

August 9, 2018

The Honorable Rob Portman  
United States Senate  
Washington, D.C. 20510

The Honorable Ben Cardin  
United States Senate  
Washington, D.C. 20510

RE: Supporting S. 3278, *Protecting Taxpayers Act*, § 202, *Regulation of Tax Return Preparers*

Dear Senators Portman and Cardin:

The Texas Society of Certified Public Accountants (TSCPA) is a nonprofit, voluntary professional organization representing 28,000 members. One of the expressed goals of the TSCPA is to speak on behalf of its members when such action is in the best interest of its constituency and serves the cause of the CPAs of Texas, as well as the public interest. TSCPA has established a Federal Tax Policy Committee to represent those interests on tax-related matters. The committee has been authorized by the TSCPA Board of Directors to submit comments on such matters of interest to the committee membership. The views expressed herein have not been approved by the Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policies of the TSCPA.

We join the American Institute of Certified Public Accountants (AICPA) in support of Section 202, *Regulation of Tax Return Preparers*, in the *Protecting Taxpayers Act*. This provision provides the Internal Revenue Service (IRS) explicit authority to sanction tax return preparers and to revoke preparer tax identification numbers (PTINs).

We agree it is in the best interest of both taxpayers and the IRS to apply competency standards for tax return preparers, while recognizing that licensed preparers – such as CPAs, attorneys, enrolled agents and individuals supervised by these professionals – are already subject to strict professional standards. We appreciate the bill's acknowledgement of the importance of the enforceable rules within which CPAs and other legacy Circular 230 practitioners already practice, and CPA firms' existing requirements to stand behind the work of their members and employees.

Section 202 would address much of the concern raised by the Treasury Inspector General for Tax Administration's (TIGTA's) recent report that the IRS lacks a coordinated strategy to address unregulated return preparer misconduct.<sup>1</sup> The report states that, "unenrolled tax return preparers can prepare returns without meeting any training and education requirements, and in some cases, they intend to defraud taxpayers and the government. While tax professionals are subject to oversight by the IRS' Office of Professional Responsibility, as well as state licensing authorities for attorneys and

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<sup>1</sup> Treasury Inspector General for Tax Administration Audit Report Reference Number 2018-30-042 dated July, 25, 2018, *available at* <https://www.treasury.gov/tigta/auditreports/2018reports/201830042fr.pdf>.

CPAs, the IRS has no similar oversight mechanism for unregulated preparers, and there is little return preparer oversight among the states.”<sup>2</sup>

Helping to ensure tax return preparers are competent and ethical is critical to maintaining taxpayer confidence in our tax system.

Thank you for the opportunity to present our comments. We would be pleased to discuss them further if you or your staff members believe it would be helpful. Please feel free to contact me at 512-542-9300 or cmondrik@mondriklaw.com or TSCPA Staff Liaison Patty Wyatt at 817-656-5100 or pwyatt@tscpa.net.

Sincerely



Christina A. Mondrik, JD, CPA  
Chair, Federal Tax Policy Committee  
Texas Society of Certified Public Accountants

cc: The Honorable David J. Kautter, Acting Commissioner of Internal Revenue and  
Assistant Secretary (Tax Policy)  
The Honorable Steven T. Mnuchin, Secretary of the Treasury  
Members, U.S. Senate Finance Committee  
Texas Members of U.S. Congress  
Michael E. McKenney, Deputy Inspector General for Audit, TIGTA  
Stephen A. Whitlock, Director, IRS Office of Professional Responsibility  
Nina E. Olson, National Taxpayer Advocate  
Annette Nellen, CPA, CGMA, Esq., Chair, AICPA Tax Executive Committee

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<sup>2</sup> Id.