



August 15, 2012

Mr. David R. Williams
Director, Return Preparer Office
Internal Revenue Service
1111 Constitution Avenue, Northwest
Washington, District of Columbia 20224

Re: Provisional Preparer Tax Identity Number (PTIN) Expiration Date

Dear David,

I write on behalf of the National Association of Enrolled Agents (NAEA), which represents the interests of some 43,000 enrolled agents (EAs), on an issue of great importance to those in our profession—the oversight of paid tax return preparers. More specifically, we write in support of IRS' clear and long-articulated plan to retire provisional PTINs on December 31, 2013.

We have long supported return preparer oversight in general and, more particularly, your administration of the new program and leadership of the Return Preparer Office (RPO). To that end, we follow closely your public statements with respect to the program's direction and its requirements. Within the past few months we have caught a general theme—namely that a significant number of provisional PTIN holders have not taken the registered tax return preparer (RTRP) basic competency test.

The statistics are somewhat daunting. Of roughly 715,000 active PTIN holders, approximately 350,000 are not legacy Circular 230 practitioners and are therefore subject to the RPO testing requirement. Some 340,000 provisional PTIN holders have not signed up to take the basic competency test.

While EAs as legacy Circular 230 practitioners are exempt from the basic competency test, we still have great interest in the testing requirement. From our perspective, the initial requirement to demonstrate at least basic tax and ethical competency is a lynchpin of the return preparer oversight program.

None of us need be psychic to see last minute requests to extend the test-taking deadline lie ahead and in fact we'd be shocked if the RPO did not receive them. In anticipation of these requests, we ask you to stand firm and adhere to your original December 31, 2013 deadline, a schedule it would be difficult to argue was unduly hasty.

For at least one year now, IRS has informed the return preparer community that passing the registered tax return preparer (RTRP) basic competency test is a prerequisite to preparing Form 1040 returns and claims for refund after December 31, 2013¹. For nearly two years, IRS has informed return preparers who have provisional PTINs that if they do not pass the basic competency test by December 31, 2013, they will be contacted with a proposal to deactivate their PTINs and remove them from the list of authorized preparers²

By December 31, 2013, return preparers will have had ample opportunity to pass the basic competency test. Taxpayers have waited long enough for a world in which they can be reasonably assured that anyone they pay to prepare a return is at least minimally competent and may be prohibited from preparing returns should he/she turn out to be incompetent or corrupt. Not to put too fine a point on it, we urge the Service to continue its efforts to educate provisional PTIN holders of their obligation to take (and pass) the basic competency test by the December 31, 2013 deadline.

I understand that the task you face in bringing online such a significant new program must be at times daunting and I applaud you for the care you have taken thus far, particularly your recognition of enrolled agent as IRS' senior license and your ability to balance the varying and sometimes conflicting concerns of those in the return preparer community, taxpayers and tax administrators.

As always, we look forward to continuing to work with you on creating a common sense, rigorous oversight framework that protects all taxpayers, levels the industry playing field, and produces more accurate tax returns.

Sincerely,



Francis X. Degen, EA, USTCP
President

cc: Steven Miller, Deputy Commissioner for Services and Enforcement
Karen Hawkins, Director, Office of Professional Responsibility

¹ "Frequently Asked Questions: Testing Requirements, FAQ b1," posted July 18, 2011, <http://www.irs.gov/taxpros/article/0,,id=239683,00.html>.

² Frequently Asked Questions: Testing Requirements, FAQ b7," revised September 28, 2010, <http://www.irs.gov/taxpros/article/0,,id=239683,00.html>.