



# SWEEET!

Why Becoming An EA is Icing on the Cake ●

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Okay, so we like clichés; and, we’re not going to apologize for it! Tax professionals already have great careers, but enrolled agents have a little something extra to top it all off. We **L-O-V-E** our credential. Why? Being an enrolled agent allows us to better serve our clients, and most of us have found that the credential has opened up a multitude of opportunities that may have otherwise eluded us. Sure, we’ll admit that earning the designation was hard work. Preparing for the exam was especially gruelling, but there are a number of good resources we used to help us prepare (think NATP). We’d like to encourage all of our unenrolled colleagues to take another look at the benefits of becoming an EA, especially in light of the IRS’ new initiative to regulate paid preparers. On the next few pages, you’ll find our personal stories and our reasons for pursuing the designation. Not every tax professional will agree that becoming an enrolled agent is right for them, but some of us prefer frosting with *our* cake!

## Too Many Part-time Jobs

By Brad Imsdahl, EA

I passed the EA exam in the fall of 1991 and was issued my certificate of enrollment in March of 1992.

My situation is somewhat different than your average EA. At the time,

estates. These activities not only helped me to accomplish my task of writing the new publication for Quickfinder, but helped me pass the EA exam as well.

Two years later, I was promoted to managing editor for both the

## Advocating For My Clients

By Gay Rowland, EA, ATP, CPTx

Looking back, I wonder why I took so long to obtain my EA license. I was educated, informed, and had a thriving tax business; yet, somehow I felt less of a professional because I

“The **EA credential** gives tax professionals **legitimate status** that allows them to be **viewed as experts** in the tax industry.”

I was a tax preparer for TMI Tax Services, Inc., a small tax preparation firm located in Hopkins, MN. During the off season, TMI Tax Services published a book entitled the Quickfinder Handbook. At that time, the 1040 edition was the only Quickfinder publication available.

I was doing several things to earn a living. I had my own carpet cleaning business, I was a professional musician, I prepared tax returns during tax season, and I edited and wrote articles for the Quickfinder during the off season.

Tired of having so many different part-time jobs, I approached my boss at TMI Tax Services and asked if he was interested in hiring me full-time. I offered to prepare returns during tax season, write for the Quickfinder during the off-season, and write a new publication called the Small Business Quickfinder. This would allow me to give up my other part-time jobs that weren't that profitable and focus on a full-time job that was.

He agreed, but also wanted me to pass the EA exam. I began writing the Small Business Quickfinder, using IRS publications as a guide. I also took several hours out of each day to study for the EA exam, and took the H&R Block course on partnerships, corporations, and

1040 Quickfinder and the Small Business Quickfinder. My EA credential legitimized my position as managing editor. We began hiring new writers to help expand the Quickfinder product line. My EA credentials also helped when Quickfinder was sold to Thomson Corporation in December of 2003. They hired me as their Executive Editor for the Quickfinder. And, my EA credentials helped to legitimize my position as co-author of The Tax-Book in 2005 when I left Thomson to start a competing line of tax reference books.

During all of these years, I continued my tax practice as an enrolled agent. My clients were impressed that I had professional credentials. At the same time, my EA status helped to solidify my off-season work as an editor and author of publications sold to other tax professionals nationwide. When we hire other tax professionals to work in our publishing business, we always favor candidates with an EA credential. We know these professionals have taken the time to study tax law and pass a test that sets them apart from other tax professionals. The EA credential gives tax professionals legitimate status that allows them to be viewed as experts in the tax industry.

didn't have a designation. I guess I was afraid that I wouldn't measure up if I took the EA exam and failed.

Yet, every day in my tax practice, I saw clients who had no idea how to deal with the Internal Revenue Service. When they received a letter from the IRS, they automatically assumed that they – or worse, I – had done something wrong. Once they calmed down, I reassured them that everyone makes mistakes, *including* the IRS. Unfortunately, for most taxpayers, the perception of the IRS is born out of fear and mistrust. Because the Service can be intimidating, I wanted my clients to feel that someone was on their side, fighting for their rights; I wanted them to know they had nothing to fear as long as they didn't have anything to hide. I came to realize that being an enrolled agent was the best way to arm myself in the fight for my clients.

One of the proudest moments of my life happened when I became an enrolled agent. The day I received my scores in the mail was the highlight of my career. I even placed an ad in the newspaper shortly after so all my clients could read about what I had accomplished! I think all reputable preparers will agree that client confidence is paramount in our business, so the goal of every enrolled

agent should be to educate the public about what it means for their preparer to hold the designation.

