



January 22, 2010

Dear ACAT Credential Holder,

As you may know, the IRS tax return preparer proposal issued January 4 does not provide for any exemption from testing for any individual not currently subject to regulation by IRS Circular 230. While our *legislative* efforts for recognition to exempt all ACAT credentials from any required minimum competency testing were positive – and all legislative proposals would have exempted current ACAT credential holders from further testing if enacted – the IRS decided that too many other tests were currently available to give IRS any confidence that all such tests were either valid tests of tax knowledge or tested on the appropriate subject matter. Accordingly, no such tests received recognition. As a result, the tax preparer test long required by state law for Oregon residents was not recognized, the in-house tests offered by H & R Block were not recognized, and ACAT's tests were not recognized for purposes of the IRS tax preparer proposal.

Karen Hawkins, Director of the IRS Office of Professional Responsibility, has acknowledged that this was a difficult decision but reminded me in a recent conversation that the testing proposal is a bare minimum floor. She was confident that any ACAT credential holder would not have any problems with this exam. In her words, "they will pass it in their sleep." She is also of the opinion that the clients who would go to a minimally competent preparer are not the clientele who are willing, now or in the future, to pay for the expertise offered by ACAT credential holders. That is because IRS views the compliance problem as being with low-level preparers whose clients have limited incomes and often qualify for the EITC. I am confident this is not a typical client for an ACAT credential holder. Furthermore, when Ms. Hawkins was informed of my ACAT Action Newsletter statement that ACAT credential holders are above and beyond this minimum competency level, she stated, "that is perfect, because they are."

What should an ACAT credential holder, or any tax return preparer for that matter, be doing now? While the implementation phase of the IRS proposal has not even begun, **we strongly encourage every paid tax practitioner** to request a Practitioner Tax Identification Number, PTIN, and incorporate it into their filing routine. Secondly, we recommend that every paid practitioner review their continuing professional education records and ensure they receive (and be able to document) a minimum of 15 CPE hours for each year of practice from this date forward. Thirdly, we recommend that every paid practitioner have a personal ethics refresher since the IRS proposal would bring every preparer under the ethics requirements contained in Circular 230. And, lastly, EITC will be a key focal point for heightened IRS attention and disciplinary action as we go forward this filing season.



ACAT credential holders have already demonstrated a minimum competency far above and beyond the recently established IRS minimum competency. ACAT credential holders can use this fact to their marketing and advertising advantage right now to stand above the “minimally competent” paid preparer crowd. ACAT is actively seeking professional recognition for all credentials through legislation and regulation and will continue to do so. The recent media attention has enabled ACAT to raise the awareness of our credentials for all in need of our credential holder services. You too can ride that tide to enhance your credibility, reliability and professionalism by holding your earned credentials for public awareness and professional reliability as being *above and beyond*.

With professional regards,

Daniel E. Setters ABA,ATA,ATP,ARA, EA  
President 2009-2010  
2106 Windsor Place, Suite A  
Champaign, IL 61820-7763  
217.351.5010 \* Fax: 217.351.5092

**NSA** Past President 2003-2004  
**IAAI** Past President 1993-1994