



AGENDA PROVIDER TASK FORCE VIRTUAL MEETING

Date: Tuesday, May 17, 2022

Time: 2:00 PM – 5:00 PM Pacific Time

Join Zoom Meeting

<https://us06web.zoom.us/j/82694186989?pwd=SFhuTkxQZTNZMDdpcFJJZzNkdnJ2dz09>

Meeting ID: 826 9418 6989

Passcode: 480528

Dial by phone: 1-669-900-6833

Meeting ID: 82694186989#

Committee Members

Lee Reams, Sr, Chair

Ann Springborn, Vice Chair

Ray Davis

Ruth Godfrey

Yvette Rupp

- A. **Introduction of committee members – Lee Reams**
- B. **Introduction of Providers**
- C. **[CTEC Presentation – Lee Reams/Ann Springborn/Ruth Godfrey/Yvette Rupp/Ray Davis](#)**
- D. **Break**
- E. **IRS CE Presentation – Cedric Brown**
- F. **Adjourn**



CURRICULUM PROVIDER STANDARDS COMMITTEE

Established 1997
2022 Provider Task Force Meeting
May 17, 2022

Committee Members

Lee T. Reams, BSME, EA, Committee Chair

Ann Springborn, Vice Chair

Ray Davis

Ruth Godfrey, EA

Yvette Rupp, CRTP

Curriculum Reviewers

Barry Gilbert, CPA

Jennifer Coats, EA





BACKGROUND CHECKS AND FINGERPRINT IMAGES

New CRTP Applicants - California Business & Professions Code Section 22251.3 was amended to require new applicants interested in becoming CRTPs to pass a criminal background check and submit fingerprint images to CTEC to determine an individual's eligibility to register as a CRTP.

Existing CRTPs - The new requirements are NOT applicable to current CRTPs, only new applicants who register on or after July 1, 2020.

Expired CTEC Registration – CRTPs that allow their registration to expire will be treated like a new CRTP applicant. A background check and passage of a QE course are required



CP COMMITTEE RESPONSIBILITIES

- Establish curriculum standards and procedures
 - Monitor and enforce provider compliance to CTEC standards
 - Approve or deny curriculum providers
 - Maintain a list of approved curriculum providers for use by CRTPs and potential CRTPs.
-
- **These policies have evolved over time because of providers who were not concerned with the quality of their course content and others who had limited knowledge of tax law.**





CURRICULUM PROVIDER APPLICATION

CP02

Even though everyone attending this meeting represents an approved provider, there are issues in CP02 we would like to remind you about

The IRS recognizes CTEC as a “licensing body” for purposes of Circular 230 Section 10.9(a)(1)(ii).

We have been careful to follow both IRS and NASBA standards so courses you develop will comply all the agencies CPE requirements.



CURRICULUM PROVIDER APPLICATION

CP02

ONGOING REQUIREMENTS OF CP-02

- **Must be an approved IRS provider** and annually provide the IRS approval letter to renew.
- Maintain a physical place of business and notify CTEC within 10 days of any change.
- Maintain a business phone available to students...
- Physically attended during business hours, or
- Able to take recorded messages.
- Have an email address for students.
- Respond to students within 2 business days.



DENIED CURRICULUM PROVIDER APPEAL PROCEDURE



CP03

- (a) Background:** Where provider has been denied or approved status terminated under CP18, the provider may appeal per (c) below.
- (b) IRS approval denied** or revoked CTEC approval is automatically revoked.
- (c) Written Appeal Process:**
- 1) Applicant or Provider submits a written appeal.
 - 2) Letter must be received within 30 days of denial
 - 3) 2nd Reviewer will be assigned
 - 4) If 2nd reviewer does not sustain the conclusions of the 1st reviewer, the provider status will be renewed. If the 2nd reviewer sustains the finding of the first reviewer, the provider has the opportunity to appeal before the Board of Directors (See (e)).



PROVIDER COMPLAINT PROCEDURE

CP04

- Providers are encouraged to resolve issues without involving CTEC
- **Course Identified in a Complaint** - CTEC will review the complaint and determine if the course that is the subject of the complaint should be subject to audit under CP28.
 - If the review finds an audit of the course is not warranted, CTEC will close the complaint and notify the complainant of CTEC's findings.
 - If the review determines that an audit of the course is warranted, CTEC will initiate an audit per CP28 and notify the complainant.



PROVIDER COMPLAINT PROCEDURE

CP04

We did receive a complaint about egregious advertising by an approved provider.

“can be finished in just a few hours, it doesn't actually take 20 full hours to complete”.

Blamed it on the advertising firm. It is the provider's responsibilities to comply with policies and should have reviewed the advertising to make sure it complied.



PROVIDER ASSISTANCE

CP05

- CTEC has developed standards with which providers must comply in order to have their individual courses approved for CTEC Qualifying and Continuing Education credits.
- Providers compete in a free and open marketplace for students who require credit to qualify for CTEC registration.
- CTEC will not aid individual providers in:
 - (1) Preparing course material,
 - (2) Determining the course subject matter, or
 - (3) Giving any provider a competitive advantage over other providers.
- Limited Assistance – See the text of policy CP-05.



