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2019 EDITION

ENROLLED AGENT EXAM GUIDE



WHO IS THIS GUIDE FOR?

- ▶ If you are an accountant who is not a CPA or an attorney, you should consider becoming an EA.
- ▶ If you are a CPA or an attorney and wish to specifically advertise your tax expertise, you should consider becoming an EA.
- ▶ Any EA candidate in need of exam strategies and processes on the way to becoming an EA.



WHY BECOME AN EA?

Enrolled agents are professionals who have demonstrated special competence in tax matters and professional ethics and been enrolled to practice before the IRS as taxpayers' agents or legal representatives. "Practice before the IRS" includes all matters connected with presentations to the IRS relating to a client's rights, privileges, and liabilities under laws and regulations administered by the IRS.



Give you opportunities to move forward in your career



Earn the respect of your peers



Increase your earning potential by 10% on average



Show that you are willing to invest in your professional development



Expand your customer base



Establish your expertise and improve your accounting knowledge and skill



Bring in more customers during the off-season



Build confidence in your abilities

This excerpt from a chart produced by the National Association of Tax Professionals (NATP) breaks down the rights you'll have when you become an EA:

	No Designation	EA
Provide missing information	✓	✓
Call about processing	✓	✓
Receive notices/copies	✓	✓
Respond about math errors and preparation	✓	✓
Argue tax law		✓
Disagree with the IRS on behalf of a taxpayer on a tax return anyone prepared		✓
Speak with the IRS in an audit of a tax return anyone prepared		✓
Communicate with an IRS Collections Officer on behalf of a taxpayer		✓
Handle appeals on behalf of a taxpayer		✓

THE STEPS TO BECOMING AN EA

- STEP 1** Become knowledgeable about the EA exam
- STEP 2** Obtain or renew your PTIN
- STEP 3** Schedule your exam
- STEP 4** Prepare your study schedule
- STEP 5** Study for the exam
- STEP 6** Take the exam

Becoming an EA is a great way to signal to your clients that you're committed to meeting their needs. EAs have unlimited representation rights. Without an EA credential, a tax preparer is only able to represent clients whose tax returns they have prepared and signed. In contrast, EAs can represent their clients before the IRS on any matter, including audits and appeals.

In short, EAs act as agents of taxpayers faced with matters involving income taxes, estate and gift taxes, employment taxes, and excise taxes. Enrolled agents report high job satisfaction and higher average income than tax preparers without a designation. Additionally, the Bureau of Labor Statistics reports steady 7% growth for tax preparers through 2020.

Everyone who works with federal tax returns should aspire to become an enrolled agent, and the Fast Forward Premium EA Review System makes it possible for most tax professionals and paraprofessionals to pass all three parts of the EA exam in one year.



BASICS OF THE EA EXAM

Enrollment Exam (SEE), which has been administered by the IRS since 1959. The IRS contracts with Prometric to develop and administer the EA exam, the passing of which is required in order to practice before the IRS for persons other than attorneys and certified public accountants (CPAs). The EA designation is a mark of distinction among tax professionals.

**EXAM
ADMINISTERED
SINCE 1959**

PROFESSIONAL ASSOCIATIONS AND GROUPS

Fast Forward partners with and supports many professional associations that help further the enrolled agent designation and the field of tax. We recommend that tax professionals join one or more of these associations, as they encourage members to network with peers, develop professional contacts, and stay informed about current issues and practices in tax.



National Association of Tax Professionals (NATP)

The National Association of Tax Professionals (NATP) is the largest association dedicated to equipping tax professionals with the resources, connections, and education they need to provide the highest level of service to their clients. NATP is comprised of more than 23,000 leading tax professionals who believe in a superior standard of ethics and exemplify professional excellence. Members rely on NATP to deliver professional connections, content expertise, and advocacy that provides them with the support they need to best serve their clients. The organization welcomes all tax professionals in their quest to continually meet the needs of the public, no matter where they are in their careers. Fast Forward is a preferred EA review provider of the NATP.

Other Professional Tax Associations include, but are not limited to, the National Association of Enrolled Agents (NAEA) and National Society of Tax Professionals (NSTP).

IRS REQUIREMENTS TO BECOME CERTIFIED



EDUCATION AND EXPERIENCE

There are no particular education or experience requirements for the exam. However, candidates should be proficient in answering income tax accounting questions at an intermediate college course level.



EXAMINATION

Pass all 3 parts of the EA exam within 2 years. All paid tax return preparers must have a Preparer Tax Identification Number (PTIN) renewed within the last year to register for the exam.



