

# INTERNAL REVENUE SERVICE

## *Enrolled Agent Special Enrollment Examination*

---

### *Licensing Information Bulletin*

*For Examination period May 1, 2010 to February 28, 2011*

*Register online at [www.prometric.com/irs](http://www.prometric.com/irs)*

*Published by*



[www.prometric.com/irs](http://www.prometric.com/irs)

Copyright © 2010 Prometric Inc., a Delaware corporation. All Rights Reserved.  
REVISED 20101201

# Contents

<b>Introduction</b>	<b>1</b>	<b>Taking your examination</b>	<b>5</b>
A message from the IRS .....	1	Testing center procedures .....	5
At a glance .....	1	Testing regulations .....	6
<b>Registering and scheduling your examination appointment</b>	<b>2</b>	Question types .....	7
Test dates .....	2	Your examination results .....	7
Registration process .....	2	Rescheduling failed examination parts .....	8
1. Online—a one-step process .....	2	Carryover policy .....	8
2. By fax to 800.347.9242 .....	2	Feedback .....	9
3. By mail .....	2	<b>Applying for enrollment</b>	<b>9</b>
Scheduling your examination .....	3	<b>Exam content outlines</b>	<b>10</b>
Examination locations .....	3	Part 1 – Individuals .....	10
Testing fees .....	3	Part 2 - Businesses .....	11
Rescheduling your appointment .....	3	Part 3 - Representation, Practices and Procedures .....	12
If absent or late for your appointment .....	4	<b>Application form and instructions</b>	<b>14</b>
Emergency closings .....	4	Form 2587 - Application for Special Enrollment Examination .....	15
Special test considerations .....	4	Instructions for Form 2587 .....	16
<b>Preparing for your exam</b>	<b>4</b>		
Study materials .....	4		
Examination topics overview .....	4		

# Introduction

## ***A message from the IRS***

An enrolled agent is a person who has demonstrated competence in tax matters, allowing that individual to represent taxpayers before the Internal Revenue Service. A person wishing to become an enrolled agent must pass a three-part Special Enrollment Examination (SEE) as well as a background check. Prometric has been selected to develop and administer the SEE. The information contained in this bulletin will help explain the steps needed to take the SEE and to become an enrolled agent. We wish you well in preparing for your examination.

## ***At a glance***

Follow these steps if you are interested in becoming an enrolled agent.



### ***To become an enrolled agent***

- 1** Review this bulletin thoroughly to understand examination registration.
- 2** Contact Prometric to register for your examination, and to schedule an appointment and pay to take the examination. (See Page 2.)  
The quickest way to register is online at [www.prometric.com/irs](http://www.prometric.com/irs).  
Fax and mail options are also available.
- 3** Prepare for your examination. (See Page 4.)  
The examination topics listed in this bulletin on Page 10 are the basis for the examination.
- 4** Bring the required identification to the test center and take the scheduled examination. (See Page 5.)  
You will receive your results immediately after the examination.
- 5** Upon successfully passing all three parts of the examination, complete the IRS Application For Enrollment to Practice Before the Internal Revenue Service (Form 23) available online at [www.irs.gov](http://www.irs.gov).  
As part of the processing of your application, the Internal Revenue Service will conduct a background check that will include a review of any tax compliance issues that you may have.



### ***To get answers not provided in this bulletin***

Direct all questions and requests for information about registering and scheduling exams to:

#### **Prometric**

Web site: [www.prometric.com/irs](http://www.prometric.com/irs)

Registration Fax: 800.347.9242

Scheduling: 800.306.3926

#### **Or send mail to:**

Prometric

Attn: IRS Special Enrollment Examination

1260 Energy Lane

St. Paul, MN 55108

Direct questions about applying for enrollment to:

**Internal Revenue Service  
Office of Professional Responsibility**

Phone: 313.234.1280

Fax: 313.234.1293

E-mail: EPP@irs.gov

Answers to many questions can be found at [www.irs.gov](http://www.irs.gov). Click on "tax professionals" and then click on "enrolled agents."

## ***Registering and scheduling your examination appointment***

---

The Internal Revenue Service has contracted with Prometric to conduct its examination program. Prometric provides computerized testing at test centers throughout the world. The IRS and Prometric are working together closely to ensure that examinations meet federal requirements as well as professional examination development standards.

---

### ***Test dates***

The examination will be offered during the following time periods:

- **May 1, 2010 to February 28, 2011.**
- **May 1, 2011 to February 29, 2012.**

---

### ***Registration process***

To register for an examination, you must complete Form 2587 by using one of the three following options:

#### **1. Online—a one-step process**

Completing Form 2587 online is considered an "express registration." This is the only way to register and schedule an examination in the same day.

To register and schedule an examination online, follow these steps:

- Access [www.prometric.com/irs](http://www.prometric.com/irs) and click **Register for your test**.
- If it's your first time, click **Create Account** to set up your user ID and password.
- Complete the registration process by clicking on **Scheduling**.

#### **2. By fax to 800.347.9242**

- Fax your completed Form 2587 to Prometric at 800.347.9242.
- Wait one full calendar day before scheduling an examination appointment.

#### **3. By mail**

- Mail your completed Form 2587 to:

**Prometric**  
**Attn: IRS Special Enrollment Examination**  
1260 Energy Lane  
St. Paul, MN 55108

- Wait six to 10 calendar days for delivery and processing before scheduling an examination appointment.



**Note** For security and tracking purposes, candidates who wish to register for the examination must first have a Preparer Tax Identification Number (PTIN). A detailed description on obtaining a PTIN number can be found online at [www.prometric.com/irs](http://www.prometric.com/irs).

