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Tax Preparers to be Fingerprinted by IRS

As part of their oversight exercise, the IRS is taking steps to begin fingerprinting all tax preparers. The fingerprints are to be run through the FBI database. In addition, it will be obligatory for tax preparers to renew their Preparer Tax Identification Numbers (PTIN) every year in accordance with Notice 2011-80 and undergo a 15-hour continuing education requirement that is set to take effect next year.

The annual renewal of PTIN must be carried out after October 15 and before January 1 each year with a payment of \$64.25. The preparer can use the online PTIN application or paper Form W-12 to do so.

Up to now, the IRS has been issuing provisional PTIN for preparers who are not attorneys, accountants or enrolled agents so that they can prepare tax returns before taking competency tests and undergoing suitability requirements in view of the fact that the testing and continuing education programs have not been implemented yet. The IRS has said it intends to continue issuing provisional PTIN until at least April 18, 2012. But when the IRS stops doing so, all tax preparers would be required to pass competency tests and other suitability requirements before they will be granted a PTIN.

There will also be a suitability check on some tax preparers where fingerprints will be taken and run through the FBI database for a search to be done. These tax preparers will be mostly those with provisional PTIN.

There are different types of tax preparers and depending on the type of preparer they are, there are different requirements. Any participant in the PTIN, acceptance agent, or authorized e-file provider programs who resides and is employed outside of the US will

not have to be fingerprinted to participate in these programs. However, these preparers must comply with other requirements set by the Treasury and IRS.

Attorneys, CPAs, enrolled agents, enrolled retirement plan agent and enrolled actuaries are not likely to be required to be fingerprinted. But they must declare whether they have been convicted in a felony the last 10 years. This is one of the standard questions in the PTIN application.

The 15-hour continuing education requirement for certain tax return preparers will take effect starting in 2012. Registered tax return preparers and individuals required to pass the competency examination before December 31, 2013 must complete the 15-hour requirement prior to renewing their PTINs for 2013 and subsequent year.