Aug. 27, 2018

Via Electronic Mail
The Honorable Rob Portman
United States Senate
Washington, DC 20510

The Honorable Benjamin L. Cardin
United States Senate
Washington DC 20510

Re: Protecting Taxpayers Act, Section 202, Regulation of Tax Return Preparers

Dear Senators Portman and Cardin,

On behalf of the Pennsylvania Institute of Certified Public Accountants (PICPA) and the more than 20,000 members we represent across the state, I am writing in support of the Protecting Taxpayers Act, legislation pending before your committee that would finally provide the Internal Revenue Service (IRS) with meaningful regulatory authority over unenrolled tax return preparers. Specifically, Section 202, Regulation of Tax Return Preparers, of the proposed legislation is of particular importance to the CPA profession.

In its correspondence supporting the act, the American Institute of Certified Public Accountants (AICPA) stated the following:

“The AICPA would like to express its support for Section 202, Regulation of Tax Return Preparers, which will help to promote good tax administration and protect the interests of the American taxpayer by protecting taxpayers from incompetent and unscrupulous preparers. The Bill authorizes the Internal Revenue Service (IRS) to sanction tax return preparers, and specifically notes their ability to revoke preparer tax identification numbers (PTINs). This authority will ensure minimum competency and ethical standards similar to what was required under the Registered Tax Return Preparer (RTRP) Program and allow the agency to act swiftly and efficiently to stop preparers from continuing to file inaccurate and fraudulent tax returns.”

The U.S. tax-paying system, and its effective administration, is protected in large measure by the integrity, competency, and professionalism of federal tax return preparers. Providing the IRS – the main governmental entity entrusted with tax return preparer oversight – with sufficient authority to maintain effective tax administration and enforce uniform tax-filing standards is paramount to maintaining robust tax compliance.

The tax system is under continual threat from tax fraud and identity theft. Contributing to this difficulty is the inability of the IRS to regulate the unenrolled tax return preparer. A recent study

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by the Treasury Inspector General for Tax Administration (TIGTA) reported that the IRS “lacks a coordinated strategy to address unregulated preparer misconduct.”

Unenrolled and unregulated tax return preparers can prepare tax returns without any training or meeting educational requirements. However, other tax professionals are subject to significant oversight from state and federal authorities. Providing a more standardized system of regulating all preparers may greatly minimize the corrupt practices of unenrolled and unregulated preparers intent on defrauding the U.S. government.

In addition to the broad professional and tax industry support behind this legislation, studies have shown that the general public also overwhelmingly supports effective tax return preparer regulation.

The commonsense legislation presently before the committee will protect our nation’s tax system integrity. The PICPA endorses the comments set forth by the AICPA, and joins with them and our professional colleagues across the United States in supporting the Protecting Taxpayers Act.

We respectfully request that the committee strongly consider this legislation’s merit.

The PICPA has long supported IRS efforts to modernize and improve the effectiveness of our nation’s tax administration. We appreciate the opportunity to comment on the Protecting Taxpayers Act legislation.

Thank you for your attention to this important matter, and we welcome the chance to discuss this correspondence. Please contact Peter Calcarra, PICPA vice president, government relations, at (717) 232-1821.

Sincerely,

Sean J. Brennan, CPA, MBA
Chair – PICPA Federal Tax Committee

CC: Honorable Pat Toomey
Honorable Bob Casey