

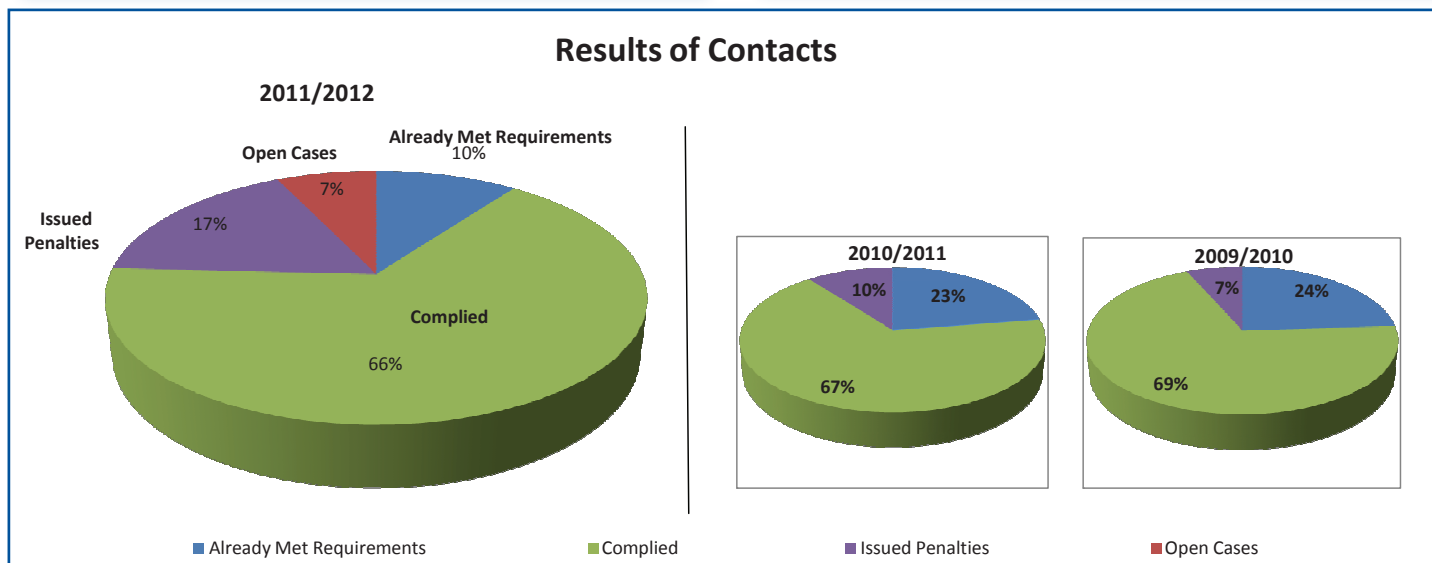
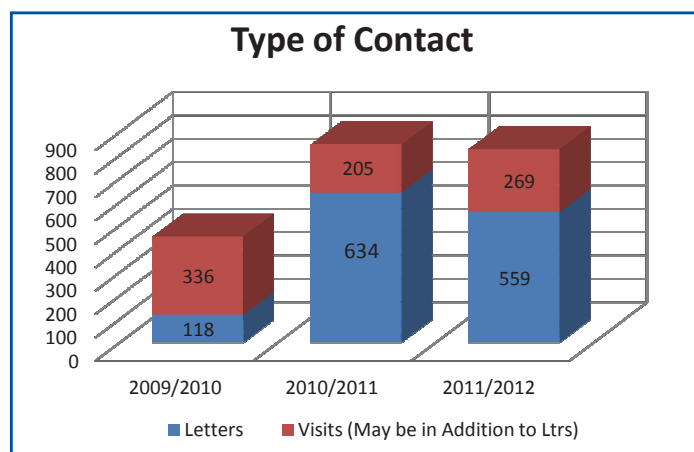
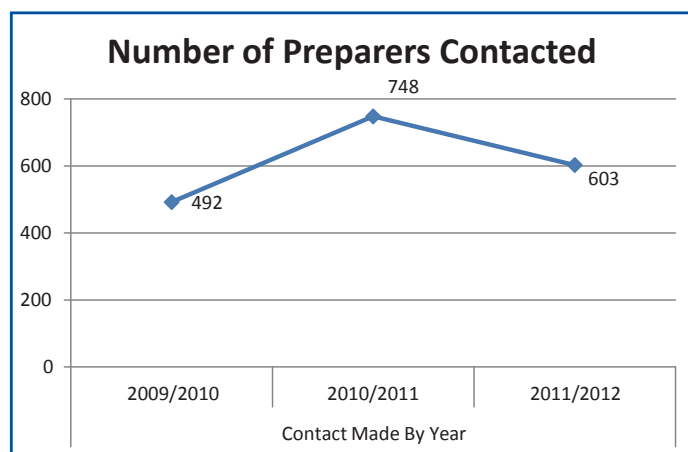
2011/2012 Enforcement Results

