

**Senate Study Bill 3135 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
STATE GOVERNMENT BILL BY  
CHAIRPERSON DANIELSON)

**A BILL FOR**

1 An Act requiring the professional licensure of tax consultants  
2 and tax preparers, and making penalties applicable.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 542.3, subsection 11, Code 2016, is  
2 amended to read as follows:

3 11. "License" means a certificate issued under [section 542.6](#)  
4 or [542.19](#), a permit issued under [section 542.7](#), or a license  
5 issued under [section 542.8](#) or [542.33](#); or a certificate, permit,  
6 or license issued under corresponding prior law.

7 Sec. 2. Section 542.3, Code 2016, is amended by adding the  
8 following new subsections:

9 NEW SUBSECTION. 13A. "*Licensed tax consultant*" means a  
10 person who is licensed under this chapter to prepare, advise,  
11 or assist in the preparation of income tax returns for another  
12 and for valuable consideration.

13 NEW SUBSECTION. 13B. "*Licensed tax preparer*" means a person  
14 who is licensed under this chapter to prepare, advise, or  
15 assist in the preparation of income tax returns for another  
16 and for valuable consideration while under the supervision of  
17 a licensed tax consultant, attorney at law, certified public  
18 accountant, licensed public accounting firm, or certified  
19 public accounting firm.

20 Sec. 3. Section 542.4, subsection 9, paragraphs d, g, h, j,  
21 k, and r, Code 2016, are amended to read as follows:

22 *d.* Rules specifying the educational and experience  
23 qualifications required for the issuance of a license  
24 under ~~section~~ [sections 542.8](#) and [542.33](#) and the continuing  
25 professional education required for renewal of a license under  
26 ~~section~~ [sections 542.8](#) and [542.39](#).

27 *g.* Rules relating to actions discreditable to the  
28 practice as a certified public accountant, ~~or~~ licensed public  
29 accountant, licensed tax consultant, or licensed tax preparer.

30 *h.* Rules relating to professional confidences between a  
31 certified public accountant, ~~or~~ licensed public accountant,  
32 licensed tax consultant, or licensed tax preparer and a client.

33 *j.* Rules governing the failure to disclose a material fact  
34 known to the certified public accountant, ~~or~~ licensed public  
35 accountant, licensed tax consultant, or licensed tax preparer.

1     *k.* Rules relating to a material misstatement known to the  
2 certified public accountant, ~~or~~ licensed public accountant,  
3 licensed tax consultant, or licensed tax preparer.

4     *r.* Rules on substantial equivalency under ~~section~~ sections  
5 542.19 and 542.35.

6     Sec. 4. Section 542.4, subsection 9, Code 2016, is amended  
7 by adding the following new paragraph:

8     NEW PARAGRAPH. *Og.* Rules governing the manner and  
9 circumstances of use of the titles "licensed tax consultant"  
10 and "licensed tax preparer".

11     Sec. 5. Section 542.14, subsections 1 and 2, Code 2016, are  
12 amended to read as follows:

13     1. If, as a result of an investigation under [section 542.11](#)  
14 or otherwise, the board believes that a person or firm has  
15 engaged, or is about to engage, in an act or practice which  
16 constitutes or will constitute a violation of [section 542.13](#),  
17 ~~or~~ [542.20](#), or [542.45](#), the board may make application to the  
18 district court for an order enjoining such act or practice.  
19 Upon a showing by the board that such person or firm has  
20 engaged, or is about to engage, in any such act or practice,  
21 an injunction, restraining order, or other order as may be  
22 appropriate shall be granted by the court.

23     2. In addition to a criminal penalty provided for in section  
24 542.15, the board may issue an order to require compliance with  
25 [section 542.13](#), ~~or~~ [542.20](#), or [542.45](#) or to revoke a practice  
26 privilege under [section 542.20](#), and may impose a civil penalty  
27 not to exceed one thousand dollars for each offense upon a  
28 person who is not a licensee under [this chapter](#) and who engages  
29 in conduct prohibited by [section 542.13](#), ~~or~~ [542.20](#), or [542.45](#).  
30 Each day of a continued violation constitutes a separate  
31 offense. The board may impose a penalty up to ten thousand  
32 dollars per violation against a firm that violates section  
33 [542.13](#), ~~or~~ [542.20](#), or [542.45](#).