CE CREDIT FOR CRTPS COURSE PREPARATION & INSTRUCTION

CP06

- **Federal Subjects** - One Hour of CRTP credit in federal tax subjects for each contact hour while serving as an instructor or discussion leader.
 - Maximum of two hours of CRTP credit for course preparation for actual preparation time for each contact hour
 - Maximum CRTP hours in Federal Subjects is four hours.
- **CA Subjects** - One Hour of CRTP credit in CA for tax subjects for a contact hour while serving as an instructor or discussion leader.
- **Presented Multiple Times** – Count credit for only one.

Thus, the maximum is 4 hours Federal and 1 hour CA

STUDENT COURSE EVALUATIONS



CP08

- **Student course evaluations are mandatory**
 - Minimum content is detailed in CP08
 - Content must also comply with IRS requirements
 - Must be retained for 4-years
 - Must be made available to CTEC upon request
 - Student evaluation grades 1 to 5 (with 5 being the best)
- Providers should review evaluations to determine:
 - Course Effectiveness
 - Self-Study – Time to complete
 - Adjust to average time
 - Increase course content



COURSE COMPLETION CERTIFICATE

CP11

- Must conform to both CTEC and IRS standards
- No specific size requirement
- For details of Information that must be included (see CP-11)
- “In accordance with the standards set forth in Circular 230 section 10.6(g)(2), CE credits have been granted based on a 50-minute hour.”
- Courses that also qualify for NASBA may include NASBA requirements
- Bundled Courses: **Must carry separate IRS and CTEC numbers for each element.**



SELF-STUDY COURSES

CP13

- **The 60-hour QE requirement includes:**
 - (1) 43-hours of QE in Federal tax subjects
 - (2) 2 hours of QE in ethics.
 - (3) 15-hours of QE in California tax topics.
- **The 20-hour CE requirement includes:**
 - (1) 10-hours of CE in Federal tax subjects,
 - (2) 3-hours of CE in Federal tax updates,
 - (3) 2-hours of CE in ethics, and
 - (4) 5-hours of CE in California tax topics.



SELF-STUDY COURSES

CP13

Credit hour measurement for self-study courses:

- (1) pilot testing method
- (2) word count formula method (See subsection (h)).

Pilot Testing:

- Course must be taken in an environment and manner similar to that in which the course is to be presented.
- Pilot tester group must consist of at least three individuals, all of whom are independent of the course development group.
- Pilot testers must be CPA, EA, tax attorney, or CRTP.
- More details in the policy text.



SELF-STUDY COURSES

CP13

Word Count Formula

180 Words equal one minute

Interactive Review Question = 1.85 minutes each,
(Minimum 3 questions per CE hour).

Exam Question = 1.85 minutes each,
(Minimum 5 questions per CE hour).

Example:

4 Review Questions (4 x 1.85) = 7.40

5 Exam Questions (5 x 1.85) = 7.25

5 Min Video = 5.00

Word Count 5,563 words/180 = 30.35

Total **50.00 (1 CE Hour)**

Total rounded down to the next CE hour

- **Tip:** If close add one or two review questions



SELF-STUDY COURSES

CP13

- **Review Questions**
 - Minimum 4 answers per question.
 - Placed at the end of each learning activity.
 - Minimum of 3 questions per contact hour.
 - No passing grade since answers are provided.
- **“Interactive” Requirement**
 - Provide feedback to incorrect responses (Why each response is incorrect)
 - Provide reinforcement feedback to correct responses
 - Example shown on page CP13-03



SELF-STUDY COURSES

CP13

- **Final Exam Questions**
 - Minimum of five questions
 - Minimum 4 answers per question.
 - Questions must be relevant to the course material
 - Passing grade of 70% or better.
- **Bundled CE Courses** – Even though they are bundled, **EACH** element, Federal Tax Subjects, Federal Tax Updates, Ethics and California Tax Subjects must be tested separately for comprehension. **EACH** must a passing grade of 70%.
- **English Requirement** - Courses must be submitted in English for review.



SELF-STUDY COURSES

CP13

- **Purchased Courses** - It is the purchaser's responsibility to verify the word count formula was calculated correctly. A provider's responsibilities are not mitigated just because the course was purchased.
- **Word Count Verification** – Word count computation must be documented and maintained for a period of 3 years after the last CE award.
- **Bundled CE Courses** – Even though they are bundled, **EACH** element, Federal Tax Subjects, Federal Tax Updates (Federal Tax for QE courses, Ethics and California Tax Subjects **must** be tested separately for comprehension. **EACH** must a passing grade of 70%.



SELF-STUDY COURSES

CP13

(d) Providing Student with Answers to Exam Questions:

- Never permitted to provide students with answers to exam questions prior to the student successfully passing the examination.
- For students who successfully passed the examination, providers may provide answers to specific missed exam questions;
- Complete answer keys containing all the exam questions for the course **shall never be provided to a student.**

(e) **Initial Provider Approval:** Providers that offer both 60-hour qualifying education face-to-face and self-study courses must submit their self-study course for approval, not their face-to-face course.

