

Video 3

EXPERIENCE IN LIEU

CTEC Webinar Series
PDF Version



Experience In Lieu

California Business and Professions Code exempts certain experienced tax preparers from taking the 60-hour qualifying education requirement.

They can opt to complete a 15-hour California tax law course offered by an approved education provider.

Experienced tax preparers are still subject to all CTEC registration requirements.



Qualifications

CTEC policy TP-04 defines the following individuals who qualify for the experience in lieu exemption...

- ✓ California certified public accountant (CPA) who was licensed for the last two years, but no longer maintains the CPA status with the California Board of Accountancy.
- ✓ California attorney who was licensed for the most recent two years, but no longer maintains an active membership with the State Bar of California.
- ✓ Enrolled agent (EA) who maintained their status for the most recent two years, but no longer obtains that designation.



Qualifications

CTEC policy TP-04 defines the following individuals who qualify for the experience in lieu exemption...

- ✓ An employee of either a California certified public accountant (CPA), attorney or enrolled agent (EA) who prepared tax returns within the scope of their employment within the two most recent years.
- ✓ Out-of-state CPAs, attorneys, and EAs.
- ✓ Out-of-state employees who prepared tax returns under an exempt tax preparer's scope within the two most recent years and have relocated to California.



Penalty Of Perjury

All individuals applying for experience in lieu status, must sign a penalty of perjury that they prepared a minimum of 100 tax returns for compensation in the most recent two years prior to the date of this application.

California Business and Professions Code
Chapter 14 – Tax Preparers [22250 – 22259]

The illustration shows a stylized tax form with a light blue background and a white border. At the top, there is a section labeled 'TAX' followed by three horizontal lines for a signature or name. Below this, there are two large rectangular boxes, one on the left and one on the right, likely for a photo or stamp. Further down, there are four rows of smaller rectangular boxes, each divided into two columns, possibly for a table of data or a checklist. The form is set against a dark blue background with a subtle pattern of vertical bars of varying heights.

Requirements

Individuals who meet these requirements must complete a CTEC-approved 15 hour California tax education course within 18 months. They must also complete all initial requirements...

- ✓ Completing the live scan and background check.
- ✓ Obtaining an IRS Preparer Tax Identification Number (PTIN).
- ✓ Purchasing a \$5,000 surety bond.
- ✓ Registering with CTEC and paying required fees.

Initial registration requirements must be *completed within 3 years* after starting the application process.



Requirements

After the initial registration, individuals will need to complete CTEC renewal requirements each year, which includes...

- ✓ Maintaining the IRS PTIN.
- ✓ Maintaining \$5,000 surety bond.
- ✓ Completing 20 hours of education (10 hours federal tax law, 3 hours federal update, 2 hours of ethics, 5 hours California tax law).
- ✓ Paying renewal and processing fees.

All requirements must be done by **October 31st of each year.**





Please refer to PDF/videos 1 - 2 and PDF/videos 4 - 5 for additional information about the CTEC program.