34     Sec. 6. Section 542.15, subsection 1, Code 2016, is amended  
35 to read as follows:

1 1. A person who violates a provision of [section 542.13](#) or  
2 [542.45](#) is guilty of a serious misdemeanor.

3 **Sec. 7. NEW SECTION. 542.31 Licensed tax consultants and**  
4 **tax preparers — exceptions.**

5 1. A person shall not engage in the practice of preparing,  
6 advising, or assisting in the preparation of income tax returns  
7 for another and for valuable consideration in the state unless  
8 the person is a licensed tax consultant or a licensed tax  
9 preparer as provided in this chapter, except as permitted by  
10 subsection 2.

11 2. The provisions of sections 542.32 to 542.46, relating  
12 to the licensure of tax consultants and tax preparers, do not  
13 apply to the following individuals:

14 a. A full-time or part-time employee hired to fill a  
15 permanent position, who in connection with the duties as an  
16 employee has the incidental duty of preparing income tax  
17 returns for the business of the employer only.

18 b. An attorney at law rendering services in the performance  
19 of the duties of an attorney at law.

20 c. While acting as such, a fiduciary, or the regular  
21 employees thereof, acting on behalf of the fiduciary estate,  
22 testator, trustor, or grantor, or the beneficiaries thereof.

23 d. A certified public accountant issued a certificate issued  
24 under section 542.6, a licensed public accountant or licensed  
25 public accounting firm issued a license or permit under section  
26 542.8, or a certified public accounting firm issued a permit  
27 under section 542.7.

28 e. An employee of a certified public accountant, licensed  
29 public accountant, licensed public accounting firm, or  
30 certified public accounting firm described in paragraph "d".

31 f. A person employed by a local, state, or federal  
32 government agency but only in performance of official duties.

33 **Sec. 8. NEW SECTION. 542.32 Supervision of tax preparer.**

34 A tax preparer licensed under this chapter may prepare,  
35 advise, or assist in the preparation of income tax returns

1 for another only under the supervision of a licensed tax  
2 consultant or person described under section 542.31, subsection  
3 2, paragraph "b" or "d", and subject to such conditions and  
4 limitations as the board by rule may impose.

5 **Sec. 9. NEW SECTION. 542.33 Qualifications for licensure as**  
6 **a tax consultant and tax preparer.**

7 1. An applicant for a license as a tax consultant or tax  
8 preparer must meet all of the following requirements:

9 a. Be eighteen years of age or older.

10 b. Possess a high school diploma or have passed an  
11 equivalency examination.

12 c. Present evidence satisfactory to the board that the  
13 applicant has successfully completed at least eighty hours in  
14 basic income tax law, theory, and practice at a school training  
15 session or educational institution approved by the board.

16 d. Possess a preparer tax identification number issued by  
17 the internal revenue service.

18 2. In addition to the requirements of subsection 1,  
19 an applicant for licensure as a tax preparer must pass an  
20 examination to the satisfaction of the board. The examination  
21 shall be constructed in a manner that in the judgment of the  
22 board measures the applicant's knowledge of federal and Iowa  
23 income tax law, theory, and practice.

24 3. In addition to the requirements of subsection 1, an  
25 applicant for licensure as a tax consultant must do all of the  
26 following:

27 a. Present evidence satisfactory to the board of active  
28 employment as a tax preparer or employment in this or another  
29 state in a capacity that is, in the judgment of the board,  
30 equivalent to that of a tax preparer or tax consultant, for not  
31 less than a cumulative total of one thousand one hundred hours  
32 during at least two of the last five years.

33 (1) The board shall consider certification by a tax  
34 consultant or person described under section 542.31, subsection  
35 2, paragraph "b" or "d", that the applicant was employed as

1 a tax preparer under supervision for the period indicated in  
2 the certificate to be satisfactory evidence of the applicant's  
3 employment as a tax preparer for the period indicated.

4 (2) If an applicant has worked less than a cumulative  
5 total of one thousand one hundred hours in at least two of the  
6 last five years, the board may consider the number of hours  
7 employed, the number of years employed, the number of tax  
8 returns prepared, and whether the work involved contributed  
9 directly to the professional competence of the applicant in  
10 determining if a tax preparer or tax consultant has met the  
11 work experience requirement.

