



News Release

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IRS Identifies 100,000 Preparers Who Failed to Follow New PTIN Rules

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WASHINGTON — As part of its new oversight program of the nation's tax return preparation industry, the Internal Revenue Service today announced it will send letters to approximately 100,000 tax return preparers who prepared returns in 2011 but failed to follow new requirements.

In 2010, the IRS launched an initiative to increase its oversight of the tax return preparation industry and regulate the conduct of tax return preparers. All paid tax return preparers must obtain a Preparer Tax Identification Number (PTIN) and, when required to do so, sign their names and include their PTINs on the returns and refund claims they prepare for compensation.

Starting July 7, 2011, the IRS began sending letters to about 100,000 tax return preparers who either used outdated PTINs or used social security numbers as identifying numbers on returns they prepared this filing season. The letters explain the new oversight program, inform preparers of how to register for a new PTIN, or renew an old PTIN, and where to get assistance.

"The vast majority of federal tax return preparers complied with the rules. Obviously, some preparers did not get the word, so these letters provide additional information so they can register as soon as possible," said IRS Commissioner Doug Shulman. "We owe it to the compliant tax preparers to make sure that everyone is on a level playing field."

The IRS launched its PTIN registration program last fall. Since then, about 712,000 tax preparers have registered and obtained PTINs. Paid preparers who are not Certified Public Accounts, attorneys or Enrolled Agents, have additional requirements to pass a competency exam and suitability check, which are expected to start this fall, and complete 15 hours of continuing education credits annually, which will start in 2012.

Some unscrupulous preparers may attempt to elude the new oversight program by not signing returns they prepare. Taxpayers should never use tax return preparers who refuse to sign returns and enter PTINs.

In an effort to identify these "ghost preparers," the IRS later this year also will send letters to taxpayers who appear to have had assistance with their returns but lack tax return preparer signatures. The letter will inform taxpayers how to file a complaint against preparers who

failed to sign returns and explain how to choose legitimate tax preparers. The goal of the letters is to protect taxpayers by ensuring that all paid federal tax return preparers are registered with the IRS, and sign tax returns they prepare and use an identifying number when required to do so.

Compliance is a central part of the new tax return preparer initiative and the letters are one step in an ongoing compliance effort to ensure tax return preparers are following the new regulations. The IRS also is working to identify tax return preparers who make repeated errors and IRS personnel have had face-to-face meetings with thousands of these tax return preparers over the past two years.