---

### ***Scheduling your examination***

Candidates may take each part of the examination at their convenience. Consequently, parts do not have to be taken on the same day, or on consecutive days.

Candidates may take examination parts:

- Up to four times each during May 1, 2010 to February 28, 2011.
- Up to four times each during May 1, 2011 to February 29, 2012.

Once your registration has been processed, you can schedule an examination appointment at any time online at [www.prometric.com/irs](http://www.prometric.com/irs) or by calling 800.306.3926 between 8 a.m. and 8 p.m. (Eastern time), Monday through Friday. You will be provided a number confirming your appointment. Record and keep this confirmation number for your records—you will need it to reschedule, cancel or change your appointment in any way.



**Note** You must schedule your exam within **one year** from the date your registration form has been processed by Prometric. Testing is not available in the months of March and April.

---

### ***Examination locations***

Examinations are administered by computer at Prometric testing centers. Currently, the Special Enrollment Examination is given at nearly 300 Prometric testing centers located across the United States and internationally. Test centers are located in most major metropolitan areas.

A complete list of these testing centers, addresses and driving directions is located at [www.prometric.com/irs](http://www.prometric.com/irs). In the box titled **Do More**, click on "Continue" and select your preferred test location. Most locations are open on Saturdays and some locations are open on Sundays and evenings.

---

### ***Testing fees***

The testing fee is \$101 for each part of the examination. This fee is paid at the time you schedule your examination. Accepted forms of payment include: MasterCard, Visa, American Express, Discover, Diner's Club cards bearing the MasterCard symbol and JCB. Electronic checks are also accepted when scheduling by phone. **Money orders, paper checks and cash are not accepted.**

Examination testing **fees are not refundable or transferable.**

---

### ***Rescheduling your appointment***

If you need to reschedule an examination for another date, time or location, you must contact Prometric.

**Rescheduling fees** will apply as follows:

- **No fee** if you reschedule at least **30 calendar days** prior to your appointment date.
- **\$35 fee** if you reschedule **five to 29 calendar days** before your appointment date.
- **Another \$101 full examination fee** if you reschedule **less than five calendar days** before your appointment date.



**Note** Rescheduling an exam must be done online at [www.prometric.com/irs](http://www.prometric.com/irs) or by calling 800.306.3926. You cannot reschedule an examination by fax, e-mail or voicemail.

### If absent or late for your appointment

If you miss your appointment or arrive late and are not allowed to test, your entire examination fee will be forfeited and you must pay \$101 to schedule a new appointment.

### Emergency closings

Severe weather or an emergency could require canceling scheduled examinations. If this occurs, Prometric will attempt to contact you by phone or e-mail; however, you may check for testing site closures at [www.prometric.com/sitestatus](http://www.prometric.com/sitestatus). If the site is closed, your examination will be rescheduled without a rescheduling fee.

If a testing center is open for testing and you choose not to appear for your appointment, your fee will be forfeited. You must then reschedule your examination and pay another full examination fee.

### Special test considerations

**ADA accommodation.** If you require testing accommodations under the Americans with Disabilities Act (ADA), please call Prometric at 888.226.9406 to obtain an accommodation request form.

**ESL note.** If English is your second language, please note that a language barrier is not considered a disability.

## Preparing for your exam

### Study materials

In studying for the examination, you may wish to refer to the Internal Revenue Code, Circular 230, IRS publications, as well as IRS tax forms and accompanying instructions. Circular 230, IRS publications, as well as tax forms and accompanying instructions can be found online at [www.irs.gov](http://www.irs.gov), clicking on **Tax Professionals** and then **Enrolled Agents**. This material is also available from the IRS in DVD format at a cost of \$30. To order the IRS Tax Products DVD (Publication 1796) by phone, call 877.233.6767. There is an additional \$5 handling fee if ordered by phone. To avoid the handling fee, the DVD can be ordered via the Web at [www.ntis.gov](http://www.ntis.gov). The Tax DVD has IRS tax forms, instructions and publications in an easy-to-use format, and includes a copy of the Internal Revenue Code and links to other Tax Research materials.



**Important** From May 1, 2010 - February 28, 2011, all references on the examination are to the Internal Revenue Code, as amended through December 31, 2009. Also, unless otherwise stated, all questions relate to the calendar year 2009.

### Examination topics overview

The examination contains three parts. The length of each part is 3.5 hours (not including the pre-examination tutorial and post-examination survey). The parts of the examination are:

- **SEE1 Part 1** – Individuals
- **SEE2 Part 2** - Businesses
- **SEE3 Part 3** - Representation, Practices and Procedures

Detailed content outlines for each exam part appear in this bulletin beginning on Page 10.

Prometric conducted a survey of enrolled agents to determine the tasks that they perform and the knowledge needed to perform those tasks. Based on the survey, a test blueprint was developed as well as test questions. As a result of the findings of the survey, there may be some changes from prior examinations in terms of emphasis or de-emphasis of certain areas tested.



**Note** You can view copies of prior Special Enrollment Examination questions and answers by going [www.irs.gov](http://www.irs.gov), click on **Tax Professionals, Enrolled Agents**, and then click on **Special Enrollment Examination**.

## ***Taking your examination***

### ***Testing center procedures***

Your examination will be given by computer at a Prometric testing center. You do not need any computer experience or typing skill to take your examination. Before you start the examination, you will receive a personalized introduction to the testing system. You can also take a pre-examination tutorial if you wish.

You should arrive at the testing center at least **30 minutes before** your scheduled examination appointment. When you arrive, you will be required to sign a signature log and have your photo taken electronically. The date and time you enter and exit the exam room will be recorded on the signature log.

