

Curriculum Provider  
Standards  
Committee

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## REVISED CTEC POLICIES

The following CTEC policies were revised and approved by the CTEC board at the November 2014 Annual Board meeting. All CTEC policies can be found on the CTEC website at <http://www.ctec.org/Provider/ProviderPolicies/>

**CP02 – Provider Application** – The California Tax Education Council (CTEC) is charged with the responsibility to implement and administer the provisions of The Tax Preparers Act (Division 8, Chapter 14 of the Business and Professions Code of California Sections 22250-22259). Pursuant to the Act, CTEC has developed a process for approving curriculum providers. Curriculum providers can be approved to provide two types of education, qualifying education (QE) and continuing education (CE). A separate approval is required for each type of education.

**02.02 - Curriculum Provider Requirements - Number .04** was added to read **“Have not had a finding made by CTEC that the curriculum provider engaged in fraudulent practices”**.

**02.03.04 – Incomplete Application** – The following sentence was added at the end of the paragraph: **“CTEC staff has the prerogative to waive the fee where the omission is minor and the provider promptly and correctly provides the missing item (s)”**.

**02.03.07 – Review** – 120 days was replaced with 60 days. It should read: **“Within 60 days of receipt of an application, a CTEC reviewer will prepare a written report”**.

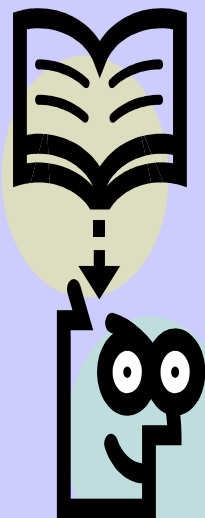
**02.03.07.01 – Course Materials Comply** – The following words were added **“Approved or”** to the sentence. It should read: **“The curriculum provider will be notified in writing that provider status will be approved or continued”**.

**CP03 – Appeal Process** – When the curriculum reviewer determines that an applicant or curriculum provider be denied CTEC approved curriculum provider status, the applicant or curriculum provider may appeal that decision using the procedure outlined in paragraph 3.03 below.

**03.03.03 – Written Appeal Process** – The following sentence was modified **from “A second CTEC course reviewer to review both the conclusions of the first reviewer and the written appeal” to “A second CTEC course reviewer, within 60 days after CTEC receives the written review, shall review both the conclusions of the first reviewer and the written appeal”**.

**CP06 – Provider Reporting** – Providers record and report to CTEC those students who successfully complete their CTEC approved courses per 6.02. This information is used to confirm the successful completion of the educational requirements claimed by tax preparers when they register with CTEC. Tax preparers are required to provide CTEC with a list of CTEC-approved courses they have completed to register or renew their registration as a CTEC Registered Tax Preparer (CRTP). CTEC as part of the registration process must be able to validate an applicant’s course completion during the Registration process.

### Revised CTEC policies (continued)



#### **REMINDER**

#### **Provider reporting requirements**

**CTEC approved providers are required to submit education electronically to CTEC within 10 business days of the date the student completes the course.**

**CTEC approved providers are required to familiarize themselves with all CTEC provider policies.**

#### CP06 – Provider Reporting :

**06.02 – Method and deadline for reporting** – The following sentence was modified from “All CTEC approved providers are required to submit education electronically to CTEC within 30 calendar days between January 16 and June 30 and within 10 business days for the balance of the year of the date the student completes the course” to “All CTEC approved providers are required to submit education electronically to CTEC within 30 calendar days between January 16 and June 30 and within 10 business days for **any other period within the calendar year in which the student completes the course**”.

**CP13 – Self Study** – The California Business & Professions Code, Section 22255, requires that individuals successfully complete both a 60-hour Qualifying Education (QE) course to become a CTEC Registered Tax Preparer (CRTP) and 20 hours annually of Continuing Education (CE) to renew their registration. The 20-hour requirement includes:

- 10-hours of CE in Federal tax subjects,
- 3-hours of CE in Federal tax updates,
- 2-hours of CE in ethics, and
- 5-hours of CE in California tax topics.

QE and CE courses must be taken from a CTEC-approved curriculum provider and can be either instructor-led courses or self-study courses. CE courses qualifying for both IRS and CTEC credit must be taken from a CTEC-approved curriculum provider that is both CTEC and IRS-approved and can be either instructor-led courses or self-study courses.

**13.06.02 – Questions** – The word “they” was struck from the sentence. It should read: “**Review questions, exercises, and final examination questions are accounted for separately**”.

**13.08 – Example Interactive Review Question and Feedback** – under C. the word “exceeding” was replaced with “exceed”, it should read “**A period not to exceed an aggregate of two years**”.

**CP18 – Curriculum Provider non-compliance** – The legislative history of the Tax Preparers Act (California Business and Professions Code 22250-22259) states that the mandate of the California Tax Education Council (CTEC) is “to promote competent tax preparation within the State of California”. To promote competent tax preparation CTEC administrates an education program designed to ensure that California tax preparers’ skills are enhanced through Qualifying (QE) and Continuing education (CE). To that end CTEC monitors and enforces educational standards designed to ensure that mandate is carried out.

