

Information for IRS Approved Continuing Education Providers
Provided via conference call May 2, 3, 5, 6, 2016

Enrolled Agent (EA) CE Reviews

Section 10.6 of [Circular 230](#) provides the Internal Revenue Service with the authority to conduct a review of enrolled agents' continuing education records to ensure that they have satisfied the requisite number of continuing education hours. Beginning in mid-May the Return Preparer Office will conduct reviews of a small sample of Enrolled Agents. We will review the continuing education hours claimed by enrolled agents' on [Form 8554, Application for Renewal of Enrollment to Practice before the Internal Revenue Service](#), for the enrollment years 2013 – 2015. Additionally, we will review the information in the PTIN system to confirm the continuing education hours submitted by CE Providers matches the information obtained from the enrolled agents. If our research indicates you did not report PTIN level data to the IRS and/or issue a Certificate of Completion for some participant(s) as required in [IRS CE Provider Standards 10 and 14](#), we will contact you at the number you provided in your CE Provider account. At that time, you will be given information regarding the specific missing enrolled agent(s) continuing education hours and/or Certificates of Completion.

PTIN Reporting

It appears that there is still some confusion about reporting PTINs for the various designations. IRS CE providers are required to upload program completion information for participants with a PTIN regardless of the participant's designation according to [CE Provider Standard 14](#). If a student provides a PTIN you should report it.

We are still finding many providers are not fully completing the process for reporting PTINs. It is important to remember that reporting PTINs via an Excel upload file, **is always a two-step process**. When you upload an Excel file of PTIN records, the system performs a verification process where it matches the PTIN to the first four letters of the last name. Then the file is returned to you.

At that time you should look at the file to see if there are errors. If there are errors, you can do one of two things:

- (1) remove records with errors to submit the good records and fix the errors and submit them later
- (2) fix the errors and resubmit the entire file.

If you received a file with errors and you fix them, you will select the icon next to the file for "uploading the corrected file". It will go through the verification process a second time and the file will be returned to you again.

When you receive a file back without any errors, there is still another step for you to take and this is the piece that some folks are missing. You need to click on the icon to "approve" the file. Carefully monitor the Excel files you have uploaded and take timely actions to ensure files are submitted successfully. Next to the Excel file name it should show a status of "Submission Complete. No further action required."

Remember, on the home page of your provider account in the “Upload/Review/Edit PTIN Records” section is a link to the [PTIN Reporting Instructions and Help Guide](#). You will also see a list of the icons and their descriptions.

If a PTIN holder provides corrected information and it is outside of the quarterly due date, providers should upload the information whenever it becomes available. If you have a small number of corrected records to resubmit, you can do this in the manual mode, which will instantly let you know if the record is successfully uploaded or if there is an error.

Due to recent system updates, the Continuing Education Provider online system now requires the use of the [IRS approved downloadable Excel template](#) found in your CE Provider account and on www.irs.gov/taxpros/ce. The system will no longer accept modified or alternate templates. When uploading an Excel file to report participants’ continuing education hours, the information must be on the approved template. All of the information and the headers that are present on the template must be included in your file. If you upload a file and it does not match this template, your entire file will reject and be returned as invalid.

Programs that may not qualify for IRS CE credit

Some programs that qualify for CPAs, such as personal finance, wealth management, Social Security, Medicare, and state tax issues or updates may not qualify for IRS credits. We understand that these topics are important; however, per [Circular 230](#), Section 10.9; programs that qualify for IRS credit are very specifically related to federal tax/ethics. Any ethics topics presented need to be related to Circular 230. In order to qualify as an IRS-approved program, you should follow the [80/20 rule](#). That rule requires that 80% of the program material be related to federal tax in order to qualify for IRS continuing education credit.

If you are unsure if a program would qualify, you may contact our RPO mailbox at rpo.ce@irs.gov. Our staff members are always available to answer your questions.

Annual Filing Season Program

Changes for 2017 Annual Federal Tax Refresher (AFTR) course and test

On March 30th, each provider received [an Information Packet for the upcoming Annual Filing Season Program \(AFSP\)](#). That information packet included a cover letter, the new AFTR Course Outline, Comprehension Test Parameters, Exempt vs Non Exempt Continuing Education Requirements as well as an explanation of reconciliation of your AFTR Test and examples of Lookup Questions.

Please remember that if you are not planning on offering an AFTR course and test for this year’s AFSP, you can still participate by offering Federal Tax Law, Federal Tax Law Updates, and Ethics programs to help participants meet all the CE requirements necessary to receive an AFSP Record of Completion.