**Identification required.** You must present a valid, nonexpired form of identification before you can test. That identification document **must**:

- Be government-issued (e.g., driver's license, passport, state-issued identification card or military identification card)
- Contain **both** a current photo and your signature (if it does not, you must present two identification cards: one with your photo and one with your signature)
- Have a name that exactly matches the name used to register for the examination (including designations such as "Jr." and "III")



**Important** Failure to provide appropriate identification at the time of the examination is considered a missed appointment. As a result, you forfeit your fees.

If you cannot provide the identification listed above, contact Prometric **before** scheduling your appointment to arrange an alternative way to meet this requirement.

## **Testing regulations**

To ensure that all candidates are tested under equally favorable conditions, the following regulations and procedures will be observed at each testing center. Failure to follow any of these security procedures may result in the disqualification of your examination and forfeiture of testing fees. Prometric reserves the right to audiotape and videotape any examination session.

- References**
- No reference materials, papers or study materials are allowed at the test center. If you are found with these or any other aids, you will not be allowed to continue the examination and your answers will not be scored. Candidates will not be able to leave the testing room with a copy of any notes taken during the exam. Some examination questions may contain excerpts from the Internal Revenue Code or Income Tax Regulations.

- Calculators**
- Candidates will be able to use an onscreen calculator during the exam. Prometric will furnish each candidate with a handheld calculator that is silent, solar or battery-operated and nonprogrammable (without paper tape-printing capabilities or alphabetic keypads). Candidates **are not allowed** to bring their own calculators.

- Personal items**
- Prometric is not responsible for items left in the reception area of the testing center. While lockers are provided, it is recommended that personal items not be brought into the testing center. Note the following:
- Electronic equipment—cameras, tape recorders, cell phones, PDAs, pagers, etc.—is not permitted in the testing room and must be powered off while stored in a locker.
  - Pocket items—keys, wallet, etc.—must remain in your pocket or be stored in a locker during testing.
  - Other personal items—watches, outerwear that is not being worn while testing (sweater, jacket, etc.), briefcases, purses, etc.—are not permitted in the testing room.
  - Food and drink, including water, are not allowed in the testing room.

- Breaks**
- If you leave the testing room while an examination is in progress, you must sign out/in on the roster and you will lose examination time.
  - You are not allowed to use any electronic devices or phones during breaks.

- Visitors**
- No guests, visitors or family members are allowed at the testing center.

- Misconduct or disruptive behavior**
- Candidates who engage in any kind of misconduct or disruptive or offensive behavior may be dismissed from the examination. Examples are: giving or receiving help, taking part in an act of impersonation, removing test materials or notes from the testing room, using rude or offensive language and behavior that delays or interrupts testing.

- Weapons**
- Weapons are not allowed at the testing center.

**If questions arise.** Test center administrators are not allowed to answer any questions pertaining to the examination content. If you do not understand a question on the examination, you should answer the question to the best of your ability.

**Question types**

The questions in your licensing examination are multiple choice. Each provides four options from which you choose your answer.

**Question formats.** Three different multiple-choice formats are used. Each format is shown in the following examples.

**Format 1—Direct question**

Which of the following entities are required to file Form 709, United States Gift Tax Return?

- A. An individual
- B. An estate or trust
- C. A corporation
- D. All of the above

**Format 2—Incomplete sentence**

Supplemental wages are compensation paid in addition to an employee's regular wages. They **do not** include payments for:

- A. Accumulated sick leave
- B. Nondeductible moving expenses
- C. Vacation pay
- D. Travel reimbursements paid at the Federal Government per diem rate

**Format 3—All of the following except**

There are five tests which must be met for you to claim an exemption for a dependent. Which of the following is **not** a requirement?

- A. Citizen or Resident Test
- B. Member of Household or Relationship Test
- C. Disability Test
- D. Joint Return Test

**Experimental questions.** Your examination may include some experimental questions that will not be scored. If present, they are distributed throughout the examination and will not be identified as such. These are used to gather statistical information on the questions before they are added to the examination as scored items. These experimental questions **will not** be counted for or against you in your final examination score.

**Your examination results**

Scores will be shown on screen at the end of your examination and you will receive a printed score report. Examination scores are confidential and will be revealed only to you and the IRS.

Scaled scores are determined by calculating the number of questions answered correctly from the total number of questions in the examination and converting to a scale that ranges from 40 to 130. The IRS has set the scaled passing score at 105, which corresponds to a minimum level of knowledge deemed acceptable by those persons who will be practicing before the IRS.

**Fail.** If you fail, your score report will show a scaled score between 40 and 104. You will also receive diagnostic information to assist you with future examination preparation. Diagnostic information will show an indicator of 1, 2, or 3 meaning:

- 1** Considerably below the minimally acceptable score. It is important for you to approach how you study this topic as you prepare to take the test again. You may want to consider taking a course or participating actively in a study group on this topic.

## TAKING YOUR EXAMINATION

- 2 Marginally below the minimally acceptable score. You should study this topic in detail as you prepare to take the test again.
- 3 At or above the minimally acceptable score. Be sure to review this topic as you prepare to take the test again.

### Sample score report

Score Report for Sample, Sarah A.	
<b>Special Enrollment Examination - PART 2: Business Tax Returns</b>	
Scaled	
Topic Area	Marginally below the minimally acceptably score
Grade: Fail	
(A total score of 105 is required to pass)	

**Pass.** If you pass, the score report will only show a passing designation. It will not show a score. All score values above passing indicate that a candidate *is* qualified - not *how* qualified. When you pass all three parts of the examination, you can file Form 23, Application for Enrollment to Practice Before the Internal Revenue Service.



