

Return Preparer Industry Analysis¹

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In 2010, the IRS adopted regulations aimed at establishing standards among tax return preparers. The objective was to improve voluntary compliance by supporting the paid preparer community and providing oversight of the industry with the goal of reducing errors on tax returns. By January 1, 2011, preparers were required to register with the IRS in order to receive a preparer tax identification number (PTIN) that is to be entered on the returns completed by the preparer. Preparers pay an annual fee for the PTIN. Additionally, those without professional credentials were required to fulfill new continuing education requirements and pass a new standardized test designed to ensure that minimum competencies or proficiencies are met.² Concurrently, larger preparers were statutorily required to electronically file the tax returns they prepared. IRS implementation of the e-file mandate required preparers in processing year 2011 to electronically submit returns if they expected to prepare and file at least 100 returns. This threshold was lowered to 11 or more returns in processing year 2012.

This report summarizes individual income tax preparer industry trends, trends in individual income tax return accuracy, and preliminary evidence regarding effects the preparer registration initiative may have had on these trends.

Trends in the number of preparers from processing years 2004³ through 2013 are examined based on information provided on the individual income tax return.⁴ The number of preparers in each processing year is determined by the count of unique identification numbers entered in the preparer identification field on the tax return. Throughout this report we refer to preparers, but it is important to note that we are referring to the self-identification of said preparers who have signed an individual income tax return using either a PTIN, social security number (SSN), employer identification number (EIN), or some other number.

Preparer tax identification numbers were first introduced in processing year 1999, but preparers may have entered a PTIN, an SSN, an EIN, or some other number in this field. Prior to the initiative, relatively few preparers obtained a PTIN, because there was no requirement to do so. To the extent that individual preparers may have used a PTIN for some returns and an SSN or EIN on other returns, the number of preparers will be overstated. It is also possible that non-professional individuals, assisting friends and family, sign the return and enter their SSN.

Some preparers sign some returns using an SSN and others using a PTIN. This results in a count of identifiers that exceeds the associated number of actual preparers. We were able to address this overstatement by finding all the identifiers a preparer used when preparing returns—both over time and across returns. We then developed a unique, consistent preparer identifier for tabulation and analysis. As shown in Figure 1, this adjustment reduces the count of preparers by about ninety thousand in processing year 2004. This difference narrows over time, particularly after the registration initiative, demonstrating that preparers are now more

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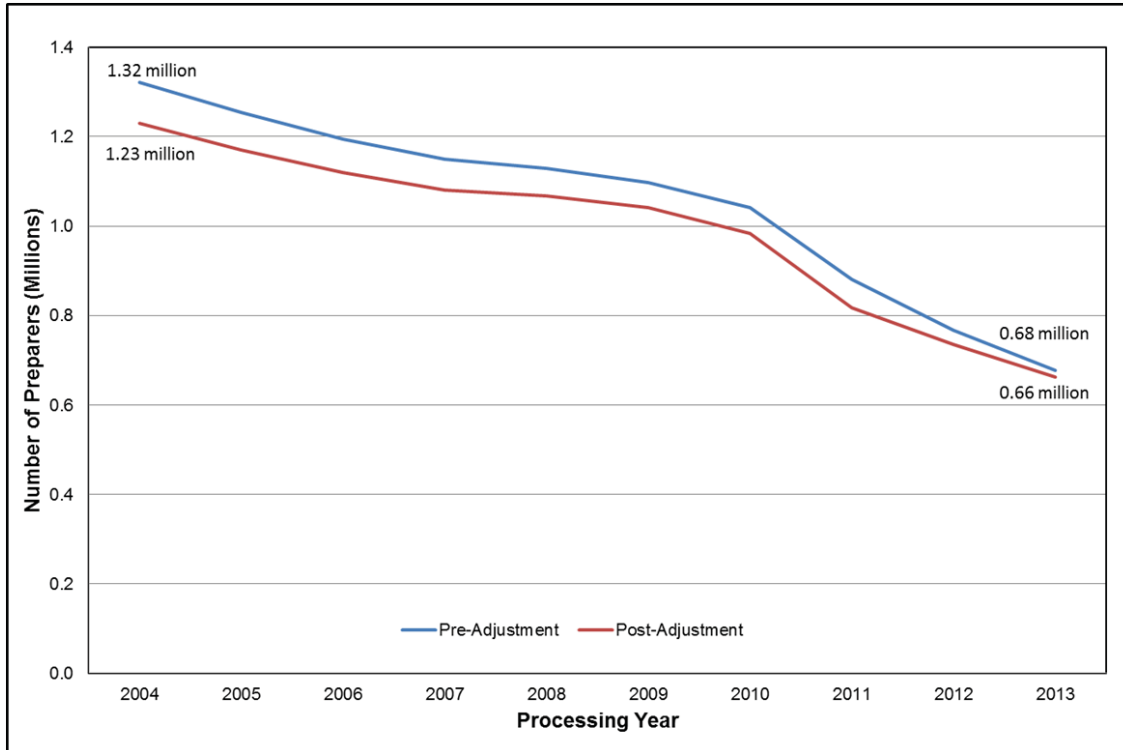
² On Friday, Jan. 18, 2013, the United States District Court for the District of Columbia enjoined the Internal Revenue Service from enforcing the regulatory requirements for registered tax return preparers. In accordance with this order, tax return preparers covered by this program are not required to complete competency testing or secure continuing education. The ruling does not affect the regulatory practice requirements for CPAs, attorneys, enrolled agents, enrolled retirement plan agents or enrolled actuaries.

³ Analysis begins in processing year 2004 due to data processing issues prior to this period. PTINs consist of a leading 'P' followed by a numeric value. Prior to PY2004, PTINs were processed without modification and the leading 'P' resulted in some data loss. After PY2004, the leading character value was stored separately from the numeric portion enabling consistent identification of preparers.

⁴ Counts in the Appendix tables and throughout this report were generated using the prep_tin and prep_ein variables entered on the tax return which appear in the irtf_entity table in the Compliance Data Warehouse (CDW). These variables correspond to the PTIN and EIN fields on the tax forms. Included in the counts are the returns for which there was a PTIN present on the form, as well as the cases in which there was no PTIN present on the form, but for which there was an EIN. Most of the data rely on the individual return transaction file data housed in CDW. In addition, the PTIN database, which retains information from registrants, was matched onto the preparers identified in the CDW irtf_entity table.

consistently signing returns using their PTINs. Some redundant identification persists with respect to preparers identified by EIN, as we are unable to unambiguously link an EIN to a single preparer. These EIN-identified preparers may already be represented on other returns by an SSN or PTIN. They may also represent more than one actual preparer.

FIGURE 1. Comparison of the Number of Identifiable Preparers Before and After Adjusting for a Consistent Preparer Identifier, Processing Years 2004–2013



Changes in return accuracy are measured based on errors for which the IRS systematically checks the entire individual taxpayer population. While this excludes many important types of errors, it allows an unbiased, albeit limited, measurement of certain aspects of return accuracy.

The intent of this analysis is to understand how the industry and preparers have changed over time and inform our understanding of how the industry and the taxpayer base continue to respond to changes in the regulation of preparers. It is also important to note that the counts in this report do not necessarily reflect preparers who registered as part of the preparer initiative, except where noted.

Preparer and Prepared Return Trends

The number of preparers who prepared returns from processing years 2004 to 2013 is presented below in Table 1. In the years leading up to the initiative year, the number of preparers declined steadily from 1.23 million preparers in processing year 2004 to 0.98 million preparers in 2010. In 2011, the first year of the initiative, the number of preparers declined by about 17 percent to 0.82 million preparers, and then by an additional 10 percent the second and third years of the initiative, to settle at 0.66 million preparers. As mentioned above, some of this decline can be explained by increased uniformity observed among preparers when signing tax returns, especially after adoption of the initiative. Another explanation may be that per the initiative, preparers who are supervised by a PTIN holder should not be signing tax returns, although they are required to obtain a PTIN. Instead, these preparers' supervisors are required to sign the return.

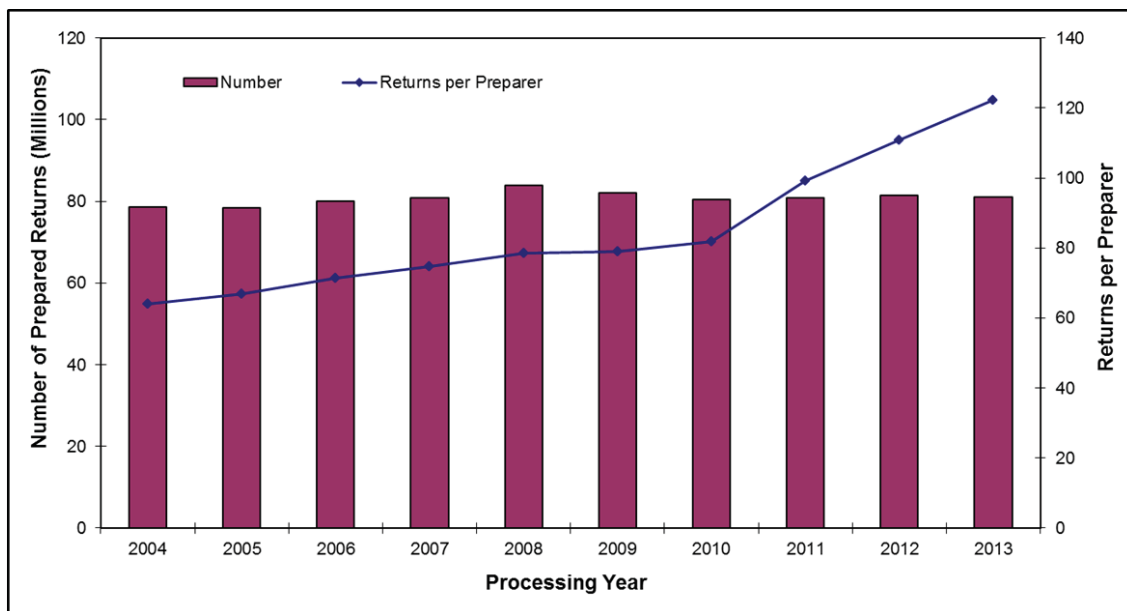
TABLE 1. Preparers and Prepared Returns, Processing Years 2004–2013*

Processing Year	All Individual Returns	Growth	Number of Preparers (millions)	Growth	Prepared Returns (millions)	Growth	Average Returns Prepared per Preparer	Growth
2004	131.3		1.23		78.62		64	
2005	131.2	0.0%	1.17	-4.8%	78.35	-0.4%	67	4.6%
2006	132.4	0.9%	1.12	-4.3%	80.00	2.1%	71	6.7%
2007	133.8	1.1%	1.08	-3.5%	80.84	1.0%	75	4.7%
2008	140.5	5.0%	1.07	-1.2%	83.90	3.8%	79	5.1%
2009	139.5	-0.7%	1.04	-2.5%	82.16	-2.1%	79	0.4%
2010	137.6	-1.4%	0.98	-5.5%	80.51	-2.0%	82	3.7%
2011	140.0	1.8%	0.82	-16.9%	80.94	0.5%	99	21.0%
2012	142.4	1.7%	0.73	-10.1%	81.42	0.6%	111	11.9%
2013	141.7	-0.5%	0.66	-9.7%	80.99	-0.5%	122	10.2%

* Source: RAS:R:TAM tabulations using the IRTF table from December 2013 CDW
 Excludes preparers that solely prepared SS/PR/NR/NR-EZ, stimulus, or TETR returns and no others.
 Data also exclude all volunteer preparers (e.g., VITA, TCE).

The decrease in the number of preparers does not appear, however, to have noticeably reduced the overall number of prepared returns. Ignoring processing year 2008, which had an unusually high number of prepared returns due to the large volume of stimulus claimant returns processed that year, the total number of prepared returns remained relatively constant between processing years 2007 and 2013. While the absolute number of prepared returns has remained constant, it has declined as a percent of overall returns.

A necessary correlate of these two trends is an increasing number of returns prepared per preparer. With the exception of processing year 2009, the average number of returns prepared per preparer consistently increased, as illustrated in Figure 2. In processing year 2011 the number increased to an average of 99 returns prepared per preparer compared to an average of 82 returns the previous year. In processing years 2012 and 2013, the average number increased further to an average of 111 and 122 returns per preparer, respectively.