Changes for this year’s AFTR course and test

In addition to the topics in the [AFTR Course Outline](#), you must include an overview of Annual Filing Season Program requirements in your AFTR course material. This includes the Continuing Education requirements for exempt and nonexempt participants, as well as information on signing the Circular 230 consent to receive a Record of Completion when prompted. Once the student passes the AFTR test, the

requirement to consent to Circular 230 to receive the Record of Completion reminder should be displayed along with the student's passing notification. Remember, there is a [video](#) located at www.irs.gov/Tax-Professionals/Annual-Filing-Season-Program on how to complete the Cir 230 consent.

No true/false test questions are allowed. Test questions must be all multiple choice with four possible choices and only one correct answer. Lookup test questions are **limited to a maximum of 10** to balance out the 100 question test with more meaningful questions that highlight a tax preparer's knowledge of a subject area. (An explanation of lookup test questions is covered below.)

If a third test attempt is allowed, a minimum of 50% of the test questions must be different than the questions in the prior test version.

Evaluative feedback may be given to students who fail the AFTR test; however, it can only direct the student to the specific tax topic where the deficiency occurred. Feedback that includes test questions and/or specific test answers is prohibited.

If your AFTR course and test are selected for review, you will be required to identify on your comprehension test the domain, tax topic number, and page number in the course material where the answer to the test question can be found. This will expedite the reviews conducted by our staff to ensure all tax topics on the course outline have been tested. An Explanation of the AFTR test reconciliation is included on page 9 of the [information packet](#).

If your AFTR course and test are selected for review and we identify items that you need to correct or improve, only one revision will be allowed. All identified deficiencies will be provided to you in writing on a Summary of Findings. To expedite the reviews, multiple revisions will not be permitted. If corrections are not made to issues identified, this may result in your AFTR course and comprehension test being disallowed.

We strongly recommend that you obtain your AFTR course number and have your course material and comprehension test fully developed by November 1. This will ensure if you are selected for review that there is adequate time to make any required changes or corrections.

The Schedule C and Affordable Care Act topics on the AFTR Course Outline have been expanded. Developers should make sure that these added topics are covered within the AFTR course material and associated test. Additional emphasis should be placed on understanding reporting forms 1095-A, 1095-B, and 1095-C. For example, what does each form mean, how do they differ, and when should each form be filed.

Individual Taxpayer Identification Numbers (ITINs) have been added as a new topic to the AFTR Course Outline. In general, this topic should include the definition of an ITIN, who needs an ITIN, and the effect of ITINs on tax credits.

Important Reminders

The [CE system](#) began allowing CE Providers to get AFTR course numbers beginning May 1, 2016. Do not request a course number until the course material and comprehension test is fully developed.

Students can begin taking AFTR courses on June 1, no earlier.

The AFTR course is a basic 1040 “refresher” course. All topics included in the [course outline](#) are required to be discussed in the course material and tested. In order to stay within the allotted 6 hours, topics outside the course outline should not be included in your AFTR course material or test. The AFTR course material must be 6 hours in length, regardless of the delivery method, not including the 3 hour timed test. AFTR courses in excess of this may be required to be revised to conform to the 6 hour requirement.

The AFTR course material and test questions should focus on tax law pertinent to the preparation of tax year 2016 1040 tax returns. Course material examples and test questions should be based on current tax law for 2016 tax returns and not include previous tax years in examples and test questions.

If your Table of Contents does not mirror the course outline, use [the AFTR Course Outline reconciliation form](#) to document the page number in the course material where the topics are located. This will also aid in expediting any IRS review of your AFTR course and test and ensure you cover all required topics. This reconciliation form was provided to you via a link in the [information packet cover letter](#).

The test must be a three hour continuous timed test and allow participants to see their remaining time if the test is administered online.

Paper tests are only allowed with monitored, in-person delivery.

If review questions are used, test questions cannot be the same as any review questions covered in the AFTR course material. A maximum of 18 review questions will be permitted in the word count formula to support the 6 hours of CE credit.

Notification of pass/fail percentage by domain is permitted.

Use the [word count formula](#) provided via link in the [information packet](#) for guidance to ensure your self-study AFTR course meets the six credit hour requirement.

