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National Association of Enrolled Agents

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What is New About the SEE?

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3 September 2010

RETURN PREPARER OVERSIGHT NEWS

NAEA Testifies on Proposed PTIN User Fee Regulation

For those who missed the last *E@lert*, we've created a new section focused on the evolving return preparer oversight world to keep enrolled agents apprised of developments and actions NAEA is taking to protect the interests of enrolled agents and taxpayers.

On Tuesday, August 24th, NAEA EVP Mike Nelson, CAE testified on behalf of NAEA at a public hearing on the proposed [PTIN user fee regulations](#). In his [testimony](#), Nelson focused his comments on three issues: the annual renewal cycle; the user fee size; and the Service's plans for enforcement and public awareness. Each of these issues is clearly of interest to the majority of our membership.

On the renewal cycle, he requested EAs (and ERPAs) be permitted to use their enrollment numbers rather than the new PTIN, or alternatively, be permitted to use Form 8554 as the vehicle for PTIN renewal. On the user fee size, he suggested that the \$50 user fee did not on its face appear to be unduly

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burdensome but questioned whether the agency had set the fee high enough to provide adequate resources to run the program. The proposed regulations did not explain how IRS arrived at the "suspiciously round" number of \$50 and NAEA has since made a formal request of the agency to provide details on its costing process (stay tuned to *E@lert* for details). And finally, on the enforcement and public awareness front, he reminded those who worry that the new oversight program will divert limited agency resources that the program is indeed self-funding. At the same time, he once again requested a significant enforcement program and a robust public awareness program.

Nelson's testimony largely amplified NAEA President Gina Jones' [formal response](#) to proposed PTIN user fee regulations on behalf of the association.

Online PTIN Registration is Around the Corner

IRS has promised a mid-September unveiling of the online PTIN application/renewal function. In discussions with senior IRS officials, NAEA Senior Director, Government Relations Bob Kerr learned that the Service is still on track to meet that deadline. We understand that the user interface is undergoing some user testing (which is good to hear—user input on the online installment agreement program improved that interface dramatically). Ultimately, the agency must wait for the proposed PTIN user fee regulations to be issued in final format—without final regulations, the agency is not authorized to collect the fee (totaling \$64.25, \$50 for IRS and the balance to the third party vendor).

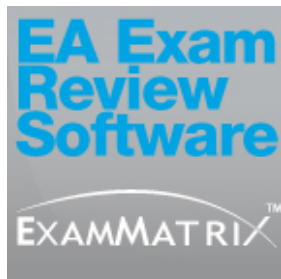
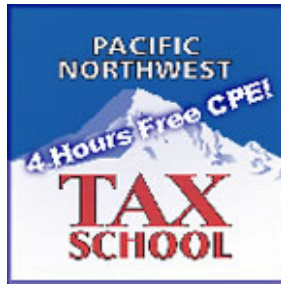
Other Return Preparer Advocacy News

As IRS creates the return preparer oversight regime, advocates for a variety of interests are weighing in on what the contours of the program should look like. Some, as we reported in the last *E@lert*, are interested in carving out special treatment for themselves (*e.g.*, an exemption for certified public accountant firms from the requirement to register non-signing preparers) and in delaying testing of the new registered return preparers. *E@lert* knows from long DC experience that delay is a time-honored tactic to kill a program and NAEA remains vigilant on both of these issues. Our advocacy staff has had conversations at the highest levels of the Service weighing in with enrolled agent concerns on special carve outs (or any accommodation that splits enrolled agents from our Circular 230 brethren) and reiterating our belief that an oversight program must include basic competency testing.

Circular 230 Proposed Revisions Comment Period is Open

IRS released [proposed regulations](#) amending Circular 230. The amendments make for interesting reading and EAs should consider toting them to the beach for the holiday weekend. If you don't want to haul the 82-page document to the beach (or load it onto your iPad), the August 20, 2010 edition provides a much briefer synopsis, which would be worth your time to read, perhaps over morning coffee.

