



July 6, 2011

The Honorable Douglas H. Shulman  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

RE: IRS Regulation of Paid Income Tax Return Preparers

Dear Commissioner Shulman:

It has been a year-and-a-half since the Internal Revenue Service (IRS) released its report on the paid preparer community, *Internal Revenue Service Return Preparer Review*. The American Institute of Certified Public Accountants (AICPA) has been a steadfast supporter of your overall goals of enhancing compliance and elevating ethical conduct. Ensuring that tax preparers are competent and ethical is critical to maintaining taxpayer confidence in our tax system. Indeed, these goals are consistent with AICPA's own Code of Conduct and enforceable tax ethical standards.

We want to thank you for the unprecedented amount of time the IRS has devoted to listening to stakeholder concerns and suggestions regarding the return preparer program. Since the release of the report and as the IRS has moved to implement its recommendations, the AICPA has expressed its concern regarding specific aspects of the program. The numerous changes and adjustments you have made to the program clearly confirm the importance to which you hold stakeholder outreach. The changes adopted by IRS, including the positions adopted in Notice 2011-6, confirm your recognition of the inherent regulatory regime within which CPAs and other Circular 230 legacy practitioners already practice as well as the fact that that CPA firms must stand, as a matter of licensure, behind the work done by the members and employees of the firm. We believe these changes appropriately focus the return preparer regulatory program on the "unenrolled" preparer community that was implicated in the GAO and TIGTA compliance studies cited in your report.

The AICPA supports the tax return preparer program as it is structured today. Specifically, we support:

- Registering paid preparers and the issuance of unique PTINs. Registration will allow the accumulation of important data on specific preparers as well as classes of preparers in a way that will allow the IRS to tailor compliance and education programs in the most efficient manner.
- Opening the ethical umbrella of Circular 230 over all paid income tax preparers. Over time, the expansion of Circular 230 will pay significant dividends in achieving this program's goals.
- Creating a continuing education construct geared towards the "unenrolled" preparer community. We appreciate the modifications made to last fall's proposed changes to the continuing education aspects of Circular 230 that were released May 31, 2011.

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- Including a basic Form 1040 oriented examination as an aspect to become a “registered tax return preparer.” Moving away from a multi-tiered testing structure in order to focus on the basics is the correct remedial approach for the “unenrolled” preparer community that was, again, implicated in the GAO and TIGTA compliance studies. We also believe that having one examination will be less confusing to taxpayers in understanding the relative qualifications of the different classes of tax return preparers.

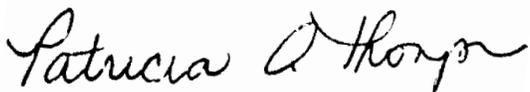
With regard to taxpayer confusion regarding the relative qualifications of the different classes of tax return preparers, we would also like to thank you for recognizing this problem through the issuance of Notice 2011-45 on May 31, 2011 which constrains “registered tax return preparers” from misleading advertising and solicitation. We also appreciate the statement that Circular 230 will be amended to “require a registered tax return preparer using any paid advertising involving print, television or radio, in which the individual represents himself or herself to be a registered tax return preparer to display or broadcast the following statement: ‘The IRS does not endorse any particular individual tax return preparer. For more information on tax return preparers go to IRS.gov.’” We are confident that the IRS website will contain the additional information that taxpayers will need to make appropriate choices concerning selection of a tax adviser.

We appreciate the long relationship the AICPA and the Internal Revenue Service have had with regard to promoting good tax administration and protecting the interests of the American taxpayer. We are pleased with the work the IRS has undertaken with regard to its tax preparer program and want to emphasize our overall support for this program. We share your interest in improving tax administration and protecting the taxpaying public. We look forward to working with you as you continue to implement the program.

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The AICPA is the national professional organization of certified public accountants comprised of approximately 370,000 members. Our members advise clients on federal, state and international tax matters and prepare income and other tax returns for millions of Americans. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as America’s largest businesses.

Sincerely,



Patricia A. Thompson, CPA  
Chair, AICPA Tax Executive Committee



Barry C. Melancon, CPA  
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