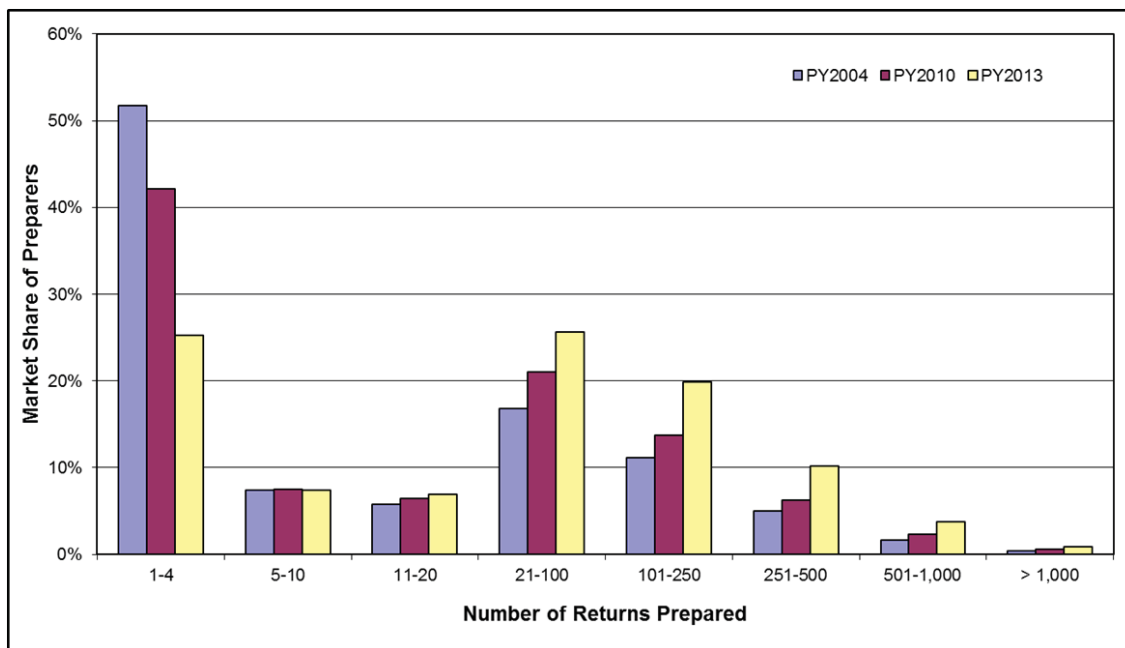
FIGURE 2. Number of Prepared Returns and Number of Returns per Preparer, Processing Years 2004–2013

Preparer Industry Trends

The data generally point to increased consolidation in the return preparer market. Figure 3 presents market shares by segmented volumes prepared for select processing years.

Consolidation is evident in nearly all of the segments. The percentage of preparers preparing fewer than five returns per year declined from 52 percent in processing year 2004, to only 25 percent by processing year 2013.⁵ In contrast, the percentage of preparers in the 21 to 100 return segment increased by 53 percent, the 101 to 250 return segment increased by 82 percent, and the market shares of all return segments above 250 returns doubled.

FIGURE 3. Market Share of Preparers by Volume Segment, Selected Processing Years



As shown in Figure 4 and Table A2 in the Appendix, the number of preparers was declining prior to the initiative. From processing years 2004 to 2010, the overall number of preparers declined by 20 percent, and all preparer segments preparing fewer than 500 returns either experienced a decline or remained constant. After the initiative, from processing years 2010 to 2013, the number of preparers dropped 33 percent, with the decline occurring primarily among those preparing fewer than 250 returns. In contrast, preparers preparing the largest number of returns increased substantially, by 20 percent prior to the initiative, and then stabilized at about 1.0 percent after the initiative.

At the same time, larger volume preparers are preparing a larger share of returns as shown in Figure 5. In processing year 2004, 83 percent of all prepared returns were prepared by those who prepared more than 100 returns, while the corresponding segments prepared about 87 percent of all prepared returns in processing year 2013.

Throughout the study period, the share of returns dropped for the smallest volume segments and shifted to segments preparing 251 to 1,000 returns.

⁵ More than 60 percent of the smallest preparers, those preparing fewer than five returns, prepared only one return throughout the study period.

FIGURE 4. Percentage Change in the Number of Preparers by Volume Segment, Selected Ranges of Processing Years

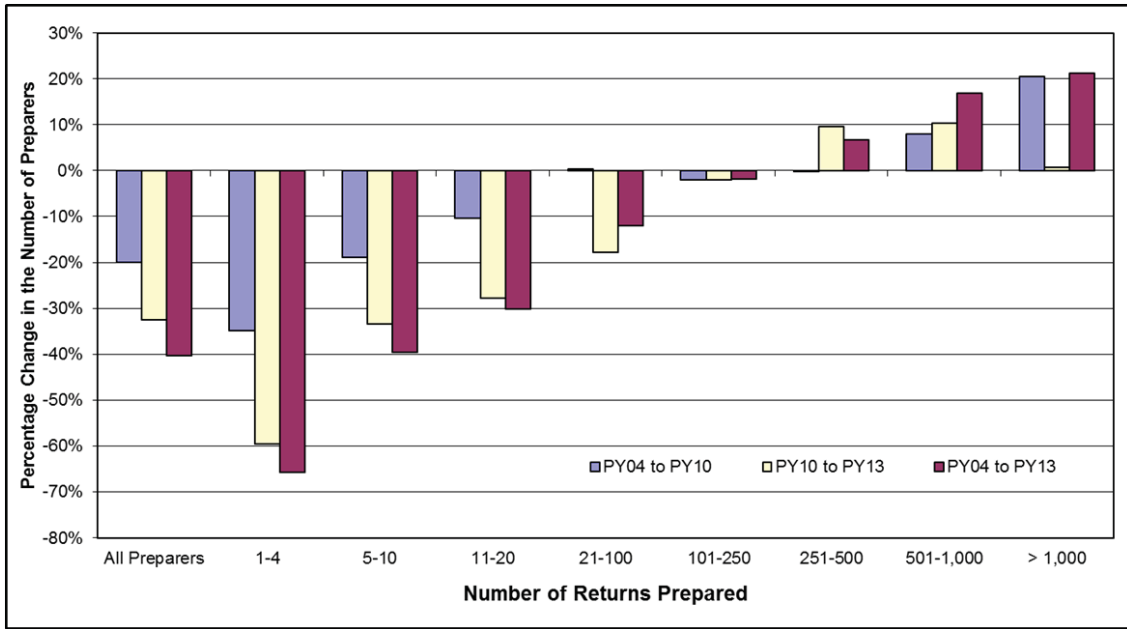


FIGURE 5. Share of Returns Prepared by Preparer Segment, Selected Processing Years

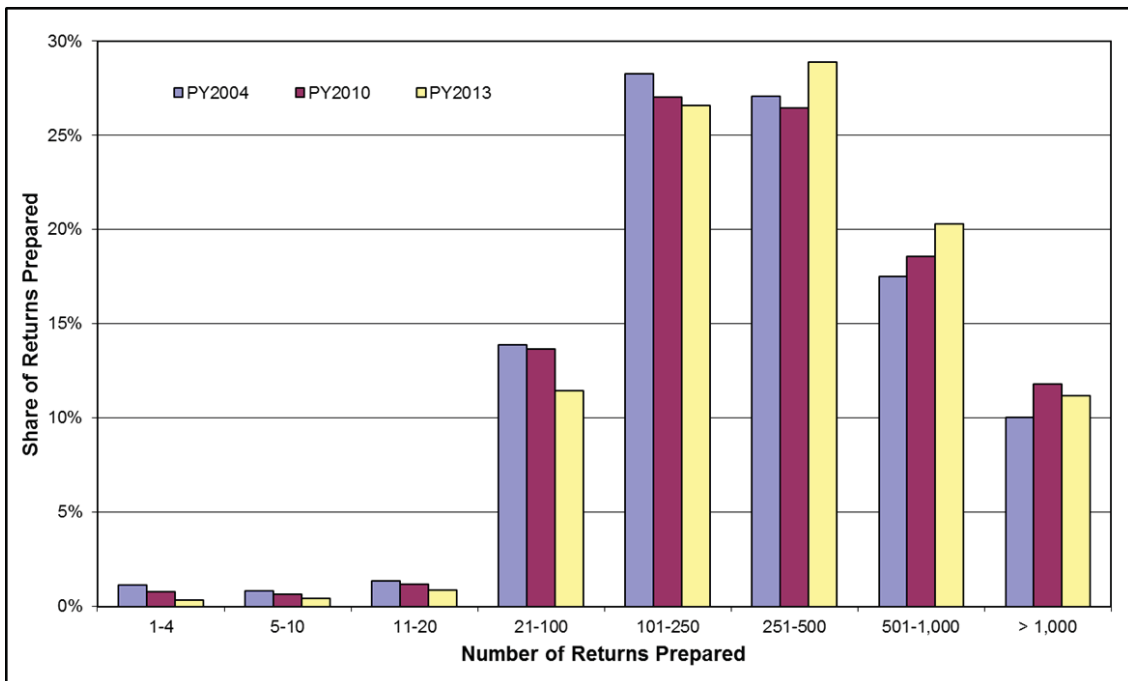
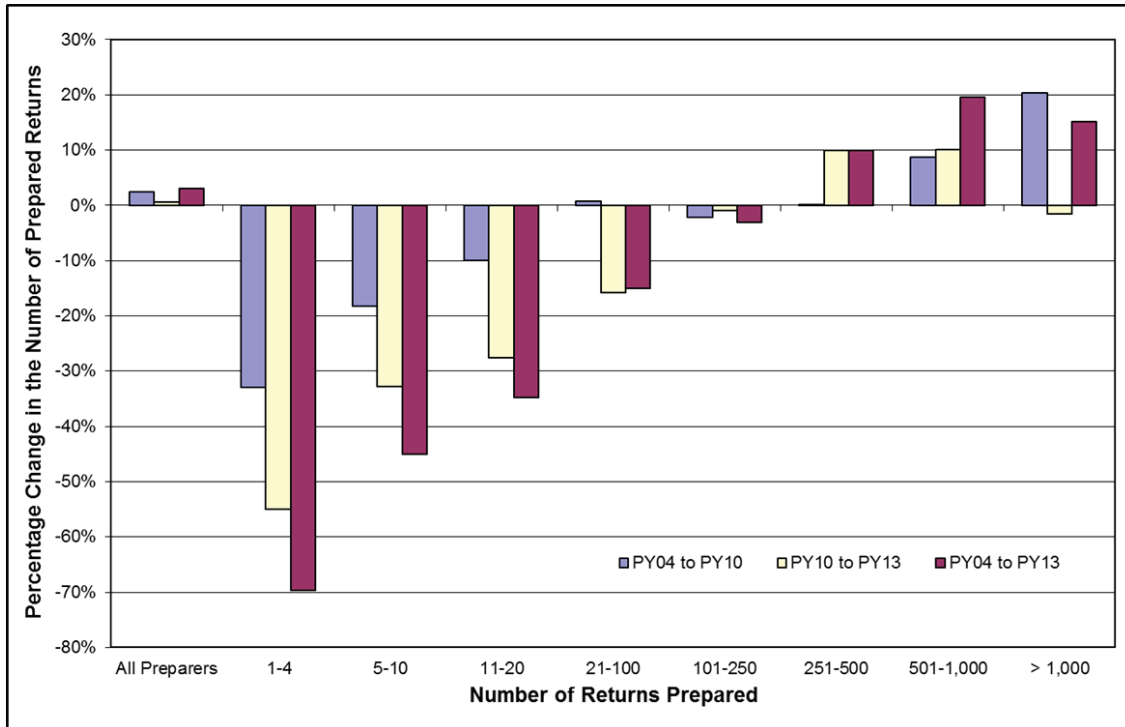


Figure 6 and Appendix Table A2 present growth in the number of prepared returns by volume segment. The overall number of prepared returns increased modestly, by 2 percent between processing years 2004 and 2010, and increased by only 1 percent in the years following the initiative. Similar to the results presented in Figure 4, the number of prepared returns by the smaller segments declined substantially since processing year 2004 and growth was observed only among the largest segments. The exception is among the largest prepared volume segments, which contracted by 2 percent following the initiative.

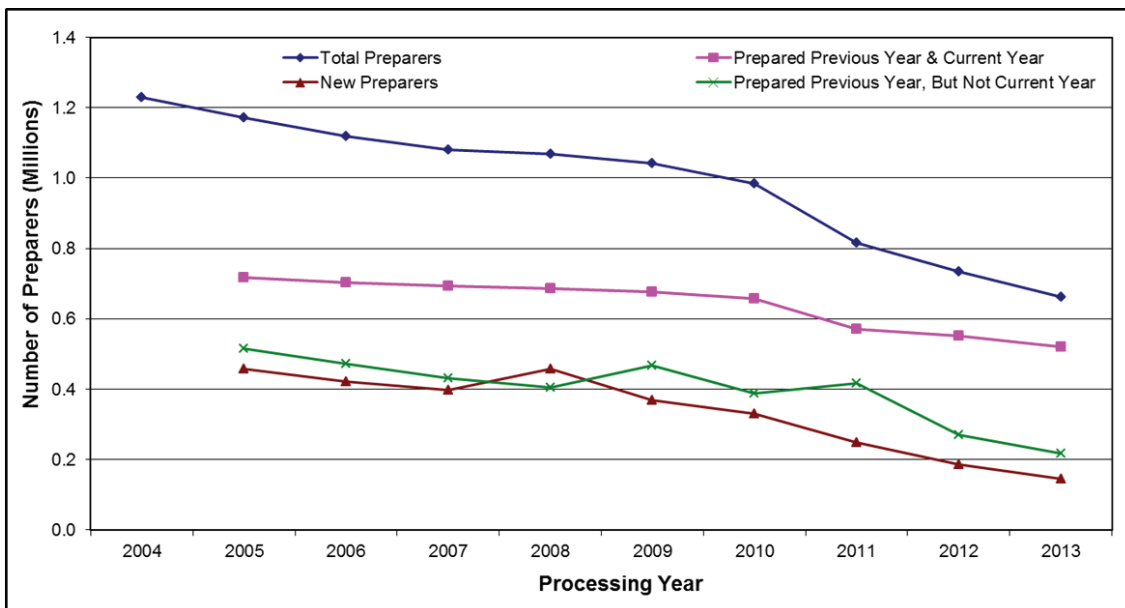
FIGURE 6. Percentage Change in the Number of Prepared Returns by Volume Segment, Selected Ranges of Processing Years



Preparer Industry Dynamics

Figure 7 presents data on the dynamics of the return preparer industry. The data compare pairs of adjacent years. Included are preparers who did not prepare returns in the previous year, but did prepare in the current year (new preparers), preparers who prepared returns in both the previous and current years, and those who prepared the previous year but not the current year (prepared previous year, but not current year).

