



For Immediate Release

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NAEA Testifies about New Preparer Oversight Program *A Tiered Approach to Credentialing Is Recommended*

WASHINGTON, DC (July 28, 2011)—The National Association of Enrolled Agents (NAEA) today presented testimony at a hearing before the House Ways and Means Committee Subcommittee on Oversight. The focus of the hearing was to review the new requirements for paid tax return preparers developed by IRS as part of its effort to set standards for the return preparation industry and to assess the program's progress. The subcommittee also solicited comment on the affect this new program will have on the tax return preparer community and taxpayers. NAEA was among a select group invited to present oral testimony.

“Our main area of concern is that the newly-licensed will be tested only on a basic individual income tax return, Form 1040, but be allowed to prepare ALL tax returns,” said Lonnie Gary, EA, USTCP, Chair of the NAEA Government Relations Committee. “We believe that taxpayers and the tax community are better served by the basic proposition that tax returns should only be done by a preparer who has shown competency – through testing – on that particular return.”

NAEA strongly encouraged IRS to create a tiered approach to credentialing, with a limited credential the new level of “registered tax return preparers”) and an unlimited credential (enrolled agents, CPAs and attorneys, who are currently the only groups historically licensed by IRS under Circular 230). The Circular 230 practitioners have long been overseen by IRS, are tested on a broad range of tax issues and are approved to prepare all tax returns.

Gary went on to say, “We believe that without a tiered approach to credentialing, small business taxpayers in particular will suffer unnecessary penalties and interest payments as a result of hiring paid preparers without sufficient knowledge of the unique issues facing small businesses. Relevant to today’s debate on the deficit is the importance of holding paid preparers responsible for the special compliance issues associated with small business taxpayers.”

The recent IRS announcement that over 100,000 paid preparers have not yet complied with the registration rule was cited by Gary as evidence of a shortfall in education of the paid preparer community. Also noted was the role education of the public will play in the success of this program, in that taxpayers must understand what to look for in a qualified preparer and must be informed about the relative qualifications of enrolled agents, certified public accountants, tax attorneys, and the new registered tax return preparers.

Gary concluded by stressing the importance of enforcement. “Promotion alone...will not carry the day. The Service must be prepared to go after and punish to the full extent of the law parties who continue to practice outside the new regulatory framework.”

Gary’s complete testimony may be read here: http://naea.org/MemberPortal/Advocacy/Testimony/Lonnie_Gary_Testimony_07282011.htm

About NAEA

The National Association of Enrolled Agents (NAEA) is a professional society whose members are dedicated to honest, intelligent and ethical representation of the financial position of taxpayers before the IRS. Its efforts are supported nationwide through a network of affiliated state and local chapters. Members of NAEA must fulfill continuing professional education requirements that exceed the IRS’ requirements. NAEA membership also entails stringent adherence to a Code of Ethics and Rules of Professional Conduct, as well as compliance with the Treasury Department’s Circular 230 regulations. NAEA members are experienced, well-trained tax professionals who effectively represent their clients and work to ensure the tax code is fairly applied and reasonably enforced.