

National Association of Enrolled Agents



Membership

NAEA has members in all 50 states and across 17 countries around the world.

Who We Are

National Association of Enrolled Agents

The National Association of Enrolled Agents is the nation's leading community of tax practitioners- from aspiring enrolled agents to experts with decades of experience. Representing over 65,000 enrolled agents (EA's), NAEA is uniquely positioned to offer an informed and practical perspective regarding the regulation of tax preparers and the importance of having a functioning tax administration system that serves all taxpayers.

How Can an EA Help Taxpayers?



Tax Preparation

- Individual Tax Return Preparation
- Corporate Tax Return Preparation
- Tax Planning
- Financial Planning



IRS Representation

- Audits
- Disputes
- Appeals



Small Business Services

- Payroll Services
- Bookkeeping

What is an Enrolled Agent (EA)?

Enrolled agents are the only **federally-licensed tax practitioners** who both specialize in taxation and have unlimited rights to **represent taxpayers before the Internal Revenue Service**. These tax specialists represent taxpayers before the IRS by either **passing a three-part examination** covering individual tax returns, business tax returns, and representation, practice and procedure, or through relevant experience as a former IRS employee. All candidates are subjected to a rigorous background check conducted by the IRS and must complete regular continuing education.

NAEA POLICY PRIORITIES

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Implementing the Inflation Reduction Act

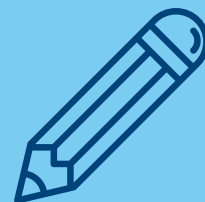
The 118th Congress has a unique opportunity to provide the leadership and oversight needed to help bring about transformative and long overdue changes to our tax administration system. With \$80 billion in additional funding for the IRS through the Inflation Reduction Act (IRA) to be invested, Congress can help ensure that the IRS focuses on building a more modern, taxpayer-friendly agency with robust digital tools for both taxpayers and tax professionals.

Specifically, we believe the IRS's operational plan and related congressional oversight should focus on the following:

OVERHAUL THE CENTRALIZED AUTHORIZATION FILE (CAF) SYSTEM

Problem: The current system for powers of attorney does not meet the current needs of taxpayers or tax professionals.

Solution: The IRS must redesign the CAF workflow and function to create a better process for tax professionals and practitioner firms that secures access to taxpayers' transcripts and the ability to manage powers of attorney online.



PRIORITIZE PRACTITIONER SERVICE AND COMMUNICATION



Problem: The IRS does not have a service that can handle complete tax, collection, and account-management issues.

Solution: The IRS should create a dedicated practitioner service that can handle these issues, an application with the Tax Pro Account for practitioners to send documents and communicate directly with the IRS, and expand taxpayer digital communication to enable authenticated tax professionals to initiate communication with the IRS.

BALANCED ENFORCEMENT AND PROMPT COMPLIANCE OPERATIONS

Problem: Compliance and specifically quick turnaround time in Offers in Compromise takes too long and does not operate in an efficient manner.

Solution: The agency must be more focused on a solution for more effective compliance and turnaround time for Offers in Compliance.



EXPAND ELECTRONIC FILING IN ALL CATEGORIES



Problem: Paper returns cripple the IRS and make it impossible to be nimble and responsive.

Solution: The IRS must expand electronic filing to ensure that every tax form can be filed and processed electronically.

REFORM HIRING AND TRAINING

Problem: The IRS expects to have 50,000 of their employees retire in the next five years. This large loss will result in a staggering loss of knowledge for the agency.

Solution: The Office of Personnel Management (OPM) should grant direct hiring and critical pay authority to the IRS. IRS employees and contractors must also receive rigorous training so they are well-equipped to address the increasingly complex and technical issues they are confronted with while working at the IRS.



NAEA POLICY PRIORITIES

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REGULATION OF TAX PREPARERS

Problem: Although enrolled agents must pass several obstacles such as an examination and background check to become a licensed tax practitioner, currently anyone can be paid to prepare a tax return. The lack of oversight has led to an increase in unscrupulous preparers and tax fraud. The Government Accountability Office (GAO) has also found unlicensed preparers commit more errors resulting in a loss in tax revenue.

Solution: Paid tax return preparers should be required to obtain a preparer tax identification number, pass an examination that will cover basic Form 1040 tax questions, fulfill annual continuing education requirements, complete a background check, and lose the right to prepare tax returns for serious malfeasance. Congress should pass legislation granting the Department of the Treasury the authority to regulate the practice of all tax return preparers.

Legislation: In June 2021, Representative Jimmy Panetta (D-CA) and then-Representative Tom Rice (R-SC) introduced H.R. 4184, the Taxpayer Protection and Preparer Proficiency Act. This legislation proposed the aforementioned solutions and allowed the Department of Treasury to regulate the practice of tax return preparers. The Senate has also proposed similar legislation in the past.

NAEA POLICY PRIORITIES

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FORM 1099-K THRESHOLD

Problem: The American Rescue Plan requires the issuance of a Form 1099-K for gross payments for goods or services exceeding \$600, with no minimum number of transactions. Before the change, online businesses such as Venmo and PayPal were required to send Forms 1099-K to sellers with more than 200 transactions valued at least \$20,000. Although some in Congress wanted a legislative fix before the end of last year, this did not happen. The IRS postponed in late December 2022 the new Form 1099-K reporting threshold, moving its implementation from tax year 2022 to 2023.

Solution: NAEA believes the \$600 threshold is too low and will lead to taxpayer confusion around which transactions are taxable income and which are more personal and non-taxable. It creates a high compliance burden for small businesses and taxpayers. Congress must act immediately to increase the \$600 threshold. There are currently several pieces of proposed legislation that would increase the reporting threshold.