



# THE PROVIDER



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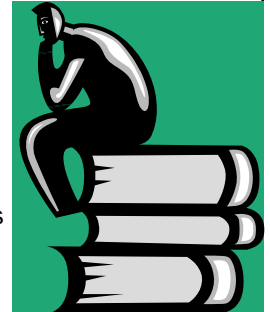
Mission Society of Enrolled Agents

**Greta Zeimetz**

Nat’l Assn. of Tax Professionals

## Be Sure Your Students Are Well Informed!

CTEC receives thousands of inquiries throughout the year, usually regarding the same issues. Recently, however, the CTEC staff has encountered a growing number of preparers who were under the mistaken assumption that their education provider was renewing their CTEC registration. This misconception comes about when the provider tells his/her students that he/she will be uploading their students information to CTEC. The preparer wrongly assumes the provider is registering him/her and there is nothing further for the preparer to do. Unfortunately, the preparer does not realize the process was not completed until they go online to check their registration status and see that the registration has expired. To help alleviate this problem, CTEC has sent each education provider a copy of a letter to include with their student’s Certificate of Completion. The letter outlines the next steps each student must take in order to complete the CTEC registration process. Remind preparers you are only helping complete one step of the online application process and they must register with CTEC on their own. Please help us better communicate with new and renewing CRTPs so we can make the registration process as efficient as possible.



### ⇒ **Renewal Registration**

Please advise your students that CTEC renewal registration begins **August 1st** of each year.

### ⇒ **Challenge Your Students**

There are many CRTPs requesting more challenging courses to meet their continuing education requirement. We want students to learn something **new** while taking CE, and sources tell us many classes seem like refresher courses for beginners rather than education they can use to enhance their careers. Many students would find a course more interesting if it focused on intermediate/advanced content and dealt with unique topics and issues. If you already offer courses like these, promote the advanced or unusual courses in your advertising to attract enquiring.

### ⇒ **Applying as a New Preparer**

New CTEC registrants often have many questions regarding their requirements as new CRTPs. Please encourage students to understand CTEC policy and refer them to our toll free number with questions.

Qualifying education is valid for 18 months from the completion date of the 60 hour QE course. Those students completing the 60 hour QE course in August, September or October and not preparing taxes until after November 1st should wait until November 1st to register as new preparers. If they register as a new preparer before November 1st, they will be required to take 20-hours of continuing education by October 31st to meet CTEC requirements.

### ⇒ **Continuing Education**

People cannot take CE until they are officially registered with CTEC. Providers need to be sure anyone signing up for CE courses has a CTEC number. If they do not, they will not be able to use those CE hours to meet their CTEC requirements. Once an individual is registered with CTEC, they are required to renew their registration by October 31st of each year. CTEC’s year is from November 1st thru October 31st of the following year.

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## IRS UPDATE

IRS representatives, Sue Gaston and Preston Benoit, attended the November 2012 Curriculum Provider Standards Committee meeting in Los Angeles, CA. Sue Gaston informed the committee that 608 providers have been approved by the IRS. Renewal process for IRS providers starts October 1st - December 31st. By late spring, IRS hopes to have a public database listing registered preparers.

Providers are required to upload student information quarterly to the IRS. However, in January student information is required to be uploaded within 10 business days.

As of August 1st, 32,905 un-enrolled preparers have passed the RTRP competency exam, with 70,000 un-enrolled preparers currently registered to take the exam. IRS representative from the Return Preparer Office are scheduled to attend all future CTEC meetings.

## CTEC Late fees and registration

**Starting November 1, 2012**, the late fee increased from **\$15 to \$55**. Additionally, CRTPs who do not renew their registration by **January 15, 2013**, and each year thereafter, will have to *re-take* the 60-hour qualifying education course, and register as a *new* CRTP.

Online registration was required beginning August 1, 2012 for the 2012/2013 cycle year. Mail-in applications are accepted on a case-by-case basis.

## SUMMARY REPORT



## Approved Education Provider Status

- \* CTEC approved providers 122
- \* Providers offering Qualifying Education courses 71
- \* Providers offering Continuing Education courses 110

## Registration update

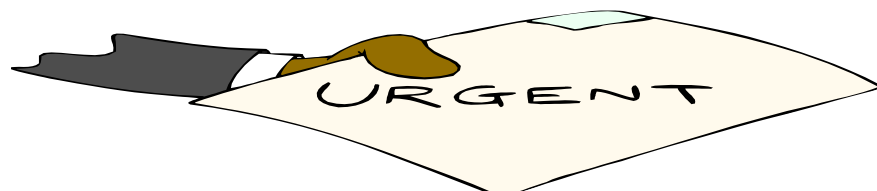
From August 1, 2012 to December 18 2012, CTEC has registered the following:

- \* Total Registrations: 29,358
- \* Total Renewals: 28,330
- \* Total New: 1,028

## Watch Your Words

Lately we've caught a growing number of education providers incorrectly using the term "**licensed**" or "**certified**" in their publications and advertisements. Please remember, CTEC does not issue licenses or certifications. Only CPAs and attorneys are licensed; EAs are enrolled before the Internal Revenue Service. Each is required to pass a standardized test before they can obtain a license or an enrollment. According to California law, tax preparers who are not licensed or enrolled must be registered with CTEC.

