and service to taxpayers.

### Among the initiative highlights:

**Mandatory registration and use of a Preparer Tax Identification Number (PTIN):** Anyone who is paid to prepare, or help prepare, all or substantially all of a federal tax return now has to register with the IRS and obtain a PTIN, as do all enrolled agents. The PTIN is valid for a calendar year and must be renewed annually. Almost 850,000 preparers have registered since the requirement began.

**Competency Test:** In November 2011, a 120-question basic competency test was launched. Certain preparers are required to take the test by Dec. 31, 2013, to stay in business. The IRS urges an estimated 340,000 preparers required to take the test to do so as soon as possible to give them selves more time if they have to retake the test and to avoid a potential flood of last-minute test takers. Certified Public Accountants, Enrolled Agents and attorneys are exempt from the test because they already have

other testing requirements as part of their credentials. Certain non-signing preparers supervised by CPAs, EAs or attorneys are exempt, as are non-1040 preparers.

**Continuing Education (CE):** The roughly 340,000 preparers who have a testing requirement also have a new requirement to complete 15 hours of continuing education courses each year. The CE credits must include 10 hours in federal tax law, three hours in federal tax law changes and two hours in ethics. This requirement became effective January 2012 and it applies even if the preparer has not yet taken the test. There are now hundreds of outlets offering IRS-approved CE courses. More details are available at [www.irs.gov/taxpros/ce](http://www.irs.gov/taxpros/ce).

**Ethics and Tax Compliance:** Ethical requirements that previously applied only to CPAs, EAs and attorneys now apply to all paid return preparers. All paid preparers also will undergo a tax compliance check and are subject to the standards for practice outlined in Treasury Department Circular 230.

**Registered Tax Return Preparer:** Preparers who pass the competency test and tax compliance check are given a new credential: Registered Tax Return Preparer. To date, over 4,800 people have become Registered Tax Return Preparers. Beginning in 2014, only Registered Tax Return Preparers, Enrolled Agents, Certified Public Accountants, and attorneys will be authorized to prepare individual income tax returns for compensation.

**Public Database:** The IRS also will create a publicly searchable database that will allow taxpayers to see if their tax preparers have met IRS standards or to find a tax preparer in their zip code area. The IRS will have a public education campaign to inform taxpayers to use only CPAs, EAs, attorneys or Registered Tax Return Preparers if they pay to have their taxes prepared.

The database will also show any credentials held by the preparer, including the new RTRP credential, as well as those who are EAs, CPAs and attorneys.

The RTRP competency test is available at more than 260 vendor testing centers nationwide. Preparers can determine if they have a test requirement by going to their online PTIN Account at [www.irs.gov/ptin](http://www.irs.gov/ptin). Preparers also can set a test date, time and location through their online PTIN Account.

More information about the test, its topics, a tutorial and list of study materials is available at [www.irs.gov/taxpros/tests](http://www.irs.gov/taxpros/tests) and select RTRP test.