ETHICS

Pass a suitability check. This includes both a tax compliance check (to ensure that no outstanding tax liabilities are owed, and necessary tax returns have been filed) and a criminal background check. To maintain your designation, you will be required to complete 2 hours of ethics continuing professional education each year after you pass.



THE EA EXAM

The IRS selected Prometric to develop and administer the EA exam. To do so, Prometric conducted a survey of active enrolled agents to determine the common tasks they perform, and the knowledge required to perform those tasks. The Exam Content Outlines (ECOs) and test questions were developed based on the survey's findings. Each year, some changes should be expected from prior examinations as emphases shift based on subsequent findings and as tax laws are passed or repealed.

The Tax Cuts and Jobs Act (TCJA) has changed things up more than usual, but you'll be well-prepared if you study for the EA exam with Fast Forward. Our accounting experts have put in overtime, combing through the new tax laws and considering the implications, to deliver the quality you know and expect. We've dealt with major exam shakeups before, and we've consistently offered the best review materials on the market.

NOTE—This year only, the IRS is delaying the release of the revised EA exam. Therefore, the exams given May 1, 2019, through June 30, 2019, will test old tax laws and will have no coverage of the TCJA. The revised exam, testing new tax laws including the TCJA, will not be released until July 1, 2019, and will continue to be offered through February 29, 2020 (remember that 2020 is a leap year!).



EXAM FORMAT

The EA exam consists of three distinct parts, with 3.5 hours of testing time for each part (4 hours total seat time including the tutorial and survey). Each exam part contains 100 multiple-choice questions (MCQs) and covers a wide spread of taxation topics.

Part 1
Individuals



Part 2
Businesses



Part 3
Representation, Practices
and Procedures



3.5 HOURS EACH

100 MCQs EACH

SUBJECT MATTER TESTED

The questions on the exam test candidates' ability to complete and file forms and tax returns, as well as represent taxpayers before the IRS. The exam covers federal taxation; tax accounting; and the use of tax return forms for individuals, partnerships, corporations, trusts, estates, and gifts. It also covers ethical considerations and procedural requirements.

Below are the main sections of each part of the exam and the approximate number of questions within each section. Questions in each exam part are randomized.

PART 1 Individuals (100 questions, including 15 experimental questions)

Section 1: Preliminary Work with Taxpayer Data	17 Questions
Section 2: Income and Assets	21 Questions
Section 3: Deductions and Credits	21 Questions
Section 4: Taxation and Advice	14 Questions
Section 5: Specialized Returns for Individuals	12 Questions

PART 2 Business (100 questions, including 15 experimental questions)

Section 1: Business Entities	28 Questions
Section 2: Business Financial Information	39 Questions
Section 3: Specialized Returns and Taxpayers	18 Questions

PART 3 Representation, Practices and Procedures (100 questions, including 15 experimental questions)

Section 1: Practices and Procedures	25 Questions
Section 2: Representation before the IRS	24 Questions
Section 3: Specific Types of Representation	19 Questions
Section 4: Completion of the Filing Process	17 Questions



WHICH TAX LAWS ARE TESTED?

The 2019 examination test window will begin May 1, 2019, and examinations will be offered continuously through February 29, 2020. However, the IRS is changing the tax law coverage rules for this year.

Usually, each testing year's EA exam (through February of the following year) covers the tax law in effect the previous December 31. For example, in normal years, the May 1, 2019-February 29, 2020, testing window would test tax law in effect December 31, 2018. This year, however, the IRS has delayed the exam update until July 1, 2019. The exam given May 1, 2019-June 30, 2019, will continue to test tax laws in effect December 31, 2017, and will not include the TCJA updates.

IMPORTANT 2019 EXAM DATES

May 1, 2019 - June 30, 2019

EA exam offered as 2018-19 version, no TCJA

July 1, 2019 - February 29, 2020

EA exam offered as 2019-20 version, TCJA tested

The Tax Cuts and Jobs Act (TCJA), signed into law in December 2017, will be tested beginning July 1, 2019.

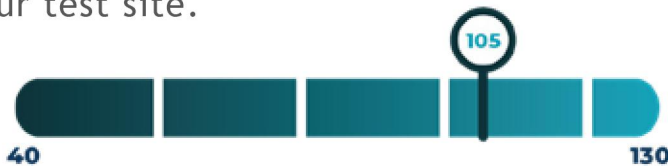
GRADING

Because exams may contain experimental questions, scaled scores are determined by dividing the number of correctly answered questions from the total number of questions in the exam and then converting the result to a scale that ranges from 40 to 130.

