



NEW PREPARER APPLICATION PROCESS

Pursuant to California Business and Professions Code Sections 22250 et. seq. (hereinafter the “Law”), the California Tax Education Council hereby adopts the following procedures relative to the registration of a new CTEC preparer and the denial of an application or discipline of an applicant.

Effective July 1, 2020, NEW applicants who would like to register as a tax preparer with CTEC must pass a background check with fingerprinting. The following procedures outline the application process:

STEP 1 - Complete Online Application

Applicant completes the Online Application Process at ctec.org which includes:

- Registration Options (identifying cycle year and application type);
- Record Search (SSN number required to search for existing records);
- Personal Information (address, phone number, etc...);
- Create Logon Account (create user ID and password);
- Experience in Lieu of Information and Documentation (if required);
- Background Information (questionnaire and documentation for background investigation).

This application will expire after three years if registration has not been completed.

STEP 2 - Complete Live Scan Fingerprinting Process

Applicant downloads the Live Scan forms from ctec.org and completes the fingerprinting process at an approved Live Scan location and then waits for approval or denial notification from CTEC.

Background Review

CTEC will perform a background review in accordance with the procedures specified herein. If CTEC staff finds no evidence of a violation of these procedures, that applicant will then be cleared to proceed to the next step of the application process.

Denial and Disciplinary Procedures for New Applications:

- I. Reasons for denial or discipline of an application. An application may be denied or discipline imposed for reasons reasonably related to protecting the public, including the following:
 - (a) Failing to obtain and maintain a surety bond as required by Business and Professions Code Section 22250.1;
 - (b) Making, or authorizing the making of, any statement or representation, oral or written or recorded by any means, which is intended to induce persons to use the tax preparation service of the tax preparer, which statement or representation is fraudulent, untrue, or misleading;
 - (c) Obtaining the signature of a client to a tax return or authorizing a document which contains blank spaces to be filled in after it has been signed;
 - (d) Failing or refusing to give a client, for his or her own records, a copy of any document requiring the client's signature, within a reasonable time after the client signs the document;
 - (e) Failing to maintain a copy of any tax return prepared for a client for four years from the date of completion or the due date of the return, whichever is later;
 - (f) Engaging in advertising practices which are fraudulent, untrue, or misleading, including, but not limited to, assertions that the bond required by B&P Section 22250.1 in any way implies licensure or endorsement of a tax preparer by the State of California;
 - (g) Violating Section 17530.5;
 - (h) Violating Section 7216 of Title 26 of the United States Code;
 - (i) Failing to sign a client's tax return when payment for services rendered has been made;
 - (j) Failing to return, upon the demand by or on behalf of a client, records or other data provided to the tax preparer by the client;



- (k) Knowingly giving false or misleading information to the client pursuant to Business and Professions Code Section 22252, or give false or misleading information to the surety company pursuant to subdivision (a) of Business and Professions Code Section 22250.1, or give false or misleading information to the California Tax Education Council pursuant to Business and Professions Code Section 22255;
 - (l) Engaging in unprofessional conduct, including, but not limited to, denial of licensure, certificate, permit, or registration, or revocation, suspension, restriction, or any other disciplinary action against an applicant by the federal government or another state or territory of the United States, by any other government agency, or by another professional licensing board or organization. A certified copy of the decision, order, or judgment shall be conclusive evidence of these actions;
 - (m) Procuring or attempting to procure a registration by fraud, misrepresentation, or mistake;
 - (n) Violating or attempting to violate, directly or indirectly, or assisting in or abetting the violation of, or conspiring to violate, any provision or term of the Law or any rule or bylaw adopted by the Council;
 - (o) Conviction of any felony or misdemeanor that is substantially related to the qualifications, functions, or duties of a registrant, in which event the record of the conviction shall be conclusive evidence of the crime;
 - (p) Impersonating an applicant or acting as a proxy for an applicant in any situation or examination referred to under the Law for the issuance of a registration.
 - (q) Impersonating a registrant, or permitting or allowing an unregistered person to use a registration;
 - (r) Committing any fraudulent, dishonest, or corrupt act that is substantially related to the qualifications, functions, or duties of a registrant;
 - (s) Except as authorized by the Law, disclosing confidential information concerning a client or a prospective client without the client's or prospective client's written permission;
 - (t) Failing to make the disclosures required by the Law;
 - (u) Failing to comply with the provisions relating to "refund anticipation loans" in the Law;
 - (v) Failing to comply with the educational and continuing education requirements of the Law.
2. Actions relative to applicants. CTEC may deny an application or impose discipline by any, or a combination of, the following methods:
- (a) Deny an application for registration based on the reasons listed in paragraph 1 above or on any other grounds which are deemed reasonably necessary to protect the public;
 - (b) Issue an initial registration on probation, with specific terms and conditions;
 - (c) Impose an initial period of suspension on a registration for a period not to exceed one year;
 - (d) Taking other action CTEC, as authorized by the Law or its rules or procedures, deems proper;
 - (e) Suspending or staying the disciplinary order, or portions of it, with or without conditions.
3. Procedures for denial of application or disciplinary actions against an applicant. If CTEC determines that grounds appear to exist for denial or disciplinary action, the procedures set forth below shall be followed:
- (a) Review of Convictions. If an applicant has been convicted of an infraction, felony, or misdemeanor, whether expunged or not, CTEC will review all convictions and determine whether they are substantially related to the qualifications, functions, or duties of a registrant. A denial or disciplinary decision will not be based solely on an expunged conviction. Each application will be evaluated on a case-by-case basis. CTEC will consider the reasons for denial/discipline identified in paragraph 1 of this policy, the factors identified in the Criteria for Proof of Rehabilitation, and all other information in its possession when making an application denial or disciplinary decision. CTEC may request additional information from an applicant and perform any investigation it deems necessary.

