

[The Tax Lawyer's Blog](#)

tax, finance, politics, culture & shakespeare

- [home](#)
- [About](#)
- [Disclaimer](#)
- [My Bias](#)
- [Archives](#)
- [Shakespeare](#)
- [Sitemap](#)
- [Tax Help Site](#)
- [RSS](#)



← [IRS Tax Preparer Regulation Recommendations](#)

Cato Institute: Tax Preparer Licensing a Conspiracy Plot

January 5th, 2010 · [No Comments](#)

“The complete lack of evidence is the surest sign the conspiracy is working.”

- Anonymous -

[Dan Mitchell](#) of the [Cato Institute](#) - with whom I almost always agree - thinks the recently issued IRS preparer recommendations are a conspiracy plot. Here's what he writes in his column titled [H&R Block and the IRS: An Unholy Alliance to Ransack Taxpayers](#):

Not surprisingly, the new rules have the support of big tax preparation shops such as H&R Block and Jackson Hewitt, which see this as an opportunity to squeeze smaller competitors out of the market. The IRS and the big firms claim more regulations are needed to protect consumers from shoddy work, but this is the usual rationale for licensing laws and other government-imposed barriers to entry and the Institute for Justice has repeatedly shown such rules are designed to benefit insiders rather than consumers.

I have read all 57 pages of the IRS's [Return Preparer Review](#) and could not find any exemption from it's requirements for [H&R Block](#), [Jackson Hewitt](#) or any other national tax preparation outfit. If this were truly a conspiracy or an unholy alliance between the national tax preparation companies and the IRS as Mr. Mitchell suggests, one would certainly expect to find such an exemption.

The truth is the tax preparers at H&R Block and Jackson Hewitt, like all other non-attorney, non-CPA, non-Enrolled Agent tax preparers, will now have to [register with the IRS, pass a competency test and meet modest continuing education requirements](#). That these companies already provide continuing tax education to their tax preparer employees should redound to their credit rather than trigger naked allegations of conspiracy.

I have said this before and it's worth repeating: If Mr. Mitchell truly believes that licensing laws are designed to benefit insiders rather than consumers, then one would assume that, in addition to the licensing and regulation of tax preparers, he would oppose the licensing and regulation of the following professionals:

- Heart Surgeons
- Pharmacists
- Engineers
- Electricians
- Aviation Mechanics
- Nurses
- Anesthesiologists
- Jet Pilots

The tautological gist of Mr. Mitchell's criticism seems to be this: *Licensing laws are unfair because they create standards that benefit only those who are able to meet those standards.*

Well, of course. That's precisely what they are designed to do. The stated and solitary goal of *all* professional licensing laws is to limit the supply of practitioners and, thereby, increase the average level of competence of practitioners. No?

Finally, the mere fact that licensing standards (or [barriers to entry](#), if you prefer) happen to benefit those who are intelligent, determined and diligent enough to meet those standards (crash through the barriers), does not render those standards inept, unfair or unreasonable.

Incidentally, I do agree with Mr. Mitchell when he says that what we really need is an overhaul of our tax system:

Tax preparers do make many mistakes, to be sure, but that is a reflection of a nightmarish tax code, and the annual tax test conducted by *Money* magazine showed that even the most-skilled professionals — such as CPAs, tax lawyers, and enrolled agents — were unable to figure out how to correctly fill out a hypothetical family's tax return. But since the IRS routinely makes major mistakes as well, perhaps the moral of the story is that we need fundamental tax reform.... Would any of this be an issue if we had a flat tax or national sales tax?

Bookmark & Share:



Tags: [Regulation of Tax Preparers](#)

0 responses so far ↓

- There are no comments yet...Kick things off by filling out the form below.

Leave a Comment

Name

Mail

Website

Submit

• Defeat Alan Grayson

[MyCongressmanisNot](#)

-  [Subscribe in a reader](#)

• Recent Posts

- [Cato Institute: Tax Preparer Licensing a Conspiracy Plot](#)
- [IRS Tax Preparer Regulation Recommendations](#)
- [UBS Whistleblower is Tax Man of the Year](#)
- [14 New Year's Resolutions, Courtesy William Shakespeare](#)
- [Take a Cup o' Kindness](#)
- [The Ominous Aughts](#)
- [10 Top Tax Stories of the Decade and 4 of My Own](#)
- [Tax on Cadillac Plans not Really a Tax, Says MIT Economist](#)
- [Joe Francis Sues IRS For Wrongful Collection Action – UPDATED](#)
- [Tax Planning: Last Minute Moves](#)

- To search, type and hit e



-



• Topics

- [Absurd Tax Protester Arguments](#)
- [Alternative Minimum Tax](#)
- [Announcements](#)
- [Back Taxes](#)

