

# CALIFORNIA SOCIETY OF ENROLLED AGENTS

## What is an Enrolled Agent

Frequently Asked Questions



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## What is an Enrolled Agent?

- An Enrolled Agent is an individual licensed by the U.S. Department of Treasury to represent taxpayers before all levels of the Internal Revenue Service.
- Enrollment dates back to 1884, when Congress acted to regulate persons who represented citizens in their dealings with the U.S. Department of Treasury after questionable claims had been presented for Civil War losses.



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## What exactly do Enrolled Agents do?

- Unlike attorneys or CPAs, *Enrolled Agents specialize in taxation.*
- Throughout the year, they advise, represent and prepare returns for individuals, partnerships, corporations, estates and trusts – any entity with tax-reporting requirements.



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## Who may represent a taxpayer?

- **Who Can Represent Taxpayers – before the IRS**
  - Enrolled Agent – Federal – Licensed by the Department of Treasury
  - Certified Public Accountant – State License
  - Attorney – State License
- **What if you're not enrolled?**
  - Limitations on representation
  - All unlicensed California tax preparers must be registered with the California Tax Education Council



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Common opportunities to  
represent taxpayers

- **Examination**
  - **Collection**
    - **Appeals**



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## What does representing taxpayers before the IRS include?

- Communicating with the IRS for the taxpayer regarding his/her rights or liabilities under laws & regulations administered by the IRS
- Preparing and filing necessary documents with the IRS
- Advising the taxpayer on return positions
- Representing the taxpayer at hearings with the IRS
- Acting on the taxpayer's behalf
- Protecting the taxpayer's rights



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## How many Enrolled Agents are there?

- There are estimated to be approximately 43,000 Enrolled Agents in the United States.
- There are additional Enrolled Agents living and working in foreign countries.
- CSEA has a Chapter in Japan.



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## How do Enrolled Agents differ from other tax experts?

- Enrolled Agents are required to demonstrate competence in matters of taxation before they may represent a taxpayer.
- They are the only taxpayer representatives who receive their license from the U.S. Government.
- CPAs and attorneys are licensed by each individual state.



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## A Fundamental Distinction

- **Enrolled**

- Publicly demonstrate competency
- Maintain proficiency through required CPE
- Subject to OPR higher standards

- **Unenrolled**

- In California, no minimum requirements as to competency except for a 60-hour basic tax course, 16 hours of CPE annually, and a \$5,000 bond



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## Why should I become an Enrolled Agent?

- Enrollment has become a symbol of excellence and professionalism in the representation of all types of taxpayers before the IRS and other government tax agencies, such as the California Franchise Tax Board, the Employment Development Department and the Board of Equalization.



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## How do I become an Enrolled Agent?

- Pass the IRS Special Enrollment Exam (SEE)
- Undergo a background check
- Be current with all tax reporting

-OR-

- Be an employee of the IRS for 5 years – regularly interpreting the provisions of the IRS Tax Code and Regulations



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## Time and Cost of SEE Exam

- The three-part exam can be taken anytime except March and April each year
- Computerized testing is administered through Prometric
- Testing fee is \$101 for each part of the exam
- Each exam part may be taken up to 4 times during the testing window



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## What is the SEE Exam like?

- Comprehensive three-part tax exam:
  - Individuals
  - Businesses  
(corporations, partnerships, estates and trusts)
  - Representation, Practices and Procedures  
(including Ethics)



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## How can I prepare for the exam?

- Self study
- Correspondence course
- 1 or 2-day crash course
- Any combination of the above
  
- CSEA Chapters throughout the State offer a variety of courses.
- The National Association of Enrolled Agents offers a course as well.



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## What kinds of experience should I have before taking the exam?

- There is no mandatory minimum experience required to sit for the exam.
- It is *strongly recommended* that you have some tax preparation experience before taking the exam.



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## After You Pass the SEE Exam

- In addition to the application and fee payment, the U.S. Department of Treasury will conduct a background investigation based on detailed information you must provide after you have passed the exam.
- The investigation will include an examination (not an audit) of your tax returns for the past 3 years.



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## What is required after I become an Enrolled Agent?

- Renewal of enrollment every three years
- Completion of 72 hours of Continuing Professional Education (CPE) during the three-year renewal cycle
- CPE must include 6 hours of ethics (2 per year)
- Members of CSEA and NAEA must take up to 30 hours of CPE annually and agree to adhere to the Code of Conduct and Rules of Professional Conduct



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## What are the employment opportunities for an Enrolled Agent?

- A large number of Enrolled Agents are self-employed with year-round services including tax planning, tax return preparation and representation, and often including accounting & bookkeeping.
- Others are employed by CPA firms, attorney firms specializing in taxation, banks or investment companies and private firms needing in-house tax expertise.



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## Do I have what it takes to be an Enrolled Agent?

- Individuals who find taxation rewarding generally have interests including:
  - Understanding of complex issues
  - Good organizational skills
  - Ability to continually adjust to tax law changes
  - Desire to help others



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## Will I have to do all types of tax returns in my practice?

- No – you can limit your practice to the types of returns you prefer or specialize in certain fields (military, farmers, clergy or entertainers, to mention a few).
- Some Enrolled Agents do not prepare tax returns – they limit their practice to representation and tax collection / consultation matters.
- An Enrolled Agent is not required to have prepared the tax return to represent a taxpayer being audited.



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## What standards apply to Enrolled Agents?

- Circular 230 describes professional duties in three categories:
  - **Personal duties**  
compliance with business and personal tax obligations and behaving appropriately when interacting with clients and the IRS
  - **Duties to clients**  
using due diligence in providing advice, alerting the client to errors and avoiding conflict of interest
  - **Duties to the system of tax administration**  
prompt action on pending cases and adhering to standards for quality tax advice



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## How much money can I make as an Enrolled Agent?

- Because of the types of tax practices, there is no standard answer to this question.
- It will depend on experience, the type of tax practice and time devoted to building a practice.
- However, if you are dedicated to professional expertise, you can make a lucrative living.



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Do you have other questions?

Visit us online at

[www.csea.org](http://www.csea.org)

or the National Association of Enrolled Agents at

[www.naea.org](http://www.naea.org)

You can also contact any Officer or Board member of  
the California Society of Enrolled Agents listed on the  
website at

[www.csea.org](http://www.csea.org)



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