



## Tax preparers wait for IRS next step on licensing rule

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### **An attorney is waiting to see if the IRS will ask the Supreme Court for help in getting a new licensing rule enforced.**

The IRS wants to require all tax return preparers nationwide to get an IRS license in order to prepare people's tax returns.

Dan Alban represents a group of independent tax return preparers and tells the [Cato Institute](#) his clients have already won at the U.S. District and Court of Appeals levels in Washington, D.C.

"The basis for the challenge was that the IRS did not have the legal authority to impose the [licensing regulations](#) because Congress had never passed a statute authorizing licensing," he says.

Alban estimates that 10 to 20% of all tax preparers would be put out of business, because the opportunity costs and out of pocket expenses would be prohibitive. As a result, Alban says big tax preparation firms would benefit from the lack of competition. Meanwhile, the licensing regulation does not apply to tax software companies.

Regardless, the government's reasoning for the licensing regulation was to curb what it calls high error rates on tax returns, while protecting consumers from fraud.

"The government actually had zero evidence that unlicensed preparers were any more dishonest than licensed preparers and also had zero evidence that licensed preparers made errors at any higher rate than licensed preparers," he says. "On top of that, the government had zero evidence that the licensing regulations that they would have imposed would have done anything about fraud or error rates."

The IRS is due to file a petition with the U.S. Supreme Court by mid-May, if it wants the case heard.