

Enforcement Pursues More Penalties

As of March 26, 2014, the Franchise Tax Board (FTB) Tax Preparer Enforcement Team has contacted 630 questionable tax preparers statewide. Of those, FTB visited 56 tax preparation offices and sent letters to 574 tax preparers.

So far 227 unregistered tax preparers have been issued the \$2,500 penalty for the 2013 enforcement year. FTB reports 37 unregistered tax preparers were also issued the \$5,000 penalty.

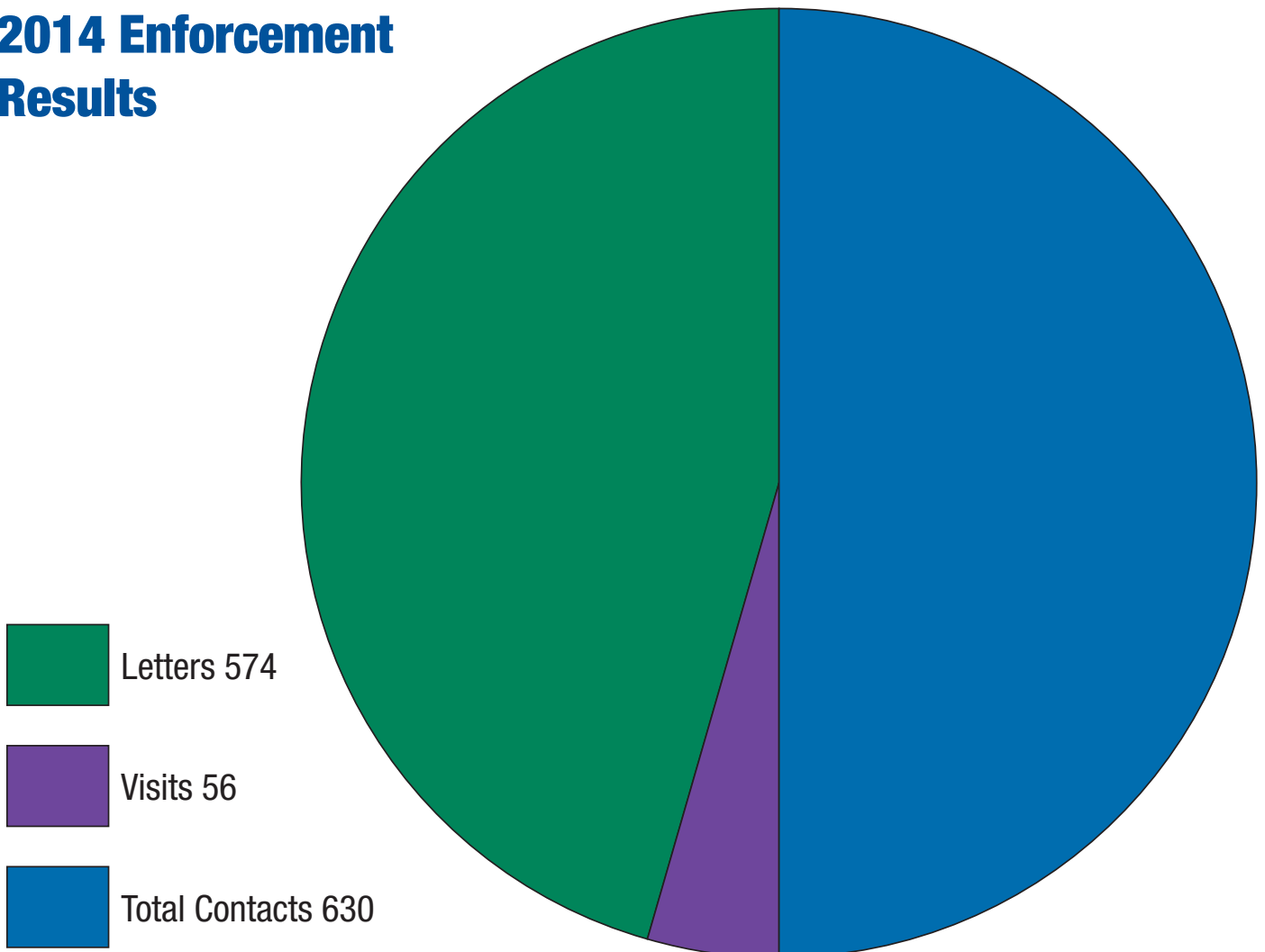
As of early April, no penalties have been assessed for 2014.

California law requires anyone who prepares tax returns for a fee and is not an attorney, certified public accountant (CPA) or enrolled agent (EA), to register as a tax preparer with CTEC.

Tax preparers who are caught preparing tax returns illegally are issued a \$2,500 penalty letter from FTB and have 90 days to comply. If a tax preparer registers with CTEC by the deadline, the penalty is removed. If the tax preparer does not comply or complies late, the \$2,500 penalty stands. In the next year, if that tax preparer still fails to comply and continues to prepare tax returns, the penalty increases to \$5,000.

