

# CALIFORNIA TAX EDUCATION COUNCIL

## THE PROVIDER

### December 2015

#### Curriculum Provider Standards Committee

**Ruth Godfrey—Committee Chair**  
National Society of Accountants

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Jackson Hewitt Tax Services

**C. Lester Crawford**  
CRTP—Los Angeles, CA

**Susie DiMaggio**  
California Society of Enrolled Agents

**Paul Latter**  
H & R Block Tax Service, Inc.

**Susan McMillen**  
CRTP—Palm Desert, CA

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National Assn. of Enrolled Agents

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CRTP—Oakland, CA

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CA Society of Tax Consultants, Inc.

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CRTP—Long Beach, CA

**Mary Beth LaMunyon-Jones**  
CRTP—Hanford, CA

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Liberty Tax Service

**Ann Springborn**  
Nat'l Assn. of Tax Professionals

**Katie Tae**  
CRTP—Gardena, CA

#### Government Representatives

**Susan Gaston**  
Internal Revenue Service

**Rebecca Landeros**  
California Franchise Tax Board

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**Volume 17, Issue 2**

### Recap of the November 2015 Annual Board meeting

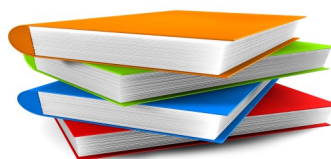
The Curriculum Provider Standards Committee of the California Tax Education Council has responsibility for several of CTEC's statutory duties including: setting standards and procedures for curriculum providers, approving or denying schools as curriculum providers, enforcing compliance on the part of curriculum providers, and providing CTEC Registered Tax Preparers and the public with a list of approved curriculum providers.

CTEC itself does not provide education but relies on professional societies, the FTB, the IRS and various “approved curriculum providers” to supply the required qualifying and continuing education (CA B & P Code Section 22251(c)). CTEC has, pursuant to this mandate, established standards, policies, and procedures that are designed to promote high-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, promoting quality tax return preparation.

**All providers are required to familiarize themselves with CTEC’s current policies.** All CTEC policies can be found on the CTEC website at <http://www.ctec.org/Provider/ProviderPolicies/>

The following CTEC policies were revised and approved by the CTEC board at the November 2015 Annual Board meeting.



### Revised Policies

#### **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 c, d, e and f (Written Appeal, Live Appeal and Board Meeting Process.)

The policy was revised to include a “**Special board appeal meeting**” procedure in order to give providers the opportunity to have a live appeal before the board prior to the next board meeting. All costs associated with this special board appeal meeting will be at the provider’s expense.

**(f) Board Meeting Process** – The following sentence was modified to include “**at provider’s expense “to be paid at the time of appeal”, a live video conference will be scheduled within 60 days from receipt of appeal**”. The sentence should read: “The appeal process will occur at a regularly scheduled Board meeting or, at providers expense to be paid at the time of appeal, a live video conference to be scheduled within 60 days from receipt of appeal and will be conducted in the following manner:...”

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### Revised policies continues....

#### CP23A — Qualifying Education Guidelines

It was agreed that the QE Guidelines should be considered a “living” document that would undergo changes due to ever changing tax law.

The following categories were added to the guidelines:

- ⇒ New category added: “F”, ACA and CAP & Repair, All Applicable Forms under section XIII Special Topics, Page 17 of 17, it will be a “Required” subject.
- ⇒ “Depreciation” is moved to a separate category in section X on page 11 of 17.

#### Feedback needed



The CTEC Board urges providers to review policy CP23A– Qualifying Education Guidelines, and provide CTEC with feedback regarding topics to be added or topics to be deleted from the guidelines. Please email your feedback to Tabitha Bolkish at [tbolkish@ctec.org](mailto:tbolkish@ctec.org) by May 1, 2016.

The Board would also like statistics from providers regarding the length of time it takes the average student to complete the 60-hour qualifying education course.