Results are as of December 12, 2012.

Illegal tax preparers (anyone who is not an attorney, certified public accountant, CTEC registered tax preparer or enrolled agent) caught preparing, or assisting with preparing, tax returns for a fee will be issued a \$2,500 penalty letter from FTB. Individuals have 90 days to comply before the penalty is enforced. If they don't comply after the \$2,500 penalty is

enforced and continue to file tax returns illegally, the penalty increases to \$5,000.

To report an unregistered tax preparer, please visit www.ctec.org and click on "Report a Tax Preparer." All information submitted will be kept confidential.



CTEC Launches Public Awareness Campaign

The 2013 CTEC advertising campaign is expanding to a new market—Bakersfield. The campaign will focus on bus signs in Los Angeles, San Diego and Bakersfield, Bart signs in San Francisco, as well as billboards in Fresno and Oakland.

Most of the outdoor advertisements will run from late December through mid-April.

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

In addition to focusing on outdoor advertisements, CTEC will continue its year round Internet and mobile phone advertising campaign. The advertisements will target California consumers statewide.

To help secure news coverage, CTEC will send press releases to the media during the 2013 tax season. The message will focus on CTEC and the requirements CTEC registered tax preparers (CRTPs) must complete. CTEC public service announcements will also be sent in English and Spanish to radio stations statewide.

Continued from page 1

Who Needs to Register with CTEC?

According to California Business and Professions Code 22251, the definition of a “tax preparer” is a person “who prepares tax returns” **or** “assists with” preparing tax returns.

Defining who is the “legal tax preparer” of the tax return is clear-cut. In California, legal tax preparers are defined as attorneys, certified public accountants (CPAs), CTEC registered tax preparers (CRTPs), and enrolled agents (EAs).

But how does the law define individuals who “assist with” tax returns? And how does it apply to CTEC requirements?

The law allows attorneys, CPAs and EAs to be exempt from CTEC registration. The law also allows their employees who assist them to be exempt from CTEC registration as long as they do not sign the tax return.

For example, the employee can prepare the tax return, but it is up to the attorney, CPA or EA to review the work and sign his/her name on the client’s tax return. If, however, the employee does sign the tax return, then he/she must register with CTEC.

If there is no attorney, CPA or EA working in the tax preparation office, then both the tax preparer and certain employees

who assist with preparing the tax returns **must be registered with CTEC.**

As of 2008, the “assisting with” definition includes employees who take income tax data from clients and enter it into a computer (whether in person or other contact).

Since taking “tax data” and knowing the right questions to ask clients directly relates to the accuracy of the tax return, the law considers those employees as “tax preparers” even if they do not prepare or sign the actual tax return.

The “assisting with” definition does not apply to employees who are only responsible for doing clerical work. A receptionist, for example, who inputs tax information into a computer for the employer, does not need to register with CTEC.

