

# TaxWise® Desktop Learning Portal

## Tax & Accounting

### How to become a professional tax preparer!

There are many variables that go into becoming a professional tax preparer. These include but are not limited to asking yourself the following questions.

- Do you meet the eligibility requirements?
- What type of preparer do you want to be?
- Do I need a license to prepare tax returns?
- What are the IRS and state specific requirements to prepare and file returns?

#### Becoming a Tax Preparer Checklist

While there are many things that are nice to have before becoming a professional tax preparer, only a few things are needed. They are:

- **Communication Skills** – Part of being a tax preparer is interacting with clients and having people skills will be key to keeping clients coming back. Professional tax preparers must have the ability to communicate in a variety of settings clearly and concisely.
- **Technology and Tax Preparation Software** – While it is possible to preparer tax returns by hand, technology that helps the professional tax preparer manage their offices and their clients not only increases efficiency and productivity, it's also an essential business tool. Today, many professional tax preparer solutions provide software to complete the tax forms and help in understanding how to prepare returns.
- **Clients** – Many preparers start on a small scale preparing basic individual returns before moving on to complicated individual and business returns. Though it may seem obvious, you want to have a plan in place for attracting tax clients. While many preparers start out small and undercut their competition to build a client base, it's important to take time to define your ideal client and market. This will give you a leg-up on the competition, without cutting prices to gain clients.
- **Preparer Taxpayer Identification Number (PTIN)** | A PTIN is required for anyone who is paid to prepare or assist in preparing federal tax returns. Keep in mind that PTIN must be renewed annually. Once the PTIN is issued, it must be placed on every single return that a paid tax preparer prepares.
- **Electronic Filing Identification Number (EFIN)** – Another critical number required is an EFIN. An EFIN is assigned by the IRS to identify firms that have completed the IRS e-file application to become an Authorized IRS e-file provider. Unlike a PTIN, an EFIN does not expire or require renewal, however it is important that if the name or EIN of your tax business changes, that you update the information through the online portal or replace your EFIN, depending on what the circumstance requires.

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## Who is eligibility to become a tax preparer?

There are no minimum requirements to be a tax preparer. Anyone with an IRS Preparer Tax Identification Number (PTIN) can be a paid tax preparer. Basic requirements for obtaining a PTIN include:

- A Social Security Number
- Previous year's individual tax returns, including explanations for problems with your US individual or business tax obligations (if any)
- Explanation for felony convictions

**i** To learn more about what you need to obtain your PTIN, review the [PTIN Application Checklist](#) on the IRS site and the corresponding videos on the TaxWise Online Learning Portal.

## Do you need a license to prepare tax returns?

While a PTIN is the starting point for any tax preparer, it's not a license per se. There is no specific license requirement to prepare federal tax returns. If you want to represent clients in front of the IRS, however, you need to be an Enrolled Agent (EA), CPA, or an attorney.

When it comes to state taxes, however, there are currently 7 states that require a license to prepare tax returns for compensation in those states. These currently include:

- California
- Connecticut
- Illinois
- Maryland
- Nevada
- New York
- Oregon

**i** For those professional tax preparers who are CPAs, or have other professional credentials, many states name them as exempt from the licensing requirement. Make sure to check the requirements in your specific state.

## Types of Preparers

There are four generally acknowledged types of professional tax preparers, with varying levels of complexity in both gaining the original certification or designation and maintaining the certification. These include:

- **Enrolled Agent (EA)** – An enrolled agent is currently the highest credential that the IRS awards. EAs are federally licensed tax professionals. To become an EA, you must take and pass all 3 parts of the IRS Special Enrollment Examination within three years and pass a suitability test. In addition, EAs must meet specific continuing education requirements to maintain their status.

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- **Electronic Return Originator (ERO)** – An ERO is the authorized IRS e-File provider that originates the electronic submission of a return to the IRS. EROs assist the taxpayer in filing their tax returns electronically. There is no need for certification to become an ERO – merely an Electronic Filing Identification number (EFIN).
  - **Annual Season Program (AFSP) participants** – To become an AFSP participant, you must take 18 hours of continuing education each year, including a six-hour federal tax law refresher course with a test. Once all requirements are complete, the IRS will issue the record of completion. Those who pass are also included in a public database of preparers on the IRS website. For more information on how to participate in the AFSP, review the [IRS website](#).
  - **Certified Public Accountants (CPA)** – To become a CPA, you must meet certain requirements (which vary by state) and pass the CPA exam. While the role of a CPA can vary widely, they are generally certified at the state level to file tax returns.

### How long does it take?

It takes as long as it would take for you to obtain your PTIN and EFIN. However, it can take about two or three tax seasons for a tax preparer to gain a firm understanding of the basics of tax preparation. It's important that a tax preparer understands the basic tax codes, deductions, credits and how these may affect the income tax return.

- **Year 1** - Most first-year tax preparers tend to focus on getting comfortable with tax preparation technology, data entry, and working with clients.
- **Year 2** - By the end of the second year, most tax preparers have moved past the technology learning curve and feel comfortable taking on slightly more challenging returns that may require some independent thinking and research. At this point some return scenarios and client problems become familiar ultimately boosting the tax preparer's confidence level.
- **Year 3** - And by the time a tax preparer has reached their third tax season, you are armed with the expertise, understanding, and skills to preparer returns autonomously.

### Tax Knowledge Resources

Vital to your success will be a plan for staying on top of tax law changes made by the federal and state agencies. Here is a list of resources to consider as a source of information.

- **TheTaxBook Web Library** - TaxWise has partnered with TheTaxBook to provide the most comprehensive and fastest way to find answers to your tax questions directly from within TaxWise Online. TheTaxBook Web Library icon can be accessed from anywhere in TaxWise Online. With TheTaxBook, you can easily access relevant tax information without having to go far. Having the most up-to-date tax information at your fingertips is critical during tax season. Find information fast, with well-written and easy-to-understand explanations and examples.
- **CCH® AnswerConnect** – CCH AnswerConnect gives you the industry's most powerful web-based technology, combined with comprehensive and authoritative content. It offers a unique combination of the text and explanations of tax law, and examples of how to apply it in real world situations. For additional information go to: <https://engagetax.wolterskluwer.com/answerconnectfs>.

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- **IRS Tax Pro News and Resources** - The Tax Pro News and Resources page is a great source of information. Subscribe to e-News for Tax Professionals for weekly information for tax professionals. To access the subscription page go to: <https://www.irs.gov/newsroom/e-news-subscriptions>.
  - **IRS National Tax Forum Events** - Each of the five IRS Nationwide Tax Forums is a three-day event providing tax professionals with the latest information on federal and state tax issues presented by experts from the IRS and its partner organizations through a variety of training seminars and workshops. For additional information go to: <https://www.irstaxforum.com/>.
  - **CCH® CPELink** - Changes to federal and state tax law, and accounting and finance standards can be complex, making it essential for CPAs, financial advisors, and tax professionals to stay on top of the latest developments. CCH® CPELink offers professional, reliable resources for meeting CPE credit requirements in one convenient place. With live webinars conducted by industry professionals, and self-study courses that let you earn CPE credits online when it fits your schedule, Wolters Kluwer gives you the keys to keeping up with your industry and advancing your career. To purchase , contact your sales representative, or go to: <https://www.cchcpelink.com/w/>.

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