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PRODUCT & SERVICE GUIDE

AICPA Sues the IRS Over Voluntary Income Tax Preparer Program

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Isaac M. O'Bannon • Jul. 15, 2014

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On Tuesday, the [American Institute of CPAs](#) (AICPA) filed a [lawsuit](#) against the Internal Revenue Service in federal court, stating that the taxing agency's recent creation of a new “voluntary” income tax preparer regulation system is not lawful. The AICPA has been quite vocal on this opinion over the past few months.

“The AICPA has been a steadfast supporter of the IRS’s overall goals of enhancing compliance by tax return preparers and elevating ethical conduct,” said AICPA President and CEO Barry C. Melancon, CPA, CGMA in a statement. “However, the IRS’s new rule regulating tax return preparers is an unlawful exercise of government power.”

The suit was filed in the U.S. District Court for the District of Columbia.

“By implementing a purportedly 'voluntary' program that is mandatory in effect, the rule is an end-run around *Loving v. IRS*, a federal court ruling which struck down the IRS’s earlier attempt to regulate tax return preparers,” Melancon continued. “The IRS simply does not have the authority to proceed with the new rule. By doubling the

number of categories of tax return preparers to eight, the rule will also confuse consumers. Worse yet, the new rule will do nothing to address the problem of unethical or fraudulent tax return preparers – which should be a top priority.

“As a result, the AICPA has filed suit in federal court to prevent the IRS from moving ahead with this unjustified and unlawful program.

Melancon and the AICPA say that the IRS should stop the program, consult with tax professionals, and use the tools and data they already have to monitor unethical tax return preparers. “At a minimum, the IRS must conduct a legitimate notice-and-comment rulemaking before proceeding.””

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