

Congress of the United States

Washington, DC 20515

August 2, 2010

The Honorable Timothy F. Geithner
Secretary of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Geithner:

We are writing to express our concerns with two aspects of the recent Internal Revenue Service (IRS) proposal to regulate paid income tax return preparers. We urge the Treasury Department and the IRS to avoid imposing unnecessary return preparation costs on taxpayers and accordingly ask that you (1) exempt Certified Public Accountant (CPA) firms from the requirement to register persons working in CPA firms who do not sign a tax return (non-signing preparers), and (2) delay implementation of the IRS preparer examination until such time as it has been demonstrated that return preparer examinations are necessary.

CPA Firm Non-signing Preparers

The proposed extension of preparer registration obligations to non-signing individuals working for CPA firms will impose a significant and unnecessary burden on the tax preparation work done by those firms and will result in an increase in return preparation costs for clients. We believe that because state boards of accountancy regulate the activity of accounting firms as well as individual CPAs, the requirement that the signing preparer obtains and places his or her preparer tax identification number (PTIN) on the return gives the IRS sufficient information to monitor the CPA's practice without the need to extend the PTIN process to non-signing preparers. Because of the regulation of CPAs by state boards of accountancy and Treasury Department Circular 230 (the rules governing practice before the IRS), the IRS has already determined to exempt CPAs from the examination and continuing education requirements, and we believe there is a strong justification for not expanding the PTIN requirement beyond signing preparers in CPA firms with no adverse effect to the public.

Return Preparer Examinations

We understand soon-to-be-released proposed IRS regulations would require all tax return preparers (other than attorneys, CPAs, and enrolled agents) to take an IRS competency examination. This examination requirement would also extend to non-signing preparers at CPA firms unless they are licensed CPAs. We are concerned that the proposed testing

regime will impose significant burdens on IRS and return preparer resources and will increase taxpayer return preparation costs without any prior demonstration of the need for such testing. We are also unconvinced that such testing will be effective in eliminating return preparation problems encountered by the IRS.

Once the PTIN regime is up and running, the IRS will have the capability to track and discipline incompetent preparers. We believe that this change alone will raise the competency of preparers to an acceptable level. The IRS should see if this, in fact, happens before imposing additional costs on taxpayers and allocating its own scarce resources to a program that may not be necessary.

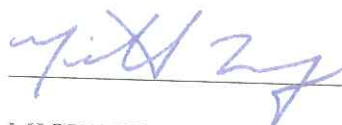
As our nation faces the growing federal budget deficit, we must justify the costs of all new government programs. Especially when the Director of the Office of Management and Budget has asked agencies to look towards trimming the 5% of expenditures that least contribute to their missions, we believe that the IRS has neither demonstrated the need for extending the non-signing preparer requirements to CPA firms nor that its proposed testing program merits shifting IRS resources away from other mission-critical programs. We believe that any testing program should be deferred until the IRS has performed an adequate study to determine the level of return preparation problems caused by a lack of preparer competence and whether testing would have a meaningful effect on reducing those problems.

We thank you in advance for considering our views.

Sincerely,



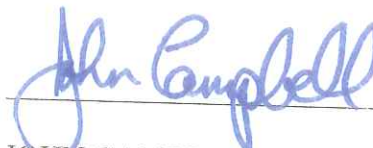
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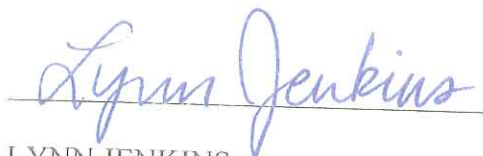
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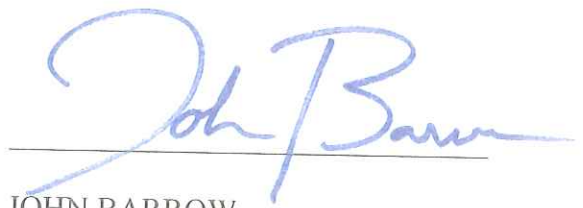
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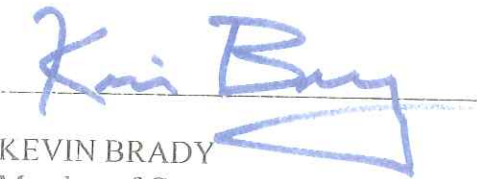
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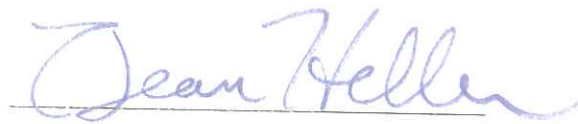
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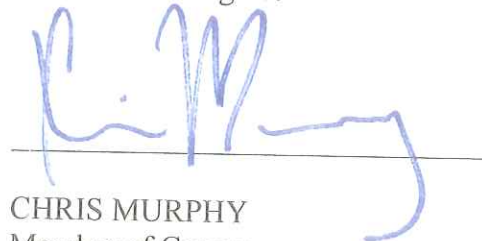
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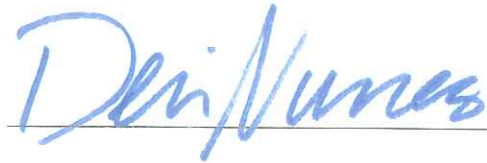
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cc: Douglas Shulman, IRS Commissioner