CTEC will make the determination for approval or denial of registration or discipline of a registrant by evaluating the entire application, all supporting documentation, and all other evidence and information in its possession.



- (b) Procedures for Denial and Discipline. Any denial or disciplinary decision shall be done in good faith and in a fair and reasonable manner. In determining the basis for denial or discipline and making a final decision that denial or discipline shall be imposed, CTEC may consider all written documents or statements as evidence, but shall weigh the reliability of those documents or statements.
- a. All denials and discipline required or allowed by Law and these Procedures shall be carried out by two or more individuals known as the Background Reviewers ("BRs"). The BRs shall be assisted by Council staff and such other individuals as shall be determined necessary by CTEC
 - b. If Council staff determines that grounds appear to exist for denial of an application for registration or discipline, staff shall forward the matter to the BRs or to an individual designated by the Executive Director to receive such information, and the procedures set forth below shall be followed:
 - i. The BRs shall be responsible for reviewing and making determinations regarding individual proposed denials and applicant proposed discipline. Council staff shall ensure that the BRs making proposed denial and discipline decisions and the Hearing Officers making final denial and discipline decisions do not have a conflict of interest relative to the affected applicant subject to denial or discipline.
 - ii. If after reviewing the matter, the BRs determine by a majority that action should be taken, the applicant shall be provided at least 15 days prior notice of the proposed denial or discipline and the reasons for the proposed denial or discipline. Notice shall be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first-class or express mail sent to the last known address of the applicant shown on the Council's records.
 - iii. The applicant shall be given an opportunity to be heard, either orally by telephonic hearing or in writing, at least five (5) days before the effective date of the proposed denial or discipline. The Council may charge applicants a reasonable fee as a condition of any hearing requested by the applicant for the purpose of contesting denial of a registration or discipline. The oral telephonic hearing shall be held, or the written statement considered, by at least two Hearing Officers, who together are authorized to determine by a majority whether the proposed denial of registration or proposed discipline should occur, should not be imposed, or whether some other form of discipline should be imposed instead. The decision of the Hearing Officers shall be final.
 - iv. Notice of the Hearing Officers' final decision shall be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first-class or express mail sent to the last known address of the applicant or registrant shown on the Council's records.
 - v. Any action in superior court challenging a denial of registration or discipline of an applicant, including a claim alleging defective notice, shall be commenced within one year from the effective date of the denial or discipline. Any such action shall be brought in the county of the Council's principal place of business. If the action is successful, the court may order any relief, including approval that it finds equitable under the circumstances.
4. Hearing Fees and Attorney's Fees. The Council may charge applicants a reasonable fee as a condition of any hearing requested under Section 3 above. This fee shall not exceed the reasonable cost to the Council of providing the hearing. Upon a favorable judgment for the Council in any proceeding, the Council shall be entitled to recover its reasonable attorney's fees (B&P Section 22253.4(f)).
5. Re-Application. An applicant who is denied registration shall not be allowed to re-apply for registration until after three years from the effective date of denial.

STEP 3 – CTEC Notifies Applicant of Approval, Denial, or Discipline

CTEC will notify applicants via email that they have been approved and can then proceed to the next step of the application process. Those applicants denied or disciplined will receive written notification via first-class or express mail as noted in the Denial and Disciplinary Procedures section above.

STEP 4 – Complete Qualifying Education Course

Applicant completes the required Qualifying Education Course from a CTEC approved provider.



STEP 5 – Provider Reports Completed Education to CTEC

CTEC Approved Provider reports completed qualifying education of applicant to CTEC using the applicant's CTEC Number.

STEP 6 – Complete Registration Process

In order to complete a registration, an applicant must purchase a \$5,000 surety bond and receive a PTIN number from the IRS. Once an applicant purchases a bond and receives their PTIN number, they will return to the CTEC website, ctec.org, and complete the online registration process.

- The online registration process includes:
 - Code of Conduct (read and agree)
 - Personal Information (PTIN, review and update if needed)
 - Preparer Bond (enter information and upload scanned certificate)
 - Payment Processing (credit card payment for registration/application fee)

DO NOT COMPLETE CONTINUING EDUCATION PRIOR TO THE COMPLETION OF A NEW REGISTRATION

Any continuing education completed before an individual's CTEC registration cannot be used towards the renewal registration requirements.

Continuing education undertaken from November 1 to October 31 of any cycle cannot be carried forward to the next cycle; however, it can be applied to the previous cycle to bring that cycle current.

Approved 5.21.2020

CTEC Board of Directors

Responsibility: Tax Preparer Committee