



IR-2015-124: Tax Preparedness Series: Make a Wise Choice when Selecting a Tax Preparer

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WASHINGTON — While there is still time before the next tax filing season, choosing a return preparer now allows more time for taxpayers to consider appropriate options and to find and talk with prospective tax preparers rather than during tax season when they're most busy. Furthermore, it enables taxpayers to do some wise tax planning for the rest of the year. If a taxpayer prefers to pay someone to prepare their return, the Internal Revenue Service encourages them to choose that person wisely as the taxpayer is legally responsible for all the information included on the return.

This is the third in a series of weekly tax preparedness releases designed to help taxpayers begin planning to file their 2015 return.

Below are some tips taxpayers can keep in mind when selecting a tax professional:

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- **Select an ethical preparer.** Taxpayers entrust some of their most vital personal data with the person preparing their tax return, including income, investments and Social Security numbers.
- **Ask about service fees.** Avoid preparers who base their fee on a percentage of the refund or those who say they can get larger refunds than others. Taxpayers need to ensure that any refund due is sent to them or deposited into their bank account, not into a preparer's account.
- **Be sure to use a preparer with a preparer tax identification number (PTIN).** Paid tax return preparers must have a current PTIN to prepare a tax return. It is also a good idea to ask the preparer if they belong to a professional organization and attend continuing education classes.
- **Research the preparer's history.** Check with the Better Business Bureau to see if the preparer has a questionable history. For the status of an enrolled agent's license, check with the [IRS Office of Enrollment](#) (enrolled agents are licensed by the IRS and are specifically trained in federal tax planning, preparation and representation). For certified public accountants, verify with the state board of accountancy; for attorneys, check with the state bar association.
- **Ask for e-file.** Any paid preparer who prepares and files more than 10 returns for clients generally must file the returns electronically.
- **Provide tax records.** A good preparer will ask to see records and receipts. Do not use a preparer who is willing to e-file a return using the latest pay stub instead of the Form W-2. This is against IRS e-file rules.
- **Make sure the preparer is available after the filing due date.** This may be helpful if questions come up about the tax return. Taxpayers can designate their paid tax return preparer or another third party to speak to the IRS concerning the preparation of their return, payment/refund issues and mathematical errors. The third party authorization checkbox on Form 1040, Form 1040A and Form 1040EZ gives the designated party the authority to receive and inspect returns and return information for one year from the original due date of the return (without regard to extensions).
- **Review the tax return and ask questions before signing.** Taxpayers are legally responsible for what's on their return, regardless of whether

someone else prepared it. Make sure it's accurate before signing it.

- **Never sign a blank tax return.** If a taxpayer signs a blank return the preparer could then put anything they want on the return — even their own bank account number for the tax refund.
- **Preparers must sign the return and include their PTIN as required by law.** The preparer must also give the taxpayer a copy of the return.

Directory of Federal Tax Return Preparers with Credentials and Select Qualifications

To help taxpayers determine return preparer credentials and qualifications, the IRS launched a public [directory](#) earlier this year containing certain tax professionals. The directory is a searchable, sortable database with the name, city, state and zip code of credentialed return preparers as well as those who have completed the requirements for the new IRS [Annual Filing Season Program](#) and have a valid 2015 PTIN.

Understanding Tax Return Preparer Credentials and Qualifications

Any tax professional with an IRS PTIN is authorized to prepare federal tax returns. However, tax professionals have differing levels of skills, education and expertise.

An important difference in the types of practitioners is “representation rights.” Below is guidance on each credential and qualification:

Unlimited Representation Rights: Enrolled agents, certified public accountants and attorneys have unlimited representation rights before the IRS. Tax professionals with these credentials may represent their clients on any matters including audits, payment/collection issues, and appeals.

- **Enrolled Agents** – Licensed by the IRS. Enrolled agents are subject to a suitability check and must pass a three-part Special Enrollment Examination, which is a comprehensive exam that requires them to demonstrate proficiency in federal tax planning, individual and business tax return preparation and representation. They must complete 72 hours of continuing education every three years. Learn more about the [Enrolled Agent Program](#).
- **Certified Public Accountants** – Licensed by state boards of accountancy, the District of Columbia and

U.S. territories. Certified public accountants have passed the Uniform CPA Examination. They have completed a study in accounting at a college or university and also met experience and good character requirements established by their respective boards of accountancy. In addition, CPAs must comply with ethical requirements and complete specified levels of continuing education in order to maintain an active CPA license. CPAs may offer a range of services; some CPAs specialize in tax preparation and planning.

- Attorneys – Licensed by state courts, the District of Columbia or their designees, such as the state bar. Generally, they have earned a degree in law and passed a bar exam. Attorneys generally have on-going continuing education and professional character standards. They may also offer a range of services; some attorneys specialize in tax preparation and planning.

Limited Representation Rights: Preparers without one of these credentials (also known as unenrolled preparers) have limited practice rights. They may only represent clients whose returns they prepared and signed, but only before revenue agents, customer service representatives, and similar IRS employees, including the Taxpayer Advocate Service. They cannot represent clients whose returns they did not prepare and they cannot represent clients regarding appeals or collection issues even if they did prepare and sign the return in question.

- Annual Filing Season Program participants – This new voluntary program recognizes the efforts of return preparers who are generally not attorneys, certified public accountants, or enrolled agents. The IRS issues an Annual Filing Season Program Record of Completion to return preparers who obtain a certain number of continuing education hours in preparation for a specific tax year.

Beginning with the 2015 filing season, unenrolled return preparers could opt to participate in this IRS program, which was designed to encourage education and filing season readiness.

- PTIN holders – Tax return preparers that have an active PTIN but no professional credentials and do not participate in the annual filing season program, are authorized to prepare tax returns. In 2015, they also have limited representation rights. This is the

final year that PTIN holders without another credential or qualification will have limited representation rights for returns they prepare and sign. For returns prepared beginning Jan. 1, 2016, only annual filing season program participants will have limited representation rights.

Most tax return preparers are professional, honest and provide excellent service to their clients. However, dishonest and unscrupulous tax return preparers who file false income tax returns do exist. Always check any return for errors to avoid potential financial and legal problems. See information about [Abusive Return Preparers](#) on [IRS.gov](#), and learn [How to Make a Complaint About a Tax Return Preparer](#).

For more information about choosing a tax return preparer, see [Choosing a Tax Professional](#) and [IRS Tax PRO Association Partners](#) on [IRS.gov](#).

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