FIGURE 7. Preparer Status, Processing Years 2004–2013



A larger than normal attrition rate in processing year 2011, combined with fewer preparers entering the market, and a substantial decrease in the preparers who prepared both years, result in a smaller preparer market. The number of new preparers entering the market continued to decline in processing years 2012 and 2013. Furthermore, preparers who prepared both years declined by an average of 7 percent after processing year 2010, compared with an average of 2 percent before the initiative. However, the attrition rate among all preparers in processing years 2012 and 2013 was lower than all previous years. See Appendix Table A3 for additional data.

New preparers typically are not fully replacing those who stop preparing. This phenomenon was particularly strong in processing year 2011, nearly tripling from the previous year, but moderating the following processing year. As Appendix Table A1 shows, most of this volatility is driven by preparers who prepare fewer than five returns.

Characteristics of PTIN Holders

The data up to this point included all preparers, regardless of whether they held a PTIN or not. In this next section we look only at preparers who hold a PTIN and use it to sign returns they prepare. Table 2 and Table 3 present data on the professional credentials of PTIN holders by volume segment for processing years 2011 through 2013.

About 546,000 preparers who held a PTIN in processing year 2011 prepared individual income tax returns. This represents 67 percent of all preparers who prepared returns that year. Of those, about 238,000 self-reported credentials as CPAs, enrolled agents, or attorneys.⁶ This number represents 29 percent of all preparers who prepared returns in processing year 2011. Among credentialed PTIN holders, 31 percent self-reported they were CPAs, 7 percent enrolled agents, 2 percent attorneys and 3 percent other credentials. A relatively large share, 48 percent of PTIN holders who prepared fewer than five returns, self-reported as credentialed. Most of these preparers are CPAs and attorneys. In contrast, a relatively larger share of enrolled agents prepared larger volumes of returns.

The number of preparers with a PTIN in processing year 2012 increased to about 556,000, or about 76 percent of all preparers who prepared returns in processing year 2012. Forty-five percent of these preparers self-reported credentials, with similar composition among the types of credentials as in processing year 2011. Aggregate data for processing year 2013 remain relatively stable with continued increases in the percentage of preparers holding a PTIN and credentials, and similar composition among the types of credentials held.

Figure 8 compares the percent of preparers who held a PTIN by volume segment in processing years 2011 to 2013. Over 90 percent of those preparing more than 10 returns had registered by processing year 2013.

Trends in Return Accuracy

The IRS regulates tax return preparers with the goal of supporting more accurate return preparation. Developing a strong baseline understanding of relationships between return accuracy and how returns are prepared can inform regulatory efforts. The focus in this section is on errors for which the IRS systematically checks the entire individual taxpayer population. While this excludes many important types of errors, it allows a direct measurement of certain aspects of return accuracy. This section analyzes return accuracy by focusing on math errors⁷ and potential AUR mismatches⁸ for individual income tax returns by type of preparer, preparation method, and submission method.

⁶ Many preparers hold more than one credential. For example, a preparer can both be a CPA and an attorney, CPA and enrolled agent, etc. These preparers were ranked to eliminate any overlap. They are ranked in the following order: CPA, enrolled agent, attorney, other credential.

⁷ Math errors refer to all types of errors that fall under the math error authority of Title 26 of the United States Code, as described in Section 6213(b). They include a variety of conditions such as computational errors, incorrectly transcribed values, and omitted entries identified during the processing of tax returns.

⁸ AUR is an abbreviation for the IRS Automated Underreporter program, the automated analysis and processing of potential underreported or over-deducted issues identified by matching tax returns against information returns provided by third parties. In the remainder of this report, the term "potential AUR mismatch" will be replaced by "AUR mismatch." What is being referred to here is the finding in the AUR computer matching program of an inconsistency between a line on the return and the information documents reported to the IRS for that taxpayer. Among the potential mismatches that result from this process, a significant number are false positives. Only about one quarter to one third of these potential mismatches are selected for review by the IRS and an even smaller proportion is sent a notice. Based on the IRS review, several hundred thousand are removed from the caseload ("screened out") and some of those taxpayers receiving a notice adequately explain the inconsistency.

TABLE 2. Professional Credentials of PTIN Holders Who Prepared Returns in 2011–2013, by Volume Segment: Levels*

Volume Segment (Number of Returns Prepared)	Number of Preparers	PTIN Holders	Type of Credential				
			Credentialed Preparers	CPA	Enrolled Agent**	Attorney	Other Credential***
2011							
All Preparers	817,004	546,272	238,252	169,340	38,166	12,906	17,840
1–4	274,705	63,141	30,242	22,185	2,358	4,177	1,522
5–10	65,198	41,846	20,028	14,897	1,820	2,053	1,258
11–20	56,655	44,754	19,945	14,804	2,139	1,621	1,381
21–100	190,919	174,839	68,117	50,129	9,266	3,209	5,513
101–250	135,779	130,888	55,798	39,760	10,530	1,280	4,228
251–500	64,566	62,644	30,937	20,292	7,952	415	2,278
501–1,000	23,251	22,504	10,937	6,293	3,337	132	1,175
> 1,000	5,931	5,656	2,248	980	764	19	485
2012							
All Preparers	734,386	556,202	248,976	174,762	41,276	13,639	19,299
1–4	217,297	70,686	32,825	23,579	2,861	4,496	1,889
5–10	55,058	42,732	21,050	15,487	2,027	2,193	1,343
11–20	49,602	43,659	19,923	14,710	2,209	1,617	1,387
21–100	181,253	172,389	70,263	51,323	9,856	3,413	5,671
101–250	134,917	132,046	57,919	40,698	11,273	1,341	4,607
251–500	66,060	65,015	32,603	21,086	8,540	421	2,556
501–1,000	24,148	23,751	11,888	6,806	3,640	129	1,313
> 1,000	6,051	5,924	2,505	1,073	870	29	533
2013							
All Preparers	663,054	541,509	249,960	175,035	42,472	13,457	18,996
1–4	167,582	71,746	32,867	23,465	3,018	4,497	1,887
5–10	49,176	39,819	20,684	15,336	2,111	2,096	1,141
11–20	45,945	41,229	19,897	14,766	2,237	1,592	1,302
21–100	170,175	162,261	69,710	50,919	10,061	3,362	5,368
101–250	131,886	129,380	58,229	40,834	11,424	1,335	4,636
251–500	67,654	66,818	33,678	21,500	8,978	413	2,787
501–1,000	24,585	24,299	12,325	7,092	3,746	137	1,350
> 1,000	6,051	5,957	2,570	1,123	897	25	525

* Source: RAS:R:TAM tabulations using IRTF and PTIN tables from December 2013 CDW

** Includes enrolled actuaries.

*** Includes enrolled retirement plan agents, certified acceptance agents, and state regulated tax return preparers.

Excludes preparers that solely prepared SS/PR/NR/NR-EZ, stimulus, or TETR returns and no others.

Data also exclude all volunteer preparers (e.g., VITA, TCE).

TABLE 3. Professional Credentials of PTIN Holders Who Prepared Returns in 2011–2013 by Volume Segment: Shares*

Volume Segment (Number of Returns Prepared)	Percent of All Preparers Who Held a PTIN	All Credentialed PTIN Holders	Percent of PTIN Holders Who are Credentialed					Other Credential***
			Credentialed Preparers	CPA	Enrolled Agent**	Attorney		
2011								
All Preparers	67%	44%	31%	7%	2%	3%	17,840	
1–4	23%	48%	35%	4%	7%	2%	1,522	
5–10	64%	48%	36%	4%	5%	3%	1,258	
11–20	79%	45%	33%	5%	4%	3%	1,381	
21–100	92%	39%	29%	5%	2%	3%	5,513	
101–250	96%	43%	30%	8%	1%	3%	4,228	
251–500	97%	49%	32%	13%	1%	4%	2,278	
501–1,000	97%	49%	28%	15%	1%	5%	1,175	
> 1,000	95%	40%	17%	14%	0%	9%	485	
2012								
All Preparers	76%	45%	31%	7%	2%	3%	19,299	
1–4	33%	46%	33%	4%	6%	3%	1,889	
5–10	78%	49%	36%	5%	5%	3%	1,343	
11–20	88%	46%	34%	5%	4%	3%	1,387	
21–100	95%	41%	30%	6%	2%	3%	5,671	
101–250	98%	44%	31%	9%	1%	3%	4,607	
251–500	98%	50%	32%	13%	1%	4%	2,556	
501–1,000	98%	50%	29%	15%	1%	6%	1,313	
> 1,000	98%	42%	18%	15%	0%	9%	533	
2013								
All Preparers	82%	46%	32%	8%	2%	4%	18,996	
1–4	43%	46%	33%	4%	6%	3%	1,887	
5–10	81%	52%	39%	5%	5%	3%	1,141	
11–20	90%	48%	36%	5%	4%	3%	1,302	
21–100	95%	43%	31%	6%	2%	3%	5,368	
101–250	98%	45%	32%	9%	1%	4%	4,636	
251–500	99%	50%	32%	13%	1%	4%	2,787	
501–1,000	99%	51%	29%	15%	1%	6%	1,350	
> 1,000	98%	43%	19%	15%	0%	9%	525	

* Source: RAS:R:TAM tabulations using IRTF and PTIN tables from December 2013 CDW

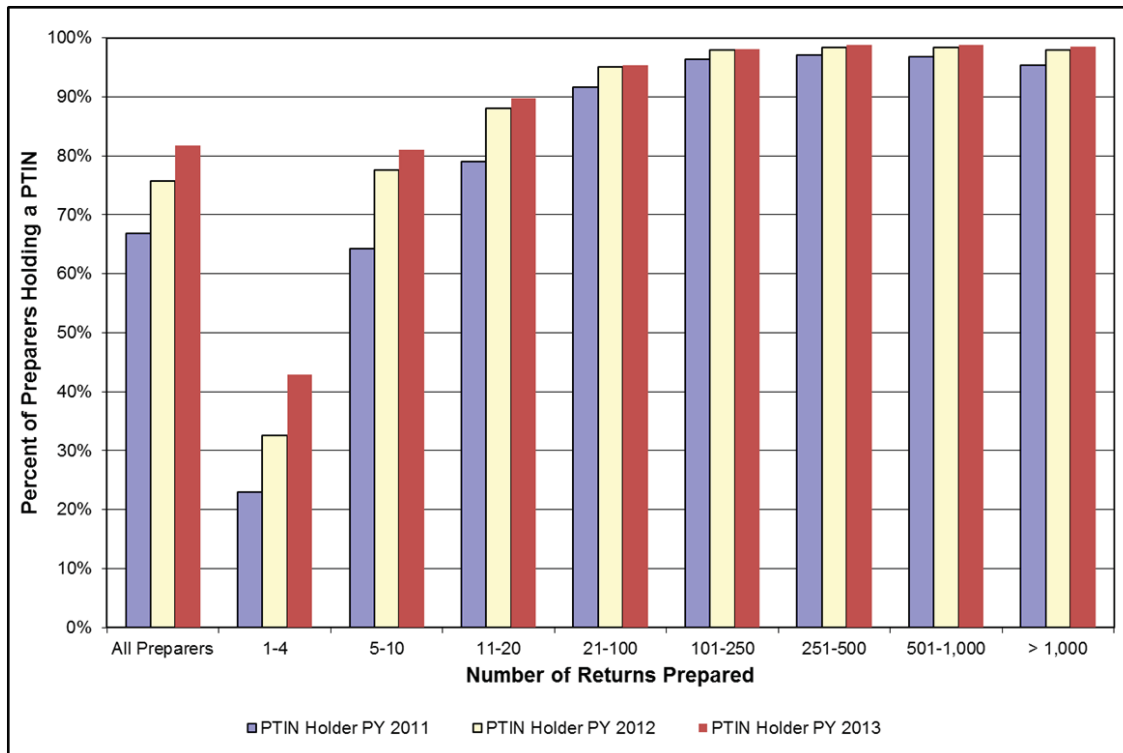
** Includes enrolled actuaries.

*** Includes enrolled retirement plan agents, certified acceptance agents, and state regulated tax return preparers.

Excludes preparers that solely prepared SS/PR/NR/NR-EZ, stimulus, or TETR returns and no others.

Data also exclude all volunteer preparers (e.g., VITA, TCE).

