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Tax Prep In Oz: Prisoners Who Do Taxes

Some tax return preparers are seasonal workers handling the April 15 crush. But it might surprise you to know how many prisoners—some serving life—are registered as return preparers with the IRS. A study by the Treasury Inspector General for Tax Administration—a.k.a [TIGTA](#)—says over 300 prisoners are registered, 43 serving life. See [More Tax Return Preparers Are Filing Electronically, but Better Controls Are Needed.](#)

The IRS is taking steps to regulate tax return preparation to weed out what the IRS Commissioner calls “unscrupulous preparers.” The IRS started by having return preparers register and obtain their own Preparer Tax Identification Number ([PTIN](#)). So far about 750,000 have been issued. Over 60 percent of PTIN holders are not attorneys, CPAs, or enrolled agents.

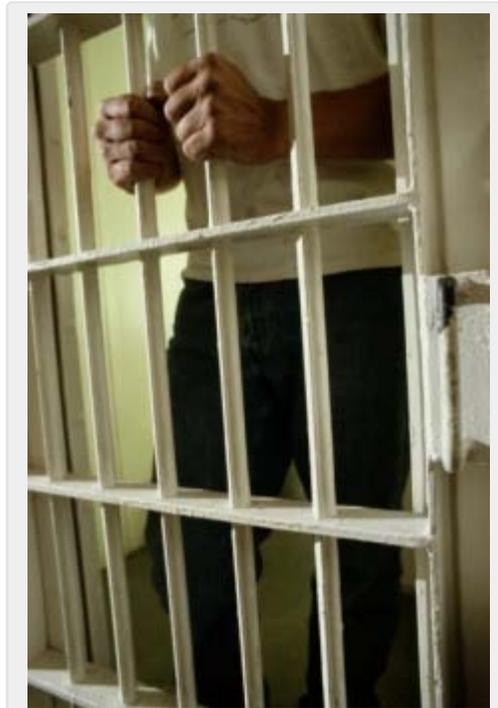


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Preparers must [register](#) with the IRS and pass a [competency exam](#). Attorneys, CPAs or enrolled agents already enrolled to practice before the IRS are exempt from the test. But there have been some hiccups, including a notable flap over whether people working as preparers would be [fingerprinted](#).

Compliance with the IRS e-filing mandates is key. See [New Worries Over E-Filing Taxes](#). The TIGTA report says more controls are needed to ensure everyone is complying with new preparer regulations. Current [regulations](#) do not prohibit prisoners from registering and obtaining PTINs. However, the IRS subsequently decided prisoners will not be issued PTINs and those that were issued will be suspended.

For the first few years, the IRS plans to use a “soft” approach to enforcement emphasizing education and collaboration. I guess that means tax return preparers won’t be put in solitary.

For more, see:

[Prison inmates register with the IRS as tax preparers](#)

[Convicts certified to prepare taxes in 2011-report](#)

[Am I A Return Preparer?](#)

[Can You/Should You Skirt Return Preparer Definition?](#)

[Ten Things You Need to Know About Return Preparer Penalties](#)

[IRS May Fingerprint Tax Return Preparers](#)

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