12 b. Pass to the satisfaction of the board an examination  
13 that is constructed in a manner that in the judgment of the  
14 board measures the applicant's knowledge of federal and Iowa  
15 income tax law, theory, and practice. The examination for  
16 licensure as a tax consultant must be of a more complex nature  
17 and require higher standards of knowledge of income tax law,  
18 theory, and practice than the examination for licensure as a  
19 tax preparer.

20 4. If, in the judgment of the board, an applicant has the  
21 combined education and experience to qualify for licensure as  
22 a tax consultant or tax preparer, but does not meet or cannot  
23 present evidence of strict compliance with the requirements  
24 of subsection 1, paragraph "c", or subsection 3, paragraph  
25 "a", the board may allow some of the applicant's education or  
26 experience to substitute one for the other. However, this  
27 subsection does not allow a waiver of, or substitution for, any  
28 qualifications needed for licensure as a tax consultant or tax  
29 preparer other than those described in subsection 1, paragraph  
30 "c", or subsection 3, paragraph "a".

31 Sec. 10. NEW SECTION. 542.34 **Application for licensure.**

32 A person seeking licensure as a tax consultant or tax  
33 provider shall apply in writing to the board. The board shall  
34 approve application forms for licensure. An application shall  
35 include or be accompanied by evidence, satisfactory to the

1 board, that the applicant meets the qualifications prescribed  
2 in section 542.33. An application shall be accompanied by the  
3 examination fee established under this chapter.

4 Sec. 11. NEW SECTION. **542.35 Substantial equivalency,**  
5 **internal revenue service enrollment.**

6 1. The board shall issue a license to an applicant as a tax  
7 consultant or tax preparer who does all of the following:

8 a. Presents evidence satisfactory to the board that the  
9 applicant is licensed as a tax consultant or tax preparer in  
10 a state that has requirements for licensure similar to the  
11 requirements for licensure in this state.

12 b. Passes to the satisfaction of the board an examination  
13 covering federal and Iowa income tax law, theory, and practice,  
14 the provisions of this chapter, and the code of professional  
15 conduct prescribed by the board.

16 2. Notwithstanding section 542.33, subsections 1 and 3,  
17 but as otherwise provided in this chapter, the board shall  
18 license as a tax consultant a person who is, on the date of  
19 the application for licensure as a tax consultant, enrolled to  
20 practice before the internal revenue service pursuant to 31  
21 C.F.R. pt. 10 if the person has passed to the satisfaction of  
22 the board an examination covering federal and Iowa income tax  
23 law, theory, and practice, the provisions of this chapter, and  
24 the code of professional conduct prescribed by the board.

25 3. Except as provided in this section, an examination is not  
26 required for licensure.

27 4. A person seeking licensure under this section shall apply  
28 in writing to the board which application shall be accompanied  
29 by the applicable license fees established under this chapter.

30 Sec. 12. NEW SECTION. **542.36 Issuance of licenses.**

31 1. The board shall issue a license as a tax consultant or a  
32 tax preparer to an applicant who does all of the following:

33 a. Demonstrates to the satisfaction of the board fitness for  
34 licensure.

35 b. Pays to the board an initial license fee as established

1 by the board.

2 *c.* Demonstrates to the board that the applicant has no  
3 disciplinary actions pending before the board.

4 2. A tax consultant or tax preparer shall display the  
5 license issued to the person in accordance with rules adopted  
6 by the board.

7 **Sec. 13. NEW SECTION. 542.37 Registration of sole**  
8 **proprietorships, partnerships, corporations, or other legal**  
9 **entities for the preparation of tax returns.**

10 1. A sole proprietorship, partnership, corporation, or  
11 other legal entity, through individuals who are authorized  
12 within this state to render income tax preparation services,  
13 may engage in the preparation, advisement, or assistance of  
14 income tax returns for another and for valuable consideration  
15 and represent that the entity is so engaged if the entity does  
16 all of the following:

17 *a.* Registers annually with the board in the manner  
18 prescribed by the board.

19 *b.* Designates and reports in the manner prescribed by  
20 the board the authorized individual or individuals who are  
21 responsible for the tax return preparation activities and  
22 decisions of the entity.

23 *c.* Complies with the provisions of this chapter and the  
24 rules adopted by the board.

