

**Quarterly Provider Calls
April 18, 19, 22, 23, 2019**

Special Enrollment Exam

Overview of the Credential

- The Enrolled Agent (EA) credential is a highly respected credential within the tax preparer community.
- **Important point:** Like attorneys and certified public accountants, enrolled agents have unlimited practice rights.
- This means they are unrestricted as to which taxpayers they can represent, what types of tax matters they can handle, and which IRS offices they can represent clients before.
- **Important point:** This credential can be a big advantage for tax preparers in marketing their tax prep services.
- In order for a preparer to become an EA, one must:
 - Obtain a Preparer Tax Identification Number (PTIN) at www.irs.gov/ptin
 - Pass all three parts of the Special Enrollment Examination (SEE)
 - Apply for enrollment and pay \$30 online at www.pay.gov within one year of passing the test
 - Pass a tax compliance and background check, and
 - Upon receipt of an enrollment card, update their credentials at www.irs.gov/ptin

Maintaining the Enrolled Agent Credential

Once a preparer becomes an EA, the preparer must maintain their EA credential. The preparer must:

- Complete 72 hours of continuing education (CE) every three years from IRS-approved providers, including a minimum of 16 hours annually, two of which must be in ethics.
- Renew their enrollment (license to practice) every three years
- Renew their PTIN every year

About the Test

- The SEE is a three-part exam administered for the IRS by Prometric, Inc.
- The three parts of the exam are:
 - Part 1 Individuals
 - Part 2 Businesses; and

- Part 3 Representation, Practices and Procedures
- Each exam contains 100 multiple-choice questions and is timed at 3.5 hours plus 30 minutes for a pre-exam tutorial and post-exam survey.
- The exam is offered each year beginning May 1st through the end of February.
- **Important point:** The government shutdown delayed the annual revision of the Special Enrollment Examination.
- **Change:** The examination administered starting on May 1, 2019 has not yet been updated and reflects tax law for the calendar year 2017.
- **Change:** A revised examination will be released on July 1, 2019 and will be based on tax law for the calendar year 2018.
- **Change:** The cost of the exam is \$184.97 per part. (up from \$181.94). This fee increase is effective May 1, 2019.
- Each part of the examination can be taken in any order.
- A preparer may take examination parts up to four times each during each test window.
- Upon completion of an exam part, the preparer will receive a printed score report.
- Passing scores are valid for two years. The preparer must pass all three exam parts within two years.
- **Important point:** Tax practitioners who have passed the Special Enrollment Exam Part I within the past two years can obtain the Annual Filing Season Program (AFSP) – Record of Completion without taking the required Annual Federal Tax Refresher (AFTR) course. They are exempt from this requirement.

Resources Available

Prometric website-There are multiple resources available at www.prometric.com/see for test prep providers to use in developing a SEE test prep course. The best resource is the Candidate Information Bulletin.

- [Candidate Information Bulletin](#)
 - This document provides you with everything you need to know about the SEE program.
 - Included within this document is a detailed listing of the tax law exam content outlines (test specifications) for each part of the exam.
 - These exam outlines are used by Prometric to construct the SEE tests.
 - **Important point:** The test specifications in the current CIB pertain to the old test based on 2017 tax law.
 - **Important point:** The new test specifications (based on 2018 tax law) that will be the basis for the test to be rolled out on July 1, 2019 are listed separately on the Prometric website under Step 3 Review Exam Content Outlines.

IRS website-There are also multiple resources available at <https://www.irs.gov/tax-professionals/enrolled-agents> including:

- [Sample Test Questions](#)
 - There are 20 sample test questions per part.
 - The sample test questions are written and designed to give the candidate a look at how the test questions may appear on the test.
 - The sample questions have never previously been used on a test.
- [FAQs](#)
 - There is a comprehensive list of FAQs on the IRS website that covers everything from test scheduling to the scoring methodology.
- [Circular 230](#)
 - This document contains the regulations for governing practice before the IRS.
 - This is a very important resource for Part 3 of the test; Representation, Practices and Procedures.

Annual Filing Season Program

This information can be found in the 2020 Annual Filing Season Program letter delivered to your CE Provider on-line account secure mailbox on 4/1/19. It is also posted on www.irs.gov/taxpros/ce for your convenience.

For the Annual Filing Season Program Record of Completion for 2019, there were slightly over 60K participants. There were about 5K more preparers who took the AFTR. There were still many who did not sign the Circular 230 consent, so please remind students if you are providing an AFTR course (as on the AFTR course outline).