The government relations staff has already reviewed the document and has reached out to NAEA's Government Relations Committee for input. We will be providing formal comment by the October 8th deadline. Should any member have observations he/she wishes to share, please email them [here](#).



LEGISLATIVE NEWS

Buzz Around the Return of Congress

As Congress returns from its recess (on September 13th) and the November election looms large, [speculations](#) on additional economic stimulating measures circulate Washington. Rumors range widely, but many believe legislation to help small businesses may be considered. While the President reportedly supports a bill currently in the Senate (see July 16, 23, and 30 editions of *E@lert* for details on HR 5297, the Small Business Jobs Act of 2010), many agree a tax credit and lending package of some sort (though not necessarily the bill awaiting Senate passage) may be used to spur growth and help small businesses. One idea is providing payroll tax credits through the end of the year for hiring new employees who have been previously unemployed at least 60 days. Meanwhile, the White House has [ruled out support](#) for a second stimulus bill, but may support more infrastructure spending.

The 2001 and 2003 tax cuts that expire at the end of this year should be debated in Congress as well. While the Administration would like to see the reduced tax rates for higher earners (\$200k and up for single and \$250k and up for MFJ) eliminated, the Dems are having a difficult time holding their own caucus together and face defections in both chambers, particularly from House members in more affluent districts (this [USA Today piece](#) is informative on this front). Conventional wisdom is that the 2011 tax rates will not be decided until after the election.

EXECUTIVE BRANCH NEWS

President's Economic Recovery Advisory Board Issues Report

The President's Economic Recovery Advisory Board, (PERAB) headed by former Federal Reserve Chairman Paul Volcker, issued its [report](#) to the President this week. The goal of the 17-member panel of chief executives, academics and economists was to discuss the pros and cons of a wide range of tax reform ideas relating to tax simplification, improving compliance and overhauling the corporate tax system. They were instructed not to consider policies that would raise taxes on families making less than \$250,000. The panel presented options on tax reform ideas but took no position on the individual proposals. The report discusses widening the corporate tax base to lower corporate tax rates. The panel also offered options for simplifying personal income taxes, retirement incentives, treatment of capital gains and closing the tax gap. It also suggested consideration of a "simple return" where IRS would mail pre-filled returns to as many as 60 million taxpayers. Taxpayers would then simply sign and return the form or amend if they chose. The report is not expected to make any immediate change to the tax code, but may guide the debate if reform is taken up by Congress.

TAX ADMINISTRATION NEWS



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EA Renewal Issues?

In response to concerns raised by several members, the GR team met with Office of Professional Responsibility officials to ask how we could help members who have not yet received their renewal cards. The net of the conversation is this: if you applied for renewal earlier this year and have not yet received your card, please [contact us](#) and let us know your name, your EA number, your address, and when you applied for your renewal. We have received assurances that OPR staff in Washington, DC will personally manage these requests.

STATE NEWS

Hawaii Department of Taxation Explains Voluntary Disclosure Program

The Hawaii Department of Taxation has issued a [tax information release](#) detailing the informal practice of allowing taxpayers to voluntarily disclose erroneous, fraudulent, or potentially criminal tax-related behavior with respect to taxes administered by the Department. The purpose of the release is to set formal guidelines by which the Department considers those taxpayers coming forward voluntarily to correct past wrongs and to decide whether to investigate these taxpayers or refer them for criminal prosecution. The Department warns "taxpayers may not argue that other taxpayers similarly situated were not criminally investigated or referred for prosecution." Taxpayers who are under federal or state audit or criminal investigation are generally not entitled to enter into a voluntary disclosure.