- [Book Reviews](#)
- [Business advice](#)
- [Business Transactions](#)
- [C Corporations](#)
- [Campaign 2008](#)
- [Corporate Tax](#)
- [Court Cases](#)
- [Credits](#)
- [Deductible Expenses](#)
- [Dr. Tax-O-Sphere](#)
- [Employer Issues](#)
- [Estate Tax](#)
- [Ethics](#)
- [Facebook Tax Tip](#)
- [Florida Sales & Use Tax](#)
- [Frequently Asked Questions](#)
- [Gross Income](#)
- [healthcare reform](#)
- [Individual Taxation](#)
- [Innocent Spouse Relief](#)
- [International Taxation](#)
- [IRS appeals](#)
- [IRS Audits](#)
- [IRS Installment Agreements](#)
- [IRS Liens and Levies](#)
- [IRS Penalties](#)
- [IRS procedure](#)
- [Legislative Watch](#)
- [Life](#)
- [Literature and the Law](#)
- [LLC's](#)
- [Movie Reviews](#)
- [Movies and the Law](#)
- [News](#)
- [Offers in Compromise](#)
- [Opinion](#)
- [Payroll Taxes](#)
- [Philosophy](#)
- [Poems](#)
- [Politics](#)
- [Politics of Taxes](#)
- [Polls](#)
- [Regulation of Tax Preparers](#)
- [S Corporations](#)
- [Satire](#)
- [Self-Employed Taxpayers](#)
- [State Taxes](#)
- [Statutes of Limitation](#)
- [Supreme Court](#)
- [Tax Blogging](#)
- [Tax Collections](#)
- [Tax Crimes](#)
- [Tax Humor](#)
- [Tax Litigation](#)
- [Tax Policy](#)
- [Tax Tips](#)
- [Taxes 101](#)
- [Taxpayer Advocate](#)
- [Taxpayer Rights](#)
- [The Economy](#)
- [Top Ten Lists](#)
- [Trust Fund Recovery Penalty](#)
- [Unfiled Returns](#)

• Affiliations

- [Admitted to Practice: United States District Court](#)
- [Admitted to Practice: United States Supreme Court](#)
- [Admitted to Practice: United States Tax Court](#)

- [American Association of Attorney-CPAs](#)
- [American Institute of Certified Public Accountants](#)
- [Florida Institute of Certified Public Accountants](#)
- [The Florida Bar](#)

• Blogging Tools

- [Blog Catalog](#)
- [Real Lawyers Have Blogs](#)

• Blogs I Read Every Day

- [ataxingmatter \(Linda Beale\)](#)
- [Bed Buffaloes In Your Tax Code](#)
- [Don't Mess With Taxes](#)
- [Jack Bog's Blog](#)
- [Legal In-sur-rec-tion](#)
- [Mauled Again](#)
- [Roth & Company, P.C.](#)
- [Stacie Kitts, CPA](#)
- [Tax Girl](#)
- [Tax Policy Blog](#)
- [Tax Vox](#)
- [Taxable Talk](#)
- [TaxProf Blog](#)
- [The Tax CPA](#)
- [the taxguy](#)
- [The Wandering Tax Pro](#)
- [Tick Marks](#)

• Florida Sites

- [City of Orlando](#)
- [City of Tampa](#)
- [Governor's Office](#)
- [My Florida](#)

• Government Sites

- [House Ways & Means Committee](#)
- [Joint Committee on Taxation](#)

• Magazines

- [Forbes](#)
- [The Economist](#)

• Newspapers

- [The Chicago Tribune](#)
- [The Los Angeles Times](#)
- [The Miami Herald](#)
- [The New York Times](#)
- [The Orlando Sentinel](#)
- [The Wall Street Journal](#)
- [The Washington Post](#)

• Personal Finance Blogs

- [All Financial Matters](#)
- [Fabulous Financials](#)
- [My Money Blog](#)

• Tax and Law Sites

- [Andrew Mitchel Tax Charts](#)
- [BizStats](#)
- [BNA Insights & Commentary](#)
- [Circular 230](#)
- [DOJ Criminal Tax Manual](#)
- [Internal Revenue Code](#)
- [Internal Revenue Manual](#)
- [IRS Circular 230](#)
- [IRS Website](#)
- [ProCon.Org](#)
- [San Diego Trust Lawyer](#)
- [Sun Biz \(Florida\)](#)
- [Tax Almanac](#)
- [Tax Analysts](#)
- [The Supreme Court Historical Society](#)
- [U.S. Constitution](#)
- [U.S. House of Representatives](#)
- [U.S. Senate](#)
- [United States Supreme Court](#)
- [United States Tax Court](#)



© 2006–2007 The Tax Lawyer's Blog — [Sitemap](#) — [Cutline](#) by [Chris Pearson](#)