A PASSING SCORE

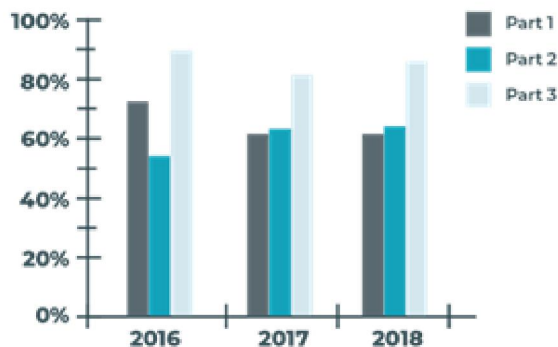
The IRS sets the scaled passing score at 105 (approximately 70%), which corresponds to the minimum level of knowledge deemed acceptable by professionals practicing before the IRS.

Exam scores are confidential and revealed only to the candidate and the IRS. You will receive your result on screen at the end of the exam and be given a printed report before leaving your test site.



EA EXAM PASS RATES

Part	2015-2016	2016-2017	2017-2018
Part 1: Individuals	72 %	61 %	61 %
Part 2: Businesses	57 %	64 %	65 %
Part 3: Representation, Practices and Procedures	88 %	82 %	86 %



The pass rate went up slightly from 2017 to 2018, and we're hopeful that trend will continue into 2019.



EA EXAM COSTS

There are two fees you must pay to take the EA exam:

Scheduling Fee (each part)	US \$184.97
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Enrollment to Practice before the IRS Application Fee	US \$30
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That adds up to \$584.91 before factoring in review materials. It isn't cheap, but it is more accessible than a certification like the CPA, which costs about \$1,000 in fees and has much more stringent requirements before you're allowed to test.

But think of exam costs as an investment. Investing in yourself is one of the greatest things you can do with your time and money. Think about what you want out of your career and about what kind of investment your current circumstances will allow you to make. CPAs do tend to make more in lifetime earnings, but due to reduced requirements to take the exam, becoming an EA will allow you to experience the benefits of a certification sooner. Becoming an EA can help you advertise tax expertise as you work toward other certifications, like the CPA.

Certification costs can add up but know that all certified professionals report higher average earnings and better career growth.

SIGNING UP FOR THE EA EXAM

There are 3 steps you must follow, in order before you can take the EA exam:

- 01 Obtain or renew your Preparer Tax Identification Number (PTIN)
- 02 Complete and file Form 2587 (can be done online at www.prometric.com/irs)
- 03 Schedule an exam part with Prometric

01

SIGNING UP FOR THE EA EXAM

To obtain a PTIN, you must complete Form W-12 online or by mail. Fast Forward recommends online because it provides you with a PTIN instantly.

1. Go to www.irs.gov/ptin
2. Create your account
3. Complete the application for a new PTIN

02

FORM 2587

You must have your PTIN to complete this step.

In lieu of filing a physical Form 2587, Fast Forward recommends you create your Prometric user profile at www.prometric.com/irs and follow the instructions there for filling out the required information.

03

SCHEDULE WITH PROMETRIC

You must have filed Form 2587 or filled out the required information on Prometric's website to complete this step.

Go to www.prometric.com/irs and click the "Schedule My Test" button, then follow the prompts.

- ✓ The \$184.97 testing fee for each part of the examination is due at the time the examination is scheduled.
- ✓ You will be provided a number confirming your appointment. You will need this number to reschedule, cancel, or otherwise change your appointment.

Rescheduling or Canceling Your Appointment

If you need to change the date, time, or location of your exam, you must contact Prometric. There is no fee if you reschedule at least 30 days before your appointment date. If you reschedule or cancel 5 to 29 days prior to your appointment, there is a \$35 fee. You must pay another full \$184.97 fee if you reschedule within 4 days of your appointment.



WHEN AND WHERE TO TAKE THE EXAM

Prometric offers the EA exam continuously during each annual testing windows from May 1 to the end of February of the following year. The EA exam is not offered during the blackout months between windows to give the IRS and Prometric time to update the exam for a new year of tax laws.

JAN	FEB	MAR	APR	MAY	JUN
JUL	AUG	SEP	OCT	NOV	DEC

Register for an exam part early to give yourself more flexibility when scheduling with Prometric. Prometric testing centers administer many different exams, and testing centers can become booked up. The sooner you register and schedule your appointment, the more likely you are to get a convenient appointment time at the nearest-located testing center.

All three exam parts do not have to be taken or scheduled during the same test window, and candidates can sit for examination parts up to four times each during a test window. That said, we recommend candidates try to pass all three exam parts within one year and pass each part the first time. This is an attainable goal for most tax professionals. The next section will show you how.



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FASTFORWARD ACADEMY

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