



March 12, 2018

Chairman Jean-Paul Morrell
Louisiana Senate Committee on Revenue and Fiscal Affairs
P.O. Box 94183
Baton Rouge, LA 70804

Dear Chairman Morrell:

I write on behalf of nearly 400 enrolled agents (EAs) in Louisiana, and more than 54,000 enrolled agents federally licensed by the U.S. Treasury to represent taxpayers before the IRS nationwide. My organization, the Louisiana Society of Enrolled Agents (LSEA), supports Senate Bill 237, legislation before the Louisiana Senate Revenue and Fiscal Affairs Committee that would require paid tax preparers to sign and furnish their preparer tax identification number on tax returns they prepare and file for taxpayers with the Louisiana Department of Revenue.

Senate Bill 237 would:

- Require paid tax preparers to sign all returns and claims for refund they prepare for taxable periods beginning on or after January 1, 2018;
- Require paid preparers to include their Social Security number (SSN), preparer tax identification number, or federal employer identification number (EIN) on every state tax return or claim for refund they prepare;
- Provide for a penalty of \$50 for each failure by a paid preparer to sign or provide an identification number on a tax return the preparer files, up to a maximum penalty of up to \$25,000 per calendar year; and
- Define a “paid tax preparer” as a person who prepares all or a substantial portion of a tax return or claim for refund for compensation, or who employs one or more persons to prepare tax returns or claims for refund.

The bill’s requirements mirror those at 26 USC 6695(b) (failure to sign return), and 6695(c), (failure to furnish identifying number as required at § 6109(a)(4)).

Further, everyone who is legitimately preparing a federal income tax return is already required to hold a valid preparer tax identification number (PTIN). IRS requires any person who prepares or assists in preparing federal tax returns for compensation to hold a valid PTIN before preparing returns. These PTINs must be renewed annually by the end of every calendar year.

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While members of the Senate Revenue and Fiscal Affairs Committee consider establishing a preparer tax identification number requirement for paid preparers in Louisiana, LSEA proposes the following recommendations for amendment:

- Clarify that a preparer tax identification number is a PTIN issued by IRS.
- Remove Social Security number or employer identification number as alternative preparer tax identification numbers to clarify that the Department of Revenue will only accept IRS-issued PTINs on all returns or claims for refund filed by paid preparers with the Department.

By clarifying that a preparer tax identification number is a PTIN issued by IRS, the State of Louisiana would prevent unnecessary administrative burden by establishing additional state-created PTIN requirements for tax professionals—enrolled agents and others.

In addition, removing Social Security number or employer identification number as alternative preparer tax identification numbers other than an IRS-issued PTIN would improve tax administration and help IRS and state revenue and taxation departments and other state tax authorities identify known paid preparers—and help Louisiana taxpayers against the real and persistent threat of ID theft and refund fraud.

Chairman Morrell, thank you for your time and consideration of LSEA's comments on SB 237 while it is under your consideration and by members of the committee. Should you have any comments, concerns or questions, please contact Justin Edwards, who takes the lead on state issues for our national association, by email (jedwards@naea.org) or by phone at (202) 822-6232, ext. 102. We thank you again for this opportunity to comment on this important legislation.

Sincerely,



Linda Sandidge, EA
President
Louisiana Society of Enrolled Agents