

Curriculum Provider Standards Committee

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Inside this issue:

Recap of Task Force Meeting.....	1
Policies Reviewed.....	1 — 4
Stay Tuned - Reminders.....	5
IRS Update.....	6
FTB Update.....	6
New CTEC Directors.....	7
CTEC Contact Information.....	7

RECAP - PROVIDER TASK FORCE MEETING

On May 17, 2017, forty-seven education providers attended this year's Provider Task Force Meeting in Sacramento, CA.

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 and reviewing courses to ensure that their content reflects those standards; denying providers who are not in compliance with the standards and approving providers whose courses are in compliance; 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.

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 policies were reviewed:

CP02 – Provider Application

- ⇒ Curriculum providers may be approved to provide two types of education - - Qualifying Education (QE) and Continuing Education (CE).

Separate approval is required for each type of education.

CP03 – Denial Appeal Procedure

- ⇒ Written notice of appeal must be submitted within 30-days of denial
- ⇒ The course will be re-reviewed within 60-days by a different reviewer
- ⇒ Where IRS revokes federal approval, CTEC denial is automatic and not subject to appeal.

CP04 - Provider Complaint Procedure

- ⇒ **Complaints by phone**
- ⇒ **Written complaints**

CP05 – Provider Assistance — CTEC's function is to develop education standards and enforce them. CTEC's function does **NOT** include assisting providers with developing course material or determining subject matter.

CP07 – CE Credit for Authors & Instructors

- ⇒ **Federal CPE** – Max 4 hours per year
 - 1 hour for course presentation (applies only to first presentation)
 - 2 hours for presentation preparation
- ⇒ **CA CPE** – Max 1 hour per year
 - 1 hour for course presentation (applies only to first presentation)

CP08 – Student course evaluations

- ⇒ **Requirements:** Student course evaluations are mandatory.

Policies Reviewed (Continued)

CP13 – Self-study courses — Most non-compliance is found in self-study education. All providers offering self-study courses should be especially familiar with the provisions of CP13 - Self-Study and CP23 - Education Standards.

⇒ **CP13 Applies to both CE and QE**

- Requires 3 interactive review questions per credit hour;
- Requires 5 exam questions per credit hour;
- Requires suitable course materials; and,
- Credit hours are determined by either **Pilot Testing or Word Count Formula**.

Purchased Courses - Purchaser must verify seller's pilot testing or word count formula calculation or perform their own.

QE — A final examination is required for all Qualified Education courses regardless of whether they are face-to-face or self-study.

CE — A final examination is **ONLY** required for self-study continuing education courses.

For QE courses, 2 of the 5 exam questions must be for required subjects and 1 for awareness subjects.

⇒ **Providing exam answers to students:**

- Not before successful course completion;
- Only to specific missed questions; and,
- Never a complete answer key.

⇒ **Curriculum Provider Responsibility:**

- Diligent to ensure awarding proper credit for word count/pilot requirements; and,
- Exercise due diligence and ethical behavior in determining self-study credits.

CTEC reserves the right, under policy CP18(b), to reduce credits or deny course approval to courses that the CTEC review staff determines are so simplistic that the student does not need to read the course material in order to pass the final exam.

CP14 – Periodic Review — 3-Year Curriculum Provider Periodic Review

- Applies separately to CE and QE providers;
- CTEC will select the course to be reviewed;
- Providers that offer QE and CE will have both courses reviewed in the same year;
- Provider must submit a complete review package by June 30th; and,
- Failure to timely submit review package results in approved provider status revocation.

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

CP15 – Provider Curriculum Review Expense

⇒ **Initial Curriculum Review Costs**

- QE Applicants: \$1,500
- CE Applicants: \$600

Incomplete Submissions: \$250

⇒ **Periodic Review Costs**

- QE Periodic Reviews: \$1,000
- CE Periodic Reviews: \$600

Incomplete Submissions: \$250

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

Policies Reviewed (Continued)

CP16 – Provider Conduct — Providers are expected to develop quality education courses which comply, not only with CTEC educational standards, but also to *comply with the spirit of those standards*. Self-study CE courses should challenge the student’s understanding of material designed to contribute to competent tax prep in CA. Courses which permit students to regurgitate commonly understood and simple answers or consist of lookup type questions do not meet CTEC’s standards for CE.

CP17 – Allocation of CE Hours — A course that qualifies as federal taxation or federal tax updates with the IRS will be given the same allocation of credit hours for CTEC that apply to the IRS course.