**Important** You must reschedule and pass any parts of the examination you failed prior to applying for enrollment.

---

### ***Rescheduling failed examination parts***

Candidates do not need to take more than one part of the examination (SEE 1, SEE 2 or SEE 3) on the same day or consecutive days. Between the May 1 and February 28 test window, candidates may take each part of the examination up to four times.

If a candidate fails any part of the examination, he or she must re-register with Prometric online at [www.prometric.com/irs](http://www.prometric.com/irs) or by calling 800.306.3926.

Candidates who do not pass a part of the examination after four attempts during the May 1 to February 28 test window must wait until the next test window before attempting to retake any failed part of the examination again.

---

### ***Carryover policy***

**Carryover of scores.** Candidates who pass a part of the examination under the new format can carryover passing scores up to two years from the date the candidate took the examination. For example, let's assume a candidate takes and passes part 1 on November 15, 2010. Subsequently the candidate takes and passes part 2 on February 15, 2011. That individual has until November 14, 2012 to pass the remaining part otherwise he/she loses credit for part 1. On February 14, 2013, if that individual still has not passed all other parts of the examination, he/she loses credit for part 2.

---

## ***Feedback***

Candidates will be surveyed at the conclusion of the examination, which will allow an opportunity to provide both Prometric and the IRS with feedback on the examination questions or the testing experience. While your comments are considered, you will not receive a response to your survey comments.

Alternatively, candidates who wish to receive a written response can make an official written request. The request must include your name, PTIN number, the examination title, the date you tested and the details of your concern, including all relevant facts. Be sure to include your return address. Mail your letter to:

**Prometric**  
**ATTN: SEE Feedback**  
1260 Energy Lane  
St. Paul, MN 55108

---

## ***Applying for enrollment***

After passing all three parts of the examination, you must file Form 23, Application for Enrollment to Practice Before the Internal Revenue Service, within one year of the date you passed all parts of the examination. Form 23 is available online at [www.irs.gov](http://www.irs.gov), click on "tax professionals" and then click on "enrolled agents." Copies of the score report do not need to be submitted to the IRS when submitting your application for enrollment (Form 23).

The IRS's Office of Professional Responsibility will process, review and act on your application for enrollment.

As part of the evaluation of your enrollment application, the Office of Professional Responsibility will conduct a background check that will include a review of any tax compliance issues you may have, including failure to timely file and pay, penalties, etc.

# Exam content outlines

The following is a list of topics for each part of the examination. Not every topic on the list will necessarily appear on the examination and the list should not to be viewed as all inclusive. Some topics may appear in more than one exam part.

However, this list is based on the results of a survey sent to over 10,000 enrolled agents and it represents the knowledge needed for the tasks performed by enrolled agents.

This list is also available online at [www.prometric.com/irs](http://www.prometric.com/irs).

## Part 1 – Individuals

### Section 1: Preliminary Work and Tax payer Data – 15 items

#### **Preliminary work to prepare tax returns**

- Use of prior years' returns for comparison (e.g., reviewing prior Individual form 1040 returns)
- Accuracy of prior year's return (e.g., Review of prior year's return for compliance, accuracy and completeness)
- Taxpayer biographical information (e.g., date of birth, age, marital status, dependents)
- Immigration status and/or citizenship (e.g., citizen, visas, green cards, resident alien or non-resident alien)
- Taxpayer filing status (e.g., single, MFJ, MFS, widow, HOH)
- Sources of all income (e.g., interest, wages, business, sales of property, dividends, interest, rental income)
- Sources of applicable adjustments to gross income (e.g., retirement plans, HSAs, alimony, health insurance, moving expenses, self employment tax)
- Sources of applicable deductions (e.g., itemized, standard)
- Sources of applicable credits (e.g., education, file tax, retirement, energy, child care)
- Tax payments (e.g. withholding, estimated payments, earned income tax credit)
- Determine if individual and/or business entity involved (e.g., methods of determination)
- Items that will affect future returns (e.g., carryover, operating losses, NOL, schedule D, 8801)
- All required taxes filed (e.g., employment, gift, estimated)
- Special filing requirements (e.g., gifts, foreign income, presidentially declared disaster areas)

#### **Tax returns for individuals, taxpayer data**

- Filing requirements for tax returns and extensions (e.g., dates)
- Personal exemptions including dependents
- Taxation of unearned income of certain minor children (Kiddie tax)
- Special requirements for Form 1040-NR
- Section 2; Income and Assets (25%)

#### **Section 2: Income and Assets – 25 items**

##### **Income**

- Taxability of wages, salaries and other earnings (e.g., earned income)
- Interest Income (e.g., taxable and non-taxable)
- Dividends and other distributions from mutual funds, corporations, and other entities (e.g., qualified dividends)
- Rental income and expenses (e.g., vacation homes, NFP rentals, calculation of depreciation)
- Gambling income and allowable deductions (e.g., W-2G, documentation)
- Tax treatment of forgiveness of debt (e.g, 1099C)
- Tax treatment of a U.S. citizen/resident with foreign earned income (e.g, individual tax treaties, form 2555)
- Other income (e.g., scholarships, fellowships, Social Security benefits, barter income, independent contractor income, hobby income, alimony, non-taxable combat pay, earned income vs non-earned income)
- Constructive receipt of income (e.g., cash vs accrual)

##### **Retirement income**

- Basis in a traditional IRA (Form 8606)
- Comparison of traditional IRA and Roth IRA
- Distributions from qualified plans (e.g., pre-tax, after-tax)

- Excess contributions and tax treatment (e.g., penalties, 1099R)
- Prohibited transactions and tax effects relating to IRAs
- IRA conversions and recharacterizations (Form 8606)
- Excess accumulations and required minimum distributions
- Loans from IRC section 401(k) plans and other qualified plans

