



THE PROVIDER



Curriculum Provider Standards Committee

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National Assn. of Enrolled Agents

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Jackson Hewitt Tax Services

Aaron Gray
CRTP—Long Beach, CA

Paul Latter
H & R Block Tax Service, Inc.

Heather Smith
Liberty Tax Service

Greta Zeimet
Nat'l Assn. of Tax Professionals

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California Society of Enrolled Agents

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CRTP—Palm Desert, CA

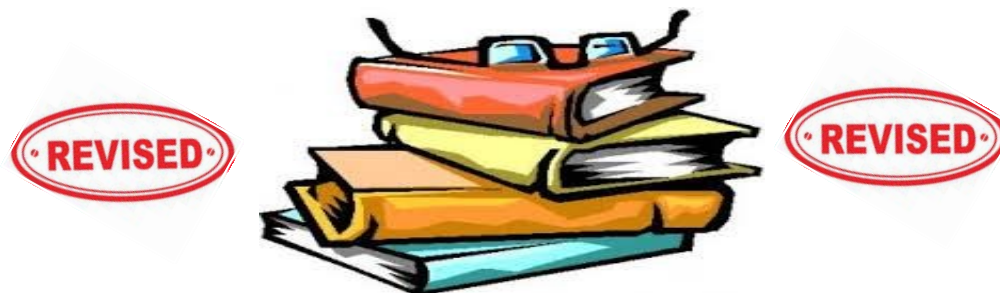
Katie Tae
CRTP—Gardena, CA

Government Representative

Amy Smith
Internal Revenue Service

Armon McConnell
California Franchise Tax Board

Curriculum Provider Standards and Revised Policies



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.

At the May 2014 Provider Task Force meeting, CTEC introduced newly revised educational policy standards.

The following policies were revised:

CP03 - Denied Curriculum Provider Appeal Procedure

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 following procedure:

IRS Approval Denial:

- ⇒ 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 CE only. CTEC curriculum providers, who are also IRS approved must remain in good standing as an IRS approved provider 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.

Written Appeal Required First

- ⇒ Written appeal within 30 days of denial.
- ⇒ A 2nd curriculum reviewer assigned to review 1st reviewer's results and provider's written appeal.

If the 2nd reviewer sustains 1st reviewer, provider has the following options:

1. Accept the reviewers' conclusions
2. Reapply to become a CTEC provider (CP02)
3. Within 30-days of notification request a live appeal before the Board of Directors at their next regularly scheduled meeting.

The rationale for changing the appeal process:

- ⇒ Increase review process efficiency.
- ⇒ Written appeal must state, issue by issue, why provider disagrees with reviewer - appeal must present case for compliance

Final decision rests with Board of Directors.

Revised Policies continued....

CP14 - Periodic Review

CE and/or QE current materials from all CTEC approved curriculum providers are reviewed at least once every three years to check for continued compliance with CTEC standards. Providers offering both CE and QE education do not submit both types of courses for review every three years. Rather, you will submit CE and QE materials for review on alternate review periods. For example, if QE materials are reviewed in 2005, the provider will submit CE materials for review in 2008 and QE materials in 2011. If a provider offers both CE and QE and is denied on their course submitted for periodic review, the provider may choose to cease offering that type of education, but must submit the other course, with the appropriate fee, for review before continuing to offer it, (i.e. provider submits QE and course is not approved, provider must then submit CE course before offering it again).

Incomplete Submissions

- ⇒ Incomplete submissions may be granted a 30-day extension of the June 30th due date.
- ⇒ Incomplete submissions will be assessed a \$250 administration fee for each occurrence.

Late Submissions (After June 30th)

- ⇒ Provider status is suspended
- ⇒ Have 30-days from June 30th to submit - (\$250 reinstatement fee is required).

If a provider fails to submit a review by the June 30th due date:

- ⇒ The curriculum provider's approved provider status is revoked.
- ⇒ The curriculum provider is removed from the Approved Provider list.
- ⇒ Future postings of credits are blocked. - CTEC will post credits for students in progress as of the termination date.
- ⇒ The provider may reapply for approval under the new provider application provisions of CP02.
- ⇒ CTEC will notify the IRS RPO that the curriculum provider is no longer a CTEC approved curriculum provider.
- ⇒ Incomplete applications will be assessed a \$250 administration fee for each occurrence.

