

## Registering for a PTIN as a Paid Preparer with the IRS

As most of you are aware, starting January 1, individuals who meet the IRS definition of “preparer,” including “non-signers,” must register and get a PTIN prior to preparing federal returns. CPAs, both signers and non-signers, are exempt from the continuing education (CE) and testing components of the program. In addition, [Notice 2011-6](#) released on December 30, 2010, exempts non-signing, non-CPA employees of CPA firms from the CE and test. Please refer to the notice for the details.

A “preparer” is someone who prepares or assists in preparing all or substantially all of the return. Individuals should look at the PTIN final regulations (TD 9501) and the FAQs to make specific determinations. Generally, administrative or data entry tasks alone would not make an individual a preparer. Individuals making substantive tax determinations or judgments would likely be a preparer. More information is available at the [IRS website](#).

Notice 2011-6 also provides a list of federal forms, the preparation of which does not require a PTIN, for example, Forms 1098 and the 1099 (and certain other information returns), numerous “application” forms (e.g., for extension of time to file, or change in accounting method), and some “consent” and “waiver” forms. This means that some firms can use administrative staff, less experienced staff, or maybe interns to help with these forms and they wouldn’t have to register for a PTIN at all.

AICPA has heard from members and others, about registration problems or questions such as:

1. Individuals registering use information that differs from the information the Service has in their master file (for example, indicating an address is 1455 Pennsylvania Ave. when the master file has 1455 Pennsylvania Avenue). The information entered when registering must match the master file exactly.
2. Filing a W-12 paper application takes somewhere in the neighborhood of 6 -8 weeks to process, with no word back and the check is not cashed so individuals who register wonder if their application was actually received.
3. Individuals who file their 1040s as married filing jointly, have different last names and the person listed second on the 1040 is the individual registering. In this case, the Service has indicated that the problem was fixed in December but AICPA is still hearing about problems.

To date, the IRS has indicated that approximately 550,000 preparers have registered, most without difficulty but they do acknowledge the problems. David Williams, the head of the IRS Return Preparer Office, has been quoted in published reports as indicating “preparers who haven’t yet registered should try the online registration system at least three times, and if that fails, they should send in a paper application with the registration fee included.” He also indicated “preparers making good-faith efforts to register are highly professional. I want to make sure they’re treated fairly in all of this.” The AICPA encourages you to keep copies or records of your efforts to register should you encounter difficulties.

Information about the AICPA policy positions on the IRS program is available at the AICPA’s [tax portal](#).

## Update on 2011 IRS Preparer Office Visits

In late November, IRS sent out letters to over 10,000 preparers reminding them of their obligation to prepare accurate tax returns; with plans to visit 2,500 of those preparers. In December, AICPA provided [information](#) about the program and made available a copy of the letter it sent to the IRS expressing concerns about the program. AICPA sent another comment letter to the IRS in October.

AICPA is now hearing from CPAs that they have been picked for office visits. One CPA was picked for a visit because the firm had filed a significant number of returns with high Schedule E income or loss, as well as a significant number of returns with Schedule A containing employee business expenses.

The CPA described the IRS visit as something more akin to a tax practice quality review. A sample of the steps taken by the agent, and questions asked include:

- The agent gathered information including SS, PTIN, EFIN, and EIN numbers for the two preparers in the firm who were the subject of the visit.
- The CPA was asked to describe general procedures for gathering taxpayer data, what documents were supplied by taxpayer, what steps were taken to verify accuracy, and review procedures.
- The agent asked about the security of the firm's computer system and what steps were taken to secure taxpayer data.
- The agent asked to see a representative sample of client returns and supporting documents to verify that the procedures we indicated were in place. (The AICPA urges its members to use extreme caution to maintain client confidentiality and to avoid the waiver of the section 7525 privilege. We also suggest that you consult with your liability insurance carrier for guidance.)
- The CPA retrieved a random sample of Forms 8879 (IRS e-file Signature Authorization) and showed the agent that the forms were signed by both the taxpayer and preparer.

Another CPA believes she was chosen for a visit because a significant number of returns she prepared contained NOLs. Her visit is scheduled for the end of January.

Finally, we have heard that criminal investigation (CI) agents have been involved in a small number of visits. We would advise you to consult with an attorney before meeting with CI staff.

1/13/11