

January 4, 2010

Dear Fred,

IRS earlier this afternoon released its long-awaited [Return Preparer Review](#). I am pleased to report to enrolled agents that the document, which serves as the agency's return preparer oversight roadmap, outlines a brave, new world, one that many doubted would ever come.

What changes does the IRS propose? The document makes sweeping changes to the return preparation landscape, and at the same time is largely consistent with tenants NAEA has been promoting for the past five-plus years. While I encourage each of you to read the document, the recommendations are summarized on pages 3-5 and include:

- All signing return preparers must register and obtain a PTIN;
- The registration will be effective for a 3-year period;
- All return preparers who are not EAs, certified public accountants, or attorneys will need to demonstrate competency by passing an examination (or examinations) and will need to earn 15 hours of CE annually;
- While Circular 230 practitioners are exempt from the new testing and CE requirements, there will be no "grandfathering;"
- IRS will initially offer two competency exams: Form 1040 for wage and non-business income and Form 1040 for wage and small business (Appendix I on page 54 provides great detail on the content of the exams);
- Transition rules—to prevent disruption of service to taxpayers—will be forthcoming; Ethical standards will be provided for all signing and non-signing preparers; OPR staffing to increase to allow for enforcement; and,
- IRS will develop a public awareness program to educate taxpayers, paid return preparers, and IRS employees about the new standards and requirements.

Those of you who have been watching return preparer oversight develop over the past five-plus years will see how close IRS' proposals come to the reform pillars NAEA has been advancing, namely competency testing, continuing education requirements, ethical standards, centralized IRS authority, and promotion.

I believe that this proposal will create a world in which taxpayers may reasonably expect competent, ethical return preparation and in which enrolled agents will no longer have to compete against fly-by-night kitchen table preparers.

Let me close with congratulations, to IRS for making tough decisions based on what is right for the taxpayer rather than on what would be expedient, and to NAEA members for joining together to fight for a cause that at its inception was rather unpopular. Enrolled agents are stronger when we speak with one voice. I thank you for your ongoing support.

We'll provide more detail in upcoming editions of E@lert, but I wanted to share as quickly as possible this exciting news.

Sincerely,
Sandra Martin, EA
President

National Association of Enrolled Agents
1120 Connecticut Avenue, NW Suite 460
Washington, DC 20036
202-822-6232; 202-822-6270 (fax)
www.naea.org