I am filled with pride when I sign a tax return knowing that I have served my client to the best of my ability. I, as well as the majority of my colleagues, spend time and money on continuing education each year. When I meet fellow EAs, I recognize their commitment to excellence in their job. Enrolled agents demonstrate a love for tax law and a willingness to be the best they can be.

### Just For the Fun of It!

*By Leonard Steinberg, EA, CMC*

For many years, I was an unenrolled preparer. As a corporate CFO, I prepared my own returns and those of my family and friends. I worked with accountants who always spoke about the pressures of “tax time” and some of the interesting cases they had worked on. I would always ask the accountants who prepared the returns to reconcile the tax

returns with corporate books. I found this exercise fascinating. I always reviewed the corporate returns (1120s and 990s) before sending them to the federal and state authorities. In the case of charities, I was required to send the returns to the various states’ Attorney General offices.

The more I investigated and researched the tax code, the more I realized how interesting it would be to do this for a living. So, I decided to study for and take the SEE exam. At that time, the exam was only given once a year. It took a couple of tries, but I finally passed.

The tax profession has proven to be a wonderful career choice. Because I am an EA, I was appointed to the federal Taxpayer Advisory Panel (TAP) in 2002. I served for three years and was the chairman of the Small Business/Self-Employed subcommittee and a member of the Executive Committee. During those three years, I became acutely

aware of the complexities of many tax issues facing businesses and the public, as well as the systemic issues that the IRS faces each and every day. The IRS staff I worked with was exemplary in their outreach to the committees and enhanced my understanding of the process.

My work with other TAP participants led to my representation of an organization that advocates for the small business community. I represented the organization in my testimony two times before two different Congressional Committees (Small Business and the Subcommittee on Regulatory Affairs) in 2005. Since 2006, I have also represented this organization as a member of the FASB (Financial Accounting Standards Board) Small Business Advisory Committee. We meet semi-annually and discuss accounting issues relating to the small business community. My reports are posted on the organization’s website. In December 2009, I represented

## Year-Round Employment

In a nutshell, becoming an EA enabled me to double my income by allowing me to operate my business year-round. After tax season, I earn a living by representing clients before the IRS in audit situations. Unenrolled preparers can only represent on tax returns they prepared.

I also take on offers-in-compromise and other tax settlement engagements, which unenrolled preparers are not allowed to do. With the upcoming licensing requirements, it makes sense for unenrolled preparers to earn the EA designation.

– Steven Katz, EA



## What It Says About Me

I decided to become an enrolled agent because I felt that the designation represented ethics, quality, and service when it came to my tax practice. I could have chosen to remain an unenrolled preparer or obtain my CPA license; however, I felt that neither of those options was right for me. Unenrolled preparers are limited on their ability to represent their clients, and rumors abound about how unenrolled preparers may not be technically up to the task of preparing moderate to difficult tax returns. A CPA, although highly qualified, does not necessarily specialize in tax. I felt that the EA designation would show clients, associates, and various tax agencies that I was a highly qualified tax professional who was able to meet the rigorous requirements to obtain the license.

– Kristin A. Lavieri, EA

## Ready to take the test?

How well would you do on the Enrolled Agent's Exam? Following are a few sample questions to test your tax know-how. For more information on the exam, visit [www.prometric.com/IRS](http://www.prometric.com/IRS).

1. Passive activity rules apply to:
  - a. Closely-held corporations
  - b. Partnerships
  - c. S corporations
  - d. Grantor trusts
  
2. Joe traded a truck with an adjusted basis of \$10,000. He received a new truck with a FMV of \$9,000 and \$1,500 cash. What is the basis of Joe's new truck?
  - a. \$8,500
  - b. \$9,000
  - c. \$10,000
  - d. \$10,500
  
3. Bernie was a self-employed accountant in 2009. He reported net income of \$50,000 on his Schedule C for 2009. During the year, Bernie paid the following:

Child support	\$5,200
Alimony	\$5,000
Medical insurance premiums	\$6,000
Self-employment tax	\$7,065
IRA contribution	\$2,000

What amounts are deductible in arriving at adjusted gross income in 2009?