Despite the change to conform to federal regulations, please remember CTEC and IRS still have different requirements and deadlines for tax preparers. **CTEC requirements for CRTPs are not going away. CRTPs must comply with both CTEC and IRS requirements.**



## New and Revised Policies

With the implementation of the IRS Tax Preparer Program, CTEC Registered Tax Preparers (CRTPs) have to meet both IRS and CTEC education requirements. Therefore, CTEC approved courses must meet the requirements of both the IRS and CTEC. To insure quality education, CTEC continues revising curriculum policies and procedures to be sure education providers are delivering **quality courses**.

At the November 2012 annual board meeting, the board approved the following policies related to CE and providers and their courses:

### ⇒ CP06 - Provider Reporting Requirements

There have been numerous complaints from CRTPs in regards to paying a late fee because education was not being uploaded in a timely fashion by providers. CTEC's policy requires all CTEC approved providers to electronically submit the education to CTEC within 45 days of the completion date of a course.

CP06 policy was revised and approved as follows:

**Starting January 1, 2014**, All CTEC approved providers are required to submit education electronically to CTEC within **10 business days** of the date the student completes the course. Providers who are not in compliance with the revised new due date will be fined according to the following schedule:

**1<sup>st</sup> offense \$100**

**2<sup>nd</sup> offense \$200**

**3<sup>rd</sup> offense \$300**

**4<sup>th</sup> offense \$400**

**5<sup>th</sup> offense \$500**

Each fine will be doubled every 10 days until provider is in compliance.

### ⇒ CP23 - Education Standards

In order to increase the educational value of provider courses significant modifications were made to CP23. Regarding the need for courses to be:

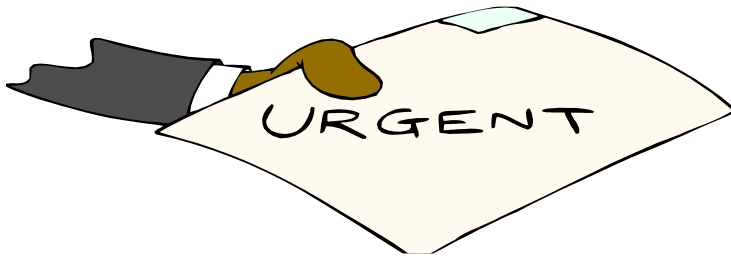
- Clearly Written
- Technically Accurate
- Current
- Complete
- Sufficient

These changes convey a clearer picture of the quality of courses expected of CTEC approved providers.

### ⇒ CP24 - Limitations on the use of federal and state publications

If a course includes excerpts from reference materials:

- The word count formula must be used.
- The word count cannot include text from reference materials.
- Reference material must be disclosed by clearly identifying the material when submitting a course for review.
- Applications with inadequate disclosure will be rejected.
- If a course is audited and undisclosed reference material is present the course will be disqualified for credit.



New and Revised policies continued...

### CP25 - Provider Task Force Meeting

In an effort to keep approved providers informed regarding important CTEC issues, the Curriculum Provider Standards Committee initiated the Provider Task Force Meeting, an annual event, usually occurring in May in Sacramento.

The purpose of the Provider Task Force Meeting is to keep approved providers informed regarding issues impacting CTEC educational requirements, computer technology and updated CTEC policies and procedures. The meeting also provides a forum for providers to discuss issues and concerns they may have regarding the program. Since the Task Force Meeting was initiated, providers have attended on a voluntary basis. However, beginning January 1, 2012, the following policies have taken effect regarding both new providers and currently approved providers:

1. New providers will be required to attend a provider orientation session within the first year of their approval. This orientation session will occur Wednesday morning prior to CTEC's May and November board meetings. If these dates are not available for a new provider, an individual orientation session can be scheduled in Sacramento. Travel expenses to this session will be paid by the provider.
2. For all currently approved providers, they will be required to attend a Provider Task Force meeting once every three years beginning January 1, 2012. Travel expenses to these meetings will be paid by the provider.