All submissions are required electronically.

CP15 - Provider Curriculum Review Expense

CTEC contracts for provider curriculum review with independent outside education specialists. The cost of these reviews represent a significant part of CTEC's annual budget. The following provider fees are imposed to offset a portion of these costs and apply to: (1) new applicants; (2) already approved providers due for a periodic review; and, (3) providers requesting a change in approval status. Change in approval status includes: 1) Providers approved to offer continuing education courses and are requesting approval to offer qualifying education courses; and, 2) providers approved to offer qualified education that are requesting approval to offer continuing education courses.

Curriculum Review Costs

Qualifying Education:

- ⇒ Initial Application - \$1,500
- ⇒ Periodic Review - \$1,000

Continuing Education:

- ⇒ Initial Application - \$600
- ⇒ Periodic Review - \$600

Incomplete Submissions:

- ⇒ Incomplete submissions - \$250 administration fee for each occurrence.

Public Universities, Colleges and Government agencies are exempt from submitting provider curriculum review fees.

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 administers an education program designed to ensure that California tax preparer skills are enhanced through Qualifying (QE) and Continuing (CE) education. To that end, CTEC monitors and enforces educational standards designed to ensure that mandate is carried out.

If a provider is found to be non-compliant CTEC would:

- ⇒ Revoke the provider's approved provider status (CE or QE as appropriate) subject to appeal rights under CP03;
- ⇒ Remove the provider from CTEC's Approved Provider List;
- ⇒ Block the provider from posting student credit hours;
- ⇒ Notify the provider, by e-mail and in writing, that their provider status has been revoked;
- ⇒ Notify the IRS RPO that the curriculum provider is no longer a CTEC approved curriculum provider;
- ⇒ May reduce or eliminate excessive credits (for reductions in hours occurring after Aug 1, affected students will be given an extension until December 31 to meet their education and registration requirements).

Revised Policies continued....

CP28 - Self-Study Course Auditing

CTEC requires curriculum providers to submit a single course for curriculum review along with the application to become an approved curriculum provider (Reference CP02 Provider Approval Process). Approved curriculum providers are also required to submit a single course for curriculum review during the periodic (once every three years) review process (Reference CP14 Periodic Review). Separate approved curriculum provider applications are required for Qualified Education (QE) and for Continuing Education (CE). Curriculum providers offering both face-to-face and self-study courses are required to submit a self-study course for curriculum review.

Periodic reviews and audits will be subject to the same evaluation. If denied the following will occur:

- ⇒ The provider will cease to be an approved provider for QE or CE as the case may be.
- ⇒ The provider will no longer be able to post credits.
- ⇒ The provider, within 10 days, must provide a list of students, in progress, at the date of notice.
- ⇒ The provider may, within 30 days, initiate an appeal (CP03).
- ⇒ **If provider offers both CE & QE, the course not evaluated may be subject to review.**

If a provider has more than one course disqualified in a reporting year, the provisions of Policy CP18 shall apply.

CP18 allows for the reduction of course credit or provider suspension. In case of suspension, the policy includes provider notification requirements and provider appeal rights.

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.

An update course being offered in 2013 in preparation for the 2014 filing season should include new tax issues that would apply to 2013 returns; for example:

- ⇒ Net investment income tax
- ⇒ Safe harbor home office
- ⇒ Increased HI tax for high income taxpayers

Of the 5 courses audited in 2013, 4 did not include essential 2013 material.

CTEC reviewers have been instructed to ensure that all courses, not just the 3-hour update, are current.

Mandatory Subject Matter – CTEC will notify providers by e-mail of subject matter that must be included in their update courses. Providers will have 30 days to modify the content of their courses and verify in writing with CTEC that the courses have been modified. Failure to confirm compliance with this provision will result in course disqualification.

