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## EDUCATION STANDARDS

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**(a) – Background:** The State of California regulates the education and conduct of tax preparers as described in Business & Professions Code Sections 22250–22259. The California Tax Education Council (CTEC) Board of Directors has approved the following standards for providers of “qualifying” (QE) and “continuing” (CE) education.

**(b) - Qualifying Education (QE):** To qualify as a California Registered Tax Return Preparer (CRTP), the candidate must successfully complete a 60-hour (43 hours of federal tax subjects, 2 hours of ethics, and 15-hours of California tax topics). While there are additional requirements to become a CTEC Registered Tax Preparer (CRTP), this is the first step that most CRTP candidates will take. Separate provider approvals are required for both QE and CE courses. This means a provider approved to provide qualifying education is not automatically approved to provide continuing education and vice versa.

**(c) - Continuing Education (CE):** By law, CRTPs are required to complete 20 hours of continuing education annually from a CTEC approved provider. This requirement includes 3 hours of federal tax update, 2 hours of ethics (CP22), 10 hours of federal tax subjects and 5 hours of California taxation. As provided in subsection (b) a curriculum provider approved to provide qualifying education is not automatically approved to provide continuing education.

**(d) - Commentary:** The IRS recognizes CTEC as the “licensing body” of tax return preparers in California for the purposes of Section 10.9(a)(1)(ii) of Circular 230.

**(e) -** Providers who offer both face-to-face and self-study courses must submit a self-study course for initial approval.

**(f) -** Course instructors, discussion leaders, and speakers may obtain a maximum of 4 hours of federal continuing education credit and 1 hour of California continuing education credit in the performance of these activities including preparation for these activities (CP07).

**(g) -** Curriculum providers interested in obtaining approval to offer CTEC approved educational courses must meet these standards in developing, presenting, and reporting their course(s). The standards are divided into four sections:

- (1) Course Development
- (2) Course Presentation
- (3) Curriculum Guidelines
- (4) Provider Reporting

**(h) -** Providers may not offer CTEC credit for any course unless the provider is an approved provider for that type of course (QE or CE). Applications to become a CTEC approved provider can be downloaded from CTEC’s website ([www.ctec.org](http://www.ctec.org)) or can be requested from CTEC to be mailed or faxed. All completed applications must be submitted electronically to CTEC.

**(i)** CTEC publishes a current list of approved providers. The list is available to the public on CTEC’s website or can be requested from CTEC to be mailed or faxed.

### **(j) - COURSE DEVELOPMENT**

- (1)** Curriculum content for both QE & CE courses is restricted to federal and California taxation. (Business & Professions Code Section 22255(a) & (b)).

**Commentary:** CTEC maintains a list of tax topics that must be covered for qualifying education (see CP23A).

- (2) The curriculum provider must create learning objectives and specify the course level, expected knowledge, and/or skill attainment expected of the student. (See CP21)

**Commentary:** Learning objectives should clearly state what level of knowledge or skill a participant is expected to achieve after completing a course. Course descriptions should be informative for potential students. Examples of descriptions are:

- (A) **Basic** – Covers fundamental principles and skills. This level is for students with limited or no exposure to the subjects.
- (B) **Intermediate** – Builds on a basic course in order to relate fundamental principles or skills to practical situations and extend them to a broader range of applications. This level is for students with some exposure to the subjects.
- (C) **Advanced** – Focuses on the development of in-depth knowledge, a variety of skills, or a broader range of applications. This level is for students with significant exposure to the subjects.
- (D) **Update** – Provides a general review of new developments. This level is for students with at least a basic knowledge in the subjects who wish to be kept current.

**Commentary:** The CTEC education cycle is from November 1 through October 31 of the following year. Update courses offered after October 31 shall contain updated material related to the current tax year with the coming filing season in view. CTEC has the discretion to disqualify courses offered after October 31 that have not been updated for the subsequent year.

- (E) **Overview** – Develop a broad perspective in a subject area.
- (3) Curriculum providers must state the education, and/or experience prerequisites required for each course in clear and precise language to help students determine whether they qualify for the course and whether the course is appropriate for them.
- (4) Curriculum providers must be qualified in the subject matter and be knowledgeable in instructional design and delivery. Courses must be developed and taught by individuals or teams having expertise in the subject matter. They must be a currently registered CRTP, IRS Enrolled Agent, licensed CPA, attorney in good standing and holding an active license or its equivalent or an individual with tax expertise demonstrated through practical experience.

