

New Rules for Federal Tax Return Preparers

Stakeholder Liaison, Field



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New Rules for Federal Tax Return Preparers

(Presenter name)
(Presenter title)



(Division or Function)
(Date)

What is new? – Phase One

- Mandatory registration and Preparer Tax Identification Numbers for all paid preparers
- Annual user fee \$64.25
- SSN no longer valid ID number for paid preparers beginning Jan. 1, 2011. Must use PTIN

Who needs a PTIN?

Any individual who is compensated for preparing, or assisting in the preparation of, all or substantially all of a U.S. federal tax return or claim for refund

New Online Sign-Up System

www.IRS.gov/taxpros



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Important! Paid preparers should act now to apply for or renew their PTINs.

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New regulations require all paid tax return preparers (including attorneys, CPAs, and enrolled agents) to apply for a Preparer Tax Identification Number (PTIN) — even if you already have one — before preparing any federal tax returns in 2011.

[New e-file Requirement for Tax Return Preparers](#)

In addition to the new PTIN requirement, you may be required to e-file in 2011. Learn more about how IRS is phasing in new e-file legislation for tax return preparers.



New online sign-up system (cont'd)

1. Create your account
2. Apply for your PTIN
3. Pay your fee
4. Get your PIN

Before you begin, have available

- Social Security number
- Personal information (name, mailing address, date of birth)
- Business information (name, mailing address, telephone number)
- Previous year's individual tax return (name, address, filing status)
- Explanations for any felony convictions
- Explanations for problems with your federal tax obligations

Before you begin, have available (cont.)

- Any U.S.-based professional certification information including certification number and state of issuance
- Other identification numbers (EIN, CAF, EFIN, etc.)

Registration Tips

- Every applicant must set up their own account with a separate e-mail address
- If temporary password e-mail not received:
 - ensure **TaxPro_PTIN@irs.gov** added to allowable e-mails
 - click on “Forgot your password? Click here”
- Name on application must match last return



Registration Tips

- If authentication is unsuccessful:
 - type info exactly from previous year's return, except don't use punctuation
 - revise and try again, up to three times per day
- Don't choose "non-SSN" option unless appropriate
- Previous PTIN is not entered in new system

Paper Sign-Up Option

- Form W-12, IRS Paid Preparer PTIN Application
- Save time, apply online
 - online sign-up, 15 minutes
 - paper sign-up, up to six weeks

Exceptions for those without an SSN

1. U.S. residents who have a conscientious objection to obtaining an SSN for religious reasons
2. Persons who do not reside in the U.S. and are not eligible for an SSN
 - Along with application, will need supplemental form and supporting documentation
 - Form 8945
 - Form 8946

Exceptions for those without an SSN

- Relief available as long as Form W-12 and fee submitted by the later of:
 - Jan. 31, 2011, or
 - 10 days after a return prepared
- Form 8945 or 8946 should be submitted within 60 days after Form W-12
- This transition relief available until Oct. 31, 2011



For PTIN assistance

- FAQs on www.IRS.gov/ptin
- Primary Toll-Free: 877-613-PTIN (7846)
- TTY: 877-613-3686
- Toll Number for International Callers:
+1 319-464-3272
- Hours of Operation: Mon - Fri,
8 a.m. - 5 p.m. (CST)



Future Governance

Return Preparer Office - David Williams, Director

- Registration
- PTIN System
- Testing
- Continuing Education
- Compliance

Office of Professional Responsibility - Karen Hawkins, Director

- Adherence to ethical conduct and professional standards



Proposals for Future Phases

Change to Calendar Year Renewal

- Current renewal period is one year from date of PTIN assignment
- IRS plans to convert to a calendar year renewal
- All PTINs would expire Dec. 31
- All renewals would be processed last 2-3 months of calendar year
- Stay tuned for more guidance

Background Checks

Background checks (including potentially fingerprint checks) are planned to begin approximately September 2011 for individuals who are not attorneys, CPAs, or enrolled agents

Competency Testing

- Many preparers will be required to pass a competency test by Dec. 31, 2013
- Testing will begin approximately Sept. 2011
- Exempt from testing:
 - Attorneys, CPAs, and enrolled agents
 - Certain supervised preparers
 - Those who prepare no Form 1040 series returns

Competency Testing

- The initial test will be for individuals who prepare Form 1040 series returns
- After competency testing has begun, new non-exempt preparers will be required to pass a competency test prior to obtaining a PTIN
- After passing the test, the individual will have a new title (currently proposed as “Registered Tax Return Preparer”)

Continuing Education

- Registered Tax Return Preparers will have a new requirement to complete 15 continuing education hours per year:
 - three hours of federal tax law updates
 - two hours of ethics
 - ten hours of federal tax law
- The CE requirement has not begun. The anticipated start date is Jan. 2012

Preparer e-File Legislation



Preparer e-File Mandate

- Changes:
 - Paid preparers (or firms) who file **100 or more** individual or trust returns **in 2011** will be required to e-file
 - Paid preparers (or firms) who file **11 or more** individual or trust returns **in 2012** will be required to e-file
- Firms must compute the number of anticipated returns in the aggregate. If the firm meets the threshold, all members must e-file.

Exceptions

- The client chooses to file on paper
- An e-filed return is rejected by IRS e-file and the reject condition cannot be resolved

Exceptions (cont'd)

- The preparer:
 - Receives a hardship waiver
 - Is a member of a recognized religious group that is conscientiously opposed to filing electronically
 - Has a software package that does not support a form or schedule attached to a return
 - Is ineligible to e-file because the preparer is a foreign preparer living and working abroad and does not have a social security number, or
 - Is ineligible to e-file due to an IRS sanction

New Forms

- Form 8944, Preparer e-file Hardship Waiver Request
- Form 8948, Preparer Explanation for Not Filing Electronically

Client Prefers Paper

- Preparer should:
 - Explain the new law and benefits of e-file
 - Obtain a signed statement
 - Attach Form 8948 to the return

Don't Already e-File?

- Enroll to participate in **IRS e-file**, also known as becoming an Electronic Return Originator
- Visit [IRS.gov](https://www.irs.gov) and click on the e-file logo
- Free, but may take up to 45 days

Additional Ongoing Efforts

- Extension of Circular 230 ethical standards to all paid tax return preparers
- Development of a comprehensive return preparer enforcement strategy
- Development of a public awareness campaign to educate taxpayers, preparers, and employees on the new requirements and standards
- Creation of a public database