##### **Property, real and personal**

- Capital gains and losses (e.g., netting effect, short-term, long-term)
- Basis of assets (e.g., purchased, gifted or inherited)
- Basis of stock after stock splits and/or stock dividends (e.g., research, schedules, brokerage records, options)
- Sale of property (e.g., documentation)
- Sale of a personal residence (e.g., Sec 121 exclusions)
- Installment sales (e.g., related parties, original cost, date of acquisition, possible recalculations and recharacterization)

##### **Adjustments to income**

- Adjustments to income (e.g., retirement contributions, student loan interest, alimony)
- Self-employment tax

#### **Section 3: Deductions and Credits – 25 items**

##### **Retirement deductions - (relating to IRAs)**

- Contribution limits and deductibility of contributions
- Earned compensation
- Modified adjusted gross income

##### **Itemized deductions**

- Medical and dental expenses (e.g., subject to AGI limitation)
- Deductibility of various types of taxes (e.g., sales, real estate, state and local)
- Interest expense (e.g., mortgage interest, investment interest, tracing rules, points)

Charitable contributions (e.g., cash, non-cash, 50% vs 30%, documentation required)  
 Nonbusiness casualty and theft losses (e.g., form 4864)  
 Non-business bad debts (e.g., documentation required)  
 Miscellaneous itemized deductions (e.g., subject or not subject to 2%)  
 Employee travel, transportation and entertainment expenses (e.g., business purpose)  
 Employee education expenses  
 AGI limitations on itemized deductions  
 Allowed itemized deductions for Form 1040-NR

**Credits**

Child and dependent care credit  
 Child tax credit  
 Education credits  
 Foreign tax credit  
 Earned income tax credit (EITC)

**Section 4: Taxation and Advice – 20 items**

**Taxation**

Alternative minimum tax  
 Credit for prior year minimum tax  
 Premature distribution(s) from retirement plans  
 Household employees (e.g., Schedule H)  
 Estimated tax  
 Injured spouse (e.g., applicable rules)  
 Conditions for filing a claim for refund (e.g., amended returns, Form 911, documentation)

**Minimization of taxes paid**

Adjustments, deductions, and credits  
 Retirement plans  
 Earned income credit (e.g., eligibility, preparer documentation)  
 Education credits and tuition deduction  
 Adoption credits (e.g., carryovers, limitations, disabled child)  
 Use of capital gain rates versus ordinary income rates (e.g., character of transaction)

**Advising the individual taxpayer**

Reporting obligations for individuals (e.g. sale of home)  
 Property sales (e.g., real and personal such as homes, stocks, and businesses, internet sales)  
 Education planning (e.g., Hope credit, lifetime learning credit, IRC section 529 plans)

Estate planning (e.g., gift versus inheritance, trusts, family partnerships, charitable giving, LTC)  
 Retirement planning (e.g., annuities, IRAs, employer plans, early retirement rules, required minimum distribution, beneficiary ownership)  
 Marriage and divorce (e.g., pre- and post-nuptial agreements, divorce settlement, common-law or community property)

**Section 5: Specialized returns for individuals – 15 items**

**Estate tax**

Gross estate  
 Taxable estate: calculations and payments  
 Unified credit  
 Jointly-held property  
 Life insurance and taxable estate  
 Marital deduction and other marital issues  
 IRAs and retirement plans  
 Filing requirements

**Gift tax**

Gift-splitting  
 Annual exclusion  
 Unified credit  
 Effect on estate tax (e.g., Generation skipping tax)  
 Filing requirements

**Part 2 - Businesses**

**Section 1: Businesses – 45 items**

**Business entities**

Types of business entities and their filing requirements:  
 Sole proprietorships  
 Partnerships  
 Corporations  
 S corporations  
 Farmers  
 LLCs  
 Tax-exempt companies and associations  
 Elections for type of entity  
 Employer identification number  
 Accounting periods (tax year)  
 Accounting methods

**Partnerships**

Partnership income, expenses, distributions, and flow-through (e.g. self-employment income)  
 Family partnerships  
 Partner's dealings with partnership (e.g., exchange of property, guaranteed payment, contribution of property to partnership)  
 Basis of partner's interest  
 Disposition of partner's interest

**Corporations in general**

Filing requirements and due dates

Earnings and profits  
 Shareholder dividends (definition and reporting requirements)  
 Special deductions (e.g., dividends received deductions, charitable deduction).  
 Reconciling books to return (e.g., Schedule M series)  
 Distributions and recognition requirements  
 Liquidations and stock redemptions

**Forming a corporation**

Services rendered to a corporation in return for stock  
 IRC section 351 exchange  
 Transfer of money or property; receipt of money or property in addition to the stock of that corporation  
 Mortgaged property transferred  
 Exchange of property other than a IRC section 351 exchange  
 Controlled groups  
 Closely held corporations  
 Personal service corporations (e.g., 35% rate)

**S corporations**

Requirements to qualify including election procedure (e.g, Form 2553 election, attachment to return)  
 Tax law related to S corporation  
 Treatment of distributions  
 Shareholder's basis (e.g., loan basis)  
 Status (e.g., terminated and reinstated)  
 Debt discharge  
 Non-cash distributions

**Section 2: Business Financial Information – 40 items**

**Business income**

Gross business income  
 Cost of goods sold (e.g., inventory practices, expenditures included, uniform capitalization rule)  
 Net income, net operating losses, and loss limitations including passive activity and at risk limitations  
 Gain or loss on disposition of depreciable property

**Business expenses, deductions and credits**

Employees' pay (e.g., deductibility of compensation, fringe benefits, rules of family employment, statutory employee, necessary and reasonable)  
 Reporting requirements for company employees (W-2, W-4, Form 1099)  
 Business rental deduction  
 Depreciation, amortization, IRC section 179, and depletion  
 Business bad debts

