



A Step-by-Step Guide to Understanding PTIN, EFIN, and Tax Preparation Programs

An Exclusive Guide for Aspiring and Growing Tax Preparers

Learn the fundamentals of PTIN registration, EFIN approval, filing basics, taxpayer requirements, and how to choose the right tax preparation program with confidence.



EXCLUSIVE RESOURCE

Actionable insights and real-world guidance.



2026 EDITION

Up-to-date information for the year ahead.



Welcome

from Blue's Business Solutions 1st





WELCOME

Your professional tax journey starts with the right foundation

This guide connects registration, e-file authorization, training, and real return-preparation decisions in one practical roadmap.

A tax preparer needs more than software. The professional foundation begins by understanding who is authorized to prepare returns for compensation, how an e-file business becomes authorized, and how federal filing rules are applied to real taxpayers.

Blue's Business Solutions 1st focuses on practical, customized support. This guide is designed as a bridge between 'I want to prepare taxes' and 'I understand the compliance, workflow, and tax-law basics required to do it responsibly.'

Use it as a study guide, an onboarding resource, or a pre-course primer before entering a PTIN, affiliate, ERO, or broader tax-preparation program.

**ANTOINETTE**

Blue's Business Solutions 1st

IMPORTANT

This guide is educational. It does not replace IRS publications, tax-law research, state-specific requirements, legal advice, or professional judgment. Tax rules and annual thresholds can change.

The curriculum supplied for this project is an 18-credit-hour AFTR 2026 course designed for beginner through advanced preparers and aligned with IRS continuing-education requirements. Its Module 1 establishes the filing-status, gross-income, dependency, and Form 1040 fundamentals that this guide reinforces.



LEARNING OUTCOMES

By the end of this guide, you should be able to...

The practical objectives below combine registration knowledge with the core taxpayer-analysis skills from Module 1.

- 1 Explain what a PTIN is, who needs one, how the 2026 application or renewal works, and why it is not the same as an EFIN.
- 2 Explain what an EFIN is, which firm receives it, the role of an Electronic Return Originator (ERO), and the major IRS e-file application steps.
- 3 Compare common tax-preparation pathways, including PTIN-only preparation, the Annual Filing Season Program (AFSP), an ERO business path, and credentialed practice.
- 4 Determine whether a taxpayer is generally required to file a federal income tax return using filing status, age, gross income, dependency status, and special filing triggers.
- 5 Identify and apply the five principal federal filing statuses and explain how status affects tax brackets, standard deductions, and credit eligibility.
- 6 Define gross income for filing-requirement purposes and distinguish common taxable and generally excluded items.
- 7 Apply the dependency tests correctly and distinguish a qualifying child from a qualifying relative.
- 8 Identify common filing-status and dependency errors before they reach Form 1040.
- 9 Use a structured taxpayer interview to analyze basic scenarios, document due diligence, and reach defensible filing conclusions.



NAVIGATION

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The guide is organized from authorization -> training pathway -> Module 1 tax-law application -> implementation.

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CORE IDEA

PTIN answers: "Who is identifying the paid preparer?" EFIN answers: "Which approved firm is originating or participating in IRS e-file?" Training answers: "Can you prepare the return accurately and compliantly?"

1. AUTHORIZE

Get the right identifier(s) for your role.

2. LEARN

Build tax-law and compliance competence.

3. OPERATE

Use secure systems, e-file procedures, and due diligence.

**PART I - PTIN**

PTIN: the identifier for paid federal tax return preparers

PTIN = Preparer Tax Identification Number.

For 2026, the IRS states that anyone who prepares or assists in preparing federal tax returns for compensation must have a valid 2026 PTIN before preparing returns. This includes enrolled agents.

PERSON	ANNUAL	NOT AN EFIN
Issued to an individual paid preparer.	The PTIN must be valid for the year in which returns are prepared.	A PTIN does not by itself authorize a firm to electronically file client returns.

The PTIN is used as the paid preparer identification number on returns prepared for compensation. The supplied curriculum also emphasizes that paid preparers generally must sign compensated returns, include preparer identification information, and provide copies to taxpayers.

2026 FEE

IRS PTIN guidance lists a nonrefundable \$18.75 fee for both first-time 2026 applications and 2026 renewals. Online applicants often receive a PTIN in about 15 minutes; paper Form W-12 applications can take about six weeks.

A PTIN is a registration requirement, not a professional credential. Holding a PTIN does not automatically provide representation rights before the IRS, nor does it mean the holder is an Enrolled Agent, CPA, or attorney.



PTIN

Step-by-step: apply for or renew a PTIN

Use the IRS Tax Professional PTIN system. The exact screens can change, so follow the current IRS prompts.

- 1 Create or access your IRS PTIN account through the IRS Tax Professionals portal.
- 2 Choose the correct action: first-time application or annual renewal.
- 3 Verify your legal identity and personal information exactly as requested.
- 4 Answer the required tax-compliance, professional-credential, and background questions truthfully.
- 5 Pay the current PTIN user fee. For the 2026 cycle, IRS guidance lists \$18.75.
- 6 Submit the application and retain the confirmation for your records.
- 7 Before preparing compensated federal returns, verify that your PTIN shows as active for the applicable year.
- 8 Update your PTIN account when key information changes and renew annually as required.