IRS Voluntary Tax Preparer Program

On June 26, 2014, the IRS announced a new voluntary Annual Filing Season Program for unenrolled return preparers to begin in tax filing season 2015. CRTPs are exempt from the Annual Tax Refresher Course/Test if registered for filing season 2015 with CTEC. Please ensure your registration information is current and your PTIN matches the IRS PTIN system in order to receive this exemption.

The new Voluntary Annual Filing Season Program is scheduled to take effect during the 2015 tax season. To participate in the program, tax preparers will need a valid PTIN and must complete the Annual Filing Tax Refresher (AFTR) course requirement, which includes 15 hours of continuing education each year through an IRS approved provider.

In order to qualify for the Annual Filing Season Program, CRTPs must:

1. Renew their PTIN for 2015
2. Complete 15 hours of CE, (3 hours of federal tax update, 10 hours of federal tax law, and 2 hours of ethics) from a CTEC approved provider.

The IRS Voluntary Tax Preparer program is strictly voluntary, it DOES NOT replace CTEC registration, which is required by California law.

Reminder...

Reporting education hours to CTEC must be completed **electronically within 10 business days** of course completion.

- * Providers not in compliance will be fined \$100 for the first offense, \$200 for the second, \$300 for the third, \$400 for the fourth and \$500 for the fifth, per course.
- * Each fine is doubled every 10 days until the provider is in compliance, -- fine not to exceed \$500.
- * Approval from CTEC staff is required for delayed reporting and penalties may be waived by CTEC staff for reasonable cause for delayed reporting.

New State Law Takes Effect...

California Senate Bill 484 was signed into law by Governor Brown on October 8, 2013. **It took effect on January 1, 2014.**

As part of a new consumer-protection law, CTEC now has legislative authority to discipline a CRTP by, among other things, placing the registrant on probation or suspending/ revoking the registration. The bill would require the Council to notify the Franchise Tax Board and the Internal Revenue Service that a registration is suspended or revoked. This bill would also make it a violation, but not a crime, to commit certain other acts, and would authorize the Council to deny a registration application or discipline a registrant for, among other things, specified unprofessional conduct and conviction of a crime substantially related to the duties of a tax preparer.

CTEC Raises Registration Fee to \$33

Effective August 1, 2014, CTEC's registration fee will increase from \$25 to \$33. **This is the first registration fee increase in CTEC's 17-year history.**

Why the Fee Increase?

This year CTEC passed its Sunset Review by the California State Legislature. The mission of CTEC was evaluated during the review process. The State Legislature approved the extension of the CTEC program for another six years. The mission of CTEC will remain intact and unchanged.

The purpose of CTEC is to ensure registered tax preparers are competent in their profession as a protection to California taxpayers. Quality tax education standards, tax preparer enforcement and public awareness all play a role in this endeavor. Recent audits have proven that more attention is needed on the courses offered by education providers.

As a result, the Board allocated additional funds toward the oversight of its education providers to help ensure two goals:

- ⇒ California taxpayers receive quality tax preparation from CRTPs; and,
- ⇒ CTEC Registered Tax Preparers (CRTPs) receive quality tax education.

CTEC Online Registration Required

Please remind your students that all paid tax prepares who are not attorneys, certified public accountants or enrolled agents, must renew or register with CTEC.

CRTPs who fail to renew their registration by October 31, 2014 have until January 15, 2015 to renew late and pay a \$55 late fee. CRTPs who do not renew by January 15th will be required to re-take the 60 hours of qualifying education, pass a final exam from an approved education provider and re-register as a new CRTP.

According to California law, CRTPs cannot prepare income tax returns for a fee until their registration is current with CTEC.

As we move into the 2014/2015 renewal cycle, here are some tips to pass onto your students:

- * When you the provider tell students that you will send information to CTEC after completion of a course, please make it clear that you are reporting their hours to CTEC so they can complete the online registration process, and that you are not registering them -- that is their responsibility.
- * Completing continuing education before the October 31st deadline, but not registering until after the deadline, does not exempt a CRTP from paying a late fee. All renewal registrations received after October 31st must pay the \$55 late fee.
- * Courses are offered year round—many CRTPs think classes don't begin until August.

