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Contact: Martha J. Lockwood, CAE, APR
Email: mlockwood@naea.org

Latest TIGTA Report Cites Internal Problems With Taxpayer Complaint Process

NAEA Commends Study Calling For IRS Changes

WASHINGTON, DC—(March 5, 2009) Once again, The National Association of Enrolled Agents (NAEA), the professional society whose members are licensed by the Treasury Department and who work independently to protect the rights of the American taxpayer, commends the Treasury Inspector General for Tax Administration (TIGTA) on its recommendations aimed at increasing taxpayer protection.

This Report comes just months after an earlier TIGTA audit that cites a major weakness in the United States tax system: There is no meaningful regulation of tax return preparers, retained by the taxpayer, and who fail to meet even minimum standards

The most recent Report (*The Process Taxpayers Must Use to Report Complaints Against Tax Return Preparers Is Ineffective and Causes Unnecessary Taxpayer Burden*) clearly shows major internal flaws in the reporting process of complaints about tax return preparers. The outcome is that complaints are rarely acted upon.

"The current complaints process does not identify potential problem preparers so that the IRS can determine the extent of the problem, if any, or how the problem should be addressed," the study states. Both the process for identifying the type of return preparer about which to base one's complaint and the inadequate complaint form itself were cited by TIGTA as "confusing and inconsistent."

Senior agency officials responsible for remedying the problems noted in the Report, concur with the Report's findings.

NAEA applauded the September 2008 study (<http://www.naea.org/MemberPortal/About/PressRoom/TIGTA+Recommendation+Echoes+NAEA+Stand+on+Taxpayer+Protection.htm>), yet expressed concern at the fact that there is no meaningful

regulation of paid tax return preparers. The association continues to be deeply concerned by what appear to be systemic management troubles in a program important to maintain public confidence in the IRS' fairness and efficiency.

"This Report takes TIGTA's study of unlicensed tax preparers one step further," David Hatt, EA, president of NAEA said. "By improving the reporting system and the agency's management of incoming complaints, IRS will underscore its commitment to taxpayer service, improve the public perception of the agency, and perhaps even address the tax gap. As I have said many times, fraudulently or incompetently preparing tax returns is not a victimless crime. Law-abiding taxpayers are stuck with the tab, and those who are swindled by unscrupulous preparers are left dealing with the consequences—audit, fines, levying of additional taxes and interest calculated on a monthly basis—while these often fly-by-night amateurs are nowhere to be found."

To emphasize NAEA's commitment to the spirit and the letter of the recommendations contained in the Report, Mr. Hatt concluded: "In assisting the American taxpayer comply with both state and federal tax laws, NAEA members demonstrate competency, exceed federal requirements for continuing education, adhere to a strict code of ethics, and have proven time and again to be the most reliable source for tax planning and preparation and representation before the IRS. We believe the American taxpayer deserves no less from—both from their tax preparer and from their tax collection agency."

The National Association of Enrolled Agents is the nonprofit membership organization dedicated to representing, promoting and enhancing the enrolled agent profession. Enrolled agents are unique as the only group of tax practitioner specialists required to maintain their credentials through continuing education reported directly to the Internal Revenue Service. NAEA provides a national, toll-free, 24-hour EA Referral Service hotline, (800) 424-4339, for consumers seeking the services of an enrolled agent. NAEA's website (www.naea.org) an online referral listing for the public.

For a copy of the TIGTA Report, please go to <http://www.treas.gov/tigta/auditreports/2009reports/200940032fr.pdf>.