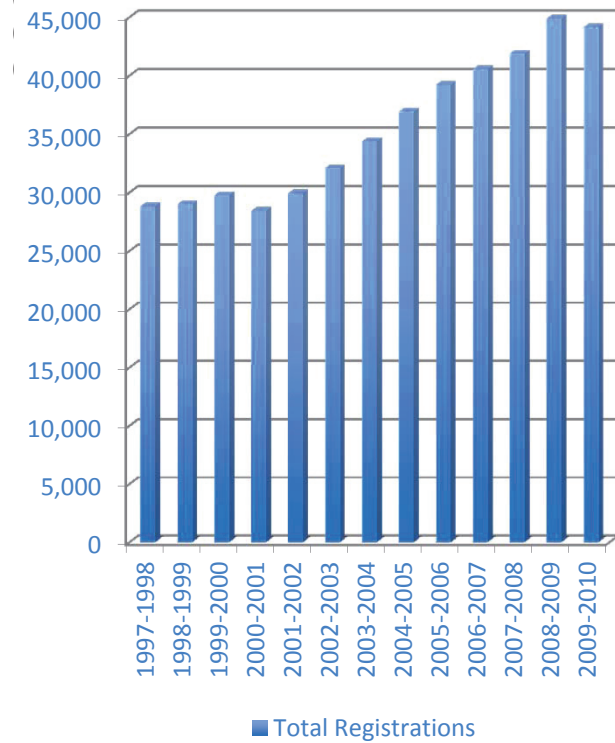


The History of CTEC Registrations



As noted above, 2008-2009 resulted in the highest number of registrants.

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

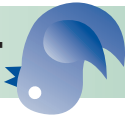
By Fax:
 (877) 851-CTEC (2832)
 (916) 447-3447
 24-HOURS A DAY

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CTEC news & views

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Public Awareness Keeps Strong

Thanks to a mix of traditional media, social media and Internet news sources, more California consumers are verifying if their tax preparer is legal.

Media Coverage

For the 2012/2013 public awareness campaign, CTEC sent press releases to editors, reporters and producers throughout the state. Forty radio stations also aired CTEC public service announcements in English and Spanish statewide.

CTEC secured a total of 117 media hits during the 2013 tax season, including coverage with prominent news sources such as the San Francisco Chronicle, San Jose Mercury News, Los Angeles Times, News Talk 910 San Francisco, La Opinion, Good Morning San Diego and Sacramento Bee.

Advertising Campaign

The 2012/2013 advertising campaign branched out to a new market this year—Bakersfield. The campaign focused on BART signs in San Francisco, bus signs in Los Angeles, San Diego and Bakersfield, as well as billboards in Fresno and Oakland.

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

CTEC also expanded its Internet advertising campaign to focus more on social media, such as Facebook and YouTube. Most of the Internet advertisements will run year round.

CTEC allocated \$200,000 from its 2012/2013 budget for the advertising campaign.

More Enforcement Equals More Penalties

Hundreds of unregistered tax preparers got a reality check this tax season— Either they follow the law or face hefty penalties from the Franchise Tax Board (FTB).

As of April 26, 2013, the FTB Tax Preparer Enforcement Team has contacted 1,232 questionable tax preparers statewide. FTB contacted about 650 more tax preparers this year than in 2012.

Of the tax preparers contacted in 2013, FTB reports that 28 percent of the cases have been resolved.

Remember, California law requires anyone

who prepares tax returns for a fee and is not an attorney, certified public accountant (CPA)

Continued on page 2

Missed the New Late Renewal Deadline?

Starting this year CTEC Registered Tax Preparers (CRTPs) only have until January 15th to renew late. Before the

Continued on page 3

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... More Penalties

or enrolled agent (EA), to register as a tax preparer with the California Tax Education Council (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 is enforced. In the next year, if that tax preparer still fails to comply and continues to prepare tax returns, the penalty increases to \$5,000.

So far, 113 unregistered tax preparers have been issued the \$2,500 penalty for the 2012 enforcement year. FTB reports nine unregistered tax preparers were also issued the \$5,000 penalty.

If you have information regarding an unregistered tax preparer, it is never too late to let FTB know. To report a questionable tax preparer, click on Report a Tax Preparer and fill out the form.

CTEC and FTB partnered in 2005 to better protect consumers against fraud by enforcing tax preparer compliance. All penalties collected by FTB are deposited into the state's general

IRS Nationwide Tax Forums

Registration is now open for the 2013 IRS Nationwide Tax Forums. CTEC will have a table at the below forum:

**San Diego
Town & Country Resort
September 17-19, 2013**

CTEC is scheduled to do a joint presentation with the Franchise Tax Board at the San Diego forum. The presentation will count for one state hour. 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 new 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.

... Renewal Deadline

policy change, CRTPs had until October 31st of the following year to renew late. Unfortunately, the new deadline came as quite a shock for some CRTPs.

Below are answers to the most common questions and complaints regarding the new deadline.