**Commentary:** Qualification in subject matter and knowledge of instructional design may be obtained through appropriate practical experience, education, or both. This standard is not intended to require that any one individual course developer be both technically competent and competent in instructional design and development; its purpose is to ensure that both types of competencies are represented in the completed course. Whether one or more persons are involved in that development is not important.

- (5) Course materials must be clearly written, must avoid misleading or imprecise terminology, must be technically accurate, current, complete, and sufficient to meet the course learning objectives.
- (A) **Clearly Written:** Instructional material, including questions, must be clearly written so as to be understood by the student to whose technical level of knowledge and experience the course is directed. This includes not only technical accuracy, but also grammatical and syntactical correctness.
- Complex subject matter, even though understood by the author, must be written in a manner that can be understood by the intended audience.
- (B) **Misleading or imprecise language or terminology.** Use of misleading or imprecise terminology causes confusion and is not permitted. For example, mixing technical terms, such as exclusions, deductions and ‘credits,’ makes material unclear (see commentary below). Misspellings, poor punctuation, clumsy syntax, and/or poor instructional design can contribute to a lack of clarity and are not allowed.

**Commentary:** Most common tax terms known and used by tax professionals are used in tax publications and are expected to be used consistently in all course material as well.

These terms come, in large part, from the Internal Revenue Code, Income Tax Regulations, and/or court decisions where these technical terms are defined and/or discussed. Quoting the code and/or regulations, although encouraged, is not necessary, but the consistent and proper use of code and regulation terminology is essential. It is confusing to use terms and terminology that are not common to professional tax preparation.

Examples include: 1) use of “taxable income” when the author means an item of gross income that is not excludible; 2) “Home Upkeep” instead of “costs of maintaining a household” which describes the requirements of IRC §2(b)(1)(B) concerning the “maintaining a household” requirement for head of household status; 3) using the term “the person” to refer to “the taxpayer”; and 4) using the phrase “personal tax computation” as a chapter title to mean the levels of income generally associated with the calculation of the tax due or tax refund.

These levels are commonly and technically known as “gross income”, “adjustments to gross income” (so called above the line adjustments), “adjusted gross income”, “below the line” itemized deductions, and “taxable income”.

**(C) Technically accurate:** “Technically accurate” means the materials must reflect the correct meaning of the tax law, regulations, court rulings, revenue rulings, revenue procedures, and other authoritative promulgations. Gray areas in the law are to be identified and discussed appropriately.

**(D) Current:** “Current” means course materials must be updated per the provisions of CP32. Although not required, curriculum providers are strongly encouraged to provide updated information to prior students.

**(E) Complete:** Textual material must be complete as to coverage in two distinct respects:

- i. **First**, the breadth of coverage must be complete. For example, a segment of the 5-hour “federal tax law” portion of the annual CE requirement that is devoted to “exclusions” would, generally, not be complete if it did not include a discussion of all the common exclusions. § 101; Gifts under § 102; Certain medical benefits under § 104, 105, & 106; Parsonage allowances under § 107; Certain debt relief under § 108; Combat, etc. pay under § 112; Scholarships and fellowships under § 117; Certain meals & lodgings provided by employers under § 119; Benefits from Qualified group legal plans under § 120; Exclusion of gain on the sale of principal residence under § 121 (this exclusion would probably be more properly place under a portion of the course dealing with sale of residence); Benefits from educational assistance courses under § 127; Dependent care assistance course under § 129; and/or Certain fringe benefits under § 132.
- ii. **Second**, a discussion of any topic must be sufficiently detailed to adequately cover the subject matter. For example, merely listing the exclusions identified in the previous paragraph would not constitute a complete treatment. Each of these exclusions is too complex to be “completely” and “sufficiently” addressed by a mere listing or one-line description. Each must be explained in helpful if not considerable detail to be considered “complete”.