PAPER OPTION

Applicants may use Form W-12, IRS Paid Preparer Tax Identification Number (PTIN) Application and Renewal. The IRS notes that paper processing is significantly slower than online processing.



PTIN

PTIN readiness checklist and common mistakes

Treat the PTIN as part of your professional compliance file, not as a one-time signup task.

Do this	Why it matters
☐ Confirm PTIN is valid for the current preparation year	Expired or missing preparer identification creates compliance problems.
☐ Keep account information current	Name, address, and other records should match IRS information.
☐ Use your own PTIN	A PTIN identifies an individual paid preparer; do not share credentials.
☐ Sign returns as required	The curriculum highlights paid-preparer signing and identification responsibilities.
☐ Keep annual renewal on your calendar	PTIN validity is annual.
☐ Separate PTIN from EFIN concepts	PTIN identifies the preparer; EFIN identifies an approved e-file firm.

COMMON MISTAKE #1

Assuming "I have a PTIN, so I can e-file client returns under my own business." That is incomplete. A firm that wants to participate in IRS e-file must go through the authorized e-file provider application and receive an EFIN.

COMMON MISTAKE #2

Assuming a PTIN is a license or credential. It is an IRS preparer identification number. Credentials and representation rights are separate issues.



PART II - EFIN

EFIN: the identifier for an approved IRS e-file firm

EFIN = Electronic Filing Identification Number.

The IRS describes an EFIN as a number issued to identify firms that have completed the IRS e-file application and passed the required suitability process. Authorized IRS e-file providers need an EFIN to electronically file tax returns.

FIRM	APPROVAL	E-FILE
The business or organization owns the EFIN.	The firm applies, identifies responsible people, and passes IRS suitability checks.	The EFIN is used in the authorized e-file provider ecosystem, including ERO activity.

An individual may own a sole proprietorship and still be the responsible person behind the application, but the EFIN belongs to the firm/application entity. The IRS states that EFINs are not transferable.

CURRENT COST

The IRS EFIN FAQ states there is currently no fee to obtain an EFIN. This is separate from PTIN fees and from commercial software, transmission, bank-product, security, or business operating costs.

Approval is not instant. IRS guidance says an e-file application can take up to 45 days for approval, so a business should not wait until the last moment before filing season.



EFIN

Know the people and roles in an e-file application

The e-file application requires more than a business name.

Role	What it means in practice
Principal	A person with ownership or control responsibility. The definition varies by entity type, such as sole proprietor, partner, corporate officer, or LLC member.
Responsible Official	A U.S. citizen or lawful permanent resident, at least 18, with authority over the provider operation and responsibility for compliance.
Primary Contact	The IRS contact person for the application. The same individual may sometimes hold multiple roles.
ERO	Electronic Return Originator - begins the electronic submission process for returns received from taxpayers.
Transmitter	Transmits electronic return data directly to the IRS. An ERO may transmit itself or contract with an accepted transmitter.

PROVIDER OPTION

If your tax-preparation business wants to electronically file returns for clients, the IRS instructs applicants to select the Electronic Return Originator (ERO) provider option.

Publication 3112 lists other provider types, such as Intermediate Service Provider, Online Provider, Transmitter, Software Developer, Reporting Agent, and Large Taxpayer. Most small tax practices starting client e-file operations focus first on understanding the ERO role.



EFIN

Step-by-step: become an authorized IRS e-file provider

Plan ahead: IRS approval can take up to 45 days.

- 1 Create or access the firm e-file application through IRS e-services.
- 2 Enter firm identification information accurately, including the correct entity and tax identification details.
- 3 Add every required Principal and Responsible Official, plus contact information.
- 4 Choose the appropriate e-file provider option. A return-preparation firm that originates client returns generally selects ERO.
- 5 Enter qualifying professional credentials for Principals and Responsible Officials when applicable.
- 6 Complete required fingerprinting through the IRS authorized Livescan process for individuals who do not qualify for a professional-status exemption.
- 7 Submit the application and monitor it for IRS requests or suitability issues.
- 8 Pass the suitability review, which can consider tax compliance, criminal background, prior e-file compliance, and other eligibility factors.
- 9 After approval, retain the acceptance notice containing the firm EFIN and protect all e-file credentials.



EFIN

Suitability, fingerprints, and security are part of the authorization

EFIN approval is a compliance process, not only a form submission.

IRS suitability checks are designed to evaluate whether applicants are appropriate participants in the e-file program. Publication 3112 and the e-file application guidance describe checks that may involve tax compliance, criminal background, credit history, prior e-file noncompliance, and verification of identity or professional credentials.

FINGERPRINTING

Principals and Responsible Officials who do not qualify for a professional-status exemption generally must complete fingerprinting using an IRS-authorized vendor. The IRS application explains the available credential exemptions and process.

