

**Curriculum Provider Standards Committee**

**Ruth Godfrey, Committee Chair**  
National Society of Accountants

**Ann Springborn, Vice Chair**  
Nat'l Assn. of Tax Professionals

**Tracy Allford**  
Liberty Tax Service

**Brandon Chanley**  
Jackson Hewitt Tax Services

**Susie DiMaggio**  
California Society of Enrolled Agents

**Esperanza Escobedo**  
CRTP—Soledad, CA

**Paul Latter**  
H & R Block Tax Service, Inc.

**Susy McMillen**  
CRTP—Palm Desert, CA

**Additional CTEC Directors**

**Marie Archibeque**  
CRTP—Modesto, CA

**Rupinder (Ruby) Bains**  
CRTP—Modesto, CA

**C. Lester Crawford, CTEC Chair**  
CRTP—Los Angeles, CA

**Karen DeVaney**  
CA Society of Tax Consultants, Inc.

**Margaret "Margy" Dunn**  
National Assn. of Enrolled Agents

**Aaron Gray**  
CRTP—Long Beach, CA

**Government Representatives**

**Susan Gaston**  
Internal Revenue Service

**Rebecca Landeros**  
California Franchise Tax Board

**Inside this issue:**

Recap of Annual Board Meeting ....1  
 New Policy—CP36 .....1—2  
 Periodic Review .....3—4  
 FTB Update .....5  
 IRS Update .....6  
 CTEC Contact Information .....7

**Volume 19, Issue 2**

**RECAP - 2017 ANNUAL BOARD MEETING**

**Committee Mission:** The Curriculum Provider Standards Committee of the California Tax Education Council has responsibility for several of CTEC's statutory duties including: setting standards and procedures for curriculum providers, approving or denying schools as curriculum providers, enforcing compliance on the part of curriculum providers, and providing CTEC Registered Tax Preparers and the public with a list of approved curriculum providers.

**New Policy — CP36 - CTEC New Tax Preparer Registration Notice**

A majority of individuals that have successfully completed the 60-hour qualifying education course are not aware that they **must** also complete the registration process with the California Tax Education Council (CTEC). A new policy (**CP36 – New Preparer Registration Notice**) was adopted at the November 2017 board meeting, with instructions for those individuals to complete that process. All CTEC qualifying education approved providers **are required** to provide their students with this notification.

**CP36 — CTEC New Tax Preparer Registration notice includes the following:**

**IMPORTANT:** Just because you successfully completed the 60-hour qualifying education course does not mean you can prepare tax returns in the state of California. You must also complete the registration process with the California Tax Education Council (CTEC). Carefully read the instructions below to complete that process.

Now that you have successfully completed the 60-hour qualification education course, you have 18 months from the completion date listed on the completion certificate provided by your education provider to register with CTEC. If you do not register with CTEC within the allowed 18 months, you will be required to complete another 60-hour qualifying education course before being able to register.

CTEC registration **MUST** be completed online at <https://www.ctec.org/Preparer/>. You will need the following to complete your registration: your social security number (SSN); proof that you have a \$5,000 tax preparer bond; your IRS PTIN number; and, payment of the registration fee with a Visa, Master Card or Debit card.

**CAUTION - You have two registration options**

- If you register as a new preparer before November 1** – you are registering for the cycle year ending on October 31 of that year. **Example:** If you register as a new preparer on October 15, 2017, that registration is only valid thru October 31, 2017. You would be required to take another 20 hours of continuing education sometime between October 15, 2017 and October 31, 2017 to renew your registration for the next registration cycle.

## New Policy CP36 — CTEC New Tax Preparer Registration notice includes the following: (Continued)

2. **If you register as a new preparer after October 31** –you are registering for the next cycle year beginning November 1 of the current year and ending on October 31 of next year. **Example:** If you register as a new preparer on November 2, 2017, your registration is valid thru October 31, 2018. From November 2, 2017 thru October 31, 2018, you will be required to take 20 hours of continuing education from a CTEC approved provider in order to meet the renewal requirements for the next registration cycle, which will begin on November 1, 2018.

Providers need to make it clear to their students that **unless specified**, education providers do not register students with CTEC, it is up to the student to take the final step and complete the registration process.

**All providers are required to familiarize themselves with CTEC’s current policies.** All CTEC policies can be found on the CTEC website at <http://www.ctec.org/Provider/ProviderPolicies/>. These policies are evaluated on a regular basis with the goal of improving the quality of education and, as a result, promoting quality tax return preparation.