The presentation method impacts the course materials design and development in that more material is needed for a self-study course where access to the instructor is typically not as readily available. Less is needed for a contact class where the live presentation is used to address issues that could not or are not addressed in a self-study course.

**(F) Sufficient:** Course material must be “sufficient” to meet the course’s learning objectives. This means:

- 1) The course materials shall include everything required to complete the course including references, forms, etc., and

- 2) The course material, particularly questions, must be of sufficient difficulty to be of educational value. An example of insufficient difficulty is an exam question that can be answered by a simple look up reference to the text or other reference material or questions that can be answered without reading the course material.

**Commentary:** There are two types of education covered by the CTEC education policies.

- Qualifying Education (QE) which is for new, unexperienced tax preparers and
- Continuing Education (CE) which is for experienced taxpayers.

Thus, the acceptable level of difficulty for QE course materials and exam questions will be less than that for CE since the QE courses are entry level and by nature more basic. The term sufficient can be subjective, but providers should understand the need for the requirement and avoid content that is obviously not suitable or overly simplistic for the appropriate level of education being taught.

**Examples** of CE exam questions that would **NOT** meet the sufficiency requirement:

1. Joe and Susan are a married couple filing jointly. Both spouses materially participate in their jointly operated business which is not incorporated. Which schedule will each file showing their share of income and deductions?
- a. Schedule C
  - b. Schedule E
  - c. Schedule F
  - d. Schedule K-1

**Commentary** – This question could have been sufficient if it had asked how the couple should file a jointly operated business. But instead states the couple should “each” file one of the listed Schedules and for an experienced preparer the obvious answer is Schedule C. Also, the couple could have filed a partnership return. Thus, the question is insufficient with an obvious answer.

2. The federal filing statuses include all the following except:
- a. Married Filing Jointly
  - b. Head of Household
  - c. Child
  - d. Surviving Spouse

**Commentary** – This question might be sufficient for a QE course exam question but is too basic a for a CE course exam question. Plus, teaching basic filing status would also be too basic for a CE course. Nevertheless, as example, teaching more obscure filing issues such as how to file when married to a non-resident alien would be suitable for a CE course and exam question.

3. Wages and salaries must be reported on 1040?
- a. Line 1a
  - b. Line 1b
  - c. Line 7
  - d. Line 9

**Commentary** – This question is insufficient because the answer can be quickly be looked up simply pulling up a PDF of the 1040 and does not test a preparer’s tax law knowledge.

**Commentary** In addition, to be “sufficient to meet the course’s learning objectives” means that neither the text nor other course material may directly or indirectly lead students to the portion of the material where the answer to a particular question can be found.

**(6) Secondary Review** - It is strongly recommended that curriculum providers have course materials reviewed by qualified persons other than the person(s) who developed them. This review should occur before the materials are submitted for approval or offered to students.

**Commentary:** Individuals, other than the course author/developer, should review the course. This review should be completed by a person qualified in the subject matter and knowledgeable in instructional development and design. Any one reviewer need not be competent in all areas, but all aspects of a course should be reviewed. It may be impractical to review certain courses, such as lectures given only once, in which more reliance must be placed on the recognized competence of the author/instructor.

- (7) Credit Hours** - Credit hours for a face-to-face course are based on a 50-minute contact hour. Self-study courses must calculate credit hours using the word count or pilot testing method as outlined in CP13(f) and (g).
- (8) Curriculum Provider Approval** - Appropriate curriculum provider approval must be obtained prior to advertising or offering CTEC approved courses. Applications for approval must be complete. The appropriate application checklist (must be completed and submitted. Required course materials include but are not necessarily limited to: an approved provider application, a syllabus describing topics covered with time devoted to each, a copy of the instructor guide or power point for live presentations, student learning materials, sample provider course completion certificate, provider compliance form, and a student evaluation form. In addition, quizzes and examinations must be included, if applicable. The appropriate application checklist should be used as a guide and must be submitted with the application (CP02).

**Commentary:** A curriculum provider may not offer or advertise that a course is a CTEC approved course until the appropriate provider approval is granted.