#### CP24 – Limitations on the use of Federal & State Publications, Etc.

The following changes were made to the policy:

- ⇒ Under Section 24a. – The phrase, “**general professional literature**” was deleted and the phrase “**or reference materials such as tax guides**” was added. The sentence reads: “Effective in 2012, CTEC CE standards limit the use of IRS/FTB, and other government publications or reference materials such as tax guides to be used as supplemental reference material”.
- ⇒ Under Section c. – The phrase, “**the reading of general professional literature**” was deleted and “**etc. was added**” after “**such as tax guides**”. The sentence reads: “Self-study courses using only IRS/FTB or other government publications, or reference manuals such as tax guides, etc. (hereafter referred to as “reference material”), even if followed by a test, are not acceptable.”

The Board adopted these more stringent standards as a result of reviews, in recent periodic cycles, which revealed a pattern of non-compliance by a significant number of providers offering courses with marginal educational value. A significant number of these courses appear to have relied on material that was substandard or consisted of government publications prohibited by CP24.

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## 2016 Periodic Review — REMINDER

CE and QE courses from CTEC approved curriculum providers are reviewed once every three years.

**Providers offering both CE and QE education must submit course of each level (QE and CE) once every three years.** The provisions of this policy shall be applied separately to the QE and CE courses of providers offering both.

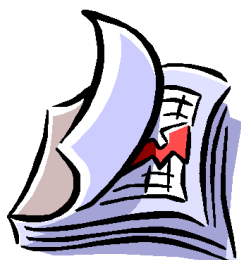
Curriculum providers subject to periodic review are notified no later than February 1 of the review year. Notification of curriculum providers subject to periodic review will be made by e-mail and in writing to the curriculum provider's last known address.

Curriculum providers must submit the course materials and completed checklists no later than June 30 of the year of notification. A provider must submit all materials **electronically** as detailed in CP02, and the materials must be received by CTEC by the required due date. Incomplete submissions may be granted a 10-day extension of the June due date.

Please remember that CTEC approved courses must remain in compliance at all times, not just for the 3-year periodic review.

## IMPORTANT...

- \* CTEC does not provide assistance in developing a provider's course materials.
- \* CTEC cannot use its funds to assist in developing a provider's course.
- \* It is a conflict of interest for a reviewer to give assistance in developing a course and then be expected to perform a comprehensive review.



## Status Report for CTEC Approved Education Provider

Currently CTEC has 90 Approved Providers

- ⇒ 43 providers offering Qualifying education courses
- ⇒ 75 providers offering Continuing education courses
- ⇒ 5 providers offering CA Qualifying education courses.

## Reminder — Provider reporting requirements

**Method and deadline for reporting:** All CTEC approved providers are required to submit completed student education courses electronically to CTEC within 30 calendar days of completion 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.

## More Notes....

### New logo for CTEC Approved Providers



A new Online Provider Complaint form has been created on the CTEC website.

If you have a topic you would like covered in an upcoming issue, please submit it via email to [tbolkish@ctec.org](mailto:tbolkish@ctec.org)

## CALIFORNIA TAX EDUCATION COUNCIL THE PROVIDER December 2015

### IRS UPDATE

#### For CRTPs...

##### Understanding changes to IRS client representation rules

Do you represent clients during IRS examinations? Unless you are an attorney, certified public accountant, or enrolled agent, your ability to do so is changing.

**For returns prepared beginning Jan. 1, 2016**, non-credentialed return preparers may only represent clients if they participate in the IRS voluntary Annual Filing Season Program (AFSP). To have limited practice rights, you must be an AFSP participant both in the year of return preparation and the year of representation.

“Limited practice rights” means you can represent clients whose returns you have prepared and signed during an examination of that client’s tax return or claim for refund, in customer service matters and before the Taxpayer Advocate Service. The AFSP-Record of Completion is for one tax year. Participants must meet the requirements each year in order to receive a record of completion, maintain limited representation rights and also be included in the IRS public database of tax professionals.