FIGURE 8. Percent of Preparers, by Volume Segment, and by Who Held a PTIN for Processing Years 2011 to 2013



The percentage of returns with a math error is substantially lower for returns prepared with tax preparation software and electronically filed. After controlling for use of software and e-filing, the math error rate for returns prepared by PTIN holders is lower than the rate associated with returns prepared by preparers who do not hold a PTIN. Among e-filed returns, preparers who self-report credentials have similar math error rates to those who do not; however, the math error rate for paper returns prepared by self-reported credentialed preparers is lower than the rate associated with non-PTIN holders and PTIN holders without credentials.

The percentage of returns that have at least one AUR mismatch is influenced more significantly by return complexity⁹ and the number of income and deduction items that can be matched to information returns than by preparation and submission method. But, the type of preparer appears to be a factor in AUR mismatch rates, which are lower for returns prepared by PTIN holders than for returns prepared by non-PTIN holders. AUR mismatches are also less common for preparers who prepare a relatively large number of returns.

Math Errors

The analysis indicates that math errors are much more likely to occur on self-prepared paper returns than on self-prepared software returns or paid-prepared returns. The error rate for self-prepared paper returns is 28 times greater than for paid-prepared returns and 21 times greater than for returns prepared by taxpayers using software. The self-prepared paper returns' math error rate is 37.0 percent while for paid-prepared returns it is 1.3 percent and for software-prepared returns it is 1.8 percent.

⁹ In the more detailed tables provided on AUR mismatches in the Appendix, returns are classified into three complexity categories—simple, intermediate, and complex—according to the definition in the Electronic Tax Administration IMF database. Simple returns are those without any schedules attached. Intermediate returns are Form 1040A returns with schedules or Form 1040 returns with Schedules A, B, D, Additional Child Tax Credit, Educational Credits, Child Care Credit, Credit for the Elderly, or Earned Income Tax Credit. Complex returns are Form 1040 returns with schedules C, E or F or other schedules.

As shown in Table 4, the comparatively low paid-prepared return math error rate appears to come in large part from the greater likelihood that such returns have been prepared with the use of software and are submitted electronically. For example, returns prepared by hand by paid preparers have a math error rate of 18.0 percent. This rate drops to 5.5 percent when the paid preparer uses software to prepare the return, but files the return by mail. It drops to 0.6 percent when the paid preparer uses software and submits the return electronically. Software helps taxpayers avoid math errors by ensuring that all of the computations are done correctly, line amounts from specific schedules are accurately transferred to the 1040 form, and by accurately determining eligibility for certain credits and deductions, given taxpayer inputs for income, filing status, family structure, etc. Electronic filing provides additional filters before returns are accepted, including ensuring that social security numbers and names are valid and entered accurately, that claimed dependents have not been previously claimed on another return, that all necessary schedules and forms are included with the return, and that the return is signed.¹⁰

TABLE 4. Percentage of Returns with a Math Error by Preparation and Submission Method, Tax Year 2010

Submission Method	Preparation Method		
	Paid Preparer	Self-Prepared	Total
E-file	0.6	1.1	0.8
Software-Prepared Paper Return	5.5	5.3	5.4
Hand-Prepared Paper Return	18.0	37.0	35.5
Total	1.3	6.8	3.6

Source: RAS:R:TAM. Analysis of data from CDW: IRTF through 3/2014.

NOTE: 1040PR, 1040NR, 1040NR-EZ and 1040SS and returns prepared at VITA sites are excluded. Limited to returns filed in 2011.

Similarly, when self-preparing taxpayers use software but do not e-file, their error rate is 5.3 percent (compared to the 37.0 percent rate for paper returns self-prepared by hand) and falls to 1.1 percent when these returns are e-filed.

Math error rates also differ across types of preparers (Table 5). Returns prepared by preparers who hold a PTIN have fewer math errors than returns prepared by other preparers, even after considering their different rates of using software and e-filing their returns. While e-filed, software-prepared paper returns, and hand-prepared returns of PTIN holders have math error rates of 0.6 percent, 5.2 percent, and 15.1 percent, respectively, the error rates for other paid returns are 0.9 percent, 7.2 percent, and 26.1 percent.

TABLE 5. Percentage of Returns with a Math Error by Type of Preparer and Submission Method, Tax Year 2010

Submission Method	Preparer Type	
	PTIN Holders	Non-PTIN Holders
E-file	0.6	0.9
Software-Prepared Paper Return	5.2	7.2
Hand-Prepared Paper Return	15.1	26.1
Total	1.2	4.1

Source: RAS:R:TAM. Analysis of data from CDW: IRTF, IMF and Return Preparer Registration Database through 3/2014.

NOTE: 1040PR, 1040NR, 1040NR-EZ and 1040SS and returns prepared at VITA sites are excluded. Limited to returns filed in 2011. Preparers are considered as having a PTIN if it was obtained by the end of 2011.

¹⁰ To the extent that some returns rejected by the e-file filters may transfer to paper submission this would tend to lower the math error rate for e-filing and raise it for paper returns. For instance, in the case of divorced parents claiming the same dependents on separate returns, the first return that is e-filed would be accepted while the second return would be rejected. If the second filer then files on paper, this return would be subject to a math error even if this taxpayer is the primary provider for the children. A further risk with rejected returns is that the taxpayer may not file the return at all.

Software-prepared paper returns and hand-prepared returns prepared by self-reported, credentialed, PTIN holders have lower error rates than returns prepared by PTIN holders who do not self-report such credentials and by non-PTIN holders. While 4.4 percent of the software-prepared paper returns by credentialed preparers have math errors and 12.7 percent of their hand-prepared returns have math errors, these numbers are 6.1 percent and 19.4 percent respectively for non-credentialed preparers. On the other hand, e-filed returns prepared by such credentialed preparers have a slightly higher math error rate (0.7 percent) than the rest of the e-filed paid-prepared returns (0.6 percent) (see Appendix: Table A7).

Math error rates also differ across preparers according to the number of returns they prepare. While preparers signing 10 or fewer returns have math errors on 5.8 percent of their returns, those who prepare more than 100 returns have math errors on only about 1.1 percent of their returns. An important reason for this difference is the fact that preparers who prepare a larger number of returns are significantly more likely to e-file their returns and more likely to use software. But, even after controlling for the different rates of electronic submission and software use across the market segments, those preparing 20 or fewer returns have a larger math error rate than those preparing more than 20 returns (Table 6 and Table 7). This difference can be partly accounted for by the fact that those preparing 20 or fewer returns are less likely to be PTIN holders and, as we saw above, non-PTIN holders have a higher error rate, even after controlling for different rates of using software and e-filing. While about 82 percent of returns were signed by PTIN holders in the 20 or fewer return segments, this figure was 97 percent for the more than 20 return segments.

TABLE 6. Percentage of Returns with a Math Error by Number of Returns Prepared and Submission Method, Tax Year 2010

Number of Returns	Submission Method	Error Rate	Share of Returns
1–4	Paid with Software E-File	2.3%	31.3%
	Paid with Software on Paper	6.5%	56.3%
	Paid by Hand	27.9%	12.4%
5–10	Paid with Software E-File	1.0%	47.2%
	Paid with Software on Paper	5.2%	46.1%
	Paid by Hand	22.5%	6.7%
11–20	Paid with Software E-File	0.8%	58.9%
	Paid with Software on Paper	4.9%	36.9%
	Paid by Hand	20.8%	4.2%
21–100	Paid with Software E-File	0.6%	79.5%
	Paid with Software on Paper	5.1%	18.9%
	Paid by Hand	17.7%	1.6%
101–250	Paid with Software E-File	0.6%	90.0%
	Paid with Software on Paper	5.2%	9.4%
	Paid by Hand	15.4%	0.6%
251–500	Paid with Software E-File	0.6%	91.1%
	Paid with Software on Paper	5.2%	8.5%
	Paid by Hand	13.4%	0.4%
501–1,000	Paid with Software E-File	0.7%	91.0%
	Paid with Software on Paper	5.8%	8.7%
	Paid by Hand	13.9%	0.3%
>1,000	Paid with Software E-File	0.7%	88.7%
	Paid with Software on Paper	6.2%	11.0%
	Paid by Hand	13.2%	0.2%
Preparers with ID number	Paid with Software E-File	0.6%	88.3%
	Paid with Software on Paper	5.4%	11.0%
	Paid by Hand	17.0%	0.7%
Preparers without ID number	Paid with Software E-File	1.0%	34.9%
	Paid with Software on Paper	7.2%	56.4%
	Paid by Hand	26.2%	8.7%
All Preparers	Paid with Software E-File	0.6%	87.8%
	Paid with Software on Paper	5.5%	11.4%
	Paid by Hand	18.0%	0.7%
	All Methods	1.3%	100.0%

Source: RAS:R:TAM. Analysis of data from CDW: IRTF and IMF through 3/2014.

NOTE: 1040PR, 1040NR, 1040NR-EZ and 1040SS and returns prepared at VITA sites are excluded. Limited to returns filed in 2011.

The line "no preparer id number" shows the error rate for returns that are signed by a third party preparer but no identifying number for the individual preparer was entered on the return.

TABLE 7. Percentage of Returns with a Math Error by Number of Returns Prepared and Preparer Type, Tax Year 2010

Number of Returns	Preparer Type	Error Rate	Share of Returns
1–4	PTIN Holder	4.8%	50.2%
	No PTIN	10.9%	49.8%
5–10	PTIN Holder	3.6%	85.1%
	No PTIN	8.8%	14.9%
11–20	PTIN Holder	2.7%	90.3%
	No PTIN	7.2%	9.7%
21–100	PTIN Holder	1.6%	95.4%
	No PTIN	4.5%	4.6%
101–250	PTIN Holder	1.1%	97.3%
	No PTIN	2.8%	2.7%
251–500	PTIN Holder	1.0%	97.5%
	No PTIN	2.2%	2.5%
501–1,000	PTIN Holder	1.1%	97.2%
	No PTIN	2.1%	2.8%
>1,000	PTIN Holder	1.4%	96.2%
	No PTIN	1.8%	3.8%
Total	PTIN Holder	1.2%	96.7%
	No PTIN	3.4%	3.3%
	No preparer ID number	6.7%	0.0%
	All Preparers	1.3%	0.0%

Source: RAS:R:TAM. Analysis of data from CDW: IRTF and IMF through 3/2014.

NOTE: 1040PR, 1040NR, 1040NR-EZ and 1040SS and returns prepared at VITA sites are excluded. Limited to returns filed in 2011.

Preparers are considered as having a PTIN if it was obtained by the end of 2011. The line “no preparer id number” shows the error rate for returns that are signed by a third party preparer but no identifying number for the individual preparer was entered on the return.

The long-term trends in tax return preparation and submission methods, including the increased use of software, increases in e-filing rates, and decreases in the number of returns prepared by preparers who prepare relatively few returns, have all contributed to reducing the rate of math errors (see Figure 9). In the period prior to tax year 2010, the main forces driving these preparation and submission trends were technological and financial in nature, including better and less expensive software, increased computer and internet access and literacy among taxpayers and preparers, and the fact that e-filed returns generate faster refunds and facilitated a variety of associated financial products. These trends by themselves reduced the rate of math errors from 4.6 percent in tax year 2000 to 1.9 percent in tax year 2009.¹¹ But, in tax years 2010 and 2011, two IRS administrative actions—the e-file mandate and the return preparer initiative—accelerated these trends in tax preparation and submission methods. The combined effect of the prevailing trends and these initiatives further reduced the overall rate of math errors to 1.3 percent in tax year 2011. The math error rate for paid prepared returns fell from 0.7 percent in tax year 2009 to 0.5 percent in tax year 2011.

