

New Federal Tax Rules Require Action

by Rebecca A. Pace

Do you prepare tax returns? It's possible that you are considered a tax return preparer by the IRS even if you don't touch any tax forms. Anyone who makes decisions about the tax treatment of a transaction may be considered a tax return preparer.

After December 31, 2010, all tax return preparers, including attorneys, certified public accountants, and enrolled agents, must have a Preparer Tax Identification Number (PTIN). The definition of a return preparer is broad, although subject to debate. Several professional groups are challenging the IRS to exempt certain job classifications from this requirement.

The IRS seems to be taking a firm position on this. At this point, it appears that everyone involved in tax return preparation including those who review returns or provide advice or instructions on how to report income or deductions must register on-line at www.irs.gov/taxpros. An annual fee of \$64.25 will be required. Preparers who already have a PTIN must register using the new process. They will keep their original number.

As part of the new PTIN requirements, the IRS will verify if a tax return preparer is compliant with their personal and business tax obligations. The IRS encourages all tax return preparers to resolve any outstanding issues prior to registering for a PTIN under the new requirements.

Beginning in mid-2011 tax return preparers other than attorneys, certified public accountants, and enrolled agents must pass a competency test. Preparers who have been issued a PTIN before testing becomes available will not be required to pass the competency test until December 31, 2013.

In addition, continuing education will be required soon. The beginning date has not been determined, but each tax return preparer will be required to have 15 hours per year in courses including federal tax law subjects and updates, and ethics. The CPE requirement will not apply to attorneys, certified public accountants, or preparers holding other specific credentials listed by the IRS which have their own education requirements.

There are only a few months left to prepare your firm for the new requirements.

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NOVEMBER GENERAL MEMBERSHIP MEETING



Guest speaker for the November General Membership Meeting will be John, Kiesewetter, TV/Radio/Media Writer for *The Enquirer*. Please join us at noon on Tuesday, November 16, 2010 at the Taft Center.

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