25 2. A sole proprietorship, partnership, corporation, or  
26 other legal entity shall not be relieved of responsibility for  
27 the conduct or acts of its agents, employees, or officers by  
28 reason of compliance with subsection 1, and a tax consultant  
29 shall not be relieved of responsibility for professional  
30 services performed by reason of employment by or relationship  
31 with such sole proprietorship, partnership, corporation, or  
32 other legal entity.

33 3. A sole proprietorship, partnership, corporation, or  
34 other legal entity shall not engage in tax return preparation  
35 activities under subsection 1 if any tax consultant,



1 proprietor, partner, principal, officer, director, manager, or  
2 shareholder of the entity is any of the following:

3     *a.* A person whose license as a tax consultant or tax  
4 preparer under this chapter is permanently revoked.

5     *b.* A person to whom the board has refused to issue or  
6 renew a license on the basis of dishonest conduct or conduct  
7 involving tax preparation.

8     *c.* A person whose occupational license, permit, or  
9 registration has been revoked by another state regulatory  
10 agency or the internal revenue service for dishonest conduct or  
11 conduct involving tax preparation.

12     4. For purposes of subsection 3, "*shareholder*" means any of  
13 the following:

14     *a.* A person who owns more than ten percent in value of the  
15 outstanding stock of the corporation if the corporation is  
16 publicly traded, or traded on an established securities market.

17     *b.* A person who owns any value in outstanding stock of the  
18 corporation if the corporation is not publicly traded, or not  
19 traded on an established securities market.

20     Sec. 14. NEW SECTION. 542.38 **Renewal of license,**  
21 **restoration of lapsed license.**

22     1. A tax consultant or tax preparer seeking license renewal  
23 shall apply for annual license renewal to the board and pay the  
24 fee for license renewal on or before the date prescribed by  
25 the board. The application shall be accompanied by evidence  
26 satisfactory to the board that the person applying for license  
27 renewal has completed the continuing education requirements  
28 established under this chapter.

29     2. The board shall provide notice to the tax consultant or  
30 tax preparer that the annual renewal application and fee are  
31 due at least thirty days before the established annual renewal  
32 date.

33     3. A license that is not renewed within fifteen days after  
34 the established annual renewal date shall lapse.

35     4. The board shall restore a lapsed license upon payment to

1 the board of all unpaid renewal fees and a fee for restoration  
2 of a lapsed license and upon proof of compliance with any  
3 applicable continuing education requirements.

4 Sec. 15. NEW SECTION. **542.39 Continuing education**  
5 **requirement.**

6 1. Except as provided in subsection 2, a person licensed  
7 as a tax consultant or tax preparer shall submit evidence  
8 satisfactory to the board that the person has completed at  
9 least thirty hours of board-approved instruction or seminar  
10 in subjects related to income tax preparation for each year  
11 that the person is licensed. The tax consultant or tax  
12 preparer shall submit evidence satisfactory to the board of  
13 compliance with this subsection upon submission of the annual  
14 license renewal application. If the board does not receive  
15 satisfactory evidence that a tax consultant or tax preparer has  
16 completed the continuing education requirement, the board shall  
17 not renew the applicant's license.

18 2. The board shall have the discretion to exempt a tax  
19 consultant or tax preparer from the continuing education  
20 requirement if the applicant provides evidence satisfactory  
21 to the board of an inability to comply because of unusual or  
22 extenuating circumstances.

23 Sec. 16. NEW SECTION. **542.40 Inactive status.**

24 1. If a tax consultant or tax preparer ceases to engage in  
25 the preparation or in advising or assisting in the preparation  
26 of income tax returns, the tax consultant or tax preparer may  
27 apply to the board to be placed in inactive status. A license  
28 in inactive status may be renewed each year upon payment  
29 of the license fee established under this chapter. Proof  
30 of compliance with the continuing education requirement as  
31 provided in section 542.39 need not be presented to the board  
32 for the renewal of a license in inactive status.

33 2. A license in inactive status may be reactivated upon  
34 payment of a reactivation fee, as established under this  
35 chapter, and upon proof of compliance with such continuing

1 education requirements as may be adopted by the board by rule.

2 3. The board may revoke or suspend a license in inactive  
3 status if conditions exist under which the board would have  
4 been authorized to revoke or suspend the license if it were  
5 active.

6 4. A person whose license is inactive shall not act as a tax  
7 consultant or tax preparer.

8 Sec. 17. NEW SECTION. **542.41 Fees.**

9 The board, by rule, may establish and charge fees for the  
10 following:

11 1. The application for examination for a tax consultant  
12 license.