## EXAM CONTENT OUTLINES

Business travel, entertainment, and gift expenses  
Interest expense  
Insurance expense  
Taxes (e.g., deductibility of taxes, assessments, and penalties; proper treatment of sales taxes paid)  
Employment taxes  
Federal excise tax  
Casualties, thefts, and condemnations  
IRC section 199 deduction (domestic production activities)  
Eligibility and deductibility of general business credits (e.g., welfare-to-work credit, disabled access credit, investment credit)

### **Business assets**

Basis of assets  
Disposition of depreciable property  
Like kind exchange

### **Analysis of financial records**

What type of business (e.g., service, retail, manufacturer, or farm)  
Income statement  
Balance sheet  
Method of accounting (e.g., accrual, cash, hybrid, OCBOA)  
Depreciation and amortization  
Depreciation recovery (e.g., recapture, Sec 280F)  
Determination of basis of assets  
Shareholder/partner basis  
Pass-through activity (e.g., K-1)  
Proofing beginning and ending balances  
Reconciliation of tax versus books (e.g., M-1, M-2)  
Related party activity

### **Advising the business taxpayer**

Filing obligations (e.g., extended returns)  
Depositing obligations (e.g., employment tax, excise tax)  
Reporting obligations for businesses (e.g. IRC sections 1099 and 1031 exchanges)  
Record-keeping requirements (mileage log, cell phone usage, accountable plans)  
Related party transactions  
Definitions of business entities  
Client habits (e.g., personal usage of business accounts, separation of business and personal accounts)  
Benefits and detriments of choosing each type of business entity  
Advice on accounting methods and procedures (e.g., explanation of requirements)

Transfer elections in or out of the business (e.g., contributed property, distributions)  
Life cycle of the business (e.g., startup, decline)  
Type of industry (e.g., personal service corporation)

### **Section 3: Specialized returns and tax payers – 15 items**

#### **Trust and estate income tax**

Trust types (e.g., grantor, irrevocable, tax shelters)  
Distributable net income  
Exclusions and deductions  
Fraudulent trusts  
Income in respect of a decedent  
Income

#### **Exempt organizations**

Filing requirements (e.g., 1023, 1024, Annual 990)  
Qualifications for tax-exempt status (e.g., 501(c)(3))

#### **Retirement plans**

Employer contributions  
Employee contributions and reporting requirements  
Plans for self-employed persons  
Prohibited transactions  
Qualified plans  
SEP and SIMPLE

#### **Farmers**

Farm inventory  
Depreciation for farmers (e.g., special use)  
Various disaster-area provisions  
Disposition of farm assets

## **Part 3 - Representation, Practices and Procedures**

### **Section 1: Practices and Procedures – 33 items**

#### **Becoming an enrolled agent**

What constitutes practice before the IRS  
Categories of individuals who may practice  
Enrollment cycle  
Period of enrollment  
Effective date of renewed enrollment  
Enrollment card or other credentials  
How to appeal a denial of an application for enrollment  
Regulations Governing the Practice of Attorneys, Certified Public Accountants, Enrolled Agents, Enrolled Actuaries, and Appraisers before the IRS (Treasury Department Circular 230)

#### **Requirements for Enrolled Agents**

What information to be furnished to the IRS  
When to advise a client about an omission or error on any return, document, or affidavit

Rules for employing or accepting assistance from disbarred or suspended persons and former IRS employees  
Rules for restriction on advertising and solicitation and fee information  
Concept of due diligence for return accuracy  
Concept of conflict of interest  
Rules for refund check negotiation  
Requirements for tax shelter opinions  
Standards for tax return positions and preparing returns  
CPE requirements  
Scope of authority - Tax court petitions  
Effective records  
Covered opinions  
Tax shelters  
Tax avoidance vs. tax evasion  
Conference and practice requirements

#### **Sanctions against Enrolled Agents**

What constitutes disreputable conduct, which can result in a disciplinary proceeding  
Sanctions imposed by OPR against Enrolled Agents  
Contents of a complaint filed against an individual, service of complaint and demand for answer requirements  
How a proceeding against an individual in violation of regulations governing practice before the IRS is instituted  
Procedural rules for conducting proceedings for disqualification  
Disciplinary appeal process  
Criteria for public disclosures for active and disqualified persons  
Types of penalties (e.g., negligence, substantial understatement, overvaluation)  
Frivolous submissions (returns and documents)  
Fraudulent transactions  
Badges of fraud

#### **Penalties**

Assessment and appeal procedures for preparer penalties  
Penalties to be assessed by the IRS against a preparer for negligent or intentional disregard of rules and regulations, and for a willful understatement of liability  
Preparer's due diligence  
Rules for furnishing a copy of a return to a taxpayer  
Rules for signing returns and furnishing identifying numbers

Rules for keeping copies or lists of returns prepared  
 Rules for filing an information return concerning employees engaged or employed during a return period  
 Rules for the preparer penalty involving the earned income credit

**Section 2: Representation before the IRS (25 items)**

**Power of attorney**

Acting in place of the taxpayer  
 Signature authority (e.g., extension of assessment period, closing agreement)  
 Limitations of authority granted to enrolled agent (e.g. acts authorized)  
 Prohibition for negotiating taxpayer refund check (e.g. cannot cash or deposit)  
 Prohibition for signing tax returns  
 Requirements for power of attorney (Form 2848)  
 Alternate forms of power of attorney (durable)  
 Rules for client privacy and consent to disclose  
 Purpose of filing a tax information authorization  
 Requirements to be met when changing or dropping representatives  
 When notices and refund checks may be delivered to recognized representatives  
 Purpose of a Centralized Authorization File number