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CP13A

QUALIFYING EDUCATION (QE) COURSES

(a) Individuals Must Complete a 60-hr QE Course to Become a CRTP

(b) **60 Hour QE Requirement Includes:**

- 1) **43 hours** of QE in **federal** tax subjects. *(new last year)*
- 2) **2 hours** of QE in **ethics**. *(new last year)*
- 3) **15 Hours** of QE in **CA tax subjects**. *(new last year)*

Commentary: Can be either face-to-face or self-study. Where a course is self-study, it must comply with all the self-study requirements of CP13.



QUALIFYING EDUCATION (QE) COURSES

CP13A

(c) Final Examination Requirement:

- 1) Each question must have a minimum of 4 possible answers.
- 2) Questions must be relevant to the material being taught.
- 3) Must **separately** test for the federal, ethics and CA elements.
- 4) Minimum of 10 questions for ethics (new last year)
- 5) Minimum of 75 questions for CA (new last year)
- 6) Minimum of 215 questions for federal (new last year)
- 7) Final exams may be one or more exams administered during the course.
- 8) Exams require 70% passing grade.
- 9) Exams may be take-home exams



QUALIFYING EDUCATION (QE) COURSES

CTEC's mandate – is to ensure that all non-exempt tax preparers in CA satisfy certain education requirements.

(f) Curriculum Provider Responsibility:

- Curriculum providers must be diligent to ensure that they are awarding the proper credit for their courses.

The implementation of the pilot test and word count formula methods of determining education credit awards was the result of providers awarding inflated credits in the past.

CTEC requires approved providers to exercise due diligence and ethical behavior in determining self-study credits. (CP23(j)(5)(F)).

Continued next slide...

CP13A



QUALIFYING EDUCATION (QE) COURSES

CP13A

(f) Curriculum Provider Responsibility (Continued):

CTEC reserves the right 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.

(g) English Requirement - Courses submitted for review to CTEC must be in English.



3-YEAR PERIODIC REVIEW

CP14

- Applies separately to CE and QE courses.
- Providers that offer QE and CE will have both reviewed in the same year.
- Providers subject to review notified February 1.
- CTEC will select the course to be reviewed.
- Provider must submit a complete review package by June 30.
- Failure to timely submit review package results in provider status revocation effective July 1.



3-YEAR PERIODIC REVIEW

CP14

- **Where Course Materials Do Not Comply:** The curriculum provider will be notified by e-mail and certified mail. The notification will give the provider the following options:
- **Option (i) - Conditional Approval**
 - Can continue to offer course while it is being corrected.
 - Waives all appeal rights.
 - Additional review fee of \$250.
 - Corrected course must be submitted within 30 days.
 - If not submitted within 30 days, approved provider status terminated
- **Option (ii) – Approved Provider Status Terminated**
 - Can submit a written appeal within 30 days of the denial notice. See details **CP14(c)(6)(B)(ii)**



PROVIDER REVIEW EXPENSE

CP15

- **Initial Curriculum Review Costs**
 - QE Course: \$1,500
 - CE Course: \$600
 - Public Universities and Colleges: No Fee
- **Periodic Review**
 - QE Course: \$1,000
 - CE Course: \$600
 - Public Universities and Colleges: No Fee
- **Incomplete Submissions - \$250**
- **Subsequent Review Costs**– Specified in CP-14.



PROVIDER REVIEW EXPENSE



CP15

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- **Subsequent Review Costs**– Specified in CP-14.



PROVIDER REVIEW EXPENSE

CP15

INCREASE IN PROVIDER FEES

- The Provider Committee will be proposing an increase in provider fees at the board meeting.
- There has not been an increase in the provider fees since 2014.



PROVIDER NON-COMPLIANCE

CP18

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:

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

Continued...



PROVIDER NON-COMPLIANCE

CP18

Impact on Students - When the education credits are reduced or eliminated, all affected students:

- Will be notified by CTEC.
- Must take steps to meet their CTEC education requirements from other courses.
- Will have until January 15th to complete their annual registration if the reduction or elimination occurs after August 1st .

Falsely Represents CTEC Approved - If an applicant for approved provider status (or their agent or assign) represents that the applicant is approved by CTEC, or represents that their courses are approved by CTEC, when they are not...

CTEC Provider Application – CTEC may deny their application for approved provider status and the applicant (or their agent or assign) may not re-apply to be an approved provider for a period of two years.



PROVIDER NON-COMPLIANCE

Flagrant Non-Compliance - CTEC has the authority to revoke the approved status of the provider effective 10 days after notice is sent to the provider at the provider's last known address given to CTEC. In addition, by Board majority vote the revocation can be for a period of 2-years.

Examples of Flagrant Non-compliance

- (A) Issuing credits without appropriate student study.
- (B) Submitting one course and another for sale to CRTPs.
- (C) Providing answers to exam questions or assisting in passing the exam.
- (D) Knowingly issuing exaggerated education credits.
- (E) Failing to make required course material changes.
- (F) Knowingly violating CTEC policies.
- (G) Being found guilty of a criminal act involving moral turpitude.
- (H) Non-compliance of such a nature that the educational value of a course is seriously impacted.

CP18



PROVIDER REPORTING REQUIREMENTS

CP19

CE Reporting Deadline:

- Within 30 days – January 16 through June 30
- Within 10 days – Any other time

Late Reporting Fines:

- 1st offense \$100
- 2nd offense \$200
- 3rd offense \$300
- 4th offense \$400
- 5th offense \$500

Each fine will be doubled every 10 days until provider is in compliance--fines not to exceed \$500



PROVIDER REPORTING REQUIREMENTS

CP19

For QE courses, student's CTEC ID number must be used.

