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For Immediate Release:

National Association of Enrolled Agents Responds to Proposed PTIN Regulation

Washington, DC (April 26, 2010)—the National Association of Enrolled agents (NAEA) today submitted to IRS leadership comments on the proposed regulations with respect to Preparer Tax Identification Numbers (PTINs). The proposed PTIN requirements are part of the Agency's efforts to increase return preparer accuracy and protect taxpayers from incompetent or unscrupulous preparers.

"As the organization representing the interests of 46,000 enrolled agents, NAEA is well positioned to offer an informed and practical perspective about how to increase a taxpayer's confidence that his/her return preparer is producing a true, complete and accurate tax return," the Association stated.

The issues raised are as follows:

- **Tax return preparer definition:** NAEA requests greater clarity in the definition of a tax return preparer. In addition to the examples offered by IRS, NAEA suggests the inclusion of an intermediate example of a staff person who assists in the collection of data from the taxpayer using a questionnaire or tax organizer prepared by the registered tax preparer and is supervised directly by the tax return preparer.
- **International preparers:** The regulations should provide guidance for the registration of foreign tax preparers without social security numbers and who have not filed a U.S. tax return. There are over 200 U.S. tax accountants practicing in London alone, and thousands of others all over the world, and the services of these specialized tax preparers who understand the intricacies of a variety of bilateral tax agreements are prized. Many international specialists have chosen to become enrolled agents in order to better represent United States citizens.
- **Aggressive time frame:** IRS is requiring all paid preparers who file tax returns or claims for refund after December 31, 2010 to affix a PTIN to the document in question. The registration requirement does not exempt current Circular 230 practitioners who hold a valid PTIN, even enrolled agents who are already licensed by the agency and who undergo background checks upon renewal. The time frame the agency has allowed to create the registration infrastructure seems ambitious and the external vendor who will create the registration infrastructure has not yet been selected. NAEA notes there is some danger the agency and its vendor may not meet IRS internal deadlines for making the PTIN registration system available to the tax preparer community and suggests the need for a backup plan to accommodate this risk.
- **Rationalize EA and PTIN renewal cycles:** NAEA questions why an enrolled agent—or any other practitioner who renews their right to practice before the agency—should be saddled with two three-year renewal cycles, one for a PTIN and the other for the right to represent taxpayers when the work the Service is doing is largely redundant. By allowing the Form 8554 renewal to also serve as the renewal for the PTIN registration, this duplicate process and a duplicate fee would be eliminated.

- Tax compliance check: PTIN applicants will be subject to an initial tax compliance check (*i.e.*, a determination whether the preparer has timely filed personal and business tax returns and has paid taxes due). NAEA recommends that IRS allow an applicant the opportunity to address his/her non-compliance and asks for clarification on the agency's plans to define compliance.
- Practitioner/Tax Return Preparer Terminology: NAEA asks that the agency differentiate between registered tax return preparers and the unlimited practice authority of "federally authorized tax practitioners" in any efforts to raise public awareness of the new regulations. Consistency in the use of the terms "registered tax return preparers" and "federally authorized tax practitioners" will help to clarify for the public the difference between preparers and practitioners.
- Fee retention: While the proposed regulations are silent on retaining the fees for PTIN registration, NAEA believes the agency must be permitted to apply user fees to the cost of administering the oversight program, including the cost of enforcement.

NAEA's full comments may be found at:

http://naea.org/MemberPortal/Advocacy/Comments/comments_on_proposed_PTIN_regulation.htm

About NAEA

The National Association of Enrolled Agents (NAEA) is the professional society that supports its nearly 12,000 members with resources, education and networking and by representing their interests to government, business and the general public. Find out more about NAEA and becoming an enrolled agent at www.naea.org