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NYS DTF releases proposal for regulating tax return preparers

BY CHRIS GAETANO
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The New York State Department of Taxation and Finance (NYS DTF) has released a formal proposal for the regulation of tax return preparers that incorporates a special task force's recommendations for government oversight.

The department published the proposed regulations on Aug. 29. The rules would affect commercial tax return preparers, defined as those who prepare 10 or more returns annually in exchange for compensation.

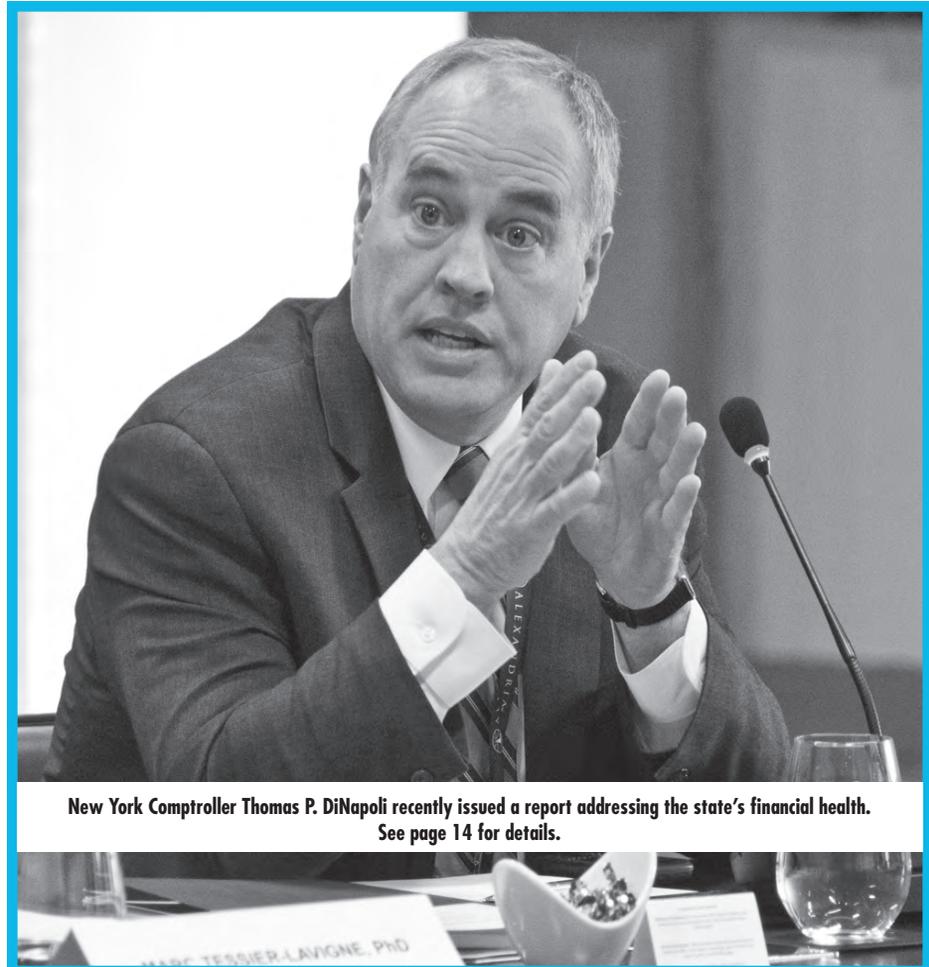
CPAs, attorneys and enrolled agents are generally not subject to the new requirements, though the proposal does say that the department will coordinate with other tax authorities, licensing bodies and regulators to make disciplinary referrals regarding these professionals if the need arises.

Under the proposal, in order to prepare personal income tax returns for compensation, commercial preparers would need to—

- meet any applicable IRS requirements already in place;
- take a 16-hour basic tax course, if they are new to the field of New York state personal income tax;
- pass a competency exam;
- annually participate in four hours of continuing professional education (CPE) in New York state personal income tax topics; and
- be at least 18 years old and a high school graduate or equivalent.

The proposal also establishes minimal standards of conduct, meaning that a preparer can be disciplined if he or she is shown to be incompetent or disreputable; to have willfully,

See Tax Return, on page 7



New York Comptroller Thomas P. DiNapoli recently issued a report addressing the state's financial health. See page 14 for details.

IMAGE COURTESY OF THE OFFICE OF THE NEW YORK STATE COMPTROLLER/ANDREW HILL

State Board for Public Accountancy eyes misconduct rules

BY ROBERT BUSWEILER
Trusted Professional Correspondent

The New York State Board for Public Accountancy is in the early stages of a plan to update the state's rules that define unprofessional conduct by a CPA.

At its Sept. 18 meeting in Albany, board members said that their goal is to more clearly define misconduct, particularly as it relates to the mandatory quality review program, and for CPAs who are working within the expanded scope of public practice—namely CPAs working in industry, government and

academia, who were not required, prior to the Accountancy Reform Law, to maintain an active New York state CPA license.

According to the board, an ad hoc committee that was charged with the initial review of the process identified a series of objectives, which include the following:

- The rules need to be enforceable.
- The rules need to be better organized.
- The updated regulation needs to be more comprehensive.
- The rules need to be easier to read, i.e., clearer and user friendly, consistent, and

include definitions of terms or an index.

- The board should consider creating separate sections for CPAs who work in industry, government and academia.
- The board should further define the relationship between the referenced laws and rules within the existing code.

"Whenever you are charged with looking at something that exists already, you want to determine how it could be made better than what it is," said board member **Catherine Allen**. "This is a large undertaking."

At the meeting, the board also discussed

the possibility of adopting other professional codes of conduct developed by CPA organizations such as the AICPA. NYSSCPA members passed a ballot initiative in June 2013 that accepted the AICPA's Code of Conduct as their own.

Board Executive Secretary Jennifer Winters said the next step would be to perform a gap analysis on the performance of the current regulations and see how they would shape up with any changes the board may propose.

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