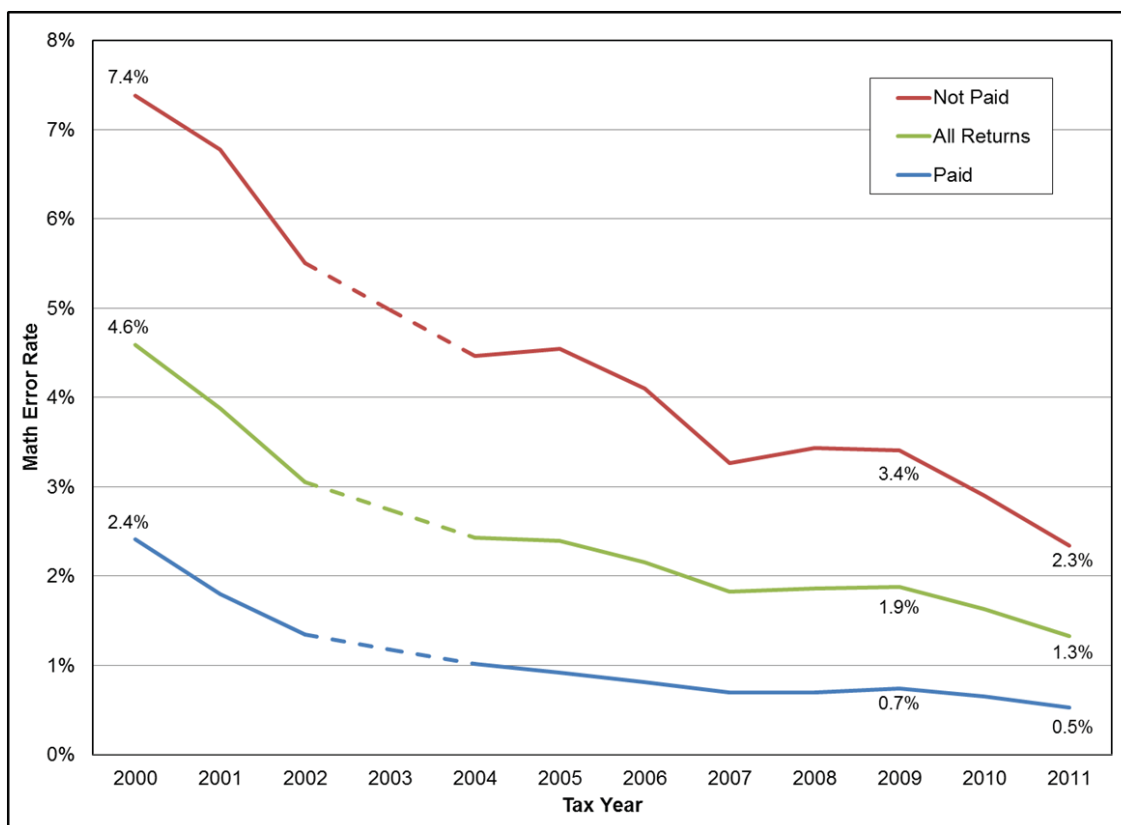
IRS implementation of the e-file mandate required preparers in processing year 2011 to electronically submit returns if they expected to prepare and file at least 100 returns. This threshold was lowered to 11 or more returns in processing year 2012. At the same time, starting at the beginning of 2011, preparers of individual tax returns were required under the return preparer initiative to obtain and use a PTIN on the returns they prepare. These new regulations increased the rate of e-filing for paid-prepared returns and accelerated the pre-existing trend increasing the share of returns prepared by larger volume preparers.

¹¹ In developing the math error rate estimates for each year, math errors associated with temporary or one-year tax credits, including the Rate Reduction Credit (2001), Recovery Rebate Credit (2008), Making Work Pay Credit (2008), and the First-Time Homebuyer Credit (2009 and 2010) are excluded. Tax year 2003 is omitted because of the difficulty of distinguishing errors related to recurring and non-recurring tax law changes involving the Child Tax Credit. The spike in tax year 2003 is due to an increase in errors related to the Child Tax Credit because of provisions in the Jobs and Growth Tax Relief Reconciliation Act of 2003, which raised the maximum credit per child to \$1,000 and also provided that eligible taxpayers who claimed children on their 2002 return would receive advance payments in 2003 of up to \$400 per child.

Compared to the existing trend, we estimate that about 6 million additional returns were e-filed in tax year 2010 and about 7 million additional returns were e-filed in tax year 2011 (Figure 10).¹² As a consequence of this higher rate of e-filing for paid prepared returns, we estimate that the number of returns with math errors was reduced by about 300,000 in tax year 2010 and about 220,000 in tax year 2011.

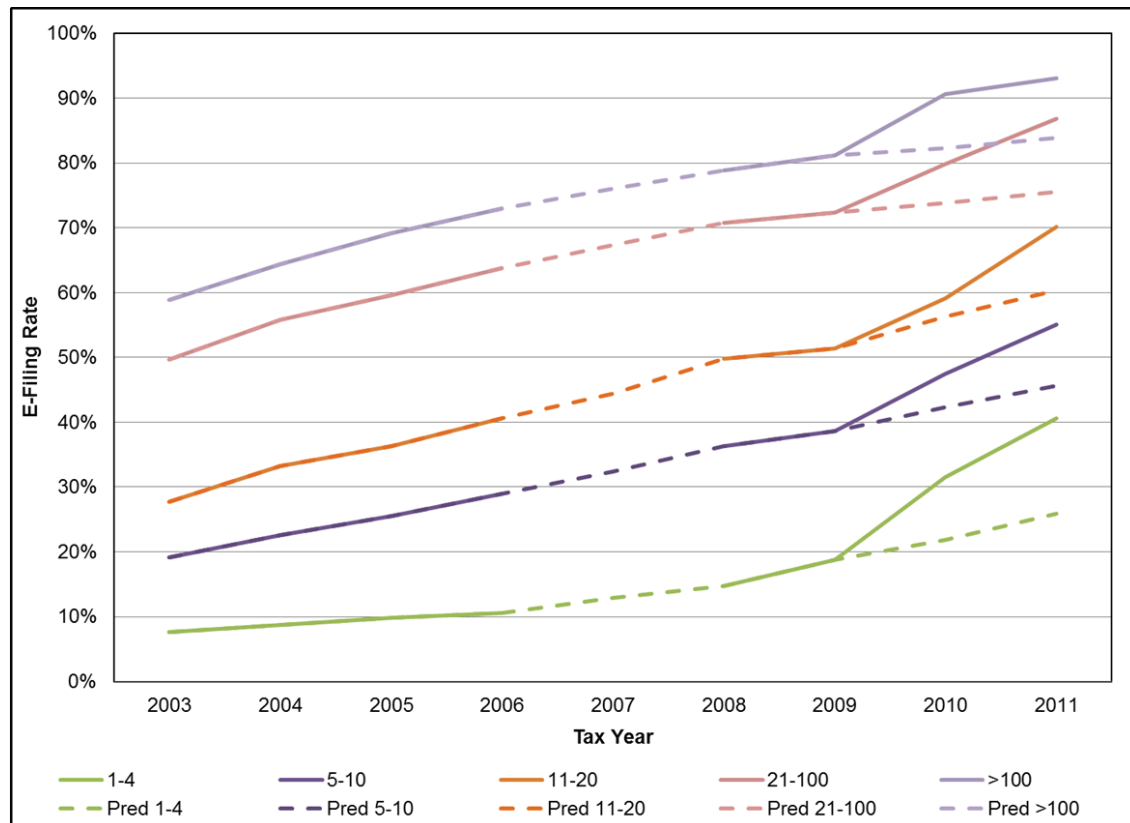
We also estimate that preparers preparing fewer than 100 returns prepared about 1.4 percent (1.1 million) fewer returns in tax year 2010, and 1.9 percent (1.5 million) fewer returns in tax year 2011, than would have been the case without these initiatives (Figure 11). We estimate that this acceleration in the rate of transfer of returns from smaller to larger volume preparers reduced the number of math errors by about 60,000 in tax year 2010 and 30,000 in tax year 2011.

FIGURE 9. Math Error Rate for Returns With and Without Paid Preparers (Excluding Year-Specific Errors), Tax Years 2000–2011



NOTE: Math errors related to non-recurring credits, including the Rate Reduction Credit (2001), Recovery Rebate Credit (2008), Making Work Pay Credit (2009 and 2010), and the First Time Homebuyer Credit (2009 to 2011) are excluded. 2003 is omitted because of the difficulty of distinguishing errors related to recurring and non-recurring tax law changes involving the child tax credit.

¹² Tax year 2007 was excluded in generating the predicted trend line for e-file rates by volume segment and for the share of returns prepared by each volume segment because of the distorting influence of economic stimulus filings for that year.

FIGURE 10. Actual and Predicted Rates of E-Filing by Number of Returns Prepared, Tax Years 2003–2011

NOTE: Tax year 2007 was excluded in generating the predicted trend lines because of the distorting influence of economic stimulus filings in that year.

AUR Mismatches

AUR mismatch rates are more closely related to return complexity and the number of income and deduction items on the tax return that can be matched against information returns, than they are to preparation or submission method. For instance, just 8.5 percent of all returns with two or fewer matchable items have at least one AUR mismatch, while 23.8 percent of those with six or more matchable items do.¹³ The weaker influence of preparation method on AUR mismatches is understandable, given that avoiding a mismatch depends on taxpayers receiving, securely storing, retrieving, and accurately reporting all of the relevant information provided on information returns—regardless of preparation method. Software and third-party preparation can help mitigate such errors by, for example, providing reminders from the previous year's return about items that may need to be reported, and by permitting the electronic uploading of information from financial institutions and employers. Despite the benefits of software and preparer assistance, however, avoiding AUR mismatches depends importantly on the taxpayer.

For all types of returns, paid-prepared returns have lower AUR mismatch rates than those self-prepared using tax preparation software. In addition, paid-prepared returns have fewer mismatches than returns self-prepared by hand for returns with three or more income or deduction items that can be matched. But returns self-prepared by hand have slightly fewer mismatches when just two or fewer items can be matched (see Appendix: Table A10).

¹³ The rates reported here are the percent of returns with potential mismatches resulting from the computerized matching of information reported on tax returns with that reported by third parties on information returns (Forms 1099, 1098, W-2, etc.) Mismatches related to education credits are excluded since a large share of them are false positives and do not enter the potential work stream of the AUR program.

For paid-prepared returns, AUR mismatch rates are lower for PTIN holders than non-PTIN holders when all returns are considered and when they are broken out by the number of matched items on the return. The comparison between PTIN holders and non-PTIN holders is similar when one controls for income or return complexity rather than AUR items. The overall percentage of returns with mismatches is greater for self-reported credentialed PTIN holders than non-credentialed PTIN holders and non-PTIN holding preparers. Controlling for the number of potential AUR mismatch items shows a lower mismatch rate for credentialed preparers only in the case of returns with two or fewer AUR items but not in the case of returns with three or more AUR items. Credentialed preparers have lower mismatch rates for lower and middle levels of income and lower levels of complexity but higher mismatch rates for the higher level of income and the middle and higher levels of complexity (Appendix: Table A10).

AUR mismatches are less likely for preparers who prepare a larger number of returns, even when one controls for the different shares of preparers who are PTIN holders across the volume segments. While 17.3 percent of returns of those preparing 4 or fewer returns have mismatches, this rate diminishes to less than 13 percent for those preparing more than 500 returns (Appendix: Table A12). But, at each level of preparer activity, and regardless of the number of matchable items, the returns of PTIN holders are less prone to AUR mismatches than preparers who do not hold a PTIN (Table 8). We estimate that the acceleration in the trend in return preparation towards larger volume preparers that followed the adoption of the e-file mandate and the return preparer initiative reduced the number of returns with AUR mismatches by approximately 15,000 in each of tax years 2010 and 2011. Nonetheless, these numbers represent a very small fraction (less than 0.08 percent) of all mismatches in those years.

TABLE 8. Percentage of Returns with AUR Mismatches by Number of Returns Prepared, Preparer Type and Number of AUR Items, Tax Year 2010

Number of Returns	Preparer Type*	Number of AUR Items**			Overall
		2 or fewer items	3 to 5 items	6 or more items	
1-4	PTIN Holder	9.16	16.07	26.96	16.64
	No PTIN	9.00	18.38	30.31	18.04
5-10	PTIN Holder	8.90	15.19	26.79	15.92
	No PTIN	9.15	16.75	28.20	15.99
11-20	PTIN Holder	8.77	14.99	26.23	15.35
	No PTIN	9.27	16.81	28.16	15.71
21-100	PTIN Holder	8.74	14.16	25.28	14.46
	No PTIN	9.21	16.37	27.18	15.17
101-250	PTIN Holder	8.32	13.36	23.32	13.85
	No PTIN	8.71	15.38	25.29	14.41
251-500	PTIN Holder	7.60	12.91	21.77	13.35
	No PTIN	8.32	14.65	23.58	13.80
501-1,000	PTIN Holder	7.13	12.84	20.96	12.81
	No PTIN	9.68	14.95	23.19	14.31
>1,000	PTIN Holder	7.11	13.23	21.26	12.17
	No PTIN	12.22	15.04	23.21	14.82
Total	PTIN Holder	7.84	13.24	22.52	13.44
	No PTIN	9.39	15.52	25.16	14.70
	No preparer ID number***	9.51	16.77	27.78	15.65
	All Preparers	7.91	13.35	22.62	13.50

Source: RAS:R:TAM. Analysis of data from CDW: IRTF, CDW: AUR and CDW: Return Preparer Registration Database through 3/2014.

NOTE: 1040PR, 1040NR, 1040NR-EZ and 1040SS and returns prepared at VITA sites are excluded. Limited to returns filed in 2011.

*Preparers are considered as having a PTIN if it was obtained by the end of 2011. Mismatches related to education credits are excluded.

**AUR Items classifies returns according to the number of income or deduction items on the return subject to the AUR matching process.

***The line "no preparer id number" shows the error rate for returns that are signed, by a third party preparer but no identifying number for the individual preparer was entered on the return.