### IMPORTANT INFORMATION FOR YOUR STUDENTS TO REMEMBER:

- ◆ CTEC’s annual registration cycle runs from November 1 to October 31 of the following year.
- ◆ After your initial registration, you must complete 20 hours of continuing education annually from a CTEC approved provider and renew your registration with CTEC by October 31st each year.
- ◆ There is a late renewal period that runs from November 1st through January 15th of the following year. If you renew during that time period, a late registration fee will apply.
- ◆ If you fail to renew by January 15th of any given year, you will be required to retake the 60-hour qualifying education course and register as a new preparer.
- ◆ They must have a SSN to register with CTEC.
- ◆ They must have a valid PTIN to register with CTEC.
- ◆ CRTPs are REGISTERED, **NOT** licensed, certified or enrolled.
- ◆ Courses are offered year round — many CRTPs think classes don’t begin until August.
- ◆ Completing CE before the October 31st deadline, but registering after the deadline, does not exempt a CrTP from paying the \$55 late fee.
- ◆ **Unless specified, education providers do not register students with CTEC.**
- ◆ Almost a third of CRTPs do not take advantage of the IRS AFTR program. To enroll, simply go to your PTIN account and agree to abide by Sub part B of Circular 230.



## Periodic Review of Curriculum Providers

Once every three (3) years a CTEC approved curriculum provider is required to submit Continuing Education (CE) and Qualifying Education (QE) courses for periodic review. Providers offering both CE and QE education must submit both types of courses for review. The provisions of CP14 shall be applied to both QE and CE courses.

Curriculum providers subject to periodic review are notified no later than February 1st of the review year.

Notification to curriculum providers, subject to periodic review, will be made by e-mail and in writing to the curriculum provider's last known address. Curriculum providers must submit the course materials and completed checklists no later than June 30th of the year of notification. Providers must submit all materials electronically, as detailed in CP02, and the materials must be received by CTEC by the required due date.

**Please remember that CTEC approved courses must remain in compliance at all times, not just during the periodic review.**



CTEC does not provide assistance in developing a provider's course materials.

CTEC funds cannot be used to assist in developing a provider's course.

It is a conflict of interest for a reviewer to give assistance in developing a course and then be expected to perform a comprehensive review of that course.

**Provider applications** for both QE and CE courses have been streamlined to facilitate administrative processing and technical reviews. Monitoring of compliance to CTEC standards is more straightforward, making reviews and audits less time consuming and more pointed toward non-compliance issues.

As part of this streamlining, **provider application checklists** for both qualifying and continuing education have been expanded to give the providers more guidance on the required content of both new provider and periodic review applications. Periodic review submissions are called "applications" because the provider is applying for continued recognition as an approved curriculum provider. Incomplete applications will be returned to the provider.

**Separate applications** must be submitted by providers offering both QE and CE courses. Each application is processed separately and reviewed individually. Disqualification of one course type does not automatically disqualify the other type. However, disqualification of one type may result in audit of the other under the provisions of CP28.

## Periodic Review of Curriculum Providers: (Continued)

**Bundled courses** designed and marketed to meet the 20-hour annual CTEC CE requirement must be individually approved. The annual CE requirement consists of four parts: 3 hours of federal tax update, 10 hours of federal tax law, 2 hours of ethics, and 5 hours of state tax. Providers offering a bundle of courses to satisfy the 20-hour annual CE requirement must submit all four parts singly for review.

Periodic reviews and audits of both QE and CE courses have generated concerns due to the fact that a significant number of courses have failed to meet CTEC educational standards. These standards, are designed to encourage qualifying and continuing education that will “promote competent tax preparation in California.” These standards are evaluated and modified on a regular basis with the goal of continually improving the quality of QE and CE education for CTEC Registered Tax Preparers (CRTPs).

Providers are charged with the responsibility to develop courses that do, in fact, “promote competent tax preparation in California”. Curriculum reviewers often ask: Is this course substantive and probative? In other words, does this course have a firm basis for the claim that it, in reality, helps to promote competent tax preparation and is, therefore, educationally meaningful? Are there significant parts that do not? Does this course have the quality or function of **proving or demonstrating** that it does, in fact, promote competent tax preparation? Are the questions sufficiently challenging to attest to that? Are there questions that fail to properly challenge the student?

Under CP18 the consequences of a denied course are significant and will be enforced. Providers whose courses fail to meet CTEC standards will be immediately removed from the approved provider list. Access to CTEC’s site to post credits will be denied. Credits for courses sold after notification of course denial is received will not be accepted. A provider may appeal the reviewer’s denial per CP03. In the event that an appealed denial is sustained by the CTEC Board, or the provider acquiesces to the denial, the denied provider’s recourse to become, an approved provider again is limited to submitting a new application under the provisions of CP02.

