

February 19, 2021

The Honorable Janet Yellen  
Secretary  
U. S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Secretary Yellen:

On behalf of the National Association of Enrolled Agents (NAEA) and the approximately 57,000 enrolled agents (EAs) it represents, I write to you today to urge the Department of the Treasury to include in its 2022 budget submission a legislative proposal authorizing the Internal Revenue Service to regulate the practice of unenrolled tax return preparers, requiring that unenrolled tax return preparers demonstrate competency by

- Obtaining a Preparer Tax Identification Number (PTIN),
- Passing an exam covering basic Form 1040 tax questions (including EITC and ethics standards),
- Fulfilling annual continuing education requirements, and
- Completing a background check.

Further, the proposal should specify that the Secretary has the authority to rescind a PTIN after notice and a hearing if a preparer is shown to be incompetent or disreputable.

As you are aware, currently anyone can charge a taxpayer to prepare a tax return without demonstrating any level of competency, qualification or good character. In fact, because of court rulings the IRS cannot even prohibit someone who has been convicted of tax fraud from preparing tax returns.

The General Accountability Office has found that unlicensed tax return preparers make significant errors resulting in larger refunds than allowed by law. (<https://www.gao.gov/assets/670/662356.pdf>). A simple, inexpensive to obtain and maintain tax preparation credential will increase the level of professionalism for the entire tax return preparation profession. Additionally, the proposal would help protect low income, non-English speaking and elderly taxpayers from the unscrupulous and the incompetent.

Not only will licensing tax return preparers help close the tax gap, it will help protect sensitive taxpayer information from unscrupulous or careless unlicensed preparers

(<https://www.kjrh.com/news/local-news/customers-react-to-tax-documents-with-personal-information-was-found-in-dumpster>).

Being able to rescind PTINs, subject to review and appeal, is an effective way of policing bad behavior, since the IRS rarely enforces penalties or brings criminal actions against perennial bad actors in the industry. The National Association of Enrolled Agents and its members stand ready to work with the Department to develop a strong but fair framework for ensuring unenrolled tax return preparers will be competent and subject to ethical standards that apply currently to only Circular 230 tax practitioners (enrolled agents, CPAs and attorneys).

Sincerely,

A handwritten signature in black ink, appearing to read 'Donald Rosenberg', with a long horizontal flourish extending to the right.

Donald Rosenberg, EA  
President