To obtain an AFSP record of completion, most CTEC Registered Tax Preparers (CRTPs) need 15 hours of continuing education from IRS-approved CE providers. To participate for 2016, the tax preparer needs to complete the CE by December 31, 2015, including ten hours of federal tax law, three hours of federal tax law updates, and two hours of ethics.

If the tax preparer obtains the required CE, the tax preparer must still sign a Circular 230 consent statement to officially participate. This year, the IRS has created a [tutorial video](#) to assist participants in signing the consent and printing the Record of Completion. Reminder: This step must be completed in order for the non-credentialed preparer to show on the Public Directory of Federal Tax Return Preparers with Credentials and Select Qualifications.

Please share the links below with your students.

**YouTube:** <https://www.youtube.com/watch?v=aBhJ9PTkG-0>

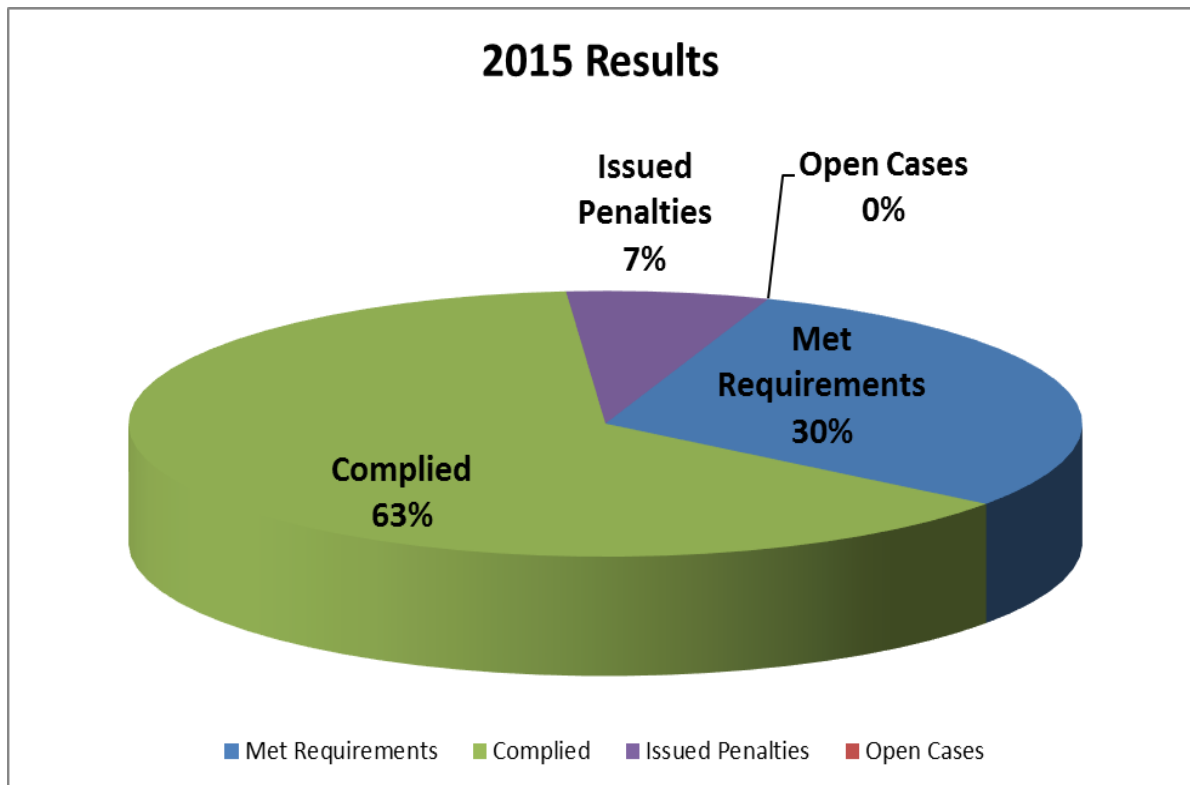
**IRS.gov:** <https://www.irs.gov/Tax-Professionals/Annual-Filing-Season-Program>