For CE courses, student's CTEC ID number must be used.

For Experience In Lieu, student's CTEC ID number must be used.



USE OF TAX RETURNS AS A PART OF TESTING

CP20

The following guidelines must be used to determine QE credit:

1. Self-study courses may allow up to a total of 20% of credit (12 hours of QE credit) for preparing Federal and California tax forms and schedules.
2. The tax return and associated schedules must be completed in their entirety.
3. No part of any form, worksheet, or schedule will be filled out prior to testing.
4. No tax return may consist in whole or in part of a 1040, 1040-SR or a 5402EZ.
5. Course problems and exercises may not be duplicated in the final examination.



COURSE DISCLOSURES

CP21

Learning Level

- Basic
- Intermediate
- Advanced
- Update
- Overview

Prerequisites

Number of CE hours – Plus an allocation of hours between federal tax, federal update, ethics and California tax.

Refund Policy



EDUCATION STANDARDS

CP23

- **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.
 - Must be:
 - A currently registered CRTP,
 - IRS Enrolled Agent,
 - Licensed CPA,
 - Tax attorney or
 - An individual with expertise demonstrated through practical experience.



EDUCATION STANDARDS

CP23

Course Materials Must Be:

- Clearly written,
- Use precise terminology,
- Technically accurate,
- Current,
- Complete, and
- Sufficient to meet the course learning objectives.

Details of each follow...



EDUCATION STANDARDS

Clearly Written (Sec 23(j)(5)(A)):

Material, including questions, must be written to be understood by the student to whose technical level of knowledge and experience the course is directed. This includes technical, grammatical, and syntactical correctness.

CP23



EDUCATION STANDARDS

CP23

Misleading, Misuse or Imprecise Terminology (Sec 23(j)(5)(B)):

- Use common tax terms
- Not allowed are:
 - Misspellings and poor punctuation,
 - Clumsy syntax, and
 - Lack of clarity.



EDUCATION STANDARDS

Examples of Imprecise Terminology

What is the business income that sole proprietors must report on their income tax return?

- a) The income received from gross sales.
- b) The income received from gross receipts.
- c) The income received from non-sales resources.
- d) **All of the above**

Poorly written – Confusing - Semantics - Sentence structure - Terminology

CP23



EDUCATION STANDARDS

CP23

Example - Technically Incorrect:

On August 8, 2021, Sam, single, age 62, sold for \$210,000 his principal residence, which he has lived in for 10 years, and which had an adjusted basis of \$60,000. On November 1, 2021, he purchased a new residence for \$80,000. For 2021, Sam should recognize a gain on the sale of his residence of:

1. \$0
2. **\$130,000**
3. \$50,000
4. \$25,000
5. None of these choices are correct.

Technically Incorrect Sec 1034 vs Sec 121



EDUCATION STANDARDS

CP23

Sufficient (Sec 23(j)(5)(F)):

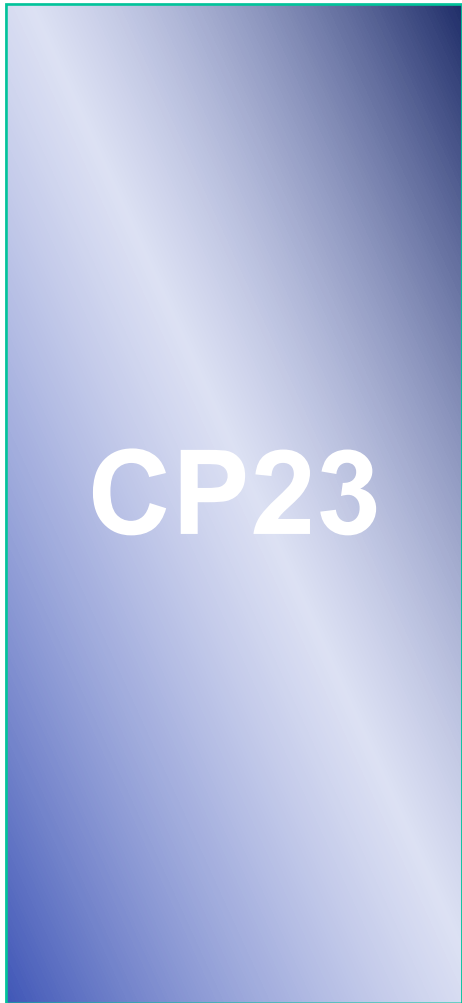
- Course material must be “sufficient” to meet the course’s learning objectives. This means, in part, the course materials shall include everything required to complete the course including, but not limited to, references and forms.
- “Sufficient” also means that the course material, particularly questions, must be of sufficient difficulty to be of educational value.

This is an area of focus of the CTEC review staff and is a common cause of some course denials.

Policy CP23(j)(5)(F) contains examples that should be carefully reviewed.



EDUCATION STANDARDS



Example of Insufficient

For bundled courses, each element must be separately tested and separately passed with a 70% grade. In this example a single exam of 100 questions was provided for the entire bundle.