**Failure to meet these requirements will result in the loss of a provider's "approval" status.**

### ⇒ CP28 - Self-Study Course Auditing Policy

There have been a few complaints regarding the quality of some CTEC approved education courses. As a result, the Curriculum Provider Standards Committee has put together new policies and procedures to include audits on courses that do not meet CTEC's educational standards.

The committee will initiate audits based on reports identifying substandard courses.

To report a substandard course, email CTEC staff at [info@ctec.org](mailto:info@ctec.org)

### ⇒ Provider Approval and Responsibility

#### Approval

- Must submit their **most popular course** for review.
- If the most popular course is part of a bundle, the entire **bundle must be submitted** for review.

#### Responsibility

- Providers must be diligent in awarding the correct amount of credit for a course.
- Review staff has the discretion to **reduce credits or withhold approval** for courses deemed by the review staff to be **too simplistic or so simplistic that a student does not need to read the material to pass the exam.**

**FRANCHISE TAX BOARD  
ENFORCEMENT**

The Franchise Tax Board (FTB) enforcement team will visit tax preparation offices during the 2013 tax season to make sure unregistered tax preparers comply with the law. Anyone caught preparing tax returns illegally will be issued a \$2,500 penalty letter from FTB. Unregistered tax preparers 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. Remember the enforcement penalty is not just for unregistered tax preparers who prepare and sign tax returns. CTEC requirements also apply to anyone who assists with preparing the tax return. The only exception to the rule is employees of attorneys, certified public accountants (CPAs) and enrolled agents (EAs)—but only if the employee does not sign the tax return. If the employee does sign the tax return, then he/she must register with CTEC.

Anyone who has information about an unregistered tax preparer is asked to fill out the Noncompliant Complaint Form at [www.ctec.org](http://www.ctec.org). All reports are kept confidential.

**Exempt vs. Nonexempt: Who Needs to Register with CTEC?**

So how does the law define “assisting with?” Below is a list the scenarios from the FTB website...

If you:	And you:	Does the state of California require CTEC registration?
Are an inactive CPA or are a non-California CPA	Prepare income tax returns for a fee in California	Yes, or you must resume/become an active California CPA
Work for an exempt tax preparer	Sign the income tax return	Yes
	<b>Do not</b> sign the income tax return (exempt tax preparer is the responsible party)	No
Work for a CTEC Registered Tax Preparer (CRTP)	Take income tax data from a client and enter it into a computer (whether in person or other contact)	Yes
	Have no contact with clients and perform the clerical function of inputting tax information into the computer for your employer	No
Are a nonexempt tax preparer	Take income tax data from a client and enter it into a computer and/or prepare the income tax return	Yes
Are a nonexempt tax preparer who prepares income tax returns that are bundled or included with other services	Receive a fee for the bundle of services which include the preparation of the income tax return	Yes
Are an employee of a business unrelated to income tax return preparation	Prepare (or assist with preparation of) the company's business income tax return	No
	Compile the company's business income tax information for submission to a paid tax preparer who will prepare the income tax return	No

### 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”

#### CONTACT INFORMATION

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Fax: (916) 447-3447  
Toll Free Fax: 877-851-CTEC (2832)

E-mail: [info@ctec.org](mailto:info@ctec.org)  
Website: [www.ctec.org](http://www.ctec.org)

#### CTEC PRODUCTS

- ◆ Logo Slicks
- ◆ CRTP mailing list
- ◆ 20" x 26" color CTEC poster
- ◆ CTEC Brochures—Choosing Your Professional Tax Preparer (English and Spanish)
- ◆ CTEC 2011–2012 Annual reports are available now either online or by mail. Call CTEC toll free 1-877-850-CTEC (8232) to request a free copy.

### Mark Your Calendar!

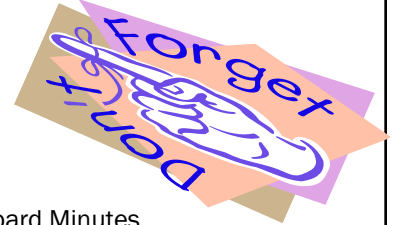
The next Curriculum Provider Task Force meeting is scheduled for May 08, 2013 in Sacramento, CA

The next CTEC board and committee meetings are scheduled for May 9 and 10, 2013 in Sacramento, CA

Details on meeting locations will be posted on our website as information becomes available. Agendas are posted on the website one week prior to the board meeting.

Please call the CTEC office at (877) 850-2832 or email 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 CTEC Board—Board Minutes.



### Welcome Our New CTEC Board Member



**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 Zeimetz** was appointed to the CTEC board 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.