- (9) Applications** – Applications to become a CTEC approved curriculum provider can be downloaded from CTEC’s website ([www.ctec.org](http://www.ctec.org)) or can be e-mailed upon request. Applicants will receive approval or denial within 120 days of CTEC receiving a complete application packet.
- (10) Test Only Courses** - Courses **may not** consist of testing material only. Neither an exam nor a test of any kind, standing alone, will constitute an acceptable course.
- (k) – Promotion of Competent Tax Preparation Standards** – Curriculum providers are charged with the responsibility to design and develop courses that “promote competent tax preparation in California.” Curriculum reviewers are charged with the task of evaluating a course with this standard in mind.

To that end, reviews are to determine if the course:

- (1)** Is substantive and probative. In other words, does the course have a firm basis for the claim that it, in reality, helps to promote competent tax preparation and is, therefore, educationally meaningful.
- (2)** Has the quality or function of proving or demonstrating that it does, in fact, promote competent tax preparation.
- (3)** Includes review and examination questions that are sufficiently challenging to promote competent tax preparation.

## **(I) - COURSE PRESENTATION**

- (1) Advertising Disclosures** - Providers shall inform prospective students that the provider has been approved by CTEC and uses CTEC approved advertising disclosures (see CP34). Courses that are promoted in a way that violates this standard may be disqualified.

**Commentary:** The Board will maintain a listing of approved disclosures. These approved disclosures will be distributed upon request and included with the curriculum provider application packet. Providers needing alternate disclosure language may request it from the Board.

**(2) Learning Objectives** - Providers shall inform students, in advance, of: learning objectives, prerequisites, course content and level, advance preparation, instructional methods, number of federal and state hours awarded for successful completion, grievance policy, refund policy, and relevant administrative procedures and policies.

**Commentary:** In order for potential students to effectively select their qualifying or continuing education course, the significant features of the course should be disclosed in brochure advertisements and/or other informational announcements. The course registration policies and procedures must be formalized, published, and made available to students.

**(3) Refund Policy** - Curriculum providers must formulate a refund policy that is clearly communicated to students before they register for the course. Refund policies must comply with California law.

**(4) Instructors** - Curriculum providers shall ensure instructors are qualified with respect to both course content and instructional methods. Instructors must be qualified in the subject matter and be knowledgeable in instructional design and delivery. Courses must be developed and taught by individuals or teams having expertise in the subject matter. The instructor must be a currently registered CRTP, IRS Enrolled Agent, licensed CPA, attorney in good standing and holding an active license or its equivalent or an individual with tax expertise demonstrated through practical experience.

**Commentary:** The instructor is a key ingredient in the learning process in any course. Therefore, it is important that curriculum providers exercise proper care in selecting qualified instructors for each course. Qualified instructors are not only knowledgeable but also have a demonstrated capability of communicating effectively, i.e. they should be competent teachers, current in the subject matter, skilled in the use of the appropriate instructional methods, and adequately prepared.

Curriculum providers should evaluate the instructor's performance. Student course evaluations are required and should be used to evaluate the instructor as well as other aspects of the course.

**(5) Physical Facilities** - Curriculum providers shall ensure the physical facilities are appropriate for the instructional methods used.

**Commentary:** The number of students, suitability of facilities, and seating arrangements are integral to the accomplishment of the educational goals and should be planned and appropriately coordinated.

**(6) Course Evaluation** - Curriculum providers shall employ an effective means of evaluating course quality with respect to content and presentation. Student course evaluations will be administered at the conclusion of the course (CP08).

#### **(m) - PROVIDER REPORTING**

**(1) Provider Course Completion Certificate** - Curriculum providers will provide students who successfully complete the course with a provider course completion certificate (CP11).

**(2) CTEC Reporting** - Curriculum providers will electronically inform CTEC of students who have successfully completed a course in accordance with CP06.

**(3) Record Keeping** - Curriculum providers must retain the following information for four years:

**(A)** A record of student attendance and credit hours earned; and,

**(B)** Course materials.

**Commentary:** Curriculum providers must retain this information in a location accessible to the students and to all parties with a legitimate interest.

- (4) Administrator** - Curriculum providers shall maintain a single administrator/responsible party for contacts with CTEC as outlined in CP12.

Approved June 18, 2004  
Curriculum Provider Standards Committee  
**Responsibility: Curriculum Provider Standards Committee**