Course Element	As Presented	Required
CA – 5 Hours	30	25 (5 x 5)
Ethics – 2 Hours	12	10 (2 x 5)
Federal Tax – 10 Hours	45	50 (10 x 5)
Federal Update – 3 Hours	13	15 (3 x 5)



EDUCATION STANDARDS

Example of Insufficient

Taxpayers who qualify for more than one filing status must...

- a) Call the IRS to let them know.
- b) Send their tax claiming at least one dependent.
- c) **Choose the status with more advantages.**
- d) Choose the status that requires them to pay more taxes.

Confusing terminology, no educational value, hints (CP23(j)(5)(F))

CP23



EDUCATION STANDARDS

CP23

Example of Giving The Students the Answers – This is an actual exam question that was used by a provider.

Example: A bank product whereby a third-party bank takes receipt of a taxpayer's refund and then pays the tax preparation fee to the tax preparer, if not done properly, can violate IRS rules against:

1. Treason
2. Negotiating a taxpayer's check
3. Nuclear proliferation
4. Overcharging a tax client

This behavior is neither professional or ethical



EDUCATION STANDARDS

CP23

Primary Source of Denials -The primary sources of course denials has been and continues to be:

- Material **not** current.
- Questions overly simple.
- Questions confusing and/or poorly written.
- Text material confusing and/or poorly written.
- Text material insufficient or incomplete.
- Technical text and question errors.
- Inappropriate use of reference material such as Government Publications.
- True false questions.
- Multiple choice with fewer than 4 responses.



QE CURRICULUM GUIDELINES

CP23A

Last Updated: December 2021

- Will be updated annually in the future
- Already have changes
 - SECURE Act Regulations
 - Numerous IRS Notices
 - And no doubt more to come.....

Although we will periodically update CP23A, providers should do the right thing and update their courses on their own as laws change.



CP23A

QE CURRICULUM GUIDELINES

R - Required - Provider must include this subject matter in the course to prepare the student for dealing with this issue, including related situations that will be commonly encountered by CRTPs.

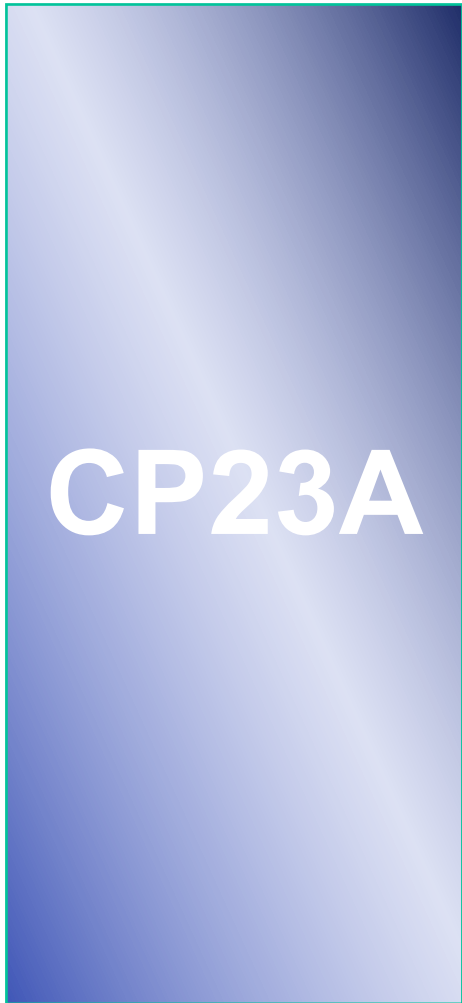
A - Awareness - Providers must include this subject matter in the course in such a manner (overview) that a student will recognize the issue when encountered and know to seek further guidance in dealing with it.

O - Optional - These are suggested optional issues that a provider can include in the course material but are not mandatory.

NOTE: In some cases, the R-A-O designation applies to an entire category and thus for the subcategories there will simply be a dash.



QE CURRICULUM GUIDELINES



ANNOTATED GUIDELINES –

Must be completed and submitted for course review.

Topics		2021 / 2022 Guidelines	Page(s) of which "required" and "awareness" topics are covered in the course material	Time devoted to each topic	Identify final exam questions that test the "required" and "awareness" topics
I. General Filing Issues					
A. Ethics & Tax Practice					
1. General Ethics and Compliance Subjects	(CIR 230 Subparts A & B)	R			
1. Due Diligence: EIC, CTC, ACTC, ODC, AOTC, HOH	Form 8867	R			
1. Preparer Penalties		-			
a. Due Diligence	Sec 6695(g)	R			
a. Understatement of Liability (Negligence)	Sec 6694(a)	R			
a. Intentional Disregard of Rules	Sec 6694(b)	R			
a. Unreasonable Position	Sec 6694(a)	R			
e. Willful or Reckless Conduct	Sec 6694(b)	A			



USE OF FEDERAL & CA PUBS

CP24

CTEC CE and QE Standards - Limit the use of IRS/FTB, and other government publications (including internet website articles or other material) or other reference materials such as tax guides. Such material is permitted to be used as supplemental reference materials only.

Course Materials: CE and QE approved curriculum providers of self-study courses must utilize materials **specifically developed by the provider*** for the course.

