

Attach.C

ARE THERE REALLY THAT MANY TAX CHANGES EACH YEAR THAT MIGHT AFFECT ME?

Yes. Only a qualified professional (such as an enrolled agent) with all the facts at his or her disposal can determine the appropriateness of the application of any law to a given situation. Every year there are numerous changes to the tax laws and the tax code. IRS Code sections now number from 1 to over 9,800 and encompass more than 11,000 pages. Frequently, provisions are added while others expire. Some are indexed for inflation, so they change as well. Some are effective at the beginning of the year while others become effective on the date a particular bill or law is signed. The tax code and regulations are very complex and Congress is continually changing the tax laws. Enrolled agents take continuing education courses each year to keep up with the changes and also have research tools at their disposal to constantly monitor the updates. Most taxpayers do not have the time or the research tools to read the volumes of material that are added to or deleted from the tax code each year. That is why it is important to choose a tax professional, such as an enrolled agent, who keeps up with the rules and regulations and uses this expertise to do the best job possible for every taxpayer.

AREAS OF TAX LAW THAT FREQUENTLY CHANGE

- ▶ Tax brackets and tax rates
- ▶ Credits, deductions and exemptions
- ▶ Educational incentives
- ▶ Alternative Minimum Tax (AMT) limits
- ▶ Retirement account issues

HOW CAN I FIND AN ENROLLED AGENT?

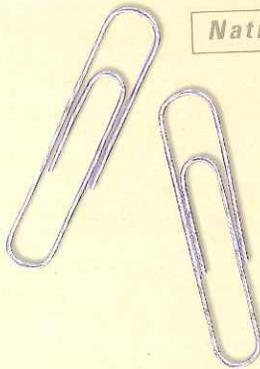
The easiest and fastest way to locate an enrolled agent in your area is to visit www.naea.org. The "Find an Enrolled Agent" link located on the home page will allow you to search instantly by locality or specialty. You can also call the EA referral service at 800-424-4339. This is an unattended service, but you can indicate a preference to receive your response by email, fax or mail, and all calls are answered within three business days. You might also want to check in your local Yellow Pages under "Tax Preparation" and look for the phrase "Enrolled Agent, Licensed to Represent Taxpayers before IRS" or the "EA" abbreviation following the professional's name.

Enrolled Agents (EAs) are federally licensed tax practitioners who have technical expertise in the field of taxation and are licensed to represent taxpayers for audits, collections and appeals before the Internal Revenue Service at all administrative levels. Enrolled agents are the only tax practitioners required by federal law to maintain their expertise through continuing professional education. When you need up-to-date tax assistance, see an enrolled agent.

Enrolled Agents - The Tax Professionals

Enrolled Agents:

The Tax Professionals



National Association of Enrolled Agents

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National Association of Enrolled Agents

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Tax laws are subject to change at any time. Consult your enrolled agent for the latest information. Please note: this information is provided to you by NAEA for use as general guidance. The association is not engaged in rendering specific legal, tax or accounting advice. Only a qualified professional with all the facts at his or her disposal can determine the appropriateness of the application of any law to a given tax situation. If assistance is required, an enrolled agent should be consulted.

Enrolled Agents:

The Tax Professionals

WHAT IS AN ENROLLED AGENT?

An enrolled agent (EA) is a federally licensed tax practitioner who has technical expertise in the field of taxation and is empowered by the U.S. Department of the Treasury to represent taxpayers for audits, collections and appeals before all administrative levels of the Internal Revenue Service.

WHAT ARE THE DIFFERENCES BETWEEN ENROLLED AGENTS AND OTHER TAX PREPARERS?

Only enrolled agents demonstrate their competence in matters of taxation and report their hours of continuing professional education to IRS. Enrolled agents are the only taxpayer representatives who receive their right to practice directly from the U.S. government (certified public accountants and attorneys are licensed by states and their licenses are state specific). Unlike attorneys and certified public accountants, who may or may not choose to focus on taxes, all enrolled agents specialize in taxation.

WHY SHOULD I CHOOSE AN ENROLLED AGENT WHO IS A MEMBER OF THE NATIONAL ASSOCIATION OF ENROLLED AGENTS (NAEA)?

The principal concern of NAEA and its members is honest, intelligent and ethical representation of the financial position of taxpayers before government agencies. Members of NAEA must fulfill continuing professional education requirements that exceed IRS' standards. In addition, NAEA members adhere to a stringent code of ethics and rules of professional conduct as well as the Treasury Department's Circular 230 regulations. NAEA members belong to a strong network of experienced, well-trained tax professionals who effectively represent their clients and work on behalf of taxpayers to see that the tax code is fairly applied and reasonably enforced.

HOW CAN AN ENROLLED AGENT HELP ME?

Enrolled agents advise, represent and prepare tax returns for individuals, partnerships, corporations, estates, trusts and any other entity with tax-reporting requirements. Enrolled agents prepare millions of tax returns each year. Enrolled agents' expertise in the continually changing field of taxation enables them to effectively represent taxpayers audited by IRS.

Some enrolled agents work only during tax season or by appointment only, while other enrolled agents have year-round practices. In addition to tax preparation and tax representation, many enrolled agents offer other business-related services which may include:

- ▶ Bookkeeping
- ▶ Financial planning or budgeting
- ▶ Payroll services
- ▶ Financial statement preparation
- ▶ Mortgage assistance

Because enrolled agents have such diverse backgrounds and may offer a variety of services, it is important to talk with your enrolled agent about how his/her expertise may assist you.

WHAT DOES THE TERM "ENROLLED AGENT" MEAN?

"Enrolled" means to be licensed to practice by the federal government and "agent" means authorized to appear in place of the taxpayer before IRS. Only enrolled agents, attorneys and certified public accountants may represent taxpayers before IRS. The enrolled agent profession dates back to 1884 when, after questionable claims were presented for Civil War losses, Congress acted to regulate persons who represented citizens in their dealings with the U.S. Department of the Treasury.

HOW DOES ONE BECOME AN ENROLLED AGENT?

The license is earned in one of two ways: either by passing a stringent and comprehensive examination that covers all aspects of the tax code or by having worked at IRS for at



least five years in a position that regularly interpreted and applied the tax code and its regulations. All candidates are subjected to a rigorous background check conducted by IRS. The license is national, not state specific, allowing enrolled agents to assist taxpayers located throughout the country.

PRIVILEGE AND THE ENROLLED AGENT

The IRS Restructuring and Reform Act of 1998 provides a limited client privilege for federally authorized practitioners (those bound by the Treasury Department's Circular 230 regulations). This privilege allows confidentiality between the taxpayer and the enrolled agent when the taxpayer is being represented in cases involving audits and collection matters. It is not applicable to the preparation and filing of a tax return. This privilege does not apply to state tax matters although a number of states have an accountant-client privilege. Ask your enrolled agent how privilege may affect you.

ARE ENROLLED AGENTS REQUIRED TO TAKE CONTINUING PROFESSIONAL EDUCATION?

In addition to the stringent testing and application process, IRS requires enrolled agents to complete 72 hours of continuing professional education every three years to maintain their licenses. NAEA members are obligated to complete 90 hours in each three year period. Due to the expertise necessary to become an enrolled agent and the requirements to maintain the license, there are only about 40,000 practicing enrolled agents.

ARE ENROLLED AGENTS BOUND BY ETHICAL STANDARDS?

Yes. Enrolled agents are required to abide by the provisions of the Treasury Department's Circular 230 which provides the regulations governing the practice of enrolled agents before IRS. NAEA members are also bound by a code of ethics and rules of professional conduct.