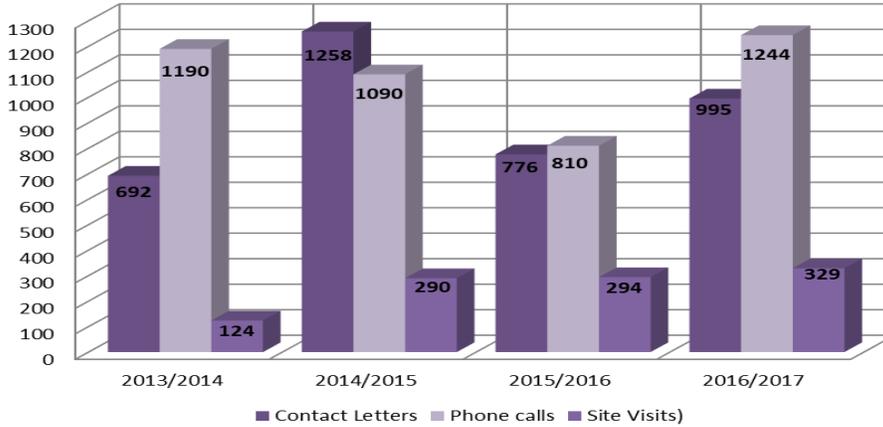
**Primary Sources of Course Denials:** The primary sources of recent course denials have been and continue to be:

1. Material that is not current;
2. Questions that are overly simple;
3. Questions that are confusing and/or poorly written;
4. Textual material that is confusing and/or poorly written;
5. Textual material that is insufficient or incomplete;
6. Text that fails to cover topics relevant to the subject matter;
7. Inappropriate use of prohibited reference material such as Government Publications; and,
8. Failure to submit an approved measure of credit hours.



**STATE OF CALIFORNIA  
Franchise Tax Board Preparer Enforcement**

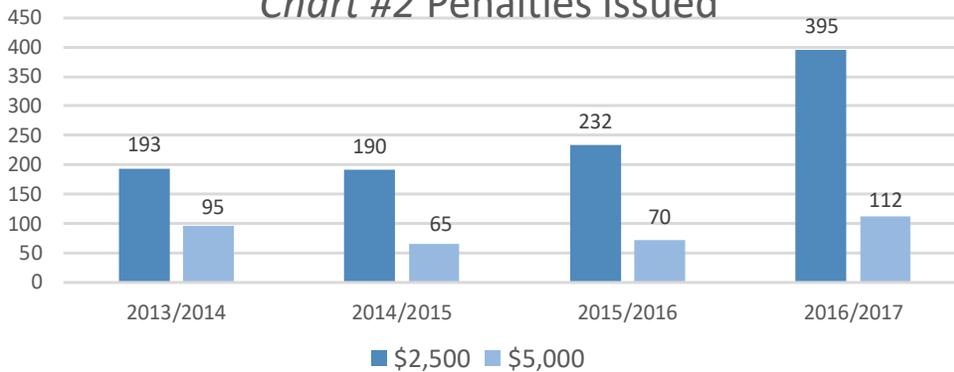
**Chart #1 Type of Preparer Contact**



This chart reflects the number of preparer contacts based on Letters, Phone Calls & Visits.

- 995 received contact letters.
- 1244 outbound phone calls.
- 329 received site visits.

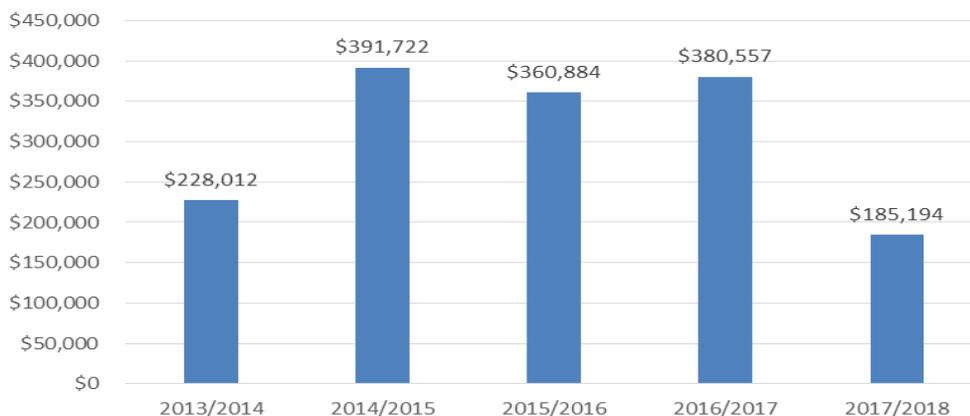
**Chart #2 Penalties Issued**



This chart reflects the number of penalties issued:

- \$2,500 – 395 Issued
- \$5,000 – 112 Issued

**Chart #4 Penalty Revenue**



This chart reflects results of FTB's collection efforts.