CP18 – Provider Non-Compliance — Whenever CTEC determines that a curriculum provider is not adhering to the established CTEC standards, approved provider status will be terminated (See CP14(c)(6)(B)(iii)) subject to appeal rights and CTEC may take any of the following actions:

- Reduction or Elimination of Credit (CP18(b)(1)) – Prospectively reduce or eliminate credits awarded.
- Retroactive Reduction of Credit (CP18(b)(2)) – Retroactively reduce or eliminate credits awarded.

CP19 – Provider Reporting Requirements — CTEC providers are required to submit student completion education hours electronically within: **30 business days** of completion between **January 16 and June 30**, and **10 business days** for any other period. Each fine will be doubled every 10 days until provider is in compliance--fines not to exceed \$500.

CP20 – Tax Returns as a Part of QE Testing — QE self-study courses may grant a maximum of **20% of credit (12 credit hours)** for preparing Federal and California returns.

CP21 – CE Course Disclosure — To ensure that prospective students are able to evaluate and select courses that best suit their level of expertise and educational needs, providers must include a description of course content in all advertisements for the course.

CP22 – Ethics & Professional Conduct — Acceptable CE ethics courses must directly address ethics or professional conduct related to tax return preparation that arise from the California Business and Professions Code, IRC, and Cir 230. Unacceptable courses include those that offer only marginal or no benefit to tax return preparation.

CP23 – Education Standards — **Curriculum providers must be:** qualified in the subject matter; knowledgeable in instructional design and delivery; courses must be developed and taught by those with expertise in the subject matter; course developer or instructor must be a **currently registered** CRTP, IRS Enrolled Agent, licensed CPA, tax attorney, or an individual with expertise demonstrated through practical experience.

CP23 A – Qualifying Education Guidelines

Policy CP23A specifies the content of a 60-hour QE course. Each course, in addition to the requirements of CP23, is evaluated to ensure that it adequately covers the **specified content, time spent** on each subject, and **allocation of exam questions** specified in CP23A. Changing tax laws and issues require the subject matter to be periodically updated, and it is the responsibility of QE providers to stay current with changes to CP23A.

CP24 – Use of Federal & CA Pubs, Etc. — Self-study courses using IRS/FTB or other government publications, or reference manuals such as tax guides, etc., as texts are **not acceptable**. However, the use of “reference materials” as supplemental to other acceptable instructional materials is allowed. Such references may appear as footnotes or as part of a course text where the author is explaining and/or contrasting the government’s position.

⇒ **CE Award Limitations:** If a course includes excerpts taken from reference materials then:

- CE credit award is based upon word count formula;
- Excerpts taken from the “reference materials” shall not be included in the word count; and,
- The provider must clearly identify the material taken from “reference material” when documenting the word count.

CP26 – Instructor Led (face-to-face) Courses

- Requires attendance and provides each attendee who completes the course with a certificate of attendance; and,
- Utilizes a means of monitoring participants’ attendance

⇒ **CE Credit:**

- Based upon each student’s physical presence during the course’s presentation
- No testing is required

Policies Reviewed (Continued)

CP27 – Group Internet Courses (Webinars) - Can be used for both QE and CE courses. Must provide the following: registration of the students ; written outline, textbook, or suitable electronic educational materials; and, method of ensuring attendance over the entire course (e.g., by utilizing polling questions). **Group Internet courses may qualify as either face-to-face (instructor-led) or self-study.**

Special Rule for Recorded Webinars:

- ⇒ **Face-to-face** - Recorded webinars will continue to be considered a face-to-face (instructor-led) course where a live instructor facilitates the recorded presentation (including providing students with the opportunity to ask questions and receive answers during the presentation).
- ⇒ **Self-study**—Recorded webinars without a live instructor to facilitate will be considered a self-study course and must meet all of the self-study delivery method requirements of CTEC Policy CP13 with the exception of the basis for measuring CE credit. CE credit awarded for an archived recorded course will be equivalent to the CE credit awarded to the original instructor-led presentation.

CP28 – Audit Policy

- ⇒ **Audits of Face-to-face Courses:** CTEC has the discretion to audit face-to-face QE and CE courses to ensure the courses are complying with CTEC educational standards, including, but not limited to, the credit awarded, compliant study materials, and, for QE courses, compliant exam questions and mandatory study material allocations.
- ⇒ **Audits of Self-Study courses:** CTEC will annually audit the five most widely used self-study CE courses based on the prior year's CTEC reporting records.

CTEC shall also have the discretion to audit one or more of the top QE courses based on the prior year's CTEC reporting records.

Audits Based on Complaints: Written complaints relating to poor quality of course material, the use of restricted publications, and/or the incorrect allocation of CE credits shall be reviewed by CTEC and an audit initiated where considered appropriate.

