

## NEWS RELEASE

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### **AICPA APPLAUDS U.S. REP. CROWLEY’S LEGISLATION TO RESTORE CPA TAX PREPARERS AS ADVOCATES FOR TAXPAYERS**

WASHINGTON (Dec. 7, 2007) -- The American Institute of Certified Public Accountants applauds Representative Joe Crowley’s introduction of legislation to restore the proper role of CPAs as advocates for taxpayers.

“Representative Crowley’s introduction of the bill demonstrates his commitment to America’s taxpayers and their right to representation by their tax preparers,” AICPA President and CEO Barry C. Melancon said. “This is a big issue for practitioners and we also very much appreciate Representative Jim Ramstad’s leadership on this issue and his co-sponsorship of the bill.”

The U.S. Congress passed a law earlier this year – without hearings or public comment – that upends the traditional client relationship for CPAs who help prepare federal tax returns for companies and individuals. Rep. Crowley’s bill, H.R. 4318, would restore the role of CPAs as advocates for taxpayers by equalizing the IRS tax return reporting standards for preparers and taxpayers.

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“This bipartisan legislation will end the potential conflict between the tax preparer and the taxpayer, and it will reduce the paperwork backlog that prevents taxpayers from claiming deductions or credits,” said Rep. Crowley, a New York Democrat, who added he would urge Congress to speed approval of “this common-sense reform that will help American families as we approach tax season.”

At issue is a provision amending Internal Revenue Code section 6694 that was added to emergency spending legislation passed by Congress in May. It would require a major change in how CPAs represent taxpayers by raising an IRS reporting standard for preparers to a level of certainty higher than taxpayers must meet, thus creating a potential conflict of interest between preparers and their clients. The IRS has delayed implementation of the law.

"This important bill will equalize the disclosure standard for tax return preparers and taxpayers so preparers are not forced into a conflict of interest with the taxpayers they serve," said Rep. Ramstad, a Minnesota Republican.

Having two different standards threatens to overburden the IRS because preparers, in order to protect themselves from penalties would be forced to ask clients to flag to the IRS any item on their tax returns for which there was uncertainty or competing interpretations regarding proper treatment. Such excessive disclosure for routine tax returns would defeat the purpose of the IRS's disclosure system and undermine electronic filing.

The American Institute of Certified Public Accountants ([www.aicpa.org](http://www.aicpa.org)) is the national, professional association of CPAs, with more than 350,000 members, including CPAs in business and industry, public practice, government, and education; student affiliates; and international associates. -more-

It sets ethical standards for the profession and U.S. auditing standards for audits of private companies; federal, state and local governments; and non-profit organizations. It develops and grades the Uniform CPA Examination.

The AICPA is the sponsor of a national public-education effort called 360 Degrees of Financial Literacy ([www.360financialliteracy.org](http://www.360financialliteracy.org)), designed to improve the financial understanding of Americans at all age levels. A related campaign, Feed the Pig ([www.feedthepig.org](http://www.feedthepig.org)), co-sponsored with the Ad Council, is designed to help Americans 25 – 34 save for long-term financial security.

The AICPA maintains offices in New York; Washington, D.C.; Durham, N.C.; Ewing, NJ; and Lewisville, TX.

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