Illinois Governor Signs Tax Amnesty Bill

Illinois Governor Pat Quinn signed [Senate Bill 377](#) that will allow for a tax amnesty program similar to other states. Illinois taxpayers who have unpaid taxes due between July 2002 and July 2009 will be able to pay them without interest. The law allows delinquent taxpayers to start paying unpaid taxes on October 1, 2010. These payment agreements between the state and delinquent taxpayers will be available until November 8, 2010.

MISCELLANEOUS

Everything but the Kitchen Sink

EAs far and wide should be interested in learning that California Attorney General Jerry Brown has sued Roni Deutch and her law firm for \$34 million, alleging her firm takes retainers of thousands of dollars each, places clients in "endless loop[s] of requests for duplicate documents" and does little or nothing to help them. The AG's [news release](#) provides more information, as does the [complaint itself](#)... Small non-profits are required to file Forms 990-N (e-Postcard) with IRS in order to retain their non-profit status. IRS has provided an extension to October 15th and has posted a [webpage](#) replete with information on this program, including FAQs and background information... IRS is also encouraging business taxpayers to submit to the [Industry Issue Resolution](#) program tax issues involving a controversy, dispute, or unnecessary burden on business taxpayers...

Quote

"Let us, then, be up and doing, with a heart for any fate; still achieving, still pursuing, learn to labor and to wait."

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Henry Wadsworth Longfellow—American poet (1810-1882)

ASSOCIATION NEWS

NAEA Office Closed on Labor Day Holiday

The NAEA office will be closed on Monday, September 6, in observance of Labor Day, and will reopen on Tuesday, September 7. The staff wishes all members a safe and enjoyable holiday weekend.

Academic Associate Vote

An email (or letter) was sent to all NAEA regular members outlining the voting process for a proposed bylaws amendment which would establish an Academic Associate category, designed for part-time or full-time students enrolled in an accredited college or professional school in a tax, accounting, or finance career track. Instructors of tax, accounting, or finance career track classes in accredited colleges or professional schools will also be eligible for this category. Individuals who are defined in Circular 230 or those who have been removed from practice are not eligible for this category. Benefits will be limited to those of our existing Associates, with the exception that the *EA Journal* will be provided only in a digitized format. Dues will be established at a commensurate level. In addition, students belonging to NAEA as Academic Associates must earn their EA license within a certain timeframe, or change to the existing Associate category at full dues. The vote closes at midnight Pacific Daylight Time on Wednesday, September 8, 2010. If you need information on voting, please email info@naea.org.

NAEA's Great Volunteers

In the past two weeks, NAEA and enrolled agents were represented at both the Las Vegas and San Diego IRS Forums. These events give us the opportunity to share information about becoming an enrolled agent, connect with existing members and encourage others to join NAEA and our state affiliates. While NAEA staff participated in both locations, the hard work of volunteers really made the events successful. Volunteers were involved in each step along the way, from helping to set up the booth, talking with prospective EAs or members, representing NAEA and EAs before the IRS Oversight Committee and helping to wrap everything up. Working these types of events is exhausting, but incredibly important, so please join us in thanking the following individuals:

Las Vegas

Marti Myers Garver, EA
David Shaw, EA
Cary Steward
Mary Wittl, EA

Robert Wagner, EA and Andre Davis, EA served as panelists along with Susan Powell from Prometric for the EA 101 seminar, moderated by Frank Degen, EA.

San Diego

Paula Brewer, EA
Gloria Coppock, EA
Robinson Devadhasen, EA
Lisa Ihm, EA
Steve Jackman, EA
Kim Kastl, EA
Stephanie Matticks, EA
Jack Miller, EA

Jean Nelsen, EA
Janelle, Ogg, EA
Maria Riveroll, EA
Elaine Smith, EA
Cheryl Standard, EA
Cary M. Steward
Joni Terens, EA
Ronald Watts, EA
George Van Buren, EA

Lisa Ihm, EA and Paula Brewer, EA also served as panelists at the EA 101 session held on Wednesday evening, moderated by Frank Degen, EA.

