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IMPORTANT NEW CONSIDERATIONS FOR THE 2010 TAX SEASON

Tax Code Insider highlights important [new taxpayer filing considerations](#) for the current tax season.

The Internal Revenue Service kicked off the 2010 tax-filing season by issuing the results of a landmark six-month study that proposes new registration, testing and continuing education of tax return preparers. With more than 80 percent of American households using a tax preparer or tax software to help them prepare and file their taxes, higher standards for the tax preparer community will significantly enhance protections and service for taxpayers, increase confidence in the tax system and result in greater compliance with tax laws over the long term.

To bring immediate help to taxpayers this filing season, the IRS also announced a sweeping new effort to reach tax return preparers with enforcement and education. As part of the outreach effort, the IRS is providing [tips to taxpayers](#) to ensure they are working with a reputable tax return preparer.

The IRS is taking immediate action to step up oversight of preparers for the 2010 filing season. The IRS is sending letters to approximately 10,000 paid tax return preparers nationwide. These preparers are among those with large volumes of specific tax returns where the IRS typically sees frequent errors. The letters are intended to remind preparers to be vigilant in areas where the errors are frequently found, including Schedule C income and expenses, Schedule A deductions, the Earned Income Tax Credit and the First Time Homebuyer Credit.

Why is choosing a competent preparer more important during the current season? A study conducted by the Government Accountability Office (GAO) targeted 19 outlets of chain commercial tax return preparation firms. According to the GAO, only two of the 19 tax return preparers had the correct tax liability and refund amounts on the return they prepared and all 19 tax return preparers made a mistake on the prepared returns. It's important for taxpayers to [find qualified tax professionals](#) if they need help preparing and filing their tax returns. Unqualified tax preparers may overlook legitimate deductions or credits that could cause clients to pay more tax than they should. Unqualified preparers may also make costly mistakes causing their clients to incur assessed deficiencies, penalties, and interest.

In addition to many changes to an already complex tax code and stepped up compliance efforts, The American Recovery and Reinvestment Act of 2009 contains at least 11 new provisions including the Making Work Pay Credit, [First-Time Homebuyer Credit](#) and Money Back for New Vehicle Purchases.

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