For more information on who is required to register with CTEC, visit the Franchise Tax Board (FTB) website www.ftb.ca.gov or call the CTEC office (877) 850-2832.

By law, anyone caught preparing, or assisting with preparing, tax returns illegally in California may face a penalty up to \$5,000 from FTB. To report an unregistered tax preparer, visit www.ctec.org.

WELCOME OUR NEW CTEC BOARD MEMBERS



Katie Tae is the newest **CTEC Registered Tax Preparer (CRTP)** to join the board of directors. She currently owns a

private tax practice in Los Angeles. Katie has extensive experience preparing tax returns for individuals and businesses.

Before becoming a CRTP, Katie worked for Deloitte & Touche accounting firm. She has also worked as a forensic accountant for Cohen Miskei and Mowery, LLP.

Katie has a bachelor’s degree in business economics and psychology from UC Santa Cruz.



Greta Zeimet was appointed by the National Association of Tax Professionals (NATP). She is a **Registered Tax Return**

Preparer (RTRP) with the IRS and currently works as the Director for NATP’s Tax Knowledge Center. She leads a team of tax experts that provide research and education services to NATP members.

Before joining NATP, Greta was a manager with Aid Association for Lutherans in its training and development department.

Greta has a Bachelor’s degree in communications with an emphasis in journalism from the University of Wisconsin, as well as a Master’s degree in management and organizational behavior with an emphasis in training and development from Silver Lake College.

Find CTEC



Education Courses on Closer Watch

The Curriculum Provider Standards Committee has put together new policies and procedures to include audits on approved education courses that have been reported to CTEC.

The committee will initiate audits based on reports that outline inaccuracies, low

quality and/or incomplete education courses, which do not meet the standards set by CTEC policy and procedures for tax education.

To report an education course, email CTEC staff at info@ctec.org.

MARK YOUR CALENDAR! YOU ARE INVITED!

CTEC Board and Committee meetings are open to the public

Sacramento May 8-9, 2013

Monterey November 20-21, 2013

Please call the CTEC office at
(877) 850-2832 if you would like to attend.

HOW CAN I CONTACT CTEC?

By Phone:

(877) 850-CTEC (2832)
(916) 492-0457
Mon - Fri
9 a.m. - 5 p.m.

By Mail:

P.O. Box 2890
Sacramento, CA
95812-2890

By Fax:

(877) 851-CTEC (2832)
(916) 447-3447
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NEW LATE RENEWAL DEADLINE

As of November 1, 2012, all **CTEC Registered Tax Preparers** (CRTPs) have until January 15th of each year to renew late. CRTPs who failed to meet the October 31, 2012 renewal deadline only have until January 15, 2013 to renew.

CRTPs who do not renew by January 15th will have to start over, re-take the qualifying education course and register as a new CRTP. Information from the past CTEC registration (i.e. completed education, registration history and prior CTEC number) will not be transferred to the new registration.

Before the policy change, CRTPs had a one-year grace period to renew late.

The focus of the new deadline is to improve compliance. CRTPs cannot prepare any tax returns for a fee until they have a current CTEC registration, which is why the Council decided to shorten the late renewal grace period from 12 months to 10 weeks.

Don't miss the
January 15, 2013
deadline.

CTEC Registration Still Required

A big question that continues to come up is if CTEC registration will be necessary now that the IRS has implemented its own tax preparer rules.

The answer is YES. CTEC registration is still required by state law.

The new IRS plan to register tax preparers does not override CTEC requirements.

Complying with IRS regulations, and not CTEC, while preparing tax returns for a fee in California does not make the individual a "legal" tax preparer.

To be legal in California, unenrolled tax preparers must be registered with both CTEC and IRS.

Failure to register with CTEC may result in penalties up to \$5,000 from the Franchise Tax Board.

Who Needs to Register with CTEC?

There are two important questions that continue to come up— How does California law define legal tax preparers? And are there any exceptions to the CTEC registration rule?

Continued on page 3

California Tax Education Council

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www.ctec.org