CTEC and FTB partnered in 2005 to help better protect California taxpayers against fraud by enforcing tax preparer compliance. CTEC pays for the entire enforcement program. All penalties collected by FTB are deposited into the state's general fund.

2014 Enforcement Results



IRS Nationwide Tax Forums

Registration is now open for the 2014 IRS Nationwide Tax Forums. CTEC will have a table at the below forum:

San Diego
Town and Country Resort
July 15-17, 2014

CTEC is scheduled to participate in a joint presentation with the Franchise Tax Board at the San Diego forum. The presentation will count for one state hour of continuing education. CTEC

Registered Tax Preparers (CRTPs) who attend the forums can also earn up to 18 federal hours.

If you plan to attend, please remember to provide your CTEC number to the IRS when you register. If you do not give the IRS your CTEC number, you may not get credit for the courses you take.

Several weeks after the forum, the IRS will either mail or e-mail your course completion certificate. If

you decide to skip San Diego and go to one of the other forums, you will have to submit a copy of the IRS completion certificate to CTEC and renew your registration by mail (one of the few exceptions to the CTEC online registration requirement).

This is an IRS event so please do not call CTEC with questions. For more information or to register, visit www.irstaxforum.com.

IRS Loses Its Appeal to Regulate Tax Preparers

On February 11, 2014, the Internal Revenue Service lost a federal appeal in a legal battle to enforce exam and continuing education requirements on unenrolled tax preparers.

The proposed regulations would have required certain tax preparers, including CTEC Registered Tax Preparers (CRTPs), to complete 15 hours of continuing education each year and pass a competency exam. Only attorneys, certified public accountants (CPAs) and enrolled agents (EAs) were exempt from the IRS requirements.

A three-judge panel of the U.S. Court of Appeals for the District of Columbia unanimously upheld a lower court's ruling from last year citing that the IRS needs

Congressional authorization to regulate tax preparers.

The lawsuit was originally filed in 2012 by the libertarian Institute for Justice on behalf of three independent tax preparers. One portion of the IRS initiative the lawsuit did not challenge was its recent requirement that all paid tax preparers (including attorneys, CPAs and EAs) obtain a Preparer Tax Identification Number (PTIN). As of this year, the IRS continues to enforce its PTIN requirement.

The federal court ruling does not impact states that already enforce tax preparer requirements, including California.

State law still requires CRTPs to complete 20 hours of continuing education each year, obtain a

\$5,000 surety bond, maintain a valid PTIN from the IRS, and renew with CTEC by October 31st of each year.

Find CTEC



**MARK YOUR CALENDAR!
YOU ARE INVITED!**

All CTEC committee and board meetings are open to the public

May 22-23, 2014
Sacramento, CA

November 20-21, 2014
Palm Springs, CA

Call **877-850-2832**
if you would like to attend

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www.ctec.org**Public Awareness Expands Social Media Reach**

Thanks to a mix of traditional media, social media and Internet news sources, more California consumers are getting the message— Verify your tax preparer is legal.

Media Relations Campaign

For the 2013/2014 public awareness campaign, CTEC sent press releases to editors, reporters and producers throughout the state. Forty-one radio stations also aired CTEC public service announcements in English and Spanish statewide.

CTEC secured a total of 61 media and blog reports during the 2014 tax season, which included prominent news sources such as the Huffington Post, Yahoo! Finance, Business Week, Accounting Today, Los Angeles Daily News, Sacramento Bee, Fresno Bee, News 10 Sacramento, KRON 4 San Francisco, Hoy and La Opinion. The Wall Street Journal, Today Show, New York Times, USA Today and Forbes also mentioned California tax preparer requirements in its reports.

Visual Marketing Campaign

CTEC implemented a visual marketing campaign using Infographics to help reach consumers during the 2014 tax season. The campaign focused on promoting three Infographics regarding California tax preparer requirements and enforcement efforts.

According to Google analytics, the Infographic “Is Your Tax Preparer Legal?” received the most views at more than 1.1 million (and counting)

from late January through April. The other two Infographics that focused on enforcement efforts averaged 700,000 views from February through April.

Most of the views resulted from keyword searches through Google and Bing. As for social media results, most consumers viewed and shared the Infographics through Twitter and Pinterest.

Advertising Campaign

The 2013/2014 advertising campaign expanded its social media reach this year through Facebook, Twitter and YouTube. In addition to social media advertisements, CTEC will continue to run Internet ads through Google year round.

As with past years, CTEC focused most of its budget on outdoor advertisements. Billboards were displayed in San Francisco, Oakland and Fresno. Bus signs were posted in Los Angeles, San Diego, Fresno and Bakersfield.

The decision to advertise in those markets was based on demographics and enforcement reports from the Franchise Tax Board.

CTEC allocated \$210,000 from its 2013/2014 budget for the advertising campaign.