

**House File 2424 - Introduced**

HOUSE FILE 2424  
BY COMMITTEE ON STATE  
GOVERNMENT

(SUCCESSOR TO HSB 590)

**A BILL FOR**

1 An Act relating to tax return preparers.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 421.62 Inclusion of preparer tax  
2 identification number.

3 1. For purposes of this section:

4 a. "PTIN" means a preparer tax identification number, as  
5 defined in Internal Revenue Service Notice 2011-6.

6 b. (1) "Tax return preparer" means any individual who, for  
7 a fee or other consideration, prepares ten or more tax returns  
8 or claims for refund under chapter 422 during a calendar year,  
9 or who assumes final responsibility for completed work on such  
10 tax returns or claims for refund under chapter 422 on which  
11 preliminary work has been done by another individual.

12 (2) "Tax return preparer" does not include any of the  
13 following:

14 (a) A fiduciary of an estate, trust, or individual, while  
15 functioning within the fiduciary's legal duty and authority  
16 with respect to that individual, or that estate or trust or its  
17 testator, trustor, grantor, or beneficiaries.

18 (b) An individual who prepares the tax returns of  
19 the individual's employer, while functioning within the  
20 individual's scope of employment with the employer.

21 (c) An individual employed by a local, state, or federal  
22 government agency, while functioning within the individual's  
23 scope of employment with the government agency.

24 (d) An employee of a person described in subparagraph (1),  
25 if the employee provides only clerical or other comparable  
26 services and does not sign tax returns.

27 2. On or after January 1, 2019, a tax return preparer is  
28 required to include the tax return preparer's PTIN on any tax  
29 return or claim for refund prepared by the tax return preparer  
30 and filed under chapter 422.

31 3. The department of revenue shall draft relevant tax return  
32 forms to provide the space necessary for a tax return preparer  
33 to include a PTIN.

34 Sec. 2. NEW SECTION. 542A.1 Definitions.

35 For purposes of this chapter and unless otherwise required

1 by the context:

2 1. *"Board"* means the Iowa accountancy examining board  
3 created in chapter 542.

4 2. *"PTIN"* means the same as defined in section 421.62.

5 3. *a. "Uncredentialed tax return preparer"* means any  
6 individual who, for a fee or other consideration, prepares ten  
7 or more tax returns or claims for refund under chapter 422  
8 during a calendar year, or who assumes final responsibility for  
9 completed work on such tax returns or claims for refund under  
10 chapter 422 on which preliminary work has been done by another  
11 individual.

12 *b. "Uncredentialed tax return preparer"* does not include any  
13 of the following:

14 (1) An individual licensed as a certified public accountant  
15 under chapter 542 or a similar law of another state.

16 (2) An individual admitted to practice law in this state or  
17 another state.

18 (3) An enrolled agent enrolled to practice before the  
19 federal internal revenue service pursuant to 31 C.F.R. §10.4.

20 (4) A fiduciary of an estate, trust, or individual, while  
21 functioning within the fiduciary's legal duty and authority  
22 with respect to that individual, or that estate or trust or its  
23 testator, trustor, grantor, or beneficiaries.

24 (5) An individual who prepares the tax returns of  
25 the individual's employer, while functioning within the  
26 individual's scope of employment with the employer.

27 (6) An individual employed by a local, state, or federal  
28 government agency, while functioning within the individual's  
29 scope of employment with the government agency.

30 (7) An employee of a person described in paragraph "a",  
31 if the employee provides only clerical or other comparable  
32 services and does not sign tax returns.

33 **Sec. 3. NEW SECTION. 542A.2 PTIN registration — continuing**  
34 **education — annual reporting.**

35 On or after January 1, 2019, an uncredentialed tax return

1 preparer shall not, for a fee or other consideration, prepare  
2 ten or more tax returns during a calendar year, or assume  
3 final responsibility for completed work on such tax returns on  
4 which preliminary work has been done by another individual,  
5 unless the uncredentialed tax return preparer does all of the  
6 following:

- 7 1. Registers the uncredentialed tax return preparer's PTIN  
8 with the board, in the manner and form prescribed by the board.  
9 The registration shall be updated at least annually.
- 10 2. Completes a minimum of fifteen hours of continuing  
11 education per calendar year, two hours of which shall be on the  
12 topic of professional ethics.
- 13 3. Submits annually to the board a report describing the  
14 continuing education completed by the uncredentialed tax  
15 return preparer during the calendar year, in the manner and  
16 form prescribed by the board. The report shall include, at a  
17 minimum, a description of the type, length, and content of each  
18 continuing education course completed, and shall include any  
19 other information required by the board.

20 EXPLANATION

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

23 This bill relates to tax return preparers. On or after  
24 January 1, 2019, the bill requires all tax return preparers to  
25 include the tax return preparer's federally issued preparer  
26 tax identification number (PTIN) on any tax return or refund  
27 claim prepared by the tax return preparer and filed under Code  
28 chapter 422, which governs the Iowa individual and corporate  
29 income taxes and franchise taxes.

30 The bill defines "tax return preparer" to generally include  
31 individuals who prepare 10 or more Iowa tax returns or refund  
32 claims in a calendar year. Certain fiduciaries, employees who  
33 prepare tax returns of their employers, and other employees are  
34 excluded from the definition.

35 On or after January 1, 2019, the bill also requires

1 uncredentialed tax return preparers to register the  
2 uncredentialed tax return preparer's PTIN with the Iowa  
3 accountancy examining board (board); to complete a minimum of  
4 15 hours of continuing education per calendar year, two hours  
5 of which must be on the topic of professional ethics; and to  
6 submit an annual report to the board relating to the continuing  
7 education. The bill defines "uncredentialed tax return  
8 preparer" to be a tax return preparer (as defined above) who is  
9 not a certified public accountant, attorney, or enrolled agent.