**Building the taxpayer's case-- Preliminary work**

What the taxpayer's issue is (e.g. type, details)  
 Potential for criminal aspects  
 Competence, expertise and time to handle issue  
 Taxpayer willingness to sign power of attorney  
 Conflict of interest

**Taxpayer tax information**

Income (taxable and non-taxable)  
 Expenses (deductible, allowable and personal)  
 Transcripts from IRS  
 Documentation requirements (e.g., pay stubs, bank statements)  
 Documentation required (e.g., receipts, invoices)

**Taxpayer financial situation**

Taxpayer's ability to pay the tax (e.g., installment agreements, offer in compromise)  
 General financial health (e.g., filed for bankruptcy, lawsuits, and garnishments)

Discharge of the tax liability in bankruptcy (e.g., payroll taxes, filed pre-petition Federal Tax Lien)  
 Form 433A/B/F  
 IRS Allowable Living Expenses Standards  
 Lifestyle and life issues of taxpayer  
 Cash flow and assets (Cash-T, receipts and disbursements)  
 Asset fair market value and associated liabilities  
 Third-party research (e.g., property assessment for municipal taxes; asset values, state and local tax information)  
 Supporting documentation  
 Financial documents (e.g., cancelled checks or equivalent, bank statements, credit card statements, receipts)  
 Legal documents (e.g., birth certificate, divorce decrees, lawsuit settlements)  
 Prior and subsequent tax returns  
 Other substantive and contemporaneous documentation (e.g., mileage log, corporate minutes)  
 Employment reimbursement policies  
 Business entity supporting documents (e.g., partnership agreement, corporate bylaws)  
 Brokerage records or individual stock transaction

**Legal authority and references**

Internal Revenue Code  
 Treasury regulations  
 Revenue rulings  
 Revenue procedures  
 IRS notices  
 Case law  
 IRS publications  
 Private letter rulings  
 Form instructions  
 Internal Revenue Manual  
 Authoritative source material versus non-authoritative source material

**Related issues**

Statute of limitations  
 Post-filing correspondence (e.g., math error notices, under reporting notices)  
 Deadlines and timeliness requirements  
 Third-party correspondence (e.g., witness communications, employment records)  
 Requests for information related to specific issues (e.g., clarification on a tax issue)  
 Freedom of Information Act requests

**Section 3: Specific Types of Representation (25 items)**

**Representing a taxpayer in the Collection process**

Understanding the Collection Process – an overview and notices  
 Extension of time to pay  
 Installment capability  
 Offer in compromise (e.g., doubt as to liability, collectibility or effective tax administration)  
 Miscellaneous options (e.g., collection statute end date, collection statute extension date, trust fund recovery penalties, backup withholding)  
 Adjustments to the taxpayer's account (e.g., abatements)  
 Requesting an audit reconsideration (e.g., documents and forms)  
 Decedent Issues (get info from Ron(We did not receive this)  
 Collection appeals program (e.g., denial of installment agreements, discharge applications)  
 Notice of Federal Tax Lien  
 Levy and Seizure of taxpayer's property  
 Collection Appeal Process  
 Collection due process (e.g., lien and levy)  
 Case being reported Currently Not Collectable (e.g., reasons and reactivation)  
 Taxpayer Advocate Service (e.g., criteria for requestion assistance)  
 IRS Collection Summons (e.g., purposes)  
 Identity Theft

**Penalties and/or interest assessed**

Penalties and interest  
 Basis for having penalties avoided, abated, or refunded  
 Reasonable cause  
 Interest abatement  
 Interest recalculation

**Representing a taxpayer in audits/examinations**

IRS authority to investigate  
 Verification and substantiation of entries on the return  
 IRS opportunity to disagree with filings  
 IRS authority to fix time and place of investigation  
 Steps in the process (e.g., initial meeting, submission of IRS requested information)  
 Innocent spouse  
 Interpretation of revenue agent report (RAR) (e.g., 30-day letter)  
 Explanations of taxpayer options (e.g. agree or appeal)

## APPLICATION FORM AND INSTRUCTIONS

Special procedures for partnership audits (e.g., unified audit procedures for TEFRA)

### **Representing a taxpayer before Appeals**

Protests  
Right to appeal revenue agent findings  
Request for appeals consideration (e.g., preparation, elements contained)  
Enrolled Agent appearance at appeals conference  
Settlement function of the appeals process  
Issuance of 90-day letter

### **Higher levels of representation beyond the scope of EA representation**

Tax Court  
U.S. District Courts and U.S. Claims Court  
U.S. Courts of Appeals and U.S. Supreme Court

### **Section 4: Completion of the Filing Process (17 items)**

#### **Accuracy**

Using tax software  
Inconsistencies with the source data  
Miscalculations  
Recognition of duplicate entries  
Alternative minimum tax issues  
Need to read diagnostics  
Matching inputs and outputs across forms

#### **Information shared with taxpayer**

Record-keeping requirements  
Significance of signature (e.g., joint and several liability, penalty of perjury)  
Non-taxable income (e.g., combat pay, inheritance)  
Consequences of dishonesty

#### **Concerning all tax preparers - regulations and sanctions**

Definition of income tax return preparers

#### **Record maintenance**

Length of time  
Length of time to keep income and employment tax records  
The components of the list (name, social security number, and type of return)  
EITC due diligence requirements  
Rules for returning a client's records and documents

#### **Electronic filing**

How to apply to be an e-file provider (e.g., e-services)  
Electronic return requirements  
Definition of a refund anticipation loan (RAL) indicator  
Advertising standards  
Definition of EFIN  
Definition of ERO  
Levels of infractions  
Compliance requirements to continue in program (e.g. timely filing, timely payment, and absence of infractions)  
Appeal process  
Forms 8879 and 8453  
Rejected returns and resolution (e.g. client notification)

## ***Application form and instructions***

This section provides a printable copy of Form 2587 – Application for Special Enrollment Examination and instructions for completing the form.