13 2. The application for examination for a tax preparer  
14 license.

15 3. The issuance or renewal of a tax consultant license.

16 4. The issuance or renewal of a tax preparer license.

17 5. The issuance or renewal of an inactive tax consultant  
18 license.

19 6. The issuance or renewal of an inactive tax preparer  
20 license.

21 7. The reactivation of an inactive tax consultant or tax  
22 preparer license.

23 8. The restoration of a lapsed license.

24 9. The issuance or replacement of a duplicate license.

25 10. The registration or registration renewal for a sole  
26 proprietorship, partnership, corporation, or other legal  
27 entity.

28 11. The issuance or renewal of a tax consultant or tax  
29 preparer license combined with the registration for a sole  
30 proprietorship, partnership, corporation, or other legal  
31 entity. Eligibility for a combined license shall be determined  
32 by rules adopted by the board.

33 Sec. 18. NEW SECTION. **542.42 Tax consultant records.**

34 1. Except as provided in this section, a person licensed as  
35 a tax consultant shall keep records of all income tax returns

1 prepared by the person, or in the preparation of which advice  
2 or assistance has been provided. The records of the returns  
3 shall be kept for a period of not less than four years after the  
4 date of the preparation, advice, or assistance.

5 2. If a tax consultant is employed by another tax  
6 consultant, the records shall be kept by the employing tax  
7 consultant.

8 3. If a tax consultant who has been designated as  
9 responsible for the tax return preparation activities and  
10 decisions of a partnership, corporation, or other legal entity  
11 ceases to be connected with the entity, the records shall be  
12 retained by the entity.

13 Sec. 19. NEW SECTION. 542.43 **Appointment of secretary of**  
14 **state as agent.**

15 Application for a license under section 542.34 by a person  
16 or entity not a resident of this state constitutes appointment  
17 of the secretary of state as the applicant's agent upon whom  
18 process may be served in any action or proceeding against the  
19 applicant arising out of a transaction or operation connected  
20 with or incidental to services performed by the applicant while  
21 a licensee within this state.

22 Sec. 20. NEW SECTION. 542.44 **Continuing authority of board.**

23 The lapsing, suspension, or revocation of a license by  
24 operation of law, order of the board, decision of a court of  
25 law, or voluntary surrender by a licensee shall not deprive  
26 the board of jurisdiction to proceed with any investigation of  
27 or any action or disciplinary proceeding against the licensee,  
28 or to revise or render null and void an order suspending or  
29 revoking the license.

30 Sec. 21. NEW SECTION. 542.45 **Prohibited acts.**

31 Except as otherwise provided in this chapter, a person shall  
32 not do any of the following:

33 1. Prepare, advise, or assist in the preparation of income  
34 tax returns for another and for valuable consideration or  
35 represent that the person is so engaged if the person is not

1 licensed as a tax consultant or tax preparer.

2 2. Assume or use the title or designation of "tax  
3 consultant" or "tax preparer" if the person is not licensed as  
4 a tax consultant or tax preparer.

5 3. Obtain or attempt to obtain a license as a tax consultant  
6 or a tax preparer by any fraudulent representation.

7 4. Represent that the person is licensed as a tax consultant  
8 or tax preparer if the person is not so licensed.

9 5. Present or attempt to use the license of another person.

10 6. Attempt to use a suspended, lapsed, or revoked license.

11 7. Falsely impersonate a person licensed as a tax consultant  
12 or tax preparer.

13 8. Engage in dishonesty, fraud, or deception relating to the  
14 preparation of income tax returns.

15 Sec. 22. NEW SECTION. 542.46 **Grounds for disciplinary**  
16 **action.**

17 After notice and hearing, the board may revoke, suspend for  
18 a period of time not to exceed two years, or refuse to renew a  
19 license; reprimand, censure, or limit the scope of practice of  
20 any licensee; impose an administrative penalty not to exceed  
21 one thousand dollars per violation against an individual  
22 licensee or ten thousand dollars per violation against a  
23 registered legal entity; require remedial actions; or place a  
24 licensee on probation; all with or without terms, conditions,  
25 and in combinations of remedies, for any one or more of the  
26 following reasons:

27 1. Violation of section 542.31, subsection 1, or section  
28 542.32 or 542.45.

