

Return Preparers Must Renew PTIN

Cross References

- IR-2011-105, October 20, 2011
- Notice 2011-80, October 24, 2011

Tax return preparers are required to renew their Preparer Tax Identification Number (PTIN) annually and must do so for the 2012 tax season by December 31, 2011. All paid return preparers must have a valid, current PTIN to prepare tax returns.

Background. Beginning January 1, 2011, all paid return preparers who prepare, or assist in preparation of all or substantially all of a tax return or claim for refund must have a PTIN before preparing returns.

Fees. The PTIN renewal fee for 2012 is \$63, and the initial application fee for a PTIN is \$64.25.

How to renew. The IRS is encouraging return preparers to renew their PTINs electronically at www.irs.gov/ptin to avoid a four to six week wait for processing paper renewals using Form W-12, *IRS Paid Preparer Tax Identification Number Application*. The IRS is sending activation codes to those return preparers who used a paper application in 2011, which allows the preparer to create an online account and renew electronically for 2012.

Return preparers who prepared, or helped prepare, returns for compensation in 2011 without PTINs must first obtain a 2011 PTIN and then renew their PTIN for 2012, paying fees for each year. Penalties may apply for paid tax return preparers who prepared, or helped prepare, returns in 2011 without valid PTINs.

First-time applicants. Return preparers applying for a PTIN for the first time must take and pass a competency exam. However, because of delays in offering the competency exam (currently scheduled to begin in November 2011), the IRS will continue to issue provisional PTINs for those return preparers needing to take the competency exam. Active attorneys, certified public accountants, or enrolled agents in good standing with their licensing agencies are exempt from the competency exam.

Provisional PTIN. Individuals with a provisional PTIN will have until December 31, 2013, to pass the competency exam to obtain their permanent PTIN. Additionally, individuals with a provisional PTIN must also annually renew their PTIN to be able to prepare returns for compensation.

The IRS has announced it will continue to issue provisional PTINs until at least April 18, 2012, to allow individuals sufficient time to prepare for the competency exam and to prevent disruption of the 2012 filing season. After this date, return preparers will need to pass the competency exam, satisfy continuing education requirements, and possibly complete a background check prior to receiving a PTIN.

Author's Comment

In addition to the PTIN requirement, many tax return preparers may be required to e-file in 2012. Beginning January 1, 2012, return preparers must e-file if they prepare 11 or more 1040, 1040A, 1040EZ, and 1041 returns during the year. A preparer must be an authorized e-file provider to use IRS e-file. The authorization process can take 45 days or more so return preparers are encouraged to apply as soon as possible to be ready in January 2012. See IRS Pub. 3112, *IRS e-file Application and Participation*, for more information.