



September 30, 2010

## New PTIN System Set in Motion by IRS

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On Tuesday, the IRS officially implemented its new Preparer Tax Identification Number (PTIN) system. From now on, all tax preparers will have to be issued PTIN (even if they already have one) in order to be qualified to prepare and submit tax returns for their clients in 2011. This included all paid classes of tax preparers including CPAs, enrolled agents and tax attorneys. This is in line with the IRS initiative to properly register and regulate the thousands of tax preparers in the country.

Tax preparers can apply for their PTINs online under the Tax Professionals page in the IRS website [irs.gov](http://irs.gov). A set of FAQs and other details of the system can also be found in the Tax Professionals page. Alternatively, they can also submit manual applications through Form W-12, Paid Preparer Tax Identification Number Application Form. Manual submissions made in this way will take 4 to 6 weeks to get a response from the IRS.

Those who qualify for a PTIN are enrolled agents, CPAs, tax attorneys and a newly formed category of persons called 'registered tax return preparer'. The system also requires an annual fee of \$50 for the issuance of a PTIN. Those who already possess a PTIN will generally be re-issued the same

number whereas those who change their numbers must use their new PTIN from now on.

All applicants for the PTIN must declare that they are current with their personal and business tax obligations or otherwise explain why they are not. They must also declare that they have not been convicted of a felony charge for the last 10 years and if they have, also give an explanation for it.

On September 30, the Treasury Department and the IRS will publish final regulations under section 6109 (TD 9501) outlining the details of the system that requires all tax preparers who submit all or a substantial portion of tax returns or apply for tax refunds to identify themselves through their PTINs in order to do so.

Another aspect of the system is that a continual education process that involves sitting for and passing tests will be required of all tax preparers excluding CPAs and tax attorneys and a 'discrete category of persons who engage in return preparation under the supervision of someone else' from the category already exempted who signs the return. The implementation of the tests is set for mid-2011 whereas the start of the continual education requirement has not yet been fixed.