*QE Course Exception - Texts published by commercial publishing companies to be used to instruct tax return preparation are permitted.

Continued...



USE OF FEDERAL & CA PUBS

CP24

Prohibited Materials - Self-study courses using “reference materials” other than as a supplement to materials specifically developed for the course is prohibited.

Reference Materials – Include IRS and FTB publications, other government publications, reference materials, etc.

Permitted Use of Reference Materials

- Can be used as supplemental material.
- Can appear as footnotes or as appendices.
- Cannot be included in the word count.
- Must be clearly identified for a course review.
- If not adequately identified...
 - Discovered during review the course will be rejected.
 - Discovered during an audit CP14(c)(6)(B) will apply (next slide).



USE OF FEDERAL & CA PUBS

CP24

CP14(c)(6)(B) give a provider two options, one of which must be selected with 10 days of receiving denial letter

Option (i) - Conditional Approval

- Can continue to offer course while it is being corrected.
- Waives all appeal rights.
- Additional review fee of \$250.
- Corrected course must be submitted with 30 days.
- If not submitted within 30 days, approved provider status terminated

Option (ii) – Approved Provider Status Terminated

- Can submit a written appeal within 30 days of the denial notice. See details **CP14(c)(6)(B)(ii)**



PROVIDER TASK FORCE MEETING



Currently Approved Curriculum Providers - All currently approved curriculum providers will be required to attend a Curriculum Provider Task Force Meeting once every three years. Travel expenses to the meeting are the responsibility of the curriculum provider.

CP25

- Failure to meet that requirement will result in the revocation of a provider's approved status.
- Travel expenses are the responsibility of the curriculum provider.



CP26

INSTRUCTOR LED (FACE-TO-FACE) COURSES

Requirements — Courses, such as live conferences and seminars, qualify for continuing education if the course:

- **(1)** Requires attendance and provides each attendee with a certificate of attendance;
- **(2)** Is conducted by a qualified instructor, discussion leader, or speaker;
- **(3)** Provides or requires a written outline, textbook, or suitable electronic materials; and,
- **(4)** Utilizes a means of monitoring participants' attendance.

Note: Where CE credit is provided for round table discussions, breakfast meetings, etc., keep in mind they must meet all four requirements above. Requirement #3 is difficult to meet for round table discussions because the material contents cannot anticipate the questions asked at the round table discussion.



CP27

GROUP INTERNET COURSES

Group Internet—In addition to CTEC education requirements for QE and CE courses, a group Internet course must also provide the following:

- A written outline, textbook, or suitable electronic educational materials; and,
- A method of ensuring attendance over the entire course (e.g., by utilizing polling questions throughout the course).

Face to Face

- Live instructor – student able to interact with instructor.
- Recorded – But instructor available to answer questions.
- Minimum 3 polling questions per hour
 - Tip: 2 out 3 = 67% fails, but 3 out of 4 = 75% passes.

Self-Study

- No instructor available to answer questions. Must have an exam.



AUDIT POLICY

CP28

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. This includes, but is not limited to, the credit awarded, compliant study materials and, for QE courses, compliant exam questions and mandatory study material allocations.

Continued...



CP28

AUDIT POLICY

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. The following exceptions apply:

1. If audited during either of the two prior annual audit cycles, CTEC has the discretion to exempt that course from audit..
2. If more than one is from the same provider, CTEC shall only audit the most widely used of that curriculum provider's courses.
3. Where one or more of the 5 most widely used is exempt CTEC shall replace that course with the next most widely used course from another provider.
4. 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.

Continued...



AUDIT POLICY

Audits of Self-Study Courses – Continued

5. If a course selected for audit is no longer currently available to students, it shall be CTEC's option to audit a similar course currently offered or the prior year's course.

Curriculum providers may be asked to provide course evaluations as a part of the audit. When requested, the curriculum provider will have 10 days to submit course evaluations.

Continued...

CP28



AUDIT POLICY



CP28

Audit as the Result of a Complaint: Written complaints, relating to course material shall be reviewed by a reviewer who in consultation with the CPS Chair recommends whether an audit is appropriate and the reason for the audit.

Targeted Audits: CTEC reserves the right to select courses for audit and to audit courses where CTEC suspects a course is not in compliance.

IRS Disqualification: Automatic CTEC disqualification

Repetitive Disqualifications: If a provider has more than one course disqualified in a CTEC CE reporting year, the provisions of CP18(b) or CP18(c) may apply as CTEC deems appropriate. (Provider status terminated plus may result in the elimination or reduction of CE credits already awarded).



WHO IS THE PROVIDER

CP30

Offering Courses Developed by Others

- There is no restriction to offering courses developed by others, provided that the courses otherwise comply with policies and education standards of CTEC.
- When a provider offers a course developed by others, that provider must meet **ALL** the CTEC approved curriculum provider responsibilities, functions, and requirements for offering that course.



PURCHASED COURSE POLICY

CP31

- An approved curriculum provider is not permitted to assign or otherwise transfer any part of the approved status to another.
- The purchasing curriculum provider takes full responsibility for the purchased course material in meeting and maintaining the purchased course to ensure compliance with CTEC education standards and policies.