29 2. Failure to keep records pursuant to section 542.42.

30 3. Negligence or incompetence while working in the capacity  
31 as a tax consultant or tax preparer in another state or the  
32 federal government.

33 4. Conduct resulting in a conviction of a felony under the  
34 laws of any state or of the United States.

35 5. Conviction of any crime, an essential element of which is

1 dishonesty, fraud, or deception, under the laws of any state or  
2 the United States.

3 6. Conviction of any crime related to the tax laws of any  
4 state or the United States.

5 7. Failure to comply with the continuing education  
6 requirement under section 542.39, unless such requirements have  
7 been waived by the board.

8 8. Failure to pay any administrative penalty incurred  
9 within the time determined by the board.

10 9. Cancellation, revocation, suspension, voluntary  
11 surrender, or refusal to renew the authority to practice as  
12 a certified public accountant, licensed public accountant,  
13 accounting practitioner, licensed tax consultant, or licensed  
14 tax preparer, by any other state or foreign authority for any  
15 cause other than the failure to pay appropriate fees.

16 EXPLANATION

17 The inclusion of this explanation does not constitute agreement with  
18 the explanation's substance by the members of the general assembly.

19 PRACTICE ACT. This bill requires the Iowa accountancy  
20 examining board to license all persons who wish to practice as  
21 tax consultants or tax preparers.

22 DEFINITIONS. The bill defines a "tax consultant" to mean  
23 a person who is licensed to prepare, advise, or assist in  
24 the preparation of income tax returns for another and for  
25 valuable consideration. The bill defines a "tax preparer" as  
26 a person who is licensed to prepare, advise, or assist in the  
27 preparation of income tax returns for another and for valuable  
28 consideration under the supervision of a tax consultant or  
29 other authorized person.

30 AMENDMENTS. The bill amends several paragraphs in Code  
31 section 542.4(9), as well as adds a new paragraph, to provide  
32 the Iowa accountancy examining board with authority to regulate  
33 the tax consultant and tax preparer professions. The bill  
34 also amends Code sections 542.14 and 542.15 to subject tax  
35 consultant and tax preparer licensees to the same penalties

1 as the other public accounting professions regulated in Code  
2 chapter 542.

3 PRACTICE REQUIREMENT AND EXEMPTIONS. The bill prohibits  
4 a person from engaging in the practice of income tax return  
5 preparation for another and for valuable consideration  
6 unless the person is licensed as a tax consultant or tax  
7 preparer. The bill exempts the following persons from the  
8 bill's licensing requirements: employees who prepare income  
9 tax returns only for the business of the employer, attorneys,  
10 fiduciaries acting on behalf of an estate, other individuals  
11 or firms licensed under Code chapter 542, employees of other  
12 individuals or firms licensed under Code chapter 542, and  
13 government employees.

14 SUPERVISION OF TAX PREPARERS. The bill requires tax  
15 preparers to work under the supervision of licensed tax  
16 consultants or other authorized individuals.

17 QUALIFICATIONS FOR LICENSURE. The bill requires an  
18 applicant for a tax consultant or tax preparer license to be at  
19 least 18 years of age, possess a high school diploma, complete  
20 at least 80 hours of relevant training or education, possess an  
21 internal revenue service preparer tax identification number,  
22 and pass an examination. An applicant for a tax consultant  
23 license must also demonstrate employment in a relevant  
24 profession for no less than 1,100 total hours during at least  
25 two of the last five years. The board may consider other  
26 relevant factors if an applicant has less than 1,100 total  
27 hours. The board may also substitute an applicant's education  
28 and work experience if the applicant does not meet these exact  
29 requirements.

30 APPLICATION. The bill requires an applicant for licensure  
31 to apply in writing to the board. The applicant must include  
32 evidence that the applicant meets the qualifications for  
33 licensure, as well as the examination fee.

34 SUBSTANTIAL EQUIVALENCY. The bill requires the board to  
35 issue a license to an applicant who is licensed as a tax

1 consultant or tax preparer in another state with similar  
2 licensure qualifications and passes an examination. The bill  
3 also requires the board to issue a license to an applicant who  
4 is enrolled to practice before the internal revenue service  
5 pursuant to 31 C.F.R. pt. 10 and passes an examination.

