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NSA Urges Greater Transparency and Consistent Tax Preparer Fees at IRS Hearing on Proposed Regulations

ALEXANDRIA, VA, August 24, 2010 – The National Society of Accountants (NSA) issued a call for greater transparency in the Internal Revenue Service (IRS) proposed regulations for paid tax preparers.

NSA Executive Vice President John Ams testified on August 24, 2010 at an IRS hearing on the regulations.

As part of the regulations, the IRS is issuing Preparer Tax Identification Numbers (PTINs) to all paid tax preparers, and Ams recommended that “the database of PTIN holders be electronically available to the public. A consumer should be able to access this database and look up the name of an individual to see if, as claimed, the person has a valid PTIN and is currently registered with the IRS. A member of the public should also be able to find, and be able to print, the names of these tax professionals by state and by Zip Code. Certainly, keeping these names a secret does not benefit the public.”

He also said that tax professionals should be able to list other relevant, financially-related professional credentials in the IRS database along with other pertinent information such as years of experience. For example, NSA supports recognizing relevant credentials issued by the Accreditation Council for Accountancy and Taxation, the Certified Financial Planner Board of Standards, and the Association of Certified Fraud Examiners, and notes that these credentials should all be “be subject to audit or verification by the IRS.”

Ams also testified that the IRS should treat all paid tax preparers the same by subjecting all of them to the PTIN and not exempt those who may be subject to state regulation.

He emphasized that NSA has long encouraged IRS to build the capability “to track the number of persons who prepare returns, track the qualification of those who prepare returns, track the number of returns each person prepares, and more easily locate and review returns prepared by a tax return preparer when instances of misconduct are detected,” as the proposed regulations state.

Ams said this will allow the IRS “to maintain the integrity of the voluntary tax compliance system. This is especially important at a time when the availability of tax preparation software has encouraged non-professionals – amateurs – to ‘try their hand’ at offering tax return preparation even though their backgrounds or education give little hope of a professional result.”

In summary, Ams said, “NSA believes that listing all relevant credentials, years of experience, and any enforcement action history would clearly help consumers. It would also allow the PTIN fee and registration to be seen as a benefit – something more than just an enforcement tax – by paid tax return preparers.”

For more information and to read the complete NSA testimony, visit www.nsacct.org.

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NSA and its affiliates represent 30,000 members who provide accounting, auditing, tax preparation, financial and estate planning, and management services to approximately 19 million individuals and business clients. Most members are sole practitioners or partners in small- to medium- size accounting firms. NSA protects the public by requiring its members to adhere to a strict code of ethics. For more information, visit www.nsacct.org.