All penalties collected by FTB are deposited into the state's general fund.

CTEC and FTB continue to partner together to protect California taxpayers by enforcing tax preparer compliance.

CTEC pays for the entire enforcement program.



### **Annual Filing Season Program (AFSP)**

The IRS has started issuing AFSP-Record of Completion certificates. CRTPs who plan to participate in the IRS voluntary Annual Filing Season Program (AFSP) must have their CTEC renewal registration completed no later than December 31, 2017, which is the IRS deadline for AFSP. CRTPs who plan to represent their clients during IRS examinations must participate in the program to receive limited representation rights. Limited representation rights allow tax preparers to represent clients whose tax returns they prepared and signed, but only before revenue agents, customer service representatives and similar IRS employees, including the Taxpayer Advocate Service.

To have limited practice rights, CRTPs must be an AFSP participant in both the year the tax return was prepared and the year of representation. To obtain an AFSP record of completion, most CRTPs need 15 hours of continuing education (CE) from IRS-approved CE providers. To participate for 2018, the tax preparer needs to complete the CE by December 31, 2017, including ten hours of federal tax law, three hours of federal tax updates, and two hours of ethics.

The IRS has created a [tutorial video](#) to assist participants in signing the consent and printing the Record of Completion. This step must be completed in order for the non-credentialed preparer to show on the Public Directory of Federal Tax Return Preparers with Credentials and Select Qualifications. To learn more, visit [irs.gov/tax-professionals/annual-filing-season-program](https://irs.gov/tax-professionals/annual-filing-season-program).

### **The PTIN system opened on October 16, 2017 at no cost.**

The next round of random EA CE audits is going to take place in this current renewal cycle, April or May of 2018. IRS will look at a random number of EAs who renewed during the last cycle and review the continuing education taken by those EAs to be sure that they've met the requirements.

Identity theft and data security programs that focus on enhancing tax professional awareness of protecting client data, as well as meet other continuing education (CE) program requirements, can qualify for continuing education credit in the federal tax law category. See FAQ 28 under the Program/Course Guidance section.

### **CE Provider Application Renewal Reminder**

The IRS CE Provider system accepts provider renewals from October through December 31 each year. If you plan to offer any program at any time during calendar year 2018 for IRS credit, you must be renewed by December 31, 2017. If you do not renew your IRS approved status by midnight, local time December 31, a late fee will be assessed according to the schedule below, in addition to the current renewal fee of \$565.

- ⇒ January 1 through midnight, local time, January 31 - \$100.00
- ⇒ February 1 through midnight, local time, February 28 (February 29 on leap years) - \$150.00
- ⇒ March 1 through midnight, local time, December 31 - \$200.00

### CTEC MISSION STATEMENT

The California Tax Education Council (CTEC) will continue to establish professional tax education standards, approve tax education providers who comply with these standards, and facilitate tax preparer compliance for the benefit of California taxpayers.

#### CTEC PRODUCTS

- Logo Slicks
- CRTP email and mailing list
- 20" x 26" color CTEC poster
- CTEC Brochures—Choosing Your Professional Tax Preparer (English & Spanish)
- CTEC 2015-2016 Annual reports (available now either online or by mail)

Call CTEC toll free 1-877-850-CTEC (2832) to request a free copy.

#### CONTACT INFORMATION

##### **CALIFORNIA TAX EDUCATION COUNCIL (CTEC)**

PO BOX 2890

SACRAMENTO, CA 95812-2890

Phone: (916) 492-0457

Fax: (916) 447-3447

Toll Free Phone: 877-850-CTEC (2832)

Toll Free Fax: 877-851-CTEC (2832)



**CTEC Board and Committee meetings are open  
to the public**

#### **Sacramento, CA - May 16 – 18, 2018**

May 16, 2017 – Curriculum Provider Task Force meeting beginning at 1:00 p.m.

May 17 - 18, 2017 – CTEC Committee and Board meetings

#### **Coronado Island, CA - November 15 – 16, 2018** – Annual Board and Committee meetings

Please call the CTEC office at 877-850-2832 or e-mail Tabitha Bolkish at [tbolkish@ctec.org](mailto:tbolkish@ctec.org) if you would like to attend.

*CTEC Board minutes are now available online by going to [www.ctec.org](http://www.ctec.org) under Tax Professionals — CTEC Board Information — Board Minutes.*