AFTR course numbers are available April 1 – Oct 1. Please make sure you select the AFTR category which will have an A in the course number. Important: the AFTR Course must be categorized correctly in order for non-exempt preparers to get credit for the AFSP Record of Completion. Categorize Federal Tax Law Update, Ethics, and Federal Tax Law correctly as well to ensure credit in those subject areas. Excess federal tax law update counts toward the federal tax requirement. The CE Team tax analysts will be calling everyone who gets an AFTR program number to answer any questions you have and to discuss a review of your material if deemed necessary.

If you are planning to offer an Annual Federal Tax Refresher (AFTR) course this year, take the time to read the 2019 Annual Filing Season Program (AFSP) letter that was delivered to the secure mailbox of your online account on 4/1/19. We encourage you to refer to it several times during the development of your AFTR course.

AFTR courses cannot be offered to your students until June 1 and students must complete the AFTR course and test by December 31. In addition, as in past years, we will accept no PTIN uploads for the AFTR course/test completion until June 1.

If you have already obtained an AFTR program number, please remember to notify us at rpo.ce@irs.gov when your AFTR course/test and website (if utilized for your test) are fully developed, as all AFTR providers may be subject to an AFTR review. **Important: no AFTR program numbers will be issued after October 1. This will allow us time to complete any reviews/discussions and answer your questions in time for you to offer to preparers prior to the December 31, 2019 deadline.**

Some important things to remember while developing your AFTR course:

1. The AFTR course is a high level, basic 1040 “refresher” course focusing on tax law pertinent to the preparation of **2019** tax returns.
2. Your AFTR course presentation must be 6 hours (no longer to keep them consistent) in length regardless of delivery method. This will be strictly enforced. This is very important for those of you who videotape your AFTR presentations as it will be difficult to go back and edit if we find it’s too long.
3. All delivery methods should provide detailed written material to participants in order to take the open book final exam. If your delivery method is self-study, please be sure to use the word count formula to ensure your course meets the 6-hour study requirement and follow the special instructions regarding AFTR. As a reminder, review questions are not required but, if offered, must be no more than 18 counted in your Word Count formula. See FAQ #22 in the Program/Course Guidance FAQs on www.irs.gov/taxpros/ce. Some missed this last year!
4. If your Table of Contents does not mirror the course outline, be sure to complete the AFTR Course Outline reconciliation form to document the page number where the topics can be found in your course material. We recommend this be done during the course development process.
5. All AFTR documentation must be submitted in Word or PDF format even if the material is web based. As we’ve shared before, we cannot get to all external sites on our IRS computers so having the Word and/or PDF is helpful.
6. All AFTR tests must contain at least one question for each topic on the AFTR course outline and should test only topics specifically covered in the course material.
7. A test reconciliation is required to identify on your comprehension test the domain, tax topic number, and page number in the course material where the answer to the question can be found. This also helps you ensure you have at least one question for every topic in all 3 domains.
8. If your AFTR course and test are selected for review and we identify items needing correction, only one revision of the AFTR course and comprehension test will be allowed.
9. When your AFTR program is ready, please send an email to rpo.ce@irs.gov. In addition, if you are selling your program or if you are buying your program from another provider, please let us know that as well. We will review all sellers’ material, so you will not have to resubmit material if you are purchasing your material from one of the known AFTR sellers.

Other Program information - Data Security Programs

Most of you are doing a great job categorizing these as federal tax law. However, we did find some labeled as ethics. As a reminder, this is an important topic and we expect to find it in the Federal Tax Law category. See FAQ #25 under Program/Course Guidance detailing what counts for credit with this topic.

Hot Topics

Verifying CE staff members

Recently we added several new review analysts to the IRS CE team. And as expected, many PPOCs, and especially APOCs, are not familiar with their names. So, when you receive a telephone call or an e-mail from one of us, you can verify that person as being a member of the CE team by accessing the link we added called "IRS RPO CE Staff Directory", under the Resources & Help section, on your CE Provider account home screen. This is a quick, easy way to verify the IRS CE team, staff members. We will keep this listing updated if there are any staff changes. In the last newsletter, we gave you bios on Toni Vomo and Cedric Brown but, since that time, Stempet Flores has joined our team! We will be publishing his bio in the next newsletter, but his name is on the listing.