CTEC did not adequately inform CRTPs of the new late renewal deadline.

CTEC publicized the deadline change for two years through newsletters, blog posts and a postcard that was sent to delinquent CRTPs reminding them to register. The first announcement was included in the May 2011 newsletter and was in each newsletter since then.

Why did CTEC change the deadline?

By law, CRTPs cannot prepare tax returns for a fee until they are compliant with CTEC despite any "good intentions" to renew. Unfortunately, too many CRTPs were still preparing tax returns for clients with a delinquent registration.

The goal of the new deadline is simply to bring delinquent CRTPs into compliance before the start of tax season.

I completed my requirements, but I didn't have time to renew by the deadline. Why should I be forced to re-register as a new tax preparer?

Please understand that at some point CTEC has to enforce a cut-off date to stop accepting late registrations. The

process to renew online takes minutes to complete once the requirements have been met.

The best tax update courses are offered in November and December, which makes the new January 15th deadline tough (if not impossible) to meet.

Many CRTPs claim the best tax update courses are offered after October. As a result, some CRTPs argue that they are forced to pay CTEC a late fee each year because they can't meet the October 31st renewal deadline.

Keep in mind that CTEC's registration cycle runs from November 1st through October 31st of each year, which means any education taken between those dates is good for the current registration cycle.

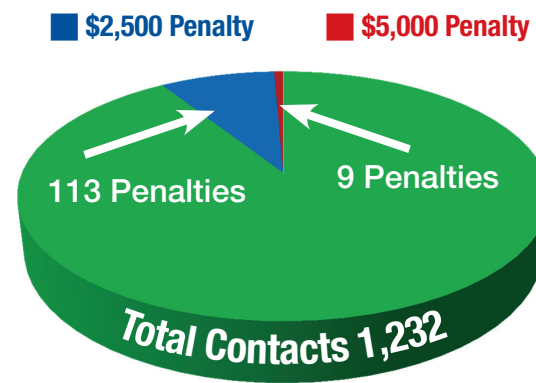
For example, did you complete a course on or after November 1, 2012? Any unused education completed from that date until October 31, 2013 can be used towards the new 2013/2014 CTEC registration cycle.

It may take some of you an extra education course or registration cycle to get on track without having to renew late, but eventually it will save you from paying the \$55 late fee, plus you can take the education courses you want when you want.

New CTEC Certificate Requirement

Starting the 2013/2014 CTEC registration cycle, all certificates must be made visible to consumers at the place of business. The CTEC certificate can be displayed at the entrance, desks or another conspicuous location where business activities are performed.

2012/2013 Enforcement Results



Penalties listed are from 2012 enforcement efforts. As of April 26, 2013, no penalties have been assessed for the 2013 enforcement year.

fund. CTEC pays for the entire enforcement program and receives no financial assistance from the state.

Court Ruling on IRS Regulations

On January 18, 2013, a federal judge barred the IRS from enforcing its continuing education and competency exam rules for unenrolled tax preparers.

It means, from this point on, CTEC Registered Tax Preparers (CRTPs) are not required to pass the IRS exam or report continuing education hours to the IRS.

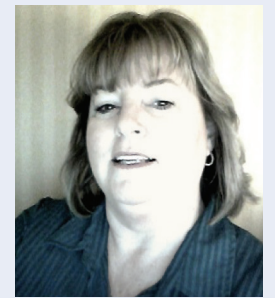
Before the ruling, CRTPs had to comply with the new IRS tax preparer regulations in order to be compliant with CTEC.

However, CRTPs are still required to obtain a valid Preparer Tax Identification Number (PTIN) before they can register or renew with CTEC—the only IRS requirement not challenged in the lawsuit. CRTPs are also still required to complete 20 hours of continuing education each year from a CTEC-approved education provider, plus obtain a \$5,000 surety bond.

The IRS filed an appeal in February; however, the D.C. Circuit Court of Appeals denied the IRS' request to suspend the ruling. According to the order, the appeals court said the IRS "had not satisfied the stringent requirements for a stay pending appeal."

As of April 25, 2013, the IRS had not issued a statement on whether or not it will appeal the latest ruling in the case.

WELCOME OUR NEW CTEC BOARD MEMBER



Pamela Jipp was appointed by the California Society of Enrolled Agents (CSEA). She began her career as a tax preparer in 1997 and became an enrolled agent in 2003.

Pamela is an active board member with the Inland Empire Chapter of CSEA and served as its President from 2011 through 2012. She is currently a member of CSEA's Education and Membership Committees and is also Chair of CSEA's Education Foundation Scholarship Committee.

Pamela's tax practice is located in Southern California, specializing in individual income tax preparation and tax representation services.

MARK YOUR CALENDAR! YOU ARE INVITED!

CTEC Board and Committee meetings are open to the public

Sacramento May 9-10, 2013

Monterey November 14-15, 2013

Call CTEC at (877) 850-2832 if you would like to attend.