
PROVIDER CONDUCT

(a) Background: CTEC is charged with the responsibility to implement and administer the provisions of The Tax Preparers Act (July 1, 1997) (see CP01(a) and (b)) so as “to promote competent tax preparation within the State of California”. CTEC does not provide education but relies, in large part, on approved, privately owned curriculum providers to supply qualifying and continuing education (California Business & Professions Code Section 22251(c) (see also CP01(c)). CTEC has, pursuant to this mandate, established education standards, policies, and procedures that are designed to promote quality qualifying and continuing education. These standards and policies are evaluated on a regular basis with the goal of improving the quality of education and, as a result, quality tax return preparation in the State of California.

CTEC Board of Directors realize that the business of providing qualifying and/or continuing education is a competitive business. It is, therefore, incumbent that CTEC educational standards be rigorously enforced on a fair and impartial basis. It is the role of CTEC to recognize qualified courses and, on that basis, to approve providers.

Commentary: CTEC also recognizes that price and quality are essential components of a provider’s business model. CTEC does not and must not attempt to regulate price. Quality, however, is evaluated by CTEC reviewers, and courses that are “quick” and/or “easy” often fail to meet CTEC educational standards, particularly those outlined in CP23(j)(5).

(b) Provider Non-Compliance: CTEC has encountered the following forms of non-compliance, and when encountered, imposes appropriate sanctions:

- (1) Issuing credits without proper completion of the course;
- (2) Issuing inflated education credits not justified by the effort required;
- (3) Failing to properly update their courses as required by CP32 & CP23(j)(5)(D);
- (4) Offering overly simplistic (“quick” and/or “easy”) courses ineligible for credits;
- (5) Submitting, for CTEC approval, a course that meets CTEC educational standards while offering others that do not. CTEC will, under the authority of CP28, audit additional provider courses where this is suspected;
- (6) Advertising courses as “quick” and/or “easy” or with other terms intended to convey the message the course can be completed in a shorter time than the “word count” or “pilot testing” supports;
- (7) Any other action or inaction, whether oral or written, that evidences an attempt to gain a competitive advantage at the sacrifice of an appropriate level of quality.

(c) Follow CTEC Education Standards – This standard is intended to inform, advise and remind providers of their individual responsibility to meet CTEC’s education standards. The CTEC Board of Directors expects providers to partner with CTEC in providing education that does, in fact, promote competent tax preparation on the part of CTEC Registered Tax Preparers. Therefore, providers are expected to develop courses with intentionality to comply, not only with the letter of CTEC educational standards, but also ***comply with the spirit of those standards.***



- (d) **Self-policing - Where** providers become aware that a self-study course is providing education credits substantially in excess of the actual average time to take the course, as determined from the course evaluations, they should immediately take steps to reduce the credits or cease selling the course. This is true even if the course meets the word count formula for determining credit.
- (e) **Understanding the Differences between QE and CE Education** – CTEC offers two levels of education--qualifying (QE) and continuing (CE). Qualifying education is basic tax education, essentially "Tax 101"; continuing education is for tax preparers who have satisfied the entry-level requirements and, as such, must be more academically rigorous than qualifying education. While this difference can be a matter of judgment, CTEC reviewers are charged with exercising this judgment. Self-study CE courses should challenge the student and not be so basic as to permit the student to skip the study of course material and go straight to the exam, which allows the student to satisfy their annual CE requirements without gaining knowledge, and satisfying their education requirements with far less time than is required.
- (d) **Technical Competence** – CP 23(j)(4) requires providers, and those who develop and teach courses for providers, to be technically competent. In this regard, while CP23(j)(4) requires that they be a CRTP, EA, CPA, or attorney, having one or more of these credentials does not establish, of itself, the requisite competence. The individual must possess an expertise in tax demonstrated through practical experience.