NAEA President Awarded Lifetime LSEA Membership

The Louisiana Society of Enrolled Agents (LSEA) has honored NAEA President Gina Jones as a life member for her services to LSEA, NAEA and the enrolled agent profession. Congratulations, Gina!

NYSSEA, Victorious!

The battle NYSSEA waged to prevent EAs in New York from being subjected to requirements that unfairly did not extend to CPAs and tax attorneys is well chronicled on the [NYSSEA website](#).

New Client Newsletter

It's the news you've all been anticipating – a new client newsletter written by the wonderful Mary Mellem, EA has been posted. Read "[Basis of Inherited Property](#)" by logging onto the NAEA website. Take advantage of this excellent content to reach out to your current or prospective clients.

CPE for National Conference

Just a reminder that the form completed and signed by participants at the National Conference serves as the certificate of completion for CPE. The form had two pages, and the participant should have submitted the white to NAEA and kept the yellow copy for documentation. Should you have questions regarding CPE provided through the National Conference, please contact NAEA's Education Manager, [Holli Jones](#).

E&O Insurance Designed for Enrolled Agents

NAEA's expectations have been surpassed! We hoped to bring members errors and omissions insurance tailored to the specific needs of enrolled agents, but even we could not have predicted what a hit it would be! Every week, NAEA receives messages from members who are getting better coverage for less money because they made the switch to this professional liability insurance.

- CalSurance brings over 30 years of experience in providing professional liability insurance to the financial sales and service industry.
- Coverage is offered through a carrier that has been "A" rated by AM Best.
- Individuals or firms may find coverage with rates as low as \$400.

Members can view program highlights, FAQs, get a quote and bind coverage online by visiting the [CalSurance Website](#), The CalSurance Customer Service team is also available to assist you at 877.242.5998.

Chicken Soup for the EA Soul

Lynn Schmidt, EA was kind enough to forward [this letter](#) from Jerry Joyce, EA. It may just warm your heart!

The Most Convenient CPE is in the September/October EA Journal

The most convenient way to earn CPE credits continues to be the home test in the **EA Journal**. After reading the articles, just flip to the test form located in the center of the magazine, fill it out and mail or fax it back to NAEA. A certificate of completion will be sent to those that pass. To save time and the price of a stamp, access the online version of the magazine and test [here](#) (log in using your member ID and zip code).

EAs in the News

Claudia Hill, EA is quoted in the article "[Gays See Complex, Changing Tax Picture](#)" posted on August 24 on *Financial Advisor*, a blog by Dow Jones, and again on August 31 in the article, "[Stay Ahead of Your Clients; Lines Blur in Tax Advice.](#)"

NAEA's Senior Director, Government Relations, Bob Kerr, was quoted in the article, "[Despite Looming Tax Increases For The Rich, Some High Earners Could See A Cut,](#)" published in the August 24 issue of *Personal Liberty Digest*.

Tax Analysts, Tax.Com™ and NAEA to Collaborate on Tax Talk Today® Series: [read all about it!](#)

Eva Rosenberg, EA cautions readers of [The Wall Street Journal](#) and [Marketwatch.com](#) about the Making Work Pay credit.

Viewing The Wall Street Journal version may require a subscription.

"Sales Pitch Contributes to Foreclosure Scenario" is the title of the latest contribution to [Bluffton Today](#) by Ed Loughrey, EA.

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ExamMatrix EA Exam Review—Introducing the industry-leading EA Exam Review Software, a preparation method that's proven so effective it comes with a pass or refund guarantee. Demo www.ExamMatrix.com/NAEA Special NAEA Member pricing for 2010 is \$370 for the Full EA Review.

NCSEA FALL CPE—September 23-24, 2010 at Embassy Suites, Greensboro, NC - 16 hours CPE including deluxe lunches for \$160. Hotel is \$112/night until September 8th. See www.ncseaonline.org for more information and registration form. Early bird specials end on August 31, 2010.

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