

MINIMUM STANDARDS FOR PAID TAX PREPARERS

PLEASE COSPONSOR LEGISLATION CREATING PAID TAX RETURN PREPARER MINIMUM STANDARDS

- Currently, anyone can be paid to prepare a tax return without demonstrating any level of competency, qualification or good character. In fact, because of court rulings the IRS cannot prohibit someone who has been convicted of tax fraud from preparing tax returns.
- GAO has found that that unlicensed tax return preparers make significant errors resulting in larger refunds than allowed by law. (<https://www.gao.gov/assets/670/662356.pdf>).
- A simple, inexpensive to obtain and maintain tax preparation credential will increase the level of professionalism for the entire tax filing profession.
- The changes will help protect low income, non-English speaking and elderly taxpayers from the unscrupulous and the incompetent.
- Licensing tax return preparers will help close the tax gap and protect sensitive taxpayer information from unscrupulous or careless unlicensed preparers (See Tulsa, Oklahoma story on tax documents being dumped into trash dumpster after the end of the 2019 filing season. <https://www.kjrh.com/news/local-news/customers-react-to-tax-documents-with-personal-information-was-found-in-dumpster>)
- The ability to rescind PTINs, subject to review and appeal, is an effective way of policing bad behavior, given the agency rarely enforces penalties or brings criminal actions against perennial bad actors in the industry.

PROPOSED MODEL LEGISLATIVE LANGUAGE—S. 3278, PROTECTING TAXPAYERS ACT (115TH CONG.)

Senators Rob Portman (R-OH) and Ben Cardin (D-MD) introduced S. 3278 in the last Congress.

The legislation provides specific authority to the Department of Treasury to regulate the practice of tax return preparers and specifies that tax return preparers shall demonstrate competency by

- Obtaining a Preparer Tax Identification Number (PTIN);
- Passing an exam covering basic Form 1040 tax questions (including EITC and ethics standards);
- Fulfilling annual continuing education requirements; and
- Completing a background check.

The Secretary may rescind the PTIN after notice and a hearing if the preparer is shown to be incompetent or disreputable.