



*For Immediate Release*

**Contact**  
Gigi Campo  
PR Director  
(916) 296-6913 Cell  
[gcampo@ctec.org](mailto:gcampo@ctec.org)

## **California Tax Preparers Must Still Meet Rules Despite IRS Court Decision**

*The IRS loses an appeal to regulate tax preparers, but California still has its requirements.*

**Sacramento, CA (February 12, 2014)**— The [Internal Revenue Service](#) on Tuesday lost a federal appeal in a legal battle to enforce exam and continuing education requirements on certain tax preparers, a decision that affects close to 40,000 California tax preparers.

“The IRS initiative was very similar to California rules as far as its focus on tax education and consumer protection,” said Mary Beth LaMunyon-Jones, chair of the [California Tax Education Council \(CTEC\)](#), a state-mandated nonprofit organization that helps ensure tax preparer compliance by enforcing registration requirements.

The proposed regulations would have required certain tax preparers 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 since they must already meet testing and educational 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.

“It was one of the biggest differences between what the IRS was doing and what California does. CTEC has the legislative authority to enforce registration requirements on tax preparers. CTEC is law,” said LaMunyon-Jones.

In California, paid tax preparers who are not attorneys, CPAs or EAs, are required **by state law** to register with CTEC. [CTEC-registered tax preparers \(CRTPs\)](#) must complete 60 hours of qualifying education, obtain a \$5,000 surety bond to protect clients against fraud, plus complete 20 hours of continuing education each year. Despite the IRS court ruling, CTEC requirements are still in full force.

The lawsuit was 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 IRS said on Tuesday that it is still reviewing the decision regarding its appeal.

CTEC is a nonprofit organization that was established in 1997 by the California State Legislature to protect taxpayers against fraud and incompetent tax preparers. To report illegal tax preparers, visit [www.ctec.org](http://www.ctec.org) or call (877) 850-CTEC for more information.

-END-