

PTIN: IRS Issues Guidance to Further Implement Return Preparer Oversight

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WASHINGTON — The Internal Revenue Service today provided additional clarification for tax return preparers about when to renew their preparer tax identification numbers (PTINs), how suitability testing will be conducted, and when the continuing education requirement will begin.

The IRS today released Notice 2011-80, which provides that PTINs must now be renewed on a calendar year basis. All PTIN holders must renew their numbers using the online PTIN application or paper Form W-12 and pay the required fee (\$64.25 for 2012) after Oct. 15 and before Jan. 1 annually.

The return preparer initiative requires anyone who is paid to prepare all or substantially all of any federal tax return or claim for refund to register with the IRS and obtain a PTIN. Certain preparers also must pass a competency examination, undergo a suitability check and complete continuing education courses annually. The IRS will designate individuals who meet these requirements as a Registered Tax Return Preparer.

Individuals designated as a Registered Tax Return Preparer will be authorized to prepare federal tax returns and claims for refunds and to represent their clients during an IRS examination of a tax return or claim for refund that the individual signed as the paid tax return preparer.

The notice also clarifies a number of other issues.

The IRS has been issuing provisional PTINs to individuals who are not attorneys, certified public accountants, or enrolled agents to enable them to prepare tax returns prior to meeting competency testing and suitability requirements because the programs have not begun. The IRS will continue issuing provisional PTINs at least through April 18, 2012. Once the IRS stops issuing provisional PTINs, tax return preparers who are required to complete the competency test or suitability requirements must complete these requirements successfully prior to obtaining a PTIN.

The notice also provides that the 15-hour continuing education requirement for certain tax return preparers will take effect starting in 2012. Registered Tax Return Preparers and individuals required to pass the Registered Tax Return Preparer competency examination before Dec. 31, 2013, must complete the 15-hour requirement prior to renewing their PTINs for 2013 and subsequent years.

The notice also explains that certain tax return preparers who must pass a

suitability check will have to provide their fingerprints so that a Federal Bureau of Investigation database search can be conducted. Generally, the fingerprint requirement will affect those preparers who currently have provisional PTINs.

Under the current proposed regulations any participant in the PTIN, acceptance agent, or authorized e-file provider programs who resides and is employed outside of the United States will not have to be fingerprinted to participate in these programs. Such persons, however, must comply with all other elements of the suitability check. In addition, the Treasury Department and the IRS continue to study what additional requirements should apply to such persons. Any additional requirements would be set forth in future guidance.

Attorneys, certified public accountants, enrolled agents, enrolled retirement plan agent and enrolled actuaries also are expected to be exempt from the fingerprinting requirement at this time. However, these individuals also must answer all the suitability questions asked on the PTIN application, such as whether they have been convicted of a felony in the previous 10 years.

Individuals participating in the PTIN, acceptance agent, or authorized e-file provider programs also are required to meet any other requirements of the programs in which they are participating.

The IRS is working with third-party vendors who will collect and process the fingerprints.

Proposed Regulations Related to User Fees

The IRS also published proposed regulations today (REG-116284-11) that would establish user fees for fingerprinting and taking the competency examination. As proposed, the IRS portion of the fingerprinting fee would be \$33, and the IRS portion of the testing fee would be \$27. These user fees are in addition to any fees charged by the third-party vendors administering the programs. The fees to be charged by third-party vendors are not being announced at this time, but the total fees, including the IRS user fees, are expected to be between \$60 and \$90 for fingerprinting and \$100 and \$125 for testing.

For more information, visit www.irs.gov/ptin.

