



## Robert W. Wood

THE TAX LAWYER

Nov. 24 2011 – 8:02 am

### IRS May Fingerprint Tax Return Preparers

The IRS is taking steps to better regulate the tax return preparation field, ostensibly to weed out what IRS Commissioner Doug Shulman has called “unscrupulous preparers.” The IRS started with having return preparers register and obtain their own Preparer Tax Identification Number ([PTIN](#)). So far about 740,000 have been issued. The IRS says over 60 percent of PTIN holders are not attorneys, CPAs, or enrolled agents.



CPAs, attorneys, enrolled agents and others who prepare tax returns must [register](#) with the IRS. Plus, paid preparers must pass a competency exam to be recognized as a registered tax return preparer. Preparers who are attorneys, CPAs or enrolled agents (already enrolled to practice before the IRS) are exempt from the test.

However, of all the new IRS procedures, none is more controversial than fingerprinting preparers, something proposed by the IRS but not yet final. [Fingerprinting](#) is meant to help the IRS ferret out problems, especially people who might be working as tax return preparers to try to steal your personal data. That’s an important goal, but one that hasn’t quelled the fingerprint concerns of many in the tax return preparation business.

The American Institute of Certified Public Accountants (AICPA) has [objected](#) to the IRS plan, complaining of undue burdens on small and medium-sized accounting firms. After all, a CPA firm has many assistants and staff who aren't signing returns but who could now have to be fingerprinted. The fingerprinting of supervised non-signing, non-licensed staff at CPA firms seems too much, they assert.

Non-signing staff are not subject to the testing and continuing education requirements that apply to the tax professionals themselves, they assert, so likewise shouldn't have to undergo fingerprinting. These and other comments caused the IRS to put a [hold](#) on the plan, though it's too soon to say it has gone away. The AICPA has recommended an alternative background check for non-signing staff involving consumer reporting agencies.

Other preparer groups have also objected, saying fingerprinting would impose an undue financial burden, especially since it would have to be done at a limited number of physical locations. An IRS news release ([IR-2011-96](#)) said the fee for fingerprinting would be between \$60 and \$90.

For more, see:

[Shulman Announces Delay In Fingerprinting Requirement](#)

[Requirements For Tax Return Preparers](#)

[IRS Holding Off On Fingerprinting Return Preparers](#)

[IRS Delays Tax Preparer Fingerprinting Requirement](#)

[Practitioners Raise Concerns About Fingerprinting Proposal at IRS Hearing](#)

[What If Your CPA Altered Your Tax Return Without Telling](#)

[IRS Penalties Despite Dead/Embezzling Accountant!](#)

[Can IRS Force Your Accountant To Talk?](#)

[IRS Penalties Despite Accountant's Mistake](#)

*Robert W. Wood practices law with [Wood LLP](#), in San Francisco. The author of more than 30 books, including *Taxation of Damage Awards & Settlement Payments* (4th Ed. 2009, [Tax Institute](#)), he can be reached at [Wood@WoodLLP.com](mailto:Wood@WoodLLP.com). This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*