Summary Report

Approved Education Provider Status

- * 122 - CTEC approved providers
- * 69 - Providers offering Qualifying Education courses
- * 105 - Providers offering Continuing Education courses
- * 9 - Providers offering CA Qualifying Education courses



Registration update

From August 1, 2013 to May 1, 2014, CTEC has registered 39,076.

- * 7,662 - New registrations.
- * 31,414 - Renewal registrations.

Franchise Tax Board Enforcement

As of March 26, 2014, the Franchise Tax Board (FTB) Tax Preparer Enforcement Team has contacted 630 tax preparers statewide. Of those, FTB visited 56 tax preparation offices and sent letters to 574 tax preparers.

California law requires anyone who prepares tax returns for a fee and is not an attorney, certified public accountant (CPA) or enrolled agent (EA), to register as a tax preparer with the California Tax Education Council (CTEC).

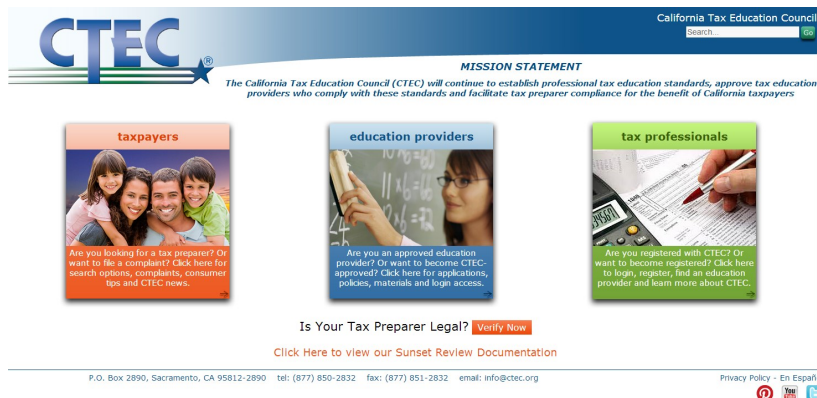
Tax preparers who are caught preparing tax returns illegally are issued a \$2,500 penalty letter from FTB and have 90 days to comply. If the tax preparer registers with CTEC within the 90 days, the penalty is removed. If the tax preparer does not comply or complies late, the \$2,500 penalty stands. In 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 227 unregistered tax preparers have been issued the \$2,500 penalty for the 2013 enforcement year. FTB reports 37 unregistered tax preparers were also issued the \$5,000 penalty. Currently no penalties have been assessed for 2014.

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.

CTEC Database

CTEC launched a new website this spring. One of the main goals of the new site was to provide easier navigation for consumers, tax preparers and education providers.



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

P.O. Box 2890
Sacramento, CA 95812-2890

Phone: (916) 492-0457
Toll Free Phone: 877-850-CTEC (2832)
Fax: (916) 447-3447
Toll Free Fax: 877-851-CTEC (2832)
E-mail: info@ctec.org
Website: 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 2012 - 2013 Annual reports are available now either online or by mail. Call CTEC toll free 1-877-850-CTEC (2832) to request a free copy.

Mark Your Calendar!

CTEC Board and Committee meetings are open to the public

2014

November 20 – 21, 2014– Palm Springs, CA
Annual Board/Committee Meetings

2015

May 20, 2015– Sacramento, CA
Curriculum Provider Task Force Meeting beginning at 1:00p.m.

May 21 – 22, 2015 – Sacramento, CA
Board / Committee Meetings

November 19 – 20, 2015– Napa Valley, CA
Annual Board/Committee Meetings

Please call the CTEC office at (877)850-2832 or email Tabitha Bolkish at tbolkish@ctec.org if you would like to attend.

CTEC board minutes are now available online by going to www.ctec.org under CTEC Board Information - Board Minutes.



Welcome our New CTEC Board Director



Brandon Chanley was appointed by Jackson Hewitt Tax Service. He currently holds a position as Senior Operations Director and has been with the company since 2007, covering many parts of the Western United States.

As part of the operations team, he works with more than 60 franchise-owned operations and three company-owned operations within the State of California.

Brandon has a bachelor's of science degree from the University of Southern Indiana with an emphasis in finance.