**18.02** – The following number was added: **.05 – “CTEC may determine that a curriculum provider is not adhering to the established CTEC standards if it finds that the curriculum provider has engaged in fraudulent practices”.**

### Revised CTEC policies (continued)

**CP20—Use of Tax Returns as Part of Testing—** CTEC Policy CP13 requires all Self-Study courses to measure completion by means of an examination. In addition, regardless of whether they are self-study or face-to-face courses, satisfactory completion of a Qualifying Education (QE) course is measured by means of a final examination (Reference CTEC Policy CP19). Preparing tax returns is not allowed for CE credit but is allowed to a limited extent described in 20.02 for QE courses.

**20.02.05—**The sentence was modified from “Course problems and exercises may not be duplicated in the final examination”. to “Course problems and exercises **used in review quizzes or course materials** may not be duplicated in the final examination”.

**CP24 – Limitations on use of Federal & State publications –** Effective in 2012, CTEC CE standards limit the use of general professional literature, IRS/FTB, and other government publications to supplemental reference material only.

**24.03 – Prohibited Materials –** The word “only” was added to the first sentence. It should read: “Self-study courses requiring **only** the reading of general professional literature, IRS/FTB or other government...”

**CP32 - Update Course Guidelines –** The annual continuing education requirements for CRTP renewal includes 3 hours of federal tax update. The purpose of the update element of education is to ensure that CRTPs are aware of recent changes in tax law, revenue rulings, revenue procedures, court cases, and other authoritative promulgations that will impact the preparation of federal income tax returns.

**Commentary:** This update portion shall not include any California specific topics. California specific update topics should be included in the 5-hour California Tax element of the annual CE requirement policy.

**32.02 – Update Guidelines –** The following paragraph “Tax law and procedures are constantly changing and any significant omission will cause the course to be disqualified. Therefore, all CTEC courses are required to be current with new/deleted tax law/revisions in effect 30 days before presentation of the course materials. Presentation is defined as the date of delivery to the student, whether by mail, e-mail or live” **was replaced** with “**Tax law and procedures are constantly changing and any significant omission will cause the course to be disqualified. Therefore all CTEC courses are required to be current with new/deleted tax law/revisions as of the date of publication, but not later than:**

- 60 days in the case of a live presentation syllabus\*.
- 90 days in the case of recorded webinars\*.
- 90 days in the case of on-line self-study courses or self-study syllabus\*.

CTEC believes that every approved provider has the responsibility to keep their courses up to date with the ever-changing tax laws and exercise due-diligence in researching changes. Curriculum review staff has the discretion to reject courses where they believe the provider has failed to live up to those responsibilities.

*\* This requirement can be satisfied with the use of addendums added to a course syllabus.*

**32.03 – Required Content –** The following sentence was modified under “**Commentary:** Other Administrative Promulgations was changed to “**Other Administrative Announcements**”. Since tax preparation software will account for changes in standard deductions, exemption and other inflation adjustments this type of information should not represent a significant amount of the material in the course” to read “**Commentary:** Standard deductions, exemption and other inflation adjustments - this type of information **shall** not represent a significant amount of the material in the course. **Curriculum review staff has the discretion to reduce word count where they deem that type of information to be excessive**”.

### Revised CTEC policies (continued)

**32.04 – Education Cycle:** The following was added: “The CTEC education cycle is November 1 through October 31. Update courses offered after October 31 shall contain update material related to the subsequent tax year. Curriculum review staff has the discretion to disqualify courses offered after October 31 that has not been updated for the subsequent year.”

**CTEC approved providers must submit to CTEC**

### CTEC Approved Providers MUST send...

CTEC policy CP02 – Provider Application – 02.02 -Curriculum provider requirements states: To apply to become or maintain the status as an approved CTEC curriculum provider, an applicant must be an approved IRS RPO approved provider and provide the IRS approval letter as verification.

Providers **MUST** provide CTEC via e-mail, fax or mail the IRS Approval letter as verification by **January 31, 2015**. However, where a provider limits it’s course offerings to **California** tax studies (no federal), only CTEC approval is required.

#### Providers must also:

- ⇒ Have and maintain an established physical place of business. The curriculum provider must **notify CTEC within 10 business days** of any change in the physical place of business.
- ⇒ Have and maintain a business telephone line available to students that is:
  - ◆ during regular business hours, attended by the curriculum provider or the curriculum provider’s staff; or
  - ◆ attended by an answering service during regular business hours; or
  - ◆ equipped with message taking capabilities that are active during regular business hours.
- ⇒ Have and maintain an e-mail address that is available to students. Responses to messages requesting or necessitating student contact will be made within 2 business days.