COURSE UPDATE POLICY

CP32

CP32(b) provides *“(b) - Update Guidelines: Tax law is constantly changing and any significant omission, related to the currency of the subject matter of the course, will cause a course to be disqualified.*

Therefore, all CTEC courses are required to be current according to the schedule illustrated on the following slide:

Continued...



COURSE UPDATE POLICY

CP32

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

"These requirements can be satisfied with the use of addendums or supplements added to a course syllabus."

Continued...



COURSE UPDATE POLICY

CP32

Act	Issued	30 Days	90 Days
SECURE Act Proposed Regs. Sec 1.402(c)-2)	2/24/22	3/26/22	5/25/22

- Don't forget to adjust CA course conformity

CTEC Education Cycle - 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.

Continued...



COURSE UPDATE POLICY



CP32

Meeting the update requirement includes, but is not limited to:

- Tax Law Changes
- Expiring Tax Law
- Revenue Rulings
- Revenue Procedures
- Other Administrative Announcements
- Court Rulings



ADVERTISING DISCLOSURES

PROHIBITED WORDING

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.** Course credit may be disallowed and CTEC may select the course for audit.

- As part CTEC’s compliance efforts the Review Staff is charged with reviewing all provider websites for compliance with advertising standard. This year’s review found 2 providers in violation of that standard, and they were subsequently audited.

CP34



PROVIDER CONDUCT

CP35

Provider Non-Compliance: CTEC has encountered the following forms of non-compliance, and when encountered, imposes appropriate sanctions:

- Issuing credits without proper completion of the course;
- Issuing inflated education credits not justified by the effort required;
- Failing to properly update their courses
- Offering overly simplistic courses ineligible for credits;

Continued...



PROVIDER CONDUCT

CP35

- Submitting, for CTEC approval, a course that meets CTEC educational standards while offering others that do not.
- Advertising courses as “quick” and/or “easy” or with other terms intended to convey the message the course can be completed in a shorter time than the “word count” or “pilot testing” supports;
- Any other action or inaction, whether oral or written, that evidences an attempt to gain a competitive advantage at the sacrifice of an appropriate level of quality.



NEW PREPARER REGISTRATION NOTICE

CP36

Most individuals that have successfully completed the 60-hour qualifying education course fail to register with the California Tax Education Council (CTEC).

All QE approved providers are **required** to provide their students with the notification provided in CP-36.

PROVIDER NOTIFICATION TO NEW PREPARERS

Background: All QE CTEC approved providers are required to provide students with a copy of CP36-01 – Provider Notification to New Preparers, upon completion of your 60-hour qualifying education course.

IMPORTANT: Just because you successfully completed the 60-Hour qualifying education course does not permit you to prepare tax returns in the state of California. You must also complete the registration process with the California Tax Education Council (CTEC). Carefully read the instructions below to complete that process.

Now that you have successfully completed the 60-hour qualification education course, you have 18 months from the completion date listed on your completion certificate provided by your education provider to register with CTEC. If you do not register with CTEC within the 18 months, you will be required to complete another 60-hour qualifying education course before being able to register.

CTEC registrations MUST be completed online at <https://www.ctec.org/>. You will need the following to complete your registration: An **online application for new preparers**; a **background check and fingerprinting procedure (Live Scan)**; a \$5,000 tax preparer bond; a valid IRS PTIN; and, payment of registration fee of \$33 with a Visa, Master Card or Debit card.

CAUTION - YOU HAVE TWO REGISTRATION OPTIONS

- 1. If you register as a new preparer before November 1** – you are registering for the cycle year ending on October 31 of that year. **Example:** If you register as a new preparer on October 15, 2019, that registration is only valid thru October 31, 2019. You would be required to take 20 hours of continuing education sometime between October 15, 2019 and October 31, 2019 to renew your registration for the next registration cycle.
- 2. If you register as a new preparer after October 31** – you are registering for the next cycle year beginning November 1 of the current year and ending on October 31 of next year. **Example:** If you register as a new preparer on November 2, 2019, your registration is valid thru October 31, 2020. From November 2, 2019 thru October 31, 2020, you will be required to take 20 hours of continuing education from a CTEC approved provider in order to meet the renewal requirements for the next registration cycle, which will begin on November 1, 2020.

Here are some important registration reminders:

- CTEC's registration year runs from November 1st to October 31st of the following year.
- After your initial registration, you must complete 20 hours of continuing education annually from a CTEC approved provider and renew your registration with CTEC by October 31st each year.
- There is a late renewal period that runs from November 1st through January 15th of the following year. If you renew during that time period, a late registration fee will apply. **Remember, you are not permitted to prepare taxes during this late renewal registration period.**
- If you fail to renew by January 15th of any given year, you will be required to retake the 60-hour qualifying education course from a CTEC approved provider; **complete an online application for new preparers; complete a background check and fingerprinting procedure (Live Scan)**; have a \$5,000 tax preparer bond; have a valid IRS PTIN; and, register as a new preparer.



ROUNDTABLE CONTINUING EDUCATION

CP37

Roundtable-discussions and live educational sessions are an excellent learning opportunity for tax professionals to learn from one another. To be eligible for CTEC approved credit, the following requirements, which mirror IRS requirements, must be met.

Continued...



