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## IRS Regulates Tax Preparer Business

The IRS has begun steps to better regulate the tax return preparation industry. Presently, not all tax preparers are registered with the government. Many of those who prepare tax returns for a fee do so on a part time basis and are completely unknown to the government. They identify themselves using their Social Security numbers.

From January 1 next year, all tax preparers, whether they be companies or individuals, will have to register with the government. They will be given a Preparer Tax Identification Number (PTIN). Those who already have PTINs must renew their registrations before January 1, 2011. The PTIN will be recorded in every tax return form that is submitted to the IRS. Those who identify themselves using their Social Security numbers will no longer be allowed to do so. Instead they have to use their PTINs. Those who fail to do so will be fined.

The IRS says that 60% of taxpayers pay someone else to prepare their tax return for them whereas 30% of taxpayers use tax software to complete their annual returns.

The IRS also plans to have the tax preparers sit for periodic examinations to maintain a high standard of their work as part of their continuous education program. This program also aims to enable tax preparers to be kept abreast with the frequent changes in tax laws.

The IRS intends to keep regulating the tax preparation industry in the coming years to ensure that taxpayers are comfortable with the people who prepare their tax returns for them. The fact is that while there are many proficient and professional tax preparers and tax preparation firms, there are also many unscrupulous ones ever ready to make a fast buck, make erroneous returns and then just disappear. Ultimately, the taxpayer must take responsibility for any errors in his return.

The IRS recommends that the taxpaying public who uses the services of paid tax preparers makes sure that the tax preparer's PTIN is recorded in the tax return forms. By doing so it makes it easier to trace the tax preparers and hold them responsible for their work.

The response from the tax preparers themselves to these regulations by the IRS has been generally positive and they are supportive of them.