  - a. \$13,000
  - b. \$16,533
  - c. \$20,065
  - d. \$25,265
  
4. Corporations generally must make estimated tax payments if they expect their estimated tax (income tax less credits) to be equal to or more than:
  - a. \$1
  - b. \$500
  - c. \$600
  - d. \$1,000
  
5. The J&M partnership paid liability insurance of \$2,200 on its building for the year 2009. This represents a premium for one year. J&M also prepaid fire insurance premiums of \$2,400. The premium paid was for 2009 and 2010. What is the amount of insurance that J&M may deduct for 2009?
  - a. \$4,600
  - b. \$3,400
  - c. \$2,400
  - d. \$2,200

this organization by appearing on the Fox News Channel program *Your World* with Neil Cavuto.

Because of my professional work as an enrolled agent, I have developed a successful representation practice as well as a tax preparation practice. This work is truly fascinating because no two cases are similar and the issues are quite complex.

I have also been privileged to represent my fellow EAs of the New Jersey Society of Enrolled Agents to the New Jersey Practitioner's Liaison Committee. I have presented at IRS-sponsored New Jersey Working Together annual seminars. I am involved with public speaking engagements through Lorman Education Services, Paychex, and other organizations.

This has been a wonderful and exciting time and I look forward to many more years of active involvement within the tax professional community.

### Obligated to Be the Best

*By Jeffrey Schneider, EA, CDFA*

Before I can explain why I became an enrolled agent, you need to understand my journey. I have been in the field of taxation for over 35 years and started by helping my dad prepare tax returns in our family room. While in college, I pursued an accounting degree, but obtained a BS in Finance, thinking I would have a career in mergers and acquisitions.

However, my first job was in a corporate tax department; I've never looked back, going as far as obtaining a graduate degree in the discipline. After moving to Florida, I investigated the CPA requirements. Florida required a variety of graduate accounting classes and would not accept my graduate degree in taxation. The state deemed that I

Answers: 1. a.; 2. b.; 3. b.; 4. b.; 5. b

would have to take six classes in advanced accounting and have to retest. So I decided not to pursue that designation.

Over the years, while looking for a new position in taxation, I was never asked if I was an enrolled agent. In fact, the only time I heard the term was when I prepared a Form 2848 for a client. I was always content with being an “unenrolled preparer.” It wasn’t causing me any problems in my corporate job and only, on rare occasions (collections), did it hurt me in my private practice.

The only time I was at all concerned about my lack of a credential was during a clients’ tax evasion court hearing. The IRS Criminal Investigation Division (CID) didn’t have a problem dealing with an unenrolled preparer (in the mid-90’s, it was not an issue). It became a concern to me, though, when we appeared before the judge to introduce ourselves and we stated our curriculum vitae. I was the only one there who said, “I have a Masters Degree in Taxation.” Even the CID lawyer said, “BS, J.D., and by the way I have a Masters in Tax, also.” Even after that, I still didn’t pursue an EA license because I really thought that EA’s were (1) in private practice, and (2) mostly for individuals. By this time, I was a corporate tax director and didn’t think my boss would pay for or allow me time off to take a review class and sit for the exam.

Also, and most importantly, I was concerned that I would not pass the exam. Experienced preparers know the law, regulations, and rules in their heads, but sometimes get lazy and rely on tax preparation software. I know I did.

Sometime later, I decided to leave the corporate world and start my own practice. Still, I did nothing

to earn an EA designation. Then the rules changed; I could no longer represent clients (except for returns that I prepared). I had to turn away a couple of engagements because I wasn’t a Circular 230 practitioner. In addition, I had to refer potential clients who had collections issues to other professionals. It was then that I researched the EA designation, downloaded a demo SEE prep

program, and realized how much I had forgotten. Discouraged, I again chose not to pursue the designation.

After a few more lost engagements, I called the local chapter president of NAEA. He told me that the state society discontinued the courses, but recommended the National Association of Tax Professionals. After I called NATP, I took the most extreme, intense class that I had ever taken. I was nervous after taking the three-day class and speaking with the other would-be EA’s. In my heart, I felt that I was doomed.

My wife, however, wouldn’t let me off the hook. She helped me study every night for the next several weeks. When the date of the test came, I went to Fort Lauderdale, took the four parts (manually, of course), and thought for sure I had failed. I knew nothing about farm returns, and I could swear half of one part of the exam was on farming.

When I received the letter saying I had passed *all four parts*, I couldn’t believe it. Within days, I had all the forms for enrollment prepared and sent to the appropriate IRS office. All I had to do is wait for the background check and for my paperwork to be processed. Finally,

after almost 30 years, I was a licensed practitioner, with all the rights and privileges associated with it.