ROUNDTABLE CONTINUING EDUCATION

CP37

1. The discussion leader must be qualified and experienced in presenting federal tax law topics. See IRS Q&A #20 and CP26(e)
2. The program description should describe the purpose of the program and what approach will be taken for questions to be asked. See IRS Q&A #20 and #5 below.
3. There must be a set agenda on federal or California tax law topics to be discussed, and the discussion leader should also have planned additional topics in the event that questions are not received from the audience. See IRS Q&A #20}.
4. The questions and issues discussed (including any tabled/unanswered/deferred questions) must be retained, either by detailed notes of the training, or a voice recording of the entire training. See (IRS Q&A #20}.
5. CTEC awards separate credits for:
 - Federal Tax Subjects,
 - Federal Tax Update, and
 - California Tax Subjects



CP37

ROUNDTABLE CONTINUING EDUCATION

Where 2 or more types of credit are awarded for a single training, the provider must be able to demonstrate that each type of credit meets the requirements for a full contact hour, a 50- minute minimum, for that type of education. See Cir230 Sec 10.6(g)(2).

- **Example:** The provider offers a training that is advertised as providing 1 CE credit for Federal Tax Subjects and 1 CE credit for Federal Tax Update. The time spend on each must be 50 minutes in duration in order to provide 1 CE credit for each topic.
6. Where it is determined that the provider inaccurately allocated CE credits, CTEC reserves the right to make CE credit adjustments for the course. CTEC will notify the provider of adjustments made.
 7. Programs that are just open-ended Q&A sessions or where there is insufficient documentation for the program will not qualify for CE credit. See IRS Q&A #20.
 8. Records and documentation must be retained for 4 years. See IRS Q&A #20.



ROUNDTABLE CONTINUING EDUCATION

Recent Violations of this Policy

Provider Offered the following credits for a 3-hour roundtable meeting:

- 1 Hour of Federal Tax Subject
- 1 Hour of Federal Update
- 1 Hour of CA

Since CP37 was a new policy in 2021 we suggested the provider consider:

Where 2 or more types of credit are awarded for a single training, the provider must be able to demonstrate that each type of credit meets the requirements for a full contact hour, a 50- minute minimum, for that type of education. See Cir230 Sec 10.6(g)(2).

They persisted and CTEC initiated audit.

Organization leadership got involved and agreed exactly 1 hour in each category in a 3-hour round table discussion was unreasonable and would stop doing that.

As a result, CTEC withdrew the audit, but will do that in the future.

CP37



OTHER ISSUES ENCOUNTERED

CP37

- **Providers Course was non-compliant** – They selected 30-day option to bring into compliance – and said they needed extra time, the 30 days was not enough. They were advised there was no extension to the 30-days...they ended up complying with the 30 days.
- **Junior College QE Course Review:** A junior college was offering a bundled live course giving Federal, Ca, and ethic credits. But their exams did not include any ethics questions (CP13A(c)(3)). Same college was also in non-compliance with CP13A(c)(3), where one question must be devoted to each “required” subject listed in the CP23A Qualifying Education Guidelines. Plus, they submitted CP23A listing their required questions using CP23A dated 12/11/20 instead of the current one dated 11/18/21.



REMINDERS FOR STUDENTS AND PROVIDERS

STUDENTS

- Must have a SSN to register with CTEC. (ITINs are not valid)
- Must have a valid PTIN to register with CTEC.
- CRTPs are registered, **NOT** licensed, certified or enrolled
- Personal information changes must be submitted in writing or edited through their online account.

PROVIDERS

- Providers must verify the name and CTEC ID before uploading the 60 QE hours. Name on certificate must exactly match name used to purchase course.



CTEC REGISTERED TAX PREPARERS (CRTPS)

CTEC Website - CRTPs must provide the CTEC website, www.ctec.org, to clients in writing prior to rendering tax preparation services.

- This is in addition to other information already required - the tax preparer's name, address, phone number and bond name and bond policy number.

Surety Bond Claims – CRTPs are required to report all paid claims against their surety bond to CTEC. CTEC is also required to post a notice of the paid surety bond claims on ctec.org.

Disciplinary Actions - CTEC must post on its website:

- All disciplinary actions taken against registrants by the Council, including - but not limited to -misconduct that results in a suspension or revocation of a CRTP registration.
- A list of registrants on probation, including the misconduct that resulted in the probation and any terms of probation.



BACKGROUND CHECKS AND FINGERPRINT IMAGES

New CRTP Applicants - California Business & Professions Code Section 22251.3 was amended to require new applicants interested in becoming CRTPs to pass a criminal background check and submit fingerprint images to CTEC to determine an individual's eligibility to register as a CRTP.

Existing CRTPs - The new requirements are NOT applicable to current CRTPs, only new applicants who register on or after July 1, 2020.

Expired CTEC Registration – CRTPs that allow their registration to expire will be treated like a new CRTP applicant. A background check and passage of a QE course are required



BACKGROUND CHECKS

PROBLEMS

- Some providers are giving incorrect information regarding background checks for new preparers .
- One such issue is telling CRTP applicants that they need not report any criminal incidents over 10 years old on their application.
- **THIS IS NOT CORRECT!**
- Please DO NOT provide any information regarding background checks to your students.
- Refer ALL questions regarding background checks to the CTEC office.



CONTACT CTEC



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QUESTIONS?

