

**Quarterly CE Provider Calls**  
**January 9, 10, 11, 12, 2018**

## Tax Law Changes for 2018

The recent passage of the Tax Cuts and Jobs Act will no doubt be a challenge for you and the IRS for 2018. The tax law changes will have a major impact on this year's Annual Federal Tax Refresher (AFTR) course/test and will dictate a greater investment in time preparing this year's AFTR course and final exam. You now must make it very clear to a tax preparer in any program you offer what tax year information they will be getting when they sign up for one of your programs – 2017 or 2018 tax law.

- While the Tax Cuts and Jobs Act involves changes to both corporate and individual tax laws, it is important to remember that the AFTR course will be limited to changes to the individual tax law. You will need to be careful that you do not stray into the corporate and estate tax law changes.
- All of the individual tax law changes will present an additional challenge in keeping the AFTR course to the 6-hour time limit. It will be critical that those of you offering an AFTR course pay strict attention to the AFTR Course Outline next year. The AFTR course outline generally is published in late March / early April, but this year's schedule will be published as soon as we understand the magnitude of the changes for this year's course components.
- As for the Special Enrollment Examination (SEE), from May 1, 2018 – February 28, 2019, all references on the SEE are to be the Internal Revenue Code, Forms and Publications, as amended through December 31, 2017. Also, unless otherwise stated, all questions relate to the calendar year 2017 tax law. Questions that contain the term "current tax year" refer to the calendar year 2017. In answering questions, candidates should not take into account legislation or court decisions after December 31, 2017. In other words, tax law for the SEE is a year behind and you should expect to see no changes for the 2018 tax law until May of 2019.

We ask that you be VERY clear on your websites and in your advertisements and communications about what tax year will be covered in your programs. Please keep in mind that updates to your programs to reflect 2018 tax law will be critical and should be done in a timely fashion. As soon as the tax season is over and the bulk of 2017 tax year returns are completed/filed, you will need to change your focus to these new tax law changes. You need to be EXTREMELY CLEAR so your students know what they are purchasing to ensure the program meets their needs. This is the biggest reason we get Provider Referrals from preparers – it's not clear what they are getting on your web site and also not clear how to determine if it counts for IRS credit.

## Obtaining program numbers to avoid duplicate program credit

We've had a few providers inquire about self-study programs that contain a large number of credit hours where students want to take the course in increments and receive those credits as they go, rather than when the entire program is completed. This has resulted in some students receiving duplicate credit or an incorrect number of credit hours. So, we'd like to talk through how to best obtain program numbers for these types of programs, and how to report incremental credit hours to avoid duplicate/incorrect reporting.

Let's say you have a 24-hour self-study course with an exam of 120 questions (5 questions x 24). It can be split into four modules with questions at the end of each module. If the course is intended to be completed in its entirety for the student to get a good understanding of the topic, then we recommend entering it as one program number and CE is not uploaded until the full 24 hours is completed and the exam has been passed. Most self-study courses allow the student to get out of the program and then when they log back into it, they continue where they left off.

If the modules can be taken separately without the student missing important information or needing one topic to understand another, then you could enter them as three separate programs. The CE could be uploaded after each module and questions are completed. For instance, module 1 is 6 hours with 30 questions and gets a program number; module 2 is 4 hours with 20 questions and gets its own program number; module 3 is 8 hours with 40 questions and gets a program number; and module 4 is 6 hours with 30 questions and gets a program number.

If you have the 24-hour course approved with one program number, but you give students credit for completing each module and report it as they complete it, this can cause problems. For example, the student completes module 1 and you upload 6 hours of CE with completion date of 12/1/17. Then they complete module 2 on the same day and you upload 4 hours of CE with the same completion date of 12/1/17. One of these records will overwrite the other because you have the same program number with the same completion date. Therefore, the student would only receive either 6 or 4 hours of credit instead of the total 10 hours they completed and are entitled to.

Another problem could be that you list different completion dates and then it looks like they received duplicate credit for the same program number. For example: You upload the 6 hours of CE for module 1 on 12/1/17 and then the 4 hours of CE for module 2 on 12/2/17. When we look in the PTIN account and in the CE system, we would see 6 hours

credit on one day and 4 hours of credit on another day for the same program number for the same name/PTIN. We would not know without doing further research that the program was approved for 24 hours and they had only received credit for 10 hours.