**IRS**  
**UPDATE**



### IRS Launches New Voluntary Tax Preparer Program

The new IRS voluntary Annual Filing Season Program (AFSP) is in effect as of January 1, 2015. Participants of the program are required to obtain a valid 2015 IRS Preparer Tax Identification Number (PTIN), pass the Annual Federal Tax Refresher (AFTR) course and test (if required), plus meet federal continuing education (CE) requirements.

Some tax preparers, including CTEC Registered Tax Preparers (CRTPs), are exempt from the AFTR course. **CTEC federal CE hours must be uploaded by the CE Provider to the IRS to qualify for the CE components of the AFSP—Record of Completion.**

If CRTPs have met the IRS continuing education requirement, there is still a step they must take to participate:

## IRS information (continued)

The procedure for filing with the IRS is as follows:

- Visit [www.irs.gov/ptin](http://www.irs.gov/ptin) and log into your PTIN account
- On the Main Menu, select “AFSP Record of Completion – Circular 230 Consent”
- Follow the screen prompts to elect to participate
- In 24 hours, log in again to find your printable Record of Completion in your “View My Messages” mailbox

This procedure is the last step necessary to participate in the IRS program so that CRTPs will be listed in the “Directory of Federal Tax Return Preparers with Credentials and Select Qualifications” set to launch on the IRS website in January 2015. The “Directory of Federal Tax Return Preparers with Credentials and Select Qualifications” will only include attorneys, certified public accountants (CPAs), enrolled agents (EAs), enrolled retirement plan agents (ERPAs), enrolled actuaries and individuals who have received an Annual Filing Season Program – Record of Completion.

For more information about the IRS program, visit [www.irs.gov/Tax-Professionals/Annual-Filing-Season-Program](http://www.irs.gov/Tax-Professionals/Annual-Filing-Season-Program).

Keep up to date by following the IRS Return Preparer Office on Facebook. Click on “Ways to Stay Informed” at [www.irs.gov/for-Tax-Pros](http://www.irs.gov/for-Tax-Pros) for the link, along with other tools for staying connected.

For 2015, the AFSP generally requires return preparers to complete 11 hours of CE, which includes a six hour Annual Federal Tax Refresher course, three hours of other federal tax law topics and two hours of ethics. Certain categories of return preparers who have passed recognized tests administered by states and other organizations can participate in the program by obtaining eight hours of continuing education. All CE courses must be obtained from IRS-approved CE providers.

Specific requirements are outlined at: [www.irs.gov/Tax-Professionals/Annual-Filing-Season-Program](http://www.irs.gov/Tax-Professionals/Annual-Filing-Season-Program).

A [list of all IRS-approved CE providers](#) offering qualifying courses is available online.

All IRS-approved CE providers are given ten business days to report CE hours to the IRS during the October-December timeframe.

## Franchise Tax Board Enforcement

As of October 30, 2014 this year’s total number of potentially unregistered preparers decreased to 692. All of these preparers have been contacted. FTB site visits were conducted from February through May 2014.

FTB continued to generate letters and completed site visits resulting from CTEC online complaints and other sources. 60 letters were mailed to possible unregistered tax preparers as a result of complaints received on the CTEC website.

FTB was able to visit 18% of the total number of tax preparers contacted by letter.

The number of \$5,000 penalties increased by 40% from the last cycle. Tax preparers who have received more than three \$5,000 penalties have been provided CTEC education and registration information by phone, site visit or both.

25% of \$2,500 penalties assessed were abated this tax season. The abatement of penalties raised our compliance percentage from 37% to 49%.

CTEC and FTB partnered in 2005 to help better protect consumers against fraud by enforcing tax preparer compliance. CTEC pays for the entire enforcement program. All penalties collected by FTB are deposited into the state’s general fund.

### CONTACT INFORMATION

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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 & Spanish)
- CTEC 2013-2014 Annual reports (available now either online or by mail)

Call CTEC toll free 1-877-850-CTEC (2832) to request a free copy.

## 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”

## MARK YOUR CALENDAR

CTEC Board and Committee meetings are open to the public.

### MAY 2015 — Sacramento, CA

May 20, 2015 — Curriculum Provider Task Force meeting beginning at 1:00 p.m.

May 21 — 22, 2015 — Board & Committee meetings beginning at 8:00 a.m.

### NOVEMBER 19 — 20, 2015 — Napa Valley, CA

November 19 — 20, 2015 — Annual Board & Committee meetings beginning at 8:00 a.m.

Please call the CTEC office at 877-850-2832 or e-mail 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 Tax Professionals — CTEC Board Information — Board Minutes.

## Welcome our New CTEC Board Director

**Susie DiMaggio** was appointed by the California Society of Enrolled Agents. She has been an enrolled agent since 2006, working for a tax practice in Ventura, CA for the past thirteen years. Susie's area of expertise is focused towards Tax Representation before the Examinations, Appeals & Collections Division of the Internal Revenue Service. Susie is a Past President of the Channel Islands Chapter of CSEA and the current state director for the Chapter. She also is serving as the Vice-Chair of the Education Committee at the state level of CSEA. She currently owns and operates her own Tax Resolution and Preparation business in Ventura, CA.

