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What's New for Tax Return Preparers

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Who is a tax return preparer?

For purposes of obtaining a preparer tax identification number (PTIN) only, a tax return preparer is any individual who is compensated for preparing, or assisting in the preparation of, all or substantially all of a federal tax return or claim for refund

How did we get here?

April
2009

- IRS' 2009-2013 Strategic Plan included two objectives related to tax return preparers

June
2009

- IRS launched a review of the return preparer industry

Nov
2009

- President signed e-file mandate legislation

Dec
2009

- IRS published findings and recommendations in Publication 4832 – Return Preparer Review

What is new?

- Mandatory PTIN usage for *all* paid tax return preparers
- Tax compliance verification of *all* paid tax return preparers
- Testing for “registered tax return preparers” (*i.e.*, paid tax return preparers who are *not* attorneys, CPAs, or EAs)
- Continuing education for registered tax return preparers
- e-file mandate for paid tax return preparers

What do I need to know about the new **PTIN** requirements?

- Apply online to receive a PTIN or refresh an existing PTIN
- Pay a user fee
- Renew PTIN and pay user fee every three years
- Tax return preparers applying for, or renewing, a PTIN will be subject to tax compliance and suitability checks, as well as Circular 230 conduct standards

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What do I need to know about **tax compliance checks?**

- Limited to determining whether tax return preparer has filed all required tax returns and paid, or made proper arrangements with the IRS for the payment of, any Federal tax debts
- Tax return preparers who fail the tax compliance check may be denied a PTIN and have referral made to OPR
- TIP: Be proactive. Resolve your filing or payment compliance issues now before you apply for or renew your PTIN

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What do I need to know about **testing?**

- Tax return preparers who are not attorneys, CPAs, or EAs will have 3 years to pass a competency test at an approved vendor location
 - Testing will begin in mid-2011
 - No grandfathering for experience or other credentials
- After testing begins, new PTIN applicants who are not attorneys, CPAs, or EAs will be required to pass the competency test prior to obtaining a PTIN



What do I need to know about **continuing education?**

- Beginning in 2011, registered tax return preparers must complete 15 hours of continuing education (CE) annually, including:
 - 3 hours of federal tax law updates
 - 2 hours of ethics
 - 10 hours of federal tax law
- Only IRS approved CE programs will be considered for CE credit

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What do I need to know about the e-file mandate?

- Legislation mandating e-file for tax return preparers was enacted in November 2009
 - For 2011, tax return preparers who prepare *100 or more* returns must e-file
 - Beginning in 2012, tax return preparers who prepare *more than 10* returns must e-file
- Additional e-file mandate guidance will be issued this year

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How do I comply with the e-file mandate?

- Return preparers who meet the requirements for the mandate need to be enrolled and accepted to e-file
 - If you already have an electronic filing identification number (EFIN), continue to file your clients' returns electronically
 - If you do not have an EFIN, obtain one by going to IRS.gov and clicking on the e-file logo



More Information

- Subject Matter Expert Booth
- e-file 101 Seminar
- www.irs.gov/taxpros – Tax Professionals Page



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Proposed New Requirements for Tax Return Preparers
The Return Preparer Review final report is now available.

The American Recovery and Reinvestment Act of 2009: Information Center
Update on the new economic stimulus legislation.

Disaster Relief Resource Center for Tax Professionals
Visit this resource center to learn how to re-establish your business after a natural disaster.

Redesigned Taxpayer Notices and Letters
See how the IRS has improved the clarity, accuracy, and effectiveness of written taxpayer communications.

Section 7216 Information Center
Find information about Section 7216 including FAQs and revenue rulings.