CP29 – IRS Conformity — Currently, the IRS continuing education program for tax return preparers is voluntary. CTEC may or may not conform to IRS program standards and policies whether or not the IRS program is voluntary or compulsory. Consequently, curriculum providers must meet CTEC education standards and be CTEC approved.

CP30 – Who is “the” Provider — Offering courses developed by others

No restriction to offering courses developed by others, provided that the courses otherwise comply with policies and education standards of CTEC. **Only one provider** - when provider offers a course developed by others, that provider must meet **ALL** of the CTEC approved curriculum provider responsibilities, functions, and requirements for offering that course. **Who is the provider?** The provider of the course is determined by who collects the course fees, makes refunds, advertises the course, responds to student's questions, establishes CE credit, facilitates enrollment, uses their provider number on the course, tracks attendance, grades exams, maintains student lists, collects and maintains student evaluations, provides the education completion certificate to the students and reports the course credits to CTEC.

CP31 – Purchased Course Policy — An approved curriculum provider is not permitted to assign or otherwise transfer any part of its approved status to another. The purchasing curriculum provider takes full responsibility for the purchased course material to ensure compliance with CTEC education standards and policies. In the event a purchased course fails to pass any periodic review or audit, approved status of that provider will be revoked. **Such revocation will apply to all approved curriculum providers offering that course or using the course material.** All affected curriculum providers will be notified of the revocation of course seller's approved curriculum provider status.

CP32 – Course Update Guidelines — All CTEC courses are required to be current according to the following schedule:

- **Live presentations** must contain significant new/deleted tax law/revisions issued more than **60 days** prior to the presentation.
- **Recorded webinars** must contain significant new/deleted tax law/revisions issued more than **90 days** prior to the webinar.
- **Self-study courses** must contain significant new/deleted tax law/revisions issued more than **90 days** prior to the sale of the course.

Education Cycle - CTEC's education cycle is November 1 through October 31. Update courses offered after October 31 must contain update material related to the subsequent tax year. Curriculum review staff has the discretion to disqualify any course offered after October 31 that has not been updated for the subsequent year.

Policies Reviewed (Continued)

CP34 – Advertising Disclosures – CE

- ⇒ **Disclosure Requirements** - The course name and number listed in any disclosure must be the same name and number found in the CTEC Provider database. To meet this requirement providers:
 - * Must use pre-approved disclosures (CP34) or, if needing alternate language, may submit proposals to CTEC for approval.
- ⇒ **Prohibited Wording:** - CA B&P Code Sec. 22255(b) specifically requires CRTPs to have 20-hours of CE annually. The use of terms **such as** “quick and easy” implies a student can meet his or her education requirements without any substantial studies and/or the course lacks sufficient substance to meet CTEC educational standards. **The use of such terms is prohibited.**
- ⇒ **Violations** – Course credit may be disallowed and CTEC may select the course for **audit**.

Stay Tuned!

The following policies are being considered for implementation and once finalized by the Curriculum Provider Standards Committee will be available on CTEC’s website and emailed to all providers:

CTEC Registration Notice — CP11 requires an educational course completion certificate be given to all students who successfully complete the QE course. CP11 will also include a requirement that providers provide each student, upon successful completion of a QE course, with an “Information Document” explaining CTEC’s registration procedures and a warning related to registering prior to November 1st.

Websites access — In the past there have been providers advertising quick and easy courses or advertising as a CTEC provider when they were not, or submitting one course for approval but offering another non-compliant course for sale. These and other issues really require the systematic review of provider course offerings. To ensure compliance to advertising standards and ensuring the provider is otherwise complying with CTEC policies and education standards, **all** providers must provide CTEC with free access to their self-study courses both on-line and by mail.

CTEC will adopt **IRS AFTR Course Identification Policy**. CTEC will provide a list of content from CP23A in a form-fill format, and will require all QE providers to insert the page number from their course material that corresponds to the required content in CP23A.

CRTP Survey — CRTPs who take self-study courses will be surveyed as a means of finding providers whose course offerings are over simplistic and allow CRTPs to meet their annual 20-hour education requirement with minimal study. The survey will assist CTEC in knowing which providers are compliant and are delivering courses that meet CTEC standards.

Report for CTEC Approved Education Providers... Currently CTEC has 100 Approved Providers



- 49 providers offering Qualifying education courses
- 76 providers offering Continuing education courses
- 4 providers offering CA Qualifying education courses

IMPORTANT REMINDER FOR STUDENTS

- They must have a SSN to register with CTEC.
- They must have a valid PTIN to register with CTEC.
- CRTPs are REGISTERED, **NOT** licensed, certified, enrolled or public.
- Courses are offered year round — many CRTPs think classes don’t begin until August.
- Completing CE before the October 31st deadline, but registering after the deadline, does not exempt a CRTP from paying the \$55 late fee.
- **Unless specified, education providers do not register students with CTEC.**
- Almost a third of CRTPs do not take advantage of the IRS AFTR program. To enroll, simply go to your PTIN account and agree to abide by Sub part B of Circular 230.