So, our recommendation is if the program was intended to be completed in its entirety for the student to obtain the knowledge, then you should have it as one program number and not upload the CE until the student completes the entire course. Otherwise, if the program can be split up and the content doesn't build on the knowledge from the previous part/parts, you can obtain separate program numbers so you can upload the CE as they complete each section.

### Customer Satisfaction Survey Results- we hear you

If you have not already done so, please take the short, automated CE Provider Customer Satisfaction Survey to help us improve our processes. The survey takes approximately five minutes to complete and your responses are anonymous. You can access the survey on your provider account homepage by clicking "Take survey" on the right-side of your home screen. We can't stress enough how important your feedback is to us. We will use the survey results to determine the priority of future system enhancements and update processes. We need to know what is most valuable to you, our customers.

### Questions received from CE Providers prior to these calls

Q: Most speakers provide us with a PowerPoint presentation or an outline on paper that we copy and give to the attendees. We always ask for something in writing; however, a few speakers over the years have shown up with hand written notes only. We have tried to make an outline for them and send it to the attendees. What do you want us to do with a speaker shows up with handwritten notes and no copies?

A: As you know, as an IRS-approved CE Provider, you must have records for four years, including the presentation itself. We understand that many instructors feel confident enough with their subject matter that they only need handwritten notes. However, attendees get short-changed by not having something tangible to take with them to remind them of what was discussed. Because of the four-year recordkeeping rule, you should be requiring a PowerPoint, written notes or syllabus, etc. not only proving content, but time spent on each subject during the session. Should we do a review of your program, you will need to provide that information to us.

Q: Any chance for a batch course creation in the future?

A: We can consider this, but not sure at this point whether it's feasible.

## CE Provider reviews

- From June-December, we focus on reviewing Annual Federal Tax Refresher courses, but now that those have been completed, we will begin looking at CE Providers randomly to determine if programs are eligible for IRS credit and if these providers are meeting IRS CE Provider standards.
- For those providers who have not undergone a random review, the purpose of a continuing education provider review is to verify that the Provider is following the [CE Provider Standards](#) regarding program material development, instruction, reporting of PTINs for CE credit, and advertising. All programs offered must comply with these Standards.
- While a provider review focuses on one or two programs offered, each review will include perusing all the programs to determine that a provider's programs are acceptable continuing education.
- We are also currently looking at program descriptions and reaching out to our Primary Points of Contact (PPOC) when we identify programs that are not acceptable continuing education programs or are at least questionable based upon the description provided.
- Programs are acceptable continuing education if:
  1. The programs cover federal tax law topics typically reported on Form 1040 returns, as well as other business entity return types, covering basic to advanced topics. Continuing education programs must be designed to enhance professional knowledge in Federal tax law, Federal tax-related matters, qualified retirement plan matters, or Federal tax-related ethics, and must be consistent with the Internal Revenue Code and effective tax administration.
  2. Programs that are not directly related to federal taxation or federal tax related matters such as personal development, personal investments, office management, non-tax return preparation computer software or sales-oriented presentations for office equipment and other system applications are not acceptable.
  3. A program that covers state tax law issues or any non-federal tax content will not qualify for IRS continuing education credit unless at least 80% of the program material consists of federal tax laws and 20% state tax laws or other non-federal tax content. Programs approved by state licensing bodies must meet these criteria to qualify for IRS continuing education credit. Remember, the intent of the 80/20 rule is to ensure that state tax programs have comparisons of fed/state in order to qualify for IRS credit, not just that one hour out of X number of hours met the 80% rule.