#### For IRS CE Providers...

You must renew your status as an approved IRS Continuing Education (CE) Provider by December 31, 2015, if you plan to offer CE in 2016 to enrolled agents, other tax return preparers or enrolled retirement plan agents. If you do not renew **by December 31, 2015**, your account will be deactivated. This means you will no longer be authorized to offer IRS CE programs for credit, to market yourself as an IRS Approved CE Provider, or to have your business listed in the Public Listing of IRS Approved CE Providers. **If the IRS denies or revokes federal CE provider status, CTEC CE curriculum provider approval is automatically voided, and there is no appeal available. This does not apply to providers that are approved for California Tax CE only. CTEC curriculum providers, who are also IRS approved must remain in good standing as an IRS provider approved by the Return Preparer Office (RPO) for Federal taxation. Providers can re-apply to become CTEC curriculum providers once their status is re-established with the RPO.**

Continuing Education Providers play an important role in ensuring tax return preparers meet their eligibility for the Annual Filing Season Program Record of Completion. In order for tax return preparers to qualify for the voluntary Annual Filing Season Program Record of Completion, they must meet the following requirements: (1) obtain or renew their PTIN for 2016; (2) complete all necessary continuing education; (3) take the Annual Federal Tax Refresher course and pass the associated test, if not exempt. The continuing education must be completed by midnight December 31, 2015, in order to be eligible for a Record of Completion. **Because CE is a vital component of the Record of Completion, it is critical that CE Providers submit their continuing education records to the IRS through their CE Provider System account within ten days of completion of the course/program.**

## Franchise Tax Board Enforcement



Current Breakdown:

- **Complied**
- **Penalties Issued**
- **Met Requirements** Exempt of CTEC Registration
- **Open Cases**

The Franchise Tax Board (FTB) Tax Preparer Enforcement Team identified 2,443 tax preparers statewide in need of possible contact. Of those preparers it was determined that 1,310 tax preparers were possibly preparing returns illegally.

All of the 1,310 preparers were contacted and either met requirements or received a penalty. 255 penalties were issued to tax preparers who failed to come into compliance after contact was made and received either a \$2,500 or \$5,000 penalty. The \$2,500 penalties were issued to preparers with a 90-day grace period of which all are now final. The \$5,000 penalties were issued to tax preparers with previous penalties who continued to file returns and are still not in compliance.

All penalties collected by FTB are deposited into the state's general fund. CTEC and FTB continue to partner together to protect California taxpayers by enforcing tax preparer compliance. CTEC pays for the entire enforcement program.

## **CALIFORNIA TAX EDUCATION COUNCIL THE PROVIDER December 2015**

### **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”

### **CTEC PRODUCTS**

- Logo Slicks
- CRTP mailing list
- 20” x 26” color CTEC poster
- CTEC Brochures—Choosing Your Professional Tax Preparer (English & Spanish)
- CTEC 2014-2015 Annual reports (available now either online or by mail)

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

### **CONTACT INFORMATION**

**CALIFORNIA TAX EDUCATION COUNCIL (CTEC)**  
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Website: [www.ctec.org](http://www.ctec.org)

## **MARK YOUR CALENDAR**

**CTEC Board and Committee meetings are open to the public.**

### **May 18 – 20, 2016 meetings will be held in Sacramento, CA**

May 18, 2016 – Curriculum Provider Task Force meeting beginning at 1:00 p.m.

May 19 - 20, 2016 – CTEC Committee and Board meetings.

### **November 17 - 18, 2016 meetings will be held in Santa Barbara, CA**

November 17 – 18, 2016 – Annual Board and Committee meetings and Strategic Planning.

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.