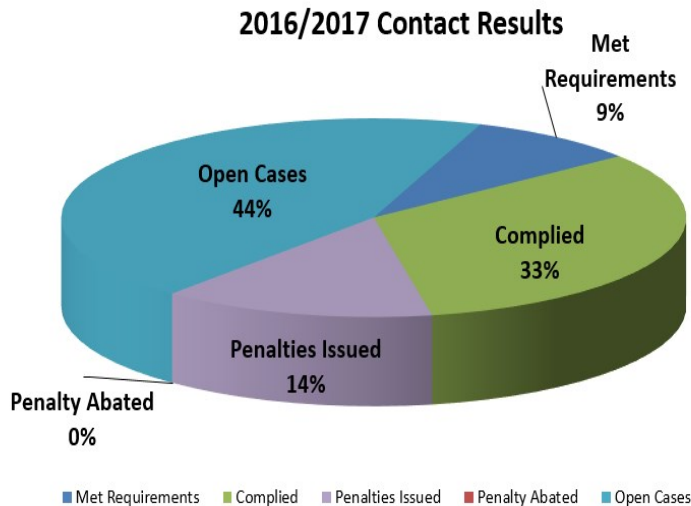


CALIFORNIA TAX EDUCATION COUNCIL THE PROVIDER JULY 2017



2017 Franchise Tax Board Enforcement Results

➤ Results of FTB's collection efforts



⇒ **Current Breakdown:**

- * 44% - 437 Open Cases
- * 33% - 321 Complied
- * 14% - 139 Penalties issued
- * 9% - 87 Met Requirements



Update from the IRS Return Preparer Office

Susan Gaston, Director of Continuing Education/IRS, attended the Provider Task Force meeting and gave a PowerPoint presentation regarding the Return Preparer Office (RPO) responsibilities and history. The presentation included:

- Paid preparers latest numbers
- What IRS CE Providers need to know
- Annual Filing Season Program
- How to Reach the IRS
- EA CE Audit Findings

Click on this link [IRS RPO Presentation](#) to see the full PowerPoint presentation.

Amy Smith, IRS Stakeholder Liaison, shared information with the providers on Practitioner Data Breach Resources and EITC Due Diligence Resources. Click on the following links for more information:

[Practitioner Data Breach Resources](#) — [EITC Due Diligence Resources](#)

IRS Loses PTIN Lawsuit

On June 1, 2017, the U.S. District Court for the District of Columbia upheld the IRS's authority to require the use of a Preparer Tax Identification Number (PTIN) by tax preparers; however, the court ruled the IRS couldn't charge a user fee for issuing and renewing PTINs.

Shortly after the ruling, the PTIN system was shut down. The IRS reopened the system and continues to issue PTINs while deciding how to address the court order, which may require the IRS to refund PTIN fees to tax preparers.

The IRS said it is working with the Department of Justice. As more information becomes available, it will be posted on the IRS's "Tax Pros" page.

PTINs are still required for CTEC registration.

CALIFORNIA TAX EDUCATION COUNCIL THE PROVIDER JULY 2017

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 2015-2016 Annual reports (available now either online or by mail)

Call CTEC toll free 1-877-850-CTEC (2832) to

CONTACT INFORMATION

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CTEC Board and Committee meetings are open to the public

Oakland, CA - November 16 – 17, 2017 – Annual Board and Committee meetings

Sacramento, CA - May 16 – 18, 2018

May 16, 2017 – Curriculum Provider Task Force meeting beginning at 1:00 p.m.

May 17 - 18, 2017 – CTEC Committee and Board meetings

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

Welcome CTEC’s New Directors



Marie Archibeque, is a CTEC Registered Tax Preparer (CRTP) and has been preparing tax returns for more than 20 years.

In addition to preparing tax returns, she also works as a consultant specializing in bookkeeping and accounting for the small business construction industry.

Marie currently serves as President of the California Society of Tax Consultant’s Central Valley Chapter. She lives in Modesto.



Rupinder (Ruby) Bains, is a CTEC Registered Tax Preparer (CRTP) and has been preparing tax returns for 12 years.

Ruby currently serves as Treasurer of the California Society of Tax Consultant’s (CSTC) Central Valley Chapter. She is also a member of the National Society of Accountants (NSA) and the IRS Stake Holder Liaison for Fresno.

Ruby lives in Modesto and is an active member of the local Sikh community.