Form **2587**  
(Rev. January 2010)

Department of the Treasury-Internal Revenue Service

OMB Number  
1545-0949

## Application for Special Enrollment Examination

The data on this form may be completed and submitted on-line by going to [www.prometric.com/irs](http://www.prometric.com/irs)

Last name	First name	Middle initial
-----------	------------	----------------

Mailing address (If you live outside the United States, do not abbreviate Country name. Include Province and Postal Code if applicable)

City	State	ZIP (Postal) code	Country	Province
------	-------	-------------------	---------	----------

Primary telephone number	Secondary telephone number
--------------------------	----------------------------

Date of birth (mm-dd-yyyy)

Preparer Tax Identification Number (PTIN) (See PTIN instructions on the next page for more information.)  
(Foreign based test candidates who are not eligible for a PTIN should check N/A.)  N/A

Instructions are on page 2

---

## Instructions for Form 2587, Application for Special Enrollment Examination

---

### General Information

Prometric will be administering the Special Enrollment Examination on behalf of the IRS. The examination is offered in three parts via computer at approximately 300 testing centers managed by Prometric. Examination candidates should go to [www.prometric.com/irs](http://www.prometric.com/irs) for examination information, including:

- » How to register, schedule and pay for an examination
- » Examination locations
- » Length of the examinations
- » Examination content outline
- » Carryover rules
- » Test center regulations, including required identification

The fee is \$101.00 for each of the three parts of the examination. The examination fee is not refundable.

---

### Preparer Tax Identification Number (PTIN)

Applicants based in the U.S. need a Preparer Tax Identification Number (PTIN) in order to register for any examination. Those candidates who do not have a PTIN should request one by completing a Form W-7P, Application For Preparer Tax Identification Number. You can apply on-line, by mail or by fax. The on-line process is the quickest method. To apply on-line go to [www.irs.gov](http://www.irs.gov), click on "Tax Professionals" and then scroll down to "e-services - on-line tool for Tax Professionals".

Once you have registered for e-services, follow the instructions to have a PTIN assigned. For additional information regarding requesting a PTIN and for special rules for foreign based test candidates without a PTIN, please go to [www.prometric.com/irs](http://www.prometric.com/irs). Foreign based test candidates who are not eligible to obtain a PTIN should check the "N/A" box.

---

### Registration, Scheduling and Payment

Before registering, scheduling and paying, you must complete Form 2587. Once Form 2587 is completed, you may register, schedule and pay for your examination with Prometric. Candidates should complete Form 2587 only one time under our new registration process. For example, if you register in 2010, but do not pass all parts of the examination, you will not have to complete Form 2587 in order to register for the examination in 2011.

There are three ways to register, schedule and pay for the Special Enrollment Examination:

1. To express register, visit [www.prometric.com/irs](http://www.prometric.com/irs) and complete this form on-line. You can then immediately register, schedule and make payment on-line. This is the only way to complete the process in the same day.
2. You may fax this form to 1-800-347-9242. Wait one full calendar day and then either: log on to [www.prometric.com/irs](http://www.prometric.com/irs) or call 1-800-306-3926, to register, schedule and pay.
3. You may mail this completed form to: Prometric, Attn: IRS Special Enrollment Examination, 1260 Energy Lane, St. Paul, MN 55108. Wait six to 10 calendar days, and then either log on to [www.prometric.com/irs](http://www.prometric.com/irs) or call 1-800-306-3926, to register, schedule and pay.

---

### Paperwork Reduction Act Notice

We ask for the information on this application to carry out the requirements of Title 31, Code of Federal Regulations, Subtitle A, Part 10, Section 10.4(a). We need the information to identify applicants for the Special Enrollment Examination. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. The time needed to complete this form will vary depending on individual circumstances. The estimated average time is 6 minutes.

If you have comments concerning the accuracy of this time estimate or other suggestions, please write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. DO NOT send the application to this address. Instead, mail the form to Prometric, Attn: IRS Special Enrollment Examination, 1260 Energy Lane, St. Paul, MN 55108.

---

### Privacy Act Notice

Collection of this information is authorized by Section 330 of Title 31, United States Code, and Part 10 of the Title 31, Code of Federal Regulations. The primary use of this information is for the administration of the enrolled agent program, including administration of a written examination testing for special competence in tax matters. Information may be disclosed to contractors for administration of the special enrollment exam and for other tax administration purposes, to the Department of Justice for civil or criminal litigation or to seek legal advice, to Federal, state or foreign agencies or bodies for their investigation of violations of law or regulation, or for hiring or retaining an individual, or for granting a security clearance, license, contract, grant, or other benefit, or to other persons to obtain information not otherwise reasonably available and needed to administer the enrolled agent program. Furnishing the information on this form is voluntary but failure to do so may result in failure to grant you enrollment.



PROMETRIC  
1260 Energy Lane  
St. Paul, MN 55108  
800.306.3926

*Register online at  
[www.prometric.com/irs](http://www.prometric.com/irs)*

- ✓ **Register any time, day or night!**  
You can register, schedule, and pay for your exam online in a secure environment, at your convenience.
- ✓ **Confirm your appointment immediately!**  
Your appointment is confirmed before you leave our Web site.

*Register online—it saves time and it's easy!*

**See Page 2 for details.**

**FIRST  
CLASS  
MAIL**