APPENDIX

TABLE A1. Preparers and Prepared Returns, Processing Years 2004–2013*

Processing Year	Total Preparers			Prepared Previous Year & Current Year			New Preparers			Prepared Previous Year, But Not Current Year				Total Returns Prepared		
	Number	Growth Rate		Number	Growth Rate	Share: Current Year	Number	Growth Rate	Share: Current Year	Number	Growth Rate	Share: Previous Year Attrition	Net Increase/Decrease	Number	Share of All Returns	Returns per Preparer
All Preparers																
2004	1,229,259													78,624,459	100%	64
2005	1,170,754	-5%	717,457			61%				457,546				516,157	42%	-58,611
2006	1,119,959	-4%	702,821	-2%		63%	-8%			421,207	-8%			472,182	40%	-50,975
2007	1,080,748	-4%	693,250	-1%		64%	-5%			398,467	-5%			430,778	38%	-32,311
2008	1,067,268	-1%	686,983	-1%		64%	15%			457,323	15%			404,734	37%	52,589
2009	1,040,919	-2%	676,234	-2%		65%	-19%			369,355	-19%			468,072	44%	-98,717
2010	983,219	-6%	657,735	-3%		67%	-11%			329,504	-11%			387,854	37%	-58,350
2011	817,004	-17%	571,414	-13%		70%	-24%			249,117	-24%			415,825	42%	-166,708
2012	734,386	-10%	551,476	-3%		75%	-25%			185,980	-25%			269,055	33%	-83,075
2013	663,054	-10%	521,119	-6%		79%	-22%			144,771	-22%			216,337	29%	-71,566
Prepared 1–4 returns																
2004	635,968													902,604	1%	1
2005	581,420	-9%	215,996			37%				365,424				444,137	70%	-78,713
2006	534,080	-8%	200,880	-7%		38%	-9%			333,200	-9%			401,974	69%	-68,774
2007	494,953	-7%	190,934	-5%		39%	-9%			304,019	-9%			363,376	68%	-59,357
2008	478,838	-3%	181,281	-5%		38%	-2%			297,557	-2%			335,819	68%	-38,262
2009	452,023	-6%	174,267	-4%		39%	-7%			277,756	-7%			395,717	83%	-117,961
2010	414,238	-8%	161,599	-7%		39%	-9%			252,639	-9%			312,683	69%	-60,044
2011	274,705	-34%	117,115	-28%		43%	-38%			157,590	-38%			322,575	78%	-164,985
2012	217,297	-21%	97,048	-17%		45%	-24%			120,249	-24%			199,028	72%	-78,779
2013	167,582	-23%	80,026	-18%		48%	-27%			87,556	-27%			152,379	70%	-64,823
Prepared 5–10 returns																
2004	91,030													642,086	1%	7
2005	88,041	-3%	72,263			82%				15,778				17,454	19%	-1,676
2006	84,327	-4%	69,481	-4%		82%	-6%			14,846	-6%			16,853	19%	-2,007
2007	81,519	-3%	66,922	-4%		82%	-2%			14,597	-2%			15,955	19%	-1,358
2008	78,838	-3%	64,077	-4%		81%	1%			14,761	1%			15,821	19%	-1,060
2009	77,764	-1%	62,040	-3%		80%	7%			15,724	7%			16,965	22%	-1,241
2010	73,783	-5%	58,807	-5%		80%	-5%			14,976	-5%			17,503	23%	-2,527
2011	65,198	-12%	49,267	-16%		76%	6%			15,931	6%			25,181	34%	-9,250
2012	55,058	-16%	43,758	-11%		79%	-29%			11,300	-29%			19,465	30%	-8,165
2013	49,176	-11%	38,839	-11%		79%	-9%			10,337	-9%			14,333	26%	-3,996

* Source: RAS:RTAM tabulations using the IRTF table from December 2013 CDW. Excludes preparers that solely prepared SS/PR/NR/INR-EZ, stimulus, or TETR returns and no others. Data also exclude all volunteer preparers (e.g., VITA, TCE).

TABLE A1. Preparers and Prepared Returns, Processing Years 2004–2013*—Continued

Processing Year	Total Preparers		Prepared Previous Year & Current Year				New Preparers			Prepared Previous Year, But Not Current Year				Total Returns Prepared		
	Number	Growth Rate	Number	Growth Rate	Share: Current Year	Number	Growth Rate	Share: Current Year	Number	Growth Rate	Share: Previous Year	Net Increase/Decrease	Number	Share of All Returns	Returns per Preparer	
Prepared 11–20 returns																
2004	71,051												1,065,011	1%	15	
2005	69,745	-2%	57,265		82%	12,480		18%	11,537		16%	943	1,046,944	1%	15	
2006	67,548	-3%	55,692	-3%	82%	11,836	-5%	18%	11,514	0%	17%	322	1,014,301	1%	15	
2007	66,458	-2%	54,255	-3%	82%	12,203	3%	18%	10,867	-6%	16%	1,336	998,581	1%	15	
2008	66,262	0%	53,452	-1%	81%	12,810	5%	19%	11,480	6%	17%	1,330	997,053	1%	15	
2009	66,651	1%	52,583	-2%	79%	14,068	10%	21%	12,269	7%	19%	1,799	1,004,138	1%	15	
2010	63,645	-5%	51,201	-3%	80%	12,444	-12%	20%	13,623	11%	20%	-1,179	958,732	1%	15	
2011	56,655	-11%	43,866	-14%	77%	12,789	3%	23%	17,222	26%	27%	-4,433	854,249	1%	15	
2012	49,602	-12%	39,948	-9%	81%	9,654	-25%	19%	12,374	-28%	22%	-2,720	749,475	1%	15	
2013	45,945	-7%	37,511	-6%	82%	8,434	-13%	18%	10,473	-15%	21%	-2,039	694,245	1%	15	
Prepared 21–100 returns																
2004	206,095												10,895,848	14%	53	
2005	206,993	0%	164,283		79%	42,710		21%	32,271		16%	10,439	10,956,905	14%	53	
2006	206,052	0%	165,303	1%	80%	40,749	-5%	20%	32,166	0%	16%	8,583	10,962,208	14%	53	
2007	209,246	2%	166,831	1%	80%	42,415	4%	20%	30,972	-4%	15%	11,443	11,120,789	14%	53	
2008	209,512	0%	166,546	0%	79%	42,966	1%	21%	32,126	4%	15%	10,840	11,156,238	13%	53	
2009	215,749	3%	171,456	3%	79%	44,293	3%	21%	33,453	4%	16%	10,840	11,440,877	14%	53	
2010	206,862	-4%	171,372	0%	83%	35,490	-20%	17%	35,562	6%	16%	-72	10,981,868	14%	53	
2011	190,919	-8%	152,328	-11%	80%	38,591	9%	20%	39,681	12%	19%	-1,090	10,255,770	13%	54	
2012	181,253	-5%	150,970	-1%	83%	30,283	-22%	17%	29,214	-26%	15%	1,069	9,847,157	12%	54	
2013	170,175	-6%	144,723	-4%	85%	25,452	-16%	15%	29,116	0%	16%	-3,664	9,254,160	11%	54	
Prepared 101–250 returns																
2004	137,571												22,223,722	28%	162	
2005	137,564	0%	122,020		89%	15,544		11%	9,515		7%	6,029	22,204,215	28%	161	
2006	138,776	1%	123,653	1%	89%	15,123	-3%	11%	8,760	-8%	6%	6,363	22,435,723	28%	162	
2007	138,555	0%	123,883	0%	89%	14,672	-3%	11%	8,612	-2%	6%	6,060	22,374,018	28%	161	
2008	139,249	1%	124,829	1%	90%	14,420	-2%	10%	8,459	-2%	6%	5,961	22,514,079	27%	162	
2009	137,786	-1%	125,735	1%	91%	12,051	-16%	9%	8,471	0%	6%	3,580	22,177,188	27%	161	
2010	134,678	-2%	125,537	0%	93%	9,141	-24%	7%	7,584	-10%	6%	1,557	21,743,498	27%	161	
2011	135,779	1%	120,528	-4%	89%	15,251	67%	11%	9,623	27%	7%	5,628	22,024,495	27%	162	
2012	134,917	-1%	124,784	4%	92%	10,133	-34%	8%	7,833	-19%	6%	2,300	21,927,382	27%	163	
2013	131,886	-2%	122,948	-1%	93%	8,938	-12%	7%	8,661	11%	6%	277	21,527,704	27%	163	

* Source: RAS:R:TAM tabulations using the IRTF table from December 2013 CDW
 Excludes preparers that solely prepared SSS/PR/NR/ER-Z, stimulus, or TETR returns and no others. Data also exclude all volunteer preparers (e.g., VITA, TCE).

TABLE A1. Preparers and Prepared Returns, Processing Years 2004–2013*—Continued

Processing Year	Total Preparers		Prepared Previous Year & Current Year				New Preparers				Prepared Previous Year, But Not Current Year				Total Returns Prepared		
	Number	Growth Rate	Number	Growth Rate	Share: Current Year	Number	Growth Rate	Share: Current Year	Number	Growth Rate	Share: Previous Year	Net Increase/Decrease	Number	Share of All Returns	Returns per Preparer		
Prepared 251–500 returns																	
2004	61,896												21,276,546	27%	344		
2005	61,358	-1%	59,086		96%	2,272		4%	1,112		2%	1,160	21,088,794	27%	344		
2006	62,499	2%	60,238	2%	96%	2,261	0%	4%	818	-26%	1%	1,443	21,468,976	27%	344		
2007	62,626	0%	60,529	0%	97%	2,097	-7%	3%	914	12%	1%	1,183	21,572,974	27%	344		
2008	64,856	4%	62,655	4%	97%	2,201	5%	3%	920	1%	1%	1,281	22,400,835	27%	345		
2009	62,201	-4%	60,287	-4%	97%	1,914	-13%	3%	1,034	12%	2%	880	21,455,136	26%	345		
2010	61,714	-1%	60,025	0%	97%	1,689	-12%	3%	804	-22%	1%	885	21,285,244	26%	345		
2011	64,566	5%	59,844	0%	93%	4,722	180%	7%	1,363	70%	2%	3,359	22,282,874	28%	345		
2012	66,060	2%	64,117	7%	97%	1,943	-59%	3%	992	-27%	2%	951	22,794,711	28%	345		
2013	67,654	2%	65,863	3%	97%	1,791	-8%	3%	1,187	20%	2%	604	23,390,668	29%	346		
Prepared 501–1,000 returns																	
2004	20,658												13,743,554	17%	665		
2005	20,587	0%	20,122		98%	465		2%	115		1%	350	13,721,039	18%	666		
2006	21,298	3%	20,832	4%	98%	466	0%	2%	87	-24%	0%	379	14,246,589	18%	669		
2007	21,693	2%	21,221	2%	98%	472	1%	2%	69	-21%	0%	403	14,510,790	18%	669		
2008	23,461	8%	22,942	8%	98%	519	10%	2%	93	35%	0%	426	15,736,072	19%	671		
2009	22,577	-4%	22,086	-4%	98%	491	-5%	2%	141	52%	1%	350	15,126,807	18%	670		
2010	22,288	-1%	21,754	-2%	98%	534	9%	2%	80	-43%	0%	454	14,931,200	19%	670		
2011	23,251	4%	21,622	-1%	93%	1,629	205%	7%	159	99%	1%	1,470	15,556,346	19%	669		
2012	24,148	4%	23,575	9%	98%	573	-65%	2%	131	-18%	1%	442	16,157,723	20%	669		
2013	24,585	2%	24,085	2%	98%	500	-13%	2%	164	25%	1%	336	16,432,011	20%	668		
Prepared >1,000 returns																	
2004	4,990												7,875,088	10%	1,578		
2005	5,046	1%	4,909		97%	137		3%	16		0%	121	7,873,027	10%	1,560		
2006	5,399	7%	5,269	7%	98%	130	-5%	2%	10	-38%	0%	120	8,507,281	11%	1,576		
2007	5,698	6%	5,572	6%	98%	126	-3%	2%	13	30%	0%	113	8,968,811	11%	1,574		
2008	6,252	10%	6,100	9%	98%	152	21%	2%	16	23%	0%	136	9,844,604	12%	1,575		
2009	6,168	-1%	6,013	-1%	97%	155	2%	3%	22	38%	0%	133	9,741,637	12%	1,579		
2010	6,011	-3%	5,868	-2%	98%	143	-8%	2%	15	-32%	0%	128	9,477,029	12%	1,577		
2011	5,931	-1%	5,422	-8%	91%	509	256%	9%	21	40%	0%	488	9,072,314	11%	1,530		
2012	6,051	2%	5,900	9%	98%	151	-70%	2%	18	-14%	0%	133	9,208,919	11%	1,522		
2013	6,051	0%	5,916	0%	98%	135	-11%	2%	24	33%	0%	111	9,064,190	11%	1,498		

* Source: RAS:R:TAM tabulations using the RTF table from December 2013 CDW
 Excludes preparers that solely prepared SSI/PR/NR-EZ, stimulus, or TETR returns and no others. Data also exclude all volunteer preparers (e.g., VITA, TCE).