4. Examples of non-acceptable programs are Social Security programs dealing with benefits and eligibility, programs that cover only state tax law, general business programs.
- It is very important that program descriptions succinctly describe the major elements or contents of each program offered in a manner that provides sufficient information for the reviewer to make a determination that the program covers appropriate subject matter (federal tax, federal tax-related matters, federal tax law updates, qualified retirement plan matters, or ethics). Also include the manner in which the program will be delivered (e.g. speaker, panel discussion, lecture). If it is an ethics program, describe how the application of the subject matter will be verified (e.g. scenarios presented and discussed).
  - Please refer to the IRS CE Provider Standards and our Frequently Asked Questions for additional guidance in determining whether programs are acceptable CE. Both can be located at [IRS.gov/tax-professionals/continuing-education-for-tax-professionals](https://www.irs.gov/tax-professionals/continuing-education-for-tax-professionals)
  - If you did not have the opportunity to review all your programs to determine if each one is acceptable continuing education during the renewal season, we would encourage you to take the time now do so now.

#### AFSP Update

- Statistics as of 01/02/2018
  - ROCs issued – 44,440
    - Unenrolled – 40,570 (23,662 at the same time last year, but late start with the CE system transition/PTIN uploads, so not a fair comparison)
    - Credentialed – 3,870
- There are still preparers who have obtained enough CE to participate, but who have not completed their Circular 230 consents to officially participate and receive their Annual Filing Season Program Record of Completion. IRS sends them a monthly email reminding them to take this final step and we also include the link to a demonstration video. Even though CE is due by 12/31/17, they have until 4/17/18 to sign the consent. Even though the statistics look better this year, this continues to be an area of communication.
- The [Directory of Federal Tax Return Preparers with Credentials and Select Qualifications](#) is available on [IRS.gov](https://www.irs.gov). Just search using key words “directory of federal tax return preparers”. It was updated and is current as of 1/2/18.
- PTIN statistics, including AFSP Record of Completion updates, can be found by visiting [IRS.gov](https://www.irs.gov), clicking on the “tax professionals” tab, and

clicking on “Federal Tax Return Preparer Statistics” on the right-hand side of the screen under the title “Popular” topics.

## Hot Topics

### **ID theft/data security**

We need your help in making sure tax preparers know they can get CE credit for taking courses about data security. We’ve added info to IRS.gov to emphasize this at: [IRS.gov/tax-professionals/continuing-education-credit-for-qualified-data-security-courses](https://www.irs.gov/tax-professionals/continuing-education-credit-for-qualified-data-security-courses) as well as highlighted it on various Don’t Take the Bait pages.

- The week of Dec 11, IRS sent the following message to PTIN Holders

Subject: Make data security an everyday priority. \*Message 2 of 4 from the IRS Return Preparer Office\* (we delivered the first of the four messages directly to your secure mailbox on Nov. 27, 2017).

To protect your clients and yourself from cybercriminals, you must make data security an everyday priority. This includes having a security plan. Some steps you should take as part of that security plan are: having security software that includes a firewall, anti-malware and anti-virus programs; creating strong passwords that are changed periodically; educating employees on the dangers of phishing emails and other threats to taxpayer data; exercising caution with attachments and web links; and a secure password protected wireless connection.

It is particularly important for you and your staff to be cautious when opening attachments or clicking links in emails. Hold your cursor over the link to see the URL. Look closely at the full email address of the sender.

The IRS has an education series called “Don’t Take the Bait.” There are descriptions of ten variations of phishing scams we have seen. To review the information, visit IRS.gov and enter keyword: Don’t Take the Bait.

### **Late Fees**

Assessment of a late fee if you failed to renew your IRS CE Status by December 31 will be assessed. Advocation Strategies, Inc., the vendor who administers the IRS CE Provider system, began assessing fees for late renewals beginning January 1, 2018. The IRS CE Provider system accepts renewals from October through December 31 each calendar year. If you plan to offer any program at any time during calendar year 2018 for IRS credit, you should renew ASAP. A late fee will

be assessed according to the schedule below, in addition to the current renewal fee of \$565.

January 1 through midnight, local time, January 31 - \$100.00

February 1 through midnight, local time, February 28 (February 29 on leap years)  
- \$150.00

March 1 through midnight, local time, December 31 - \$200.00

### Removing programs you are not offering

- We've reminded you in previous calls about "removing" programs from your 2018 account that you are no longer offering, but we may not have been clear about the impact to self-study programs. PLEASE REMEMBER - if it's a self-study program where students have a year to complete from the date of purchase you need to keep those programs in your 2018 account in order to report credit hours upon completion for 2018.