

## WHAT IS AN ENROLLED AGENT?

What is an enrolled agent?

Enrolled agents (EAs) are America's Tax Experts. EAs are the only federally licensed tax practitioners who specialize in taxation and also have unlimited rights to represent taxpayers before the IRS.

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 the place of the taxpayer at the IRS. Only enrolled agents, attorneys, and CPAs have unlimited rights to represent taxpayers before the IRS. The enrolled agent profession dates back to 1884 when, after questionable claims had been presented for Civil War losses, Congress acted to regulate persons who represented citizens in their dealings with the U.S. Treasury Department.

How does one become an enrolled agent?

The license is earned in one of two ways, by passing a comprehensive examination which covers all aspects of the tax code, or having worked at the IRS for five years in a position which regularly interpreted and applied the tax code and its regulations. All candidates are subjected to a rigorous background check conducted by the IRS.

How can an enrolled agent help me?

Enrolled agents advise, represent, and prepare tax returns for individuals, partnerships, corporations, estates, trusts, and any entities with tax-reporting requirements. Enrolled agents' expertise in the continually changing field of taxation enables them to effectively represent taxpayers at all administrative levels within the IRS.

Privilege and the enrolled agent

The IRS Restructuring and Reform Act of 1998 allow federally authorized practitioners (those bound by the Department of Treasury's Circular 230 regulations) a limited client privilege. This privilege allows confidentiality between the taxpayer and the enrolled agent under certain conditions. The privilege applies to situations in which 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.

Are enrolled agents required to take continuing education?

In addition to the stringent testing and application process, the IRS requires enrolled agents to complete 72 hours of continuing education, reported every three years, to maintain their enrolled agent status. NAEA members are obligated to complete 30 hours per year (for a total of 90 hours per three year period). Because of the expertise necessary to become an enrolled agent and the requirements to maintain the license, there are only about 46,000 practicing enrolled agents.

What are the differences between enrolled agents and other tax professionals?

Only enrolled agents are required to demonstrate to the IRS their competence in all areas of taxation, representation and ethics before they are given unlimited representation rights before IRS. Unlike attorneys and CPAs, who are state licensed and who may or may not choose to specialize in taxes, all enrolled agents specialize in taxation. Registered tax return preparers have passed a minimal competence test on tax forms for individuals, and have only limited representation rights.

Are enrolled agents bound by any ethical standards?

Enrolled agents are required to abide by the provisions of the Department of Treasury's Circular 230, which provides the regulations governing the practice of enrolled agents before the IRS. NAEA members are also bound by a Code of Ethics and Rules of Professional Conduct of the Association.

Why should I choose an enrolled agent who is a member of the National Association of Enrolled Agents (NAEA)?

The principal concern of the National Association of Enrolled Agents and its members is honest, intelligent and ethical representation of the financial position of taxpayers before the governmental agencies. Members of NAEA must fulfill continuing professional education requirements that exceed the IRS' required minimum. In addition, NAEA members adhere to a stringent Code of Ethics and Rules of Professional Conduct of the Association, 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 to make the tax code fair and reasonably enforced.

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](http://www.naea.org). The 'Find an EA' function located at the top of the home page will allow you to search instantly by locality or

specialty. You can also call 800-424-4339, the EA referral service. This is an unattended service, but you can request to receive your response by email, fax or mail and all calls are answered within 2 business days. You might also want to check in your local yellow pages under 'Tax Preparation', and look for the phrase 'Enrolled Agent, Enrolled to Represent Taxpayers before the IRS' or the 'EA' credential following the professional's name.

Enrolled Agents are America's Tax Experts!