TABLE A2. Number, Market Shares, Percent Change, and Average—by Preparers, Returns Prepared, Volume Segment, and Selected Ranges of Processing Years*

Volume Segment (Number of Returns Prepared)	Preparers				Returns Prepared					
	PY2004	PY2010	PY2011	PY2012	PY2013	PY2010	PY2011	PY2012	PY2013	
	Number				Number					
All Preparers	1,229,259	983,219	817,004	734,386	663,054	78,624,459	80,508,154	81,424,450	80,988,703	
1-4	635,968	414,238	274,705	217,297	167,582	902,604	605,890	345,055	273,146	
5-10	91,030	73,783	65,198	55,058	49,176	642,086	524,693	394,028	352,579	
11-20	71,051	63,645	56,655	49,602	45,945	1,065,011	958,732	749,475	694,245	
21-100	206,095	206,862	190,919	181,253	170,175	10,895,848	10,981,888	9,847,157	9,254,160	
101-250	137,571	134,678	135,779	134,917	131,886	22,223,722	21,743,498	21,927,382	21,527,704	
251-500	61,896	61,714	64,566	66,060	67,654	21,276,546	21,285,244	22,794,711	23,390,668	
501-1,000	20,658	22,288	23,251	24,148	24,585	13,743,554	14,931,200	16,157,723	16,432,011	
> 1,000	4,990	6,011	5,931	6,051	6,051	7,875,088	9,477,029	9,208,919	9,064,190	
						Market Shares				
1-4	52%	42%	34%	30%	25%	1%	1%	0%	0%	
5-10	7%	8%	8%	7%	7%	1%	1%	0%	0%	
11-20	6%	6%	7%	7%	7%	1%	1%	1%	1%	
21-100	17%	21%	23%	25%	26%	14%	14%	12%	11%	
101-250	11%	14%	17%	18%	20%	28%	27%	27%	27%	
251-500	5%	6%	8%	9%	10%	27%	26%	28%	29%	
501-1,000	2%	2%	3%	3%	4%	17%	19%	20%	20%	
> 1,000	0%	1%	1%	1%	1%	10%	12%	11%	11%	
						Percent Change				
All Preparers	PY 04 to PY10	PY04 to PY13	PY10 to PY11	PY10 to PY12	PY10 to PY13	PY 04 to PY10	PY04 to PY13	PY10 to PY11	PY10 to PY12	PY10 to PY13
1-4	-20%	-40%	-17%	-25%	-33%	2%	3%	1%	1%	1%
5-10	-35%	-66%	-34%	-48%	-60%	-33%	-70%	-28%	-43%	-55%
11-20	-19%	-40%	-12%	-25%	-33%	-18%	-45%	-12%	-25%	-33%
21-100	0%	-30%	-11%	-22%	-28%	-10%	-35%	-11%	-22%	-28%
101-250	-2%	-12%	-8%	-12%	-18%	1%	-15%	-7%	-10%	-16%
251-500	0%	-2%	1%	0%	-2%	-2%	-3%	1%	1%	-1%
501-1,000	8%	17%	4%	7%	10%	0%	10%	5%	7%	10%
> 1,000	20%	21%	-1%	1%	1%	20%	15%	-4%	2%	-2%
						Average Number of Returns Prepared by Preparer				
All Preparers	PY2004	PY2010	PY2011	PY2012	PY2013					
1-4	64	82	99	111	122					
5-10	7	7	7	7	7					
11-20	15	15	15	15	15					
21-100	53	53	54	54	54					
101-250	162	161	162	163	163					
251-500	344	345	345	345	346					
501-1,000	665	670	669	669	668					
> 1,000	1,578	1,577	1,530	1,522	1,498					

* Source: RAS:RTAM tabulations using the IRTF table from December 2013, CDW. Excludes preparers that solely prepared SS/PP/NNR-EZ, stimulus, or TEIR returns and no others. Data also exclude all volunteer preparers (e.g., VITA, TCE).

TABLE A3. Preparer Dynamics, Processing Years 2005–2013*

Processing Year	New Preparers			Prepared Previous Year, But Not Current Year				Prepared Both Years		
	Number	Growth Rate	Share: Current Year	Number	Growth Rate	Share: Previous Year Attrition	Net Increase/Decrease	Number	Growth Rate	Share: Current Year
2005	457,546		39%	516,157		42%	-58,611	717,457		61%
2006	421,207	-8%	38%	472,182	-9%	40%	-50,975	702,821	-2%	63%
2007	398,467	-5%	37%	430,778	-9%	38%	-32,311	693,250	-1%	64%
2008	457,323	15%	43%	404,734	-6%	37%	52,589	686,983	-1%	64%
2009	369,355	-19%	35%	468,072	16%	44%	-98,717	676,234	-2%	65%
2010	329,504	-11%	34%	387,854	-17%	37%	-58,350	657,735	-3%	67%
2011	249,117	-24%	30%	415,825	7%	42%	-166,708	571,414	-13%	70%
2012	185,980	-25%	25%	269,055	-35%	33%	-83,075	551,476	-3%	75%
2013	144,771	-22%	22%	216,337	-20%	29%	-71,566	521,119	-6%	79%

* Source: RAS:R:TAM tabulations using the IRTF table from December 2013 CDW

Excludes preparers that solely prepared SS/PR/NR/NR-EZ, stimulus, or TETR returns and no others. Data also exclude all volunteer preparers (e.g., VITA, TCE).

TABLE A4. Percent of Returns with Math Errors by Preparation Method, Tax Year 2010

Preparation Method	With Errors	No Errors	Total
Self-prepared by hand	37.0	63.0	100.0
Self-prepared with software	1.8	98.2	100.0
Paid-prepared	1.3	98.7	100.0
Total	3.6	96.4	100.0

Source: RAS:R:TAM. Analysis of data from CDW: IRTF and IMF through 3/2014.

NOTE: Forms 1040PR, 1040NR, 1040NR-EZ, and 1040SS, and returns prepared at VITA sites are excluded. Limited to returns filed in 2011.

TABLE A5. Percent of Returns with Math Errors by Preparation and Submission Method, Tax Year 2010

Preparation Method	With Errors	No Errors	Total
Self-prepared by hand	37.0	63.0	100.0
Self-prepared with software e-filed	1.1	98.9	100.0
Self-prepared with software on paper	5.3	94.7	100.0
Paid-prepared by hand	18.0	82.0	100.0
Paid-prepared with software e-filed	0.6	99.4	100.0
Paid-prepared with software on paper	5.5	94.5	100.0
Total	3.6	96.4	100.0

Source: RAS:R:TAM. Analysis of data from CDW: IRTF and IMF through 3/2014.

NOTE: 1040PR, 1040NR, 1040NR-EZ and 1040SS and returns prepared at VITA sites are excluded. Limited to returns filed in 2011.

TABLE A6. Percent of Returns with Math Errors by Preparation and Submission Method and Preparer Type, Tax Year 2010

Preparation and Submission Method and Preparer Type	With Errors	No Errors	Total
Self-prepared by hand	37.0	63.0	100.0
Self-prepared with software e-filed	1.1	98.9	100.0
Self-prepared with software on paper	5.3	94.7	100.0
Paid with software e-filed PTIN holder	0.6	99.4	100.0
Paid with software e-filed no PTIN	0.9	99.1	100.0
Paid with software on paper PTIN holder	5.2	94.8	100.0
Paid with software on paper no PTIN	7.2	92.8	100.0
Paid by hand PTIN holder	15.1	84.9	100.0
Paid by hand no PTIN	26.1	73.9	100.0
Paid PTIN holder	1.2	98.8	100.0
Paid no PTIN	4.1	95.9	100.0
Total	3.6	96.4	100.0

Source: RAS:R:TAM. Analysis of data from CDW: IRTF and IMF through 3/2014.

NOTE: Forms 1040PR, 1040NR, 1040NR-EZ, and 1040SS, and returns prepared at VITA sites are excluded. Limited to returns filed in 2011. Preparers are considered as having a PTIN if it was obtained by the end of 2011.

TABLE A7. Percent of Returns with Math Errors by Preparation and Submission Method and Preparer Type, Tax Year 2010

Preparation and Submission Method and Preparer Type	With Errors	No Errors	Total
Self-prepared by hand	37.0	63.0	100.0
Self-prepared with software e-filed	1.1	98.9	100.0
Self-prepared with software on paper	5.3	94.7	100.0
Paid with software e-filed credentialed	0.7	99.3	100.0
Paid with software e-filed not credentialed	0.6	99.4	100.0
Paid with software on paper credentialed	4.4	95.6	100.0
Paid with software on paper not credentialed	6.1	93.9	100.0
Paid by hand credentialed	12.7	87.3	100.0
Paid by hand not credentialed	19.4	80.6	100.0
Paid credentialed	1.1	98.9	100.0
Paid not credentialed	1.5	98.5	100.0
Total	3.6	96.4	100.0

Source: RAS:R:TAM. Analysis of data from CDW: IRTF and IMF through 3/2014.

NOTE: Forms 1040PR, 1040NR, 1040NR-EZ, and 1040SS, and returns prepared at VITA sites are excluded. Limited to returns filed in 2011. The designation 'credentialed' means that the preparer self-reported in the registration for a PTIN that he/she is a Certified Public Accountant, Enrolled Agent, or an Attorney.

TABLE A8. Percent of Returns with Math Errors by Number of Returns Prepared by Tax Preparer, Tax Year 2010

Number of Returns	With Errors	No Errors	Total
1-4	7.9	92.4	100.0
5-10	4.4	95.8	100.0
11-20	3.2	96.9	100.0
21-100	1.7	98.2	100.0
101-250	1.1	98.9	100.0
251-500	1.1	98.9	100.0
501-1,000	1.2	98.8	100.0
>1,000	1.4	98.6	100.0
Total with preparer ID number	1.3	98.7	100.0
Without preparer ID number*	6.7	93.3	100.0
All returns	1.3	98.7	100.0

* Returns that are signed by a third-party preparer but no identifying number for the individual preparer was entered on the return.

Source: RAS:R:TAM. Analysis of data from CDW: IRTF and IMF through 3/2014.

NOTE: Forms 1040PR, 1040NR, 1040NR-EZ, and 1040SS, and returns prepared at VITA sites are excluded. Limited to returns filed in 2011.

TABLE A9. Percent of Returns with Math Errors by Number of Returns Prepared by Tax Preparer and Preparer Type, Tax Year 2010

Number of Returns	Preparer Type*	With Errors	Share of Returns
1-4	Credentialed	4.5	26.8
	Not Credentialed	8.9	73.2
5-10	Credentialed	3.5	43.4
	Not Credentialed	5.0	56.6
11-20	Credentialed	2.8	42.4
	Not Credentialed	3.4	57.6
21-100	Credentialed	1.9	39.2
	Not Credentialed	1.7	60.8
101-250	Credentialed	1.2	44.6
	Not Credentialed	1.1	55.4
251-500	Credentialed	1.0	51.0
	Not Credentialed	1.1	49.0
501-1,000	Credentialed	0.9	49.1
	Not Credentialed	1.4	50.9
>1,000	Credentialed	1.0	39.7
	Not Credentialed	1.5	60.3
Total	Credentialed	1.1	41.3
	Not Credentialed	1.4	58.7

* Credentialed means that the preparer self-reported in the registration for a PTIN that he/she is a Certified Public Accountant, Enrolled Agent, or Attorney.

Source: RAS:R:TAM. Analysis of data from CDW: IRTF and IMF through 3/2014.

NOTE: Forms 1040PR, 1040NR, 1040NR-EZ, and 1040SS, and returns prepared at VITA sites are excluded. Limited to returns filed in 2011.

TABLE A10. AUR Apparent Mismatch Rates by Preparation Method, Income, Complexity, and the Number of AUR Items on the Return, Tax Year 2010

Preparation Method	AUR Apparent Mismatch Rate (%)										Overall
	Income ¹		Complexity ²			Number of AUR Items ³					
	Less than \$37,000	\$37,000 to \$75,000	Greater than \$75,000	Simple	Intermediate	Complex	2 or fewer items	3 to 5 items	6 or more items		
Self-Prepared	By Hand	8.52	16.84	25.98	8.83	19.37	20.48	7.37	15.21	29.57	13.49
	With Software	10.48	17.93	23.86	10.13	17.37	19.83	9.83	15.56	26.42	15.06
	With Software E-Filed	11.06	21.22	23.42	10.56	17.57	20.04	10.55	15.58	26.02	15.92
	With Software on Paper	7.72	16.41	26.32	7.91	16.24	19.26	6.57	15.49	28.21	14.01
Paid Preparer	By Hand	8.57	21.23	26.29	8.52	15.33	18.38	8.03	15.07	26.21	15.24
	With Software E-filed	8.24	14.12	22.93	7.13	13.11	17.70	8.06	13.00	22.06	13.28
	With Software on Paper	7.09	13.81	27.28	7.42	13.68	19.45	6.85	15.86	27.45	14.29
	Credentialed	7.02	14.26	24.53	6.35	13.34	20.23	7.11	13.73	23.30	15.57
	Not Credentialed	8.59	14.70	21.58	7.49	13.10	14.96	8.18	13.08	21.35	12.07
	PTIN Holder using PTIN	8.05	14.38	23.36	7.04	13.12	17.94	7.84	13.24	22.52	13.44
	No PTIN	9.59	17.91	26.25	10.18	14.50	18.42	9.42	15.80	25.70	14.91
	All Paid Preparers	8.12	14.52	23.46	7.17	13.18	17.96	7.91	13.35	22.62	13.50
	All Returns	9.03	15.79	23.70	8.73	15.01	18.46	8.60	14.30	23.97	14.07

Source: RAS:R:TAM. Analysis of data from CDW: IRTF, AUR and Return Preparer Registration Database through 3/2014.