I feel I have an obligation to myself and my clients to be the best tax professional I can be, so I take 90-100 credits of continuing education every year. It’s also important for me to belong to several professional associations, so I am a member of NATP and NAEA

## 32 percent of NATP members are EAs.

and have been active in both on the state level. Last year, I even became the president of the Palm Beach Chapter of the Florida Society of Enrolled Agents (FSEA). I also teach individual taxes at the local college and for other EA’s at FSEA seminars.

I am so proud of becoming an enrolled agent. Unfortunately, the IRS has done a horrible job of educating the public about enrolled agents. Every opportunity I get, I spread the word of what an EA is and what it means to be one. Even my business card explains the designation. Though I know the history of how the name “enrolled agent” evolved, I believe the word “certified” should be included in our title. In my opinion, enrolled agents, generally, are the most qualified tax professionals by virtue of the requirements of maintaining their license. Like CPAs, we should have a similar title. It would be nice if we didn’t have to explain what an enrolled agent is *every* time it comes up.

For all those unenrolled preparers out there, you should take the SEE and become an enrolled agent, especially in light of the new government regulations. It will be rewarding to you both personally and professionally.

## Opportunities Abound

By David Fussell, EA, CFS

In 1992, I met an enrolled agent for the first time. Like many other citizens, I thought most tax professionals were CPAs. The EA explained his background (non-IRS employee), the test he took, and the client services he provided. When I started my own practice in 1994, I thought back to that conversation. I meet with several professional friends who happened to be CPAs, and decided to pursue a professional designation for myself. I passed the Special Enrollment Examination and became an EA in 1997. Being licensed by the IRS, passing a test that centers on income taxes, and receiving annual

CPE has been a major asset to my professional practice! Since becoming an EA, I have been a member of NAEA and NATP, Director of the Georgia Chapter of NAEA, and president of the Georgia Chapter of NATP. I have educated my clients as to what the EA designation means. As a result, I believe my clients have a higher degree of confidence in me and the work I do. While I have been surprised that some CPAs don't know the qualifications for becoming an EA (we all are not ex-IRS agents), I have found CPAs are beginning to accept us as equals. I always welcome the opportunity to explain to another person what an EA is and does. Finally, as an officer with the

Georgia Chapter of NATP, I had the opportunity to serve on the Tax Liaison Committee in the State of Georgia. This committee met quarterly and included IRS management, CPAs, members of the GA Chapter of NATP and NAEA, and tax attorneys. As we discussed important issues to the tax professional community, I was very proud to represent my Association among this prestigious group of tax professionals.

So, pass the EA exam, attend NATP CPE classes, and get involved in your local Chapter. You, your profession, and NATP will be better for it! ▽

Visit [www.natptax.com](http://www.natptax.com) and click on Events & Education for study course information.

## Do You Have Test Anxiety?

There are many factors that go into the decision of whether or not to take the Enrolled Agents Exam. Unfortunately, one of the reasons for choosing not to is the fear of failing.

It's normal to feel nervous about an exam. In fact, it's beneficial to be moderately stressed beforehand. A little tension can give you just the right amount of adrenaline you need to do your best. It can heighten your awareness and sharpen your reflexes, allowing you to perform more quickly. It can even help you recall information you may not have otherwise remembered.

However, if your level of stress rises too high, it can result in insomnia, loss of appetite, and sometimes even hair loss. This can obviously affect your performance on the exam. So how do you know if you suffer from test anxiety?

You may suffer from test anxiety if any of the following statements are true for you.

### Before the exam:

- I have trouble sleeping at night worrying about upcoming exams.
- I experience appetite changes and either overeat or skip meals.
- I often feel a sense of hopelessness or dread.

- I have problems concentrating and I sometimes feel bored or tired.
- I often yawn during an exam or while studying.

### During an exam:

- I often feel confused or panic.
- I experience sweaty palms, mental blocks.
- I sometimes experience headaches, vomiting, or fainting.

### After an exam:

- I pretend the exam meant nothing to me, and discard the result as meaningless.
- I sometimes feel guilt and blame myself for not studying enough.
- I sometimes get angry or depressed.
- As a general rule, I view test taking as a stressful situation and dread it.

The first thing to do is realize that it is not a lost cause, and you can manage the anxiety to work for you, instead of against you. (Adapted from Penn State University's Test Taking and Anxiety. Used with permission.)

To learn how to manage your anxiety, look for NATP's *Mastering an Exam* self-study course, which is free for members, available this summer.