

1 **SEC. \_\_\_\_.** **REGULATION OF INCOME TAX RETURN PRE-**  
2 **PARERS.**

3 (a) IN GENERAL.—Chapter 77 (relating to miscella-  
4 neous provisions), as amended by this Act, is amended by  
5 adding at the end the following new section:

6 **“SEC. 7530. INCOME TAX RETURN PREPARERS.**

7 “(a) REGISTRATION.—

8 “(1) IN GENERAL.—Not later than 3 years  
9 after the date of the enactment of this Act, the Sec-  
10 retary shall prescribe such regulations as may be  
11 necessary to require the registration of income tax  
12 return preparers with the Secretary or the designee  
13 of the Secretary and to require that each such pre-  
14 parer subject to such registration include the pre-  
15 parer’s signature and registration number on each  
16 income tax return prepared by such preparer.

17 “(2) NO DISCIPLINARY ACTION.—The regula-  
18 tions under paragraph (1) shall require that an ap-  
19 plicant for registration must not have demonstrated  
20 any conduct that would warrant disciplinary action  
21 under part 10 of title 31, Code of Federal Regula-  
22 tions.

23 “(3) BURDEN OF REGISTRATION.—In promul-  
24 gating the regulations under paragraph (1), the Sec-  
25 retary shall, to the maximum extent feasible, mini-  
26 mize the burden and cost on the registrant.

1 “(b) EXAMINATION.—

2 “(1) IN GENERAL.—In promulgating the regu-  
3 lations under subsection (a), the Secretary shall de-  
4 velop and administer an examination designed to  
5 test—

6 “(A) the technical knowledge and com-  
7 petency of each applicant for registration—

8 “(i) to prepare Federal tax returns,  
9 including individual and business income  
10 tax returns, and

11 “(ii) to properly claim the earned in-  
12 come tax credit under section 32 with re-  
13 spect to such individual returns, and

14 “(B) the knowledge of each such applicant  
15 regarding such ethical standards for the prepa-  
16 ration of such returns as determined appro-  
17 priate by the Secretary.

18 “(2) CONTRACT AUTHORITY.—The Secretary is  
19 authorized to contract for the development or admin-  
20 istration, or both, of the examination described in  
21 paragraph (1).

22 “(c) RULES OF CONDUCT.—All registrants shall be  
23 subject to rules of conduct that are consistent with the  
24 rules that govern any federally authorized tax practitioner  
25 within the meaning of section 7525(a)(3)(A).

1 “(d) RENEWAL OF REGISTRATION.—

2 “(1) IN GENERAL.—The regulations under sub-  
3 section (a) shall require a renewal of registration  
4 every 3 years and shall set forth the manner in  
5 which a registered income tax return preparer must  
6 renew such registration.

7 “(2) CONTINUING EDUCATION REQUIRE-  
8 MENTS.—As part of the renewal of registration, such  
9 regulations shall require that each registrant show  
10 evidence of completion of such continuing education  
11 requirements as specified by the Secretary.

12 “(e) FEES.—

13 “(1) IN GENERAL.—The Secretary shall require  
14 the payment of reasonable fees for registration and  
15 for renewal of registration under the regulations  
16 promulgated under subsection (a).

17 “(2) PURPOSE OF FEES.—Any fees described in  
18 paragraph (1) shall be available without fiscal year  
19 limitation to the Secretary for the purpose of reim-  
20 bursement of the costs of administering and enforce-  
21 ing the requirements of the regulations.

22 “(f) INCOME TAX RETURN PREPARER.—For pur-  
23 poses of this section, the term ‘income tax return preparer’  
24 does not include any federally authorized tax practitioner  
25 (as defined in section 7525(a)(3)(A)).”.

1 (b) PENALTIES.—

2 (1) ACTIONS ON A TAXPAYER'S BEHALF BY A  
3 NON-REGISTERED PERSON.—Section 6695 (relating  
4 to other assessable penalties with respect to the  
5 preparation of income tax returns for other persons)  
6 is amended by adding at the end the following new  
7 subsection:

8 “(h) ACTIONS ON A TAXPAYER'S BEHALF BY A NON-  
9 REGISTERED PERSON.—Any person not registered pursu-  
10 ant to the regulations promulgated by the Secretary under  
11 section 7530 who prepares a tax return for another tax-  
12 payer shall be subject to a \$500 penalty for each such  
13 return.”.

14 (2) INCREASE IN CERTAIN PENALTIES.—Sub-  
15 sections (b) and (c) of section 6695 (relating to  
16 other assessable penalties with respect to the prepa-  
17 ration of income tax returns for other persons) are  
18 each amended by striking “\$50” and inserting  
19 “\$500”.

20 (3) USE OF PENALTIES.—There is authorized  
21 to be appropriated and is appropriated to the Sec-  
22 retary of the Treasury for each fiscal year for the  
23 administration of the requirements of the regula-  
24 tions promulgated under section 7530 of the Inter-  
25 nal Revenue Code of 1986 an amount equal to the

1 penalties imposed under sections 6694 and 6695 of  
2 such Code for the preceding fiscal year.

3 (c) COORDINATION WITH SECTION 6060(a).—The  
4 Secretary of the Treasury shall coordinate the registration  
5 required under the regulations promulgated under section  
6 7530 of the Internal Revenue Code of 1986 with the re-  
7 turn requirements of section 6060 of such Code.

8 (d) PUBLIC AWARENESS CAMPAIGN.—The Secretary  
9 of the Treasury shall conduct a public information and  
10 consumer education campaign, utilizing paid advertising—

11 (1) to encourage taxpayers who need assistance  
12 in the preparation of income tax returns to use only  
13 competent professionals, and

14 (2) to inform the public of the requirements  
15 that any income tax return preparer subject to the  
16 registration requirements under the regulations pro-  
17 mulgated under section 7530 of the Internal Rev-  
18 enue Code of 1986 must sign the return prepared  
19 for a fee and display notice of such preparer's reg-  
20 istration under such regulations.

21 (e) ADDITIONAL FUNDS AVAILABLE FOR COMPLI-  
22 ANCE ACTIVITIES.—The Secretary of the Treasury may  
23 use any specifically appropriated funds for earned income  
24 tax credit compliance to improve and expand enforcement  
25 of the registration of income tax return preparers under

1 the regulations promulgated under section 7530 of the In-  
2 ternal Revenue Code of 1986.

3 (f) CLERICAL AMENDMENT.—The table of sections  
4 for chapter 77, as amended by this Act, is amended by  
5 adding at the end the following new item:

“Sec. 7530. Income tax return preparers.”.

6 (g) EFFECTIVE DATE.—The amendments made by  
7 this section shall take effect on the date of the enactment  
8 of this Act.