6 ISSUANCE OF LICENSES. The bill requires the board to issue a  
7 license to an applicant who demonstrates fitness for licensure,  
8 pays the initial license fee, and has no pending disciplinary  
9 actions before the board.

10 REGISTRATION OF LEGAL ENTITIES PREPARING TAX RETURNS. The  
11 bill requires a sole proprietorship, partnership, corporation,  
12 or other legal entity engaged in the practice of income tax  
13 return preparation to register annually with the board. Such  
14 a legal entity must also report the individuals responsible  
15 for the tax preparation activities to the board. The legal  
16 entity is prohibited from engaging in income tax return  
17 preparation activities if any employee, officer, or shareholder  
18 of the legal entity has had their license as a tax consultant  
19 or tax preparer revoked, or has been refused a license or  
20 renewal because of dishonest conduct or conduct involving tax  
21 preparation in this state, another state, or by the internal  
22 revenue service.

23 RENEWAL AND RESTORATION OF LAPSED LICENSE. The bill  
24 requires a licensee to apply for annual license renewal, with  
25 proof of compliance with the continuing education requirement.  
26 The board shall provide notice of the renewal requirement to  
27 the licensee at least 30 days in advance. A license lapses if  
28 it is not renewed within 15 days of the annual renewal date.  
29 The board shall restore a lapsed license after payment of all  
30 fees and proof of compliance with the continuing education  
31 requirement.

32 CONTINUING EDUCATION REQUIREMENT. The bill requires a  
33 licensee to complete 30 hours of continuing education annually  
34 but provides for waiver of the requirement because of unusual  
35 or extenuating circumstances.



1 LICENSES IN INACTIVE STATUS. The bill permits a license to  
2 apply to be placed in inactive status if the licensee ceases to  
3 engage in the profession, which may be reactivated upon payment  
4 of a fee and proof of compliance with the continuing education  
5 requirement. The board may revoke or suspend a license in  
6 inactive status.

7 FEES. The bill authorizes the board to establish fees for  
8 examinations, the issuance, renewal, reactivation, restoration,  
9 and replacement of a license, the registration of legal  
10 entities, and the issuance or renewal of a license combined  
11 with the registration of a legal entity.

12 RECORDKEEPING. The bill requires tax consultants to keep a  
13 record of each income tax return prepared or worked on by the  
14 licensee for at least four years after the preparation.

15 SECRETARY OF STATE AS AGENT. The bill requires the secretary  
16 of state to be appointed as the agent for a nonresident  
17 license applicant for any action arising out of the applicant's  
18 services while licensed in the state.

19 CONTINUING AUTHORITY OF BOARD. The bill provides the board  
20 with continuing authority to regulate a licensee whose license  
21 has lapsed or is suspended, revoked, or surrendered.

22 PROHIBITIONS. The bill prohibits a person from doing the  
23 following: engaging in the preparation of income tax returns  
24 without a license, using the title of "tax consultant" or "tax  
25 preparer" without a license, obtaining or attempting to obtain  
26 a license by any fraudulent misrepresentation, representing  
27 that the person is licensed if the person is not, using or  
28 attempting to use the license of another person, attempting  
29 to use a suspended, lapsed, or revoked license, falsely  
30 impersonating a licensed person, and engaging in dishonesty,  
31 fraud, or deception in the preparation of income tax returns.  
32 A violation is a serious misdemeanor. A serious misdemeanor is  
33 punishable by confinement for no more than one year and a fine  
34 of at least \$315 but not more than \$1,875.

35 GROUNDS FOR DISCIPLINARY ACTION. The bill authorizes the

1 board to take disciplinary action for the following reasons:  
2 violating Code section 542.32, 542.39, 542.42, or 542.45;  
3 negligence or incompetence as a tax consultant or tax preparer  
4 in another state; being convicted of a felony, a crime with the  
5 element of dishonesty, fraud, or deception, or a crime related  
6 to tax law; failure to pay an administrative penalty; or losing  
7 a license issued by another state or foreign authority for  
8 any reason besides failing to pay fees. The board may take  
9 the following disciplinary actions after notice and hearing:  
10 revoke, suspend for up to two years, or refuse to renew a  
11 license, reprimand, censure, place on probation, or limit the  
12 scope of practice of a licensee, take remedial action, and  
13 impose an administrative penalty of up to \$1,000 per violation  
14 against an individual licensee or up to \$10,000 per violation  
15 against a registered legal entity.