System Information

We think it's important for you to log into your CE Provider account at least once a month to ensure your password doesn't expire. And while you are in there, we recommend reviewing the News & Alerts section on the home screen to see if there are any updates that may be important to you.

Programs

We know that many of you review your program listing annually during renewal, but we ask that you be attentive throughout the year and make sure your programs are categorized correctly. We are still seeing many prior year programs that have been carried over to the current year that are categorized as tax update when they should now be federal tax. A 2017 update program is no longer an update in 2019. So please make sure your programs are accurately categorized in your account.

Recently, we have received several requests, via secure message or through the call site, to create programs in the system **AFTER** a program has been offered/delivered to participants. As an IRS approved CE Provider, you are required to have a program number **BEFORE** you offer programs for IRS credit to participants (except an AFTR course/test). We ask that you be vigilant and always follow this requirement.

Now that we have a tax analyst staff of three, we are doing random reviews and you may be contacted to provide not only information/justification for a particular program, but also information relating to the IRS CE Provider Standards. These reviews are meant to be educational in nature as we want you to understand your responsibilities. So far, the main issues we have found are:

- Not understanding the four-year recordkeeping requirement. You should be keeping all material related to a program at your location for four years. When we ask for it, it should be very easy for you to produce. Please see IRS CE Provider Standard #13 for the detailed recordkeeping requirements.
- As mentioned earlier, please make sure your programs are categorized appropriately. This is very important to those who want to get the AFSP Record of Completion as our PTIN system identifies participants based on the criteria for each program category. You cannot use a federal tax law update program from 2016 or 2017 in 2019! We've seen programs in the accounts that are updates from 2013 and 2014! Because of all the law changes we've seen recently, many of these cannot be current. The main thing to remember is if you are offering a federal tax law update, it must have a current year program number or one prior year back if preparing in the fall ahead of tax season. We do NOT work like CTEC where you use the same program number throughout the life of the program, with updates being required within 60 days of law changes – we require a new program number with the current year. A good example is TCJA. The law was passed at the end of 2017, but most of the clarification came in 2018. However, even more guidance has been published in 2019! So, if you've made changes to anything other than the inflationary amounts, you should have a new program number for each of the 3 years.
- If we contact you, we expect you to upload the requested information directly to your CE Provider on-line account. You will see a red button on the top of your home screen on the right-hand side that will advise you of the review that points to the bottom of the screen. There, you will have the ability to browse and upload all of the requested material. In that review section, you will also see the Program Material Request, letters we send you about the review, and the final Summary of Findings. If you need help with this, please contact the CE Provider Help desk at 888-316-7581 during the hours of 8 a.m. – 6 p.m. ET. If it is after hours, please leave a message and they will get back with you. You may also ask questions of your tax analyst reviewer when they make contact with you.

Answers to questions we received ahead of time:

- We will not be supporting nano learning (10 minute increments) in the near future. This would entail a change to Circular 230 and other guidance and our CE Provider system. We are sitting on the sidelines watching this with AICPA/NASBA, but have no plans to implement this in the near future.
- The number of CE Providers we have this year has declined from last year, although many don't seem to renew on time and are willing to pay late fees! Past history tells us that this will continue throughout the year, but we always have quite a few new CE Providers join us as well! As you know, the vendor fee dropped this year per the contract, so I'm sure that was a nice surprise for many of you! However, there are still late fees involved if you do not renew by December 31.

- There is NO mandatory CE requirement for unenrolled preparers. We continue to support legislation for preparer regulation and there have been some bills introduced, but nothing yet. We continue to watch...
- There are NO changes to Enrolled Agent continuing education at this time. Keep in mind that the federal tax law updates DO count as federal tax because EAs do not have a requirement for updates.
- Programs covering retirement/trust planning must meet Circular 230 guidelines to “enhance professional knowledge in federal taxation or federal tax-related matters”. Talking about what types of trusts and how to structure trusts is not enhancing the knowledge in federal taxation. However, we created the 80/20 rule to deal with situations like this – if you have a program is less than or equal to 20% in those areas and the rest is tied to federal tax law, then you would meet the requirement. We have seen programs in financial and trust planning that don’t contain any federal tax law, which would not meet the Circular 230 requirement. We’ve talked about Social Security as a prime example – even though knowing how Social Security works, when to plan to take it, etc. is good to know, it’s not federal tax related and would not count unless 80% is dedicated to federal tax. If you’re unsure, you can send us an e-mail to rpo.ce@irs.gov and we’d be glad to assess your program material.