Please make sure you are familiar with and can answer questions regarding changes to limited practice rights for non-credentialed tax return preparers. Effective for tax returns and claims for refunds prepared and signed after December 31, 2015, limited rights to represent taxpayers will be allowed only to those non-credentialed tax preparers who participate in the voluntary AFSP. Participation in the AFSP will allow these tax return preparers to represent taxpayers whose returns they prepared and signed, but only before revenue agents, customer service representatives and similar IRS employees, including the Taxpayer Advocate Service. The tax return preparer must participate in the AFSP for both the year of return preparation and the year of representation.

Credentialed tax return preparers will continue to have unlimited representation rights.

Explanation of AFTR Test Reconciliation

If you are selected by the IRS for a review of your AFTR course and test, you will be required to reconcile each test question to ensure that you have tested every topic on the AFTR Course Outline. We recommend that this be completed during the development phase of your AFTR test. We ask this

because sometimes questions cover multiple topics, which make it very difficult for review analysts to tell if all subject areas are covered.

Unlike the AFTR Course Outline Reconciliation, there is no official form to be completed.

If selected for an AFTR review you will need to provide:

- 1) The test, answer key, and test reconciliation in Word or PDF format (even if utilizing an online exam).
- 2) The reconciliation of each test question should use the format shown in your 2017 Annual Filing Season Program Information packet placed in your online account on March 30th. This can be found on the next to last page of the packet.

The format shows that each question will be followed with the correct answer or by highlighting or marking with an asterisk the correct answer among the four possible answers.

This will then be followed with an identifier number such as 2.20.65. In this example:

- The 2 tells us that the material being tested is from Domain 2 of the Course Outline
- The 20 tells us that the topic being tested is Child Tax Credit and Additional Child Tax Credit from the AFTR Course Outline and,
- The 65 indicates the page number or PowerPoint slide where the material is located in your course material.

We hope this will expedite the AFTR reviews and allow us to provide feedback and corrections in a timely fashion as well as ensuring all course outline topics have been tested.

Explanation of Lookup Questions

This year you are **limited to a maximum of 10 lookup questions** in each 100 question AFTR test. In order to understand lookup questions it is important to keep in mind what is a good test question.

A good test question will consist of one direct question with one correct answer and at least three plausible alternative answers. Multiple choice questions should deal with tax theory, law or practice and/or include tax calculations, which are more meaningful to the student than asking which form number to use.

Lookup questions are questions that ask for a form number or statutory amount and add little educational value. Lookup questions require the student to do nothing more than lookup the answer and can generally be answered without having to read or understand the course material.

We realize there are times where a lookup question is necessary to test a basic concept. We believe lookup questions are best suited for testing annual inflation adjustments (such as new filing requirement threshold amounts, new personal exemption amounts, and standard deduction amounts) listed in Domain 1 of the AFTR Course Outline. Whether or not you utilize lookup questions or where you place them is your choice, however, remember you are limited to a maximum of 10.

You will find two examples of lookup questions in your [AFTR packet](#) on the next to the last page for reference.

Additional AFSP information

As a reminder, we will be conducting some reviews of the AFTR course and test this year. We have requested that you wait to get an AFTR course number until your course material and comprehension test is ready. We will be asking whether you sold or purchased your AFTR course material/test so that we do not duplicate requesting the same material from the provider you sold it to. This will reduce what that provider must submit and expedite their review.

In response to a question about the percentage of AFTR courses taught in person vs online, below are 2015 statistics. However, keep in mind that some providers offer multiple methods of the AFTR course and test and some providers that had program numbers did not submit completion records.

Method of programs offered (116 total programs)

- 41 in person = 35%
- 17 online = 15%
- 58 self-study = 50%

Other questions and comments submitted were:

Q. What tax year will the AFTR course incorporate?

A. This year's AFTR course material and test should address tax law topics on the Course Outline related to the preparation of 2016 1040 tax returns (as indicated on the header of the AFTR Course outline).

A comment we received was:

Although we don't teach the AFTR course until October, we have a "bundle" that people can purchase to cover all the CE requirements. Courses that apply toward the bundle start in late May. It is a problem for us that we can't sell the AFTR course until we get a course number, and we can't get a course number until the materials are finalized and ready for review. Our marketing starts now.

You can advertise your AFTR program now and say that it will be available June 1st. The AFTR program must have its own separate program number with an "A". But you cannot sell an AFTR program separately or as a bundled package until June 1st.

We look forward to everyone's participation in the voluntary 2017 Annual Filing Season Program. If you should have any questions regarding the requirements, please send them to the CE mailbox at rpo.ce@irs.gov. For more information about this voluntary program, visit <http://www.irs.gov/TaxProfessionals/Annual-Filing-Season-Program>.