

117TH CONGRESS
1ST SESSION

H. R. 3737

To establish minimum competency standards for tax return preparers, and
for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 4, 2021

Mr. VELA introduced the following bill; which was referred to the Committee
on Ways and Means

A BILL

To establish minimum competency standards for tax return
preparers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tax-preparer Enforce-
5 ment, Accountability, and Minimum Standards Act” or
6 the “TEAMS Act”.

7 **SEC. 2. REGULATION OF TAX RETURN PREPARERS.**

8 (a) IN GENERAL.—Subsection (a) of section 330 of
9 title 31, United States Code, is amended—

1 (1) by striking paragraph (1) and inserting the
2 following:

3 “(1) regulate—

4 “(A) the practice of representatives of per-
5 sons before the Department of the Treasury;
6 and

7 “(B) the practice of tax return preparers;
8 and”; and

9 (2) in paragraph (2)—

10 (A) by inserting “or a tax return preparer
11 to prepare tax returns” after “practice”;

12 (B) by inserting “or tax return preparer”
13 before “demonstrate”;

14 (C) in subparagraph (C), by inserting “and
15 minimum competency standards” after “nec-
16 essary qualifications”; and

17 (D) in subparagraph (D), by striking the
18 period at the end and inserting “or in preparing
19 their tax returns, claims for refund, or docu-
20 ments in connection with tax returns or claims
21 for refund.”.

22 (b) AUTHORITY TO SANCTION REGULATED TAX RE-
23 TURN PREPARERS.—Subsection (c) of section 330 of title
24 31, United States Code, is amended—

25 (1) by striking “before the Department”;

1 (2) by inserting “or tax return preparer” after
2 “representative” each place it appears; and

3 (3) in paragraph (4), by striking “misleads or
4 threatens” and all that follows and inserting “mis-
5 leads or threatens—

6 “(A) any person being represented or any
7 prospective person being represented; or

8 “(B) any person or prospective person
9 whose tax return, claim for refund, or document
10 in connection with a tax return or claim for re-
11 fund, is being or may be prepared.”.

12 (c) MINIMUM COMPETENCY STANDARDS FOR TAX
13 RETURN PREPARERS.—Section 330 of title 31, United
14 States Code, is amended by adding at the end the fol-
15 lowing new subsection:

16 “(f) MINIMUM COMPETENCY STANDARDS FOR TAX
17 RETURN PREPARERS.—

18 “(1) IN GENERAL.—Any tax return preparer
19 shall demonstrate minimum competency standards
20 under this subsection by—

21 “(A) obtaining an identifying number for
22 securing proper identification of such preparer
23 as described in section 6109(a)(4) of the Inter-
24 nal Revenue Code of 1986;

1 “(B) satisfying any examination and con-
2 tinuing education requirements as prescribed by
3 the Secretary, including—

4 “(i) holding a high school diploma or
5 passing an equivalency exam;

6 “(ii) completing 30 hours of tax prep-
7 aration training (or work deemed equiva-
8 lent);

9 “(iii) passing a tax preparation exam
10 with a score of 70 percent or greater every
11 5 years; and

12 “(iv) completing 15 hours of con-
13 tinuing education every 2 years; and

14 “(C) completing a background check ad-
15 ministered by the Secretary which does not re-
16 turn any felony convictions.

17 “(2) EXEMPTION.—The Secretary shall exempt
18 tax return preparers who have been subject to com-
19 parable examination, continuing education require-
20 ments, and background checks administered by the
21 Secretary or any comparable State licensing pro-
22 gram. Such exemption shall extend directly to indi-
23 viduals who are supervised by such preparers and
24 are not required to secure an identification number

1 under section 6109(a)(4) of the Internal Revenue
2 Code of 1986.”.

3 (d) TAX RETURN PREPARER DEFINED.—Section
4 330 of title 31, United States Code, as amended by sub-
5 section (c), is amended by adding at the end the following
6 new subsection:

7 “(g) TAX RETURN PREPARER.—For purposes of this
8 section—

9 “(1) IN GENERAL.—The term ‘tax return pre-
10 parer’ has the meaning given such term under sec-
11 tion 7701(a)(36) of the Internal Revenue Code of
12 1986.

13 “(2) TAX RETURN.—The term ‘tax return’ has
14 the meaning given to the term ‘return’ under section
15 6696(e)(1) of the Internal Revenue Code of 1986.

16 “(3) CLAIM FOR REFUND.—The term ‘claim for
17 refund’ has the meaning given such term under sec-
18 tion 6696(e)(2) of such Code.”.

19 (e) AMENDMENTS WITH RESPECT TO IDENTIFYING
20 NUMBER.—

21 (1) IN GENERAL.—Paragraph (4) of section
22 6109(a) of the Internal Revenue Code of 1986 is
23 amended to read as follows:

24 “(4) FURNISHING IDENTIFYING NUMBER OF
25 TAX RETURN PREPARER.—

1 “(A) IN GENERAL.—Any return or claim
2 for refund prepared by a tax return preparer
3 shall bear such identifying number for securing
4 proper identification of such preparer, his em-
5 ployer, or both, as may be prescribed. For pur-
6 poses of this paragraph, the terms ‘return’ and
7 ‘claim for refund’ have the respective meanings
8 given to such terms in section 6696(e).

9 “(B) EXCEPTION.—Subparagraph (A)
10 shall not apply to any tax return preparer who
11 prepares a return or claim for refund under the
12 supervision and direction of a tax return pre-
13 parer who signs the return or claim for refund
14 and is a certified public accountant, an attorney
15 or enrolled agent.”.

16 (2) CLARIFICATION OF RESCISSION AUTHOR-
17 ITY.—Section 6109 of such Code is amended by in-
18 serting after subsection (d) the following new sub-
19 section:

20 “(e) AUTHORITY TO RESCIND IDENTIFYING NUM-
21 BER OF TAX RETURN PREPARER.—

22 “(1) IN GENERAL.—The Secretary may rescind
23 an identifying number issued under subsection
24 (a)(4) if—

1 “(A) after notice and opportunity for a
2 hearing, the preparer is shown to be incom-
3 petent or disreputable (as such terms are used
4 in subsection (c) of section 330 of title 31,
5 United States Code), and

6 “(B) rescinding the identifying number
7 would promote compliance with the require-
8 ments of this title and effective tax administra-
9 tion.

10 “(2) RECORDS.—If an identifying number is re-
11 scinded under paragraph (1), the Secretary shall
12 place in the file in the Office of the Director of Pro-
13 fessional Responsibility the opinion of the Secretary
14 with respect to the determination, including—

15 “(A) a statement of the facts and cir-
16 cumstances relating to the determination, and

17 “(B) the reasons for the rescission.”.

○