Note: Forms 1040PR, 1040NR, 1040NR-EZ, and 1040SS, and returns prepared at VITA sites are excluded. Limited to returns filed in 2011. Mismatches related to education credits are excluded. Preparers are considered as having a PTIN if it was obtained by the end of 2011. The designation 'credentialed' means that the preparer self-reported in the registration for a PTIN that he/she is a Certified Public Accountant, Enrolled Agent, or an Attorney.

¹Income is defined as total positive income.

²Complexity is defined in agreement with the definition in the ETA IMF Marketing Database.

³The Number of AUR items classifies returns according to the number of income or deduction items on the return subject to the AUR matching process.

TABLE A11. AUR Apparent Mismatch Rates by Paid Preparer Type, Submission Method, Income, Complexity, and Number of AUR Items, Tax Year 2010

Paid Preparation Method	AUR Apparent Mismatch Rate (%)											Overall
	Income ¹			Complexity ²			Number of AUR Items ³					
	Less than \$37,000	\$37,000 to \$75,000	Greater than \$75,000	Simple	Intermediate	Complex	2 or fewer items	3 to 5 items	6 or more items			
Credentialed	6.97	14.00	23.99	6.22	13.16	19.87	6.96	13.25	22.76			15.24
Software on Paper	7.43	16.51	28.60	7.51	15.19	22.75	8.18	17.30	29.01			18.31
By Hand	7.67	17.24	27.95	7.09	15.09	21.56	7.79	15.90	27.89			15.98
E-Filed	8.79	14.46	20.84	7.48	13.09	14.63	8.42	12.82	20.67			11.94
Software on Paper	6.96	16.21	25.36	7.39	12.97	16.33	6.41	14.87	25.53			12.80
By Hand	8.78	17.21	25.49	8.84	15.39	17.26	8.09	14.85	25.56			14.09
E-Filed	8.17	14.17	22.84	7.01	13.08	17.69	7.97	12.93	22.01			13.27
Software on Paper	6.98	16.10	27.12	7.33	13.54	19.51	6.78	15.76	27.41			14.86
By Hand	7.55	16.38	25.46	7.24	14.50	18.01	7.06	14.32	25.42			13.75
E-Filed	10.24	17.79	24.96	11.01	14.23	17.89	10.26	15.27	24.33			14.65
Software on Paper	7.86	17.86	27.87	8.15	14.73	19.05	7.36	16.56	27.78			15.16
By Hand	11.27	19.60	28.94	11.95	17.67	19.49	10.67	17.20	28.75			16.61
All Paid Preparers	8.12	14.52	23.46	7.17	13.18	17.96	7.91	13.35	22.62			13.50

Source: RASIR:TAM. Analysis of data from CDW: IRTF, AUR and Return Preparer Registration Database through 3/2014.

NOTE: Forms 1040PR, 1040NR, 1040NR-EZ, and 1040SS, and returns prepared at VITA sites are excluded. Limited to returns filed in 2011. Mismatches related to education credits are excluded. Preparers are considered as having a PTIN if it was obtained by the end of 2011. The designation 'credentialed' means that the preparer self-reported in the registration for a PTIN that he/she is a Certified Public Accountant, Enrolled Agent, or an Attorney.

¹Income is defined as total positive income.

²Complexity is defined in agreement with the definition in the ETA IMF Marketing Database.

³The Number of AUR Items classifies returns according to the number of income or deduction items on the return subject to the AUR matching process.

TABLE A12. AUR Apparent Mismatch Rates by Number of Returns Prepared by Tax Preparer, Income, Complexity, and Number of AUR Items, Tax Year 2010

Number of Returns	AUR Apparent Mismatch Rate (%)									
	Income ¹		Complexity ²			Number of AUR Items ³			Overall	
	Less than \$7,000	\$7,000 to \$37,000	Greater than \$75,000	Simple	Intermediate	Complex	2 or fewer items	3 to 5 items	6 or more items	Overall
1-4	9.24	17.34	28.90	8.57	15.67	22.30	9.08	17.22	28.54	17.34
5-10	9.10	16.20	27.05	8.20	14.85	20.89	8.94	15.43	26.96	15.93
11-20	9.03	16.03	26.72	7.98	14.54	20.58	8.83	15.17	26.37	15.39
21-100	8.95	15.16	25.68	7.56	13.98	20.13	8.77	14.26	25.35	14.49
101-250	8.42	14.42	24.08	7.21	13.43	19.03	8.33	13.42	23.36	13.87
251-500	7.80	14.08	22.81	6.78	12.99	17.70	7.62	12.95	21.80	13.36
501-1,000	7.57	14.25	22.00	6.73	12.83	16.39	7.21	12.90	21.01	12.85
>1,000	7.75	15.11	21.98	7.88	12.44	15.04	7.33	13.30	21.32	12.27
Had Preparer ID Number	8.10	14.49	23.42	7.15	13.16	17.95	7.90	13.32	22.58	13.48
No Preparer ID Number	9.90	18.57	28.14	10.45	15.19	18.85	9.51	16.77	27.78	15.65
All Returns	8.12	14.52	23.46	7.17	13.18	17.96	7.91	13.35	22.62	13.50

Source: RAS: TAM. Analysis of data from CDW: IRTF, AUR and Return Preparer Registration Database through 3/2014.

NOTE: 1040PR, 1040NR, 1040NR-EZ and 1040SS and returns prepared at VITA sites are excluded. Limited to returns filed in 2011.

Mismatches related to education credits are excluded. The line "no preparer id number" shows the error rate for returns that are signed by a third party preparer but no identifying number for the individual preparer was entered on the return.

¹Income is defined as total positive income.

²Complexity is defined in agreement with the definition in the ETA-IMF Marketing Database.

³The column labeled AUR Items classifies returns according to the number of income or deduction items on the return subject to the AUR matching process.

TABLE A13. AUR Apparent Mismatch Rates by Number of Returns Prepared, Registration Status, Income, Complexity, and Number of AUR Items, Tax Year 2010

Number of Returns	Registration Status	AUR Apparent Mismatch Rate (%)										Overall
		Income ¹		Complexity ²			Number of AUR Items ³			Overall		
		Less than \$37,000	\$37,000 to \$75,000	Greater than \$75,000	Simple	Intermediate	Complex	2 or fewer items	3 to 5 items		6 or more items	
1-4	PTIN Holder No PTIN	9.01 9.46	16.10 18.59	27.67 30.17	8.22 8.91	15.02 16.37	21.60 22.95	9.16 9.00	16.07 18.38	26.96 30.31	16.64 18.04	
5-10	PTIN Holder No PTIN	8.96 9.76	15.77 18.53	26.89 28.24	8.03 9.10	14.60 16.21	21.05 19.89	8.90 9.15	15.19 16.75	26.79 28.20	15.92 15.99	
11-20	PTIN Holder No PTIN	8.94 9.81	15.72 18.87	26.61 28.17	7.86 9.02	14.36 16.19	20.67 19.66	8.77 9.27	14.99 16.81	26.23 28.16	15.35 15.71	
21-100	PTIN Holder No PTIN	8.90 9.83	15.02 17.90	25.61 27.49	7.51 8.50	13.91 15.43	20.16 19.48	8.74 9.21	14.16 16.37	25.28 27.18	14.46 15.17	
101-250	PTIN Holder No PTIN	8.40 9.21	14.35 17.22	24.05 25.60	7.18 8.38	13.40 14.51	19.05 18.34	8.32 8.71	13.36 15.38	23.32 25.29	13.85 14.41	
251-500	PTIN Holder No PTIN	7.77 8.69	14.02 16.48	22.78 24.41	6.74 8.44	12.97 13.59	17.70 17.59	7.60 8.32	12.91 14.65	21.77 23.58	13.35 13.80	
501-1,000	PTIN Holder No PTIN	7.50 9.71	14.17 17.37	21.96 23.89	6.59 11.61	12.79 14.00	16.39 16.60	7.13 9.68	12.84 14.95	20.96 23.19	12.81 14.31	
>1,000	PTIN Holder No PTIN	7.64 10.48	14.91 20.23	21.93 23.63	7.46 18.19	12.42 13.08	15.02 15.62	7.11 12.22	13.23 15.04	21.26 23.21	12.17 14.82	
Total with ID Number	Credentialed Not Credentialed	7.02 8.57	14.26 14.65	24.53 21.45	6.35 7.45	13.34 13.07	20.23 14.87	7.11 8.16	13.73 13.02	23.30 21.23	15.57 12.01	
No preparer ID number		9.90	18.57	28.14	10.45	15.19	18.85	9.51	16.77	27.78	15.65	
All Returns		8.12	14.52	23.46	7.17	13.18	17.96	7.91	13.35	22.62	13.50	

Source: RAS/R/TAM. Analysis of data from CDW: IRTF, AUR and Return Preparer Registration Database through 3/2014.

NOTE: Forms 1040PR, 1040NR, 1040NR-EZ, and 1040SS, and returns prepared at VITA sites are excluded. Limited to returns filed in 2011. Mismatches related to education credits are excluded. Preparers are considered as having a PTIN if it was obtained by the end of 2011. The designation 'credentialed' means that the preparer self-reported in the registration for a PTIN that he/she is a Certified Public Accountant, Enrolled Agent, or an Attorney.

¹Income is defined as total positive income.

²Complexity is defined in agreement with the definition in the ETA IMF Marketing Database.

³The Number of AUR items classifies returns according to the number of income or deduction items on the return subject to the AUR matching process.

TABLE A14. AUR Apparent Mismatch Rates by Number of Returns, Credentials, Income, Complexity, and Number of AUR Items, Tax Year 2010

Number of Returns	Credentialed Status	AUR Apparent Mismatch Rate (%)										Overall
		Income ¹		Complexity ²			Number of AUR Items ³			Overall		
		Less than \$37,000	\$37,000 to \$75,000	Greater than \$75,000	Simple	Intermediate	Complex	2 or fewer items	3 to 5 items		6 or more items	
1-4	Credentialed	8.26	15.98	28.81	7.70	15.63	23.91	8.84	16.92	28.16	18.96	
	Not Credentialed	9.46	17.77	28.94	8.75	15.68	21.65	9.13	17.33	28.74	16.81	
5-10	Credentialed	7.89	15.68	27.92	7.43	14.95	23.44	7.87	15.97	27.90	18.32	
	Not Credentialed	9.58	16.52	25.73	8.49	14.79	18.25	9.27	15.03	25.56	14.33	
11-20	Credentialed	7.57	15.52	27.65	7.18	14.60	23.19	7.94	15.77	27.08	18.02	
	Not Credentialed	9.55	16.36	25.21	8.24	14.51	17.66	9.07	14.76	25.22	13.71	
21-100	Credentialed	7.39	15.38	27.34	6.97	14.28	23.16	7.73	15.43	26.58	18.04	
	Not Credentialed	9.40	15.04	22.73	7.69	13.86	16.20	8.99	13.59	23.05	12.52	
101-250	Credentialed	7.14	14.59	25.52	6.61	13.56	21.49	7.43	14.27	24.31	16.63	
	Not Credentialed	8.92	14.31	21.14	7.40	13.36	15.09	8.60	12.82	21.25	11.95	
251-500	Credentialed	6.95	14.03	23.81	6.30	13.13	19.65	7.12	13.36	22.44	15.18	
	Not Credentialed	8.26	14.14	20.73	7.02	12.89	14.52	7.84	12.59	20.38	11.75	
501-1,000	Credentialed	6.82	13.72	22.56	6.00	12.97	18.11	6.75	12.80	21.26	14.10	
	Not Credentialed	7.97	14.68	21.09	7.13	12.74	14.30	7.41	12.98	20.57	11.88	
>1,000	Credentialed	6.87	13.97	22.10	5.92	12.99	16.79	6.35	12.97	21.25	13.11	
	Not Credentialed	8.05	15.66	21.87	8.66	12.24	13.87	7.62	13.45	21.38	11.90	
Total with ID Number	Credentialed	7.02	14.26	24.53	6.35	13.34	20.23	7.11	13.73	23.30	15.57	
	Not Credentialed	8.57	14.65	21.45	7.45	13.07	14.87	8.16	13.02	21.23	12.01	
No preparer ID number		9.90	18.57	28.14	10.45	15.19	18.85	9.51	16.77	27.78	15.65	
All Returns		8.12	14.52	23.46	7.17	13.18	17.96	7.91	13.35	22.62	13.50	

Source: RAS:R:TAM. Analysis of data from CDW: IRTF, CDW: AUR and CDW: Return Preparer Registration Database through 3/2014.

NOTE: 1040PR, 1040NR, 1040NR-EZ and 1040SS and returns prepared at VITA sites are excluded. Limited to returns filed in 2011.

Mismatches related to education credits are excluded. The designation "credentialed" means that the preparer self-reported in the registration for a PTIN that he/she is a Certified Public Accountant, Enrolled Agent, or an Attorney. The line "no preparer ID number" shows the error rate for returns that are signed, by a third party preparer but no identifying number for the individual preparer was entered on the return.

¹Income is defined as total positive income.

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³AUR items classifies returns according to the number of income or deduction items on the return subject to the AUR matching process.