Tax businesses also handle highly sensitive taxpayer data. The supplied curriculum emphasizes protecting taxpayer information, secure e-file procedures, identity-theft prevention, due diligence, and proper recordkeeping.

- Use unique credentials and multi-factor authentication where available.
- Do not share EFIN, PTIN, software, or e-services login credentials.
- Maintain a written information security plan appropriate to the practice.
- Restrict taxpayer data access to authorized personnel.
- Encrypt devices and backups; patch operating systems and tax software.
- Document incident response steps for suspected identity theft or credential compromise.



EFIN

Maintain the EFIN after approval

Approval creates an ongoing responsibility to keep the e-file application accurate and secure.

IRS Publication 3112 requires a new application in certain changes and states that a separate EFIN is generally required for each fixed ERO location that originates electronic submissions. The firm should keep application data current and understand when a new application or location-specific EFIN is required.

Situation	Action mindset
New fixed ERO location	Evaluate whether a separate EFIN/application is required before originating submissions there.
Ownership/entity change	Do not assume the old EFIN follows the business; review new-application rules.
Compromised EFIN	Contact the IRS e-help process. The IRS may inactivate the compromised EFIN and issue a new one.
No e-file activity	Accepted providers generally do not reapply annually when active and compliant, but inactivity can affect status.
Contact or responsible-person changes	Update the e-file application promptly.

SECURITY RULE

Never treat an EFIN as something to sell, loan, rent, or transfer. The IRS explicitly states an EFIN is not transferable.



PTIN VS EFIN

PTIN and EFIN: the distinction every new preparer must understand

Use this page as a quick-reference sheet.

Question	PTIN	EFIN
What does it identify?	An individual paid preparer	An approved IRS e-file firm
Who owns it?	The individual	The firm/business entity
Primary purpose	Identify paid preparer on compensated federal returns	Identify authorized e-file provider firm
Application system	IRS PTIN system	IRS e-file application / e-services
2026/current fee	\$18.75 for 2026 PTIN application/renewal	IRS FAQ: currently no fee to obtain EFIN
Timing	Online often about 15 minutes if no issue	IRS says approval can take up to 45 days
Annual renewal?	Yes, PTIN validity is annual	Generally no annual reapplication if active/compliant; application must stay current
Can it be transferred?	No sharing; it identifies you	No; IRS says EFINs are not transferable
Does it prove tax competence?	No	No - authorization does not replace training, due diligence, or current-law knowledge

SIMPLE MEMORY RULE

PTIN = PERSON PREPARING. EFIN = FIRM E-FILING.



PART III - TRAINING PATHWAYS

Tax preparation programs: choose the pathway that matches your goal

Registration tells the IRS who you are. Training teaches you how to prepare accurately. Business authorization lets a firm operate within e-file rules.

STARTER	PROFESSIONAL	PRACTICE OWNER
Learn federal return basics + obtain/maintain PTIN before paid preparation.	Add structured CE/AFSP or another credential path to strengthen competency and representation options.	Build an ERO/e-file operation with EFIN, secure systems, compliance procedures, and business controls.

A strong program should connect tax law, ethics, filing procedures, client interviewing, software workflow, quality control, and current-year updates. The uploaded AFTR curriculum follows that structure with modules covering Filing Requirements & Taxpayer Basics; Income & Adjustments; Deductions & Credits; Business Income; Ethics & Circular 230; Tax Law Updates; and Filing Procedures & Compliance.

BLUE'S PROGRAM-SELECTION LENS

Ask three questions: (1) Do I want to prepare returns, own an e-file operation, or both? (2) What credential or continuing-education path fits my goal? (3) Do I already understand the tax-law fundamentals well enough to make accurate filing decisions?



TRAINING PATHWAYS

Annual Filing Season Program (AFSP): a voluntary competency path

AFSP is intended for certain unenrolled return preparers who want to demonstrate additional filing-season education and competency.

For the general 2026 AFSP path, IRS guidance describes 18 hours of continuing education from IRS-approved providers: a 6-hour Annual Federal Tax Refresher course with test, 10 hours of other federal tax law, and 2 hours of ethics. The preparer must also have an active PTIN and consent to the applicable Circular 230 conduct provisions.

AFSP component	General participant
Annual Federal Tax Refresher	6 hours + test
Other federal tax law	10 hours
Ethics	2 hours
Total	18 CE hours

Certain exempt preparers follow a 15-hour path under IRS rules. After requirements are complete and the upcoming-year PTIN is renewed, the IRS can generate an Annual Filing Season Program Record of Completion.

REPRESENTATION

AFSP participants can receive limited representation rights for certain returns they prepared and signed. Attorneys, CPAs, and Enrolled Agents have broader or unlimited representation rights. A PTIN-only preparer generally does not receive those representation rights merely by holding the PTIN.



TRAINING PATHWAYS

Where Blue's Business Solutions 1st pathways can fit

Use the guide to identify the conversation you need - exact enrollment terms, pricing, and program features should be confirmed directly with Blue's.

Goal	Likely pathway conversation	What to master first
Prepare returns for compensation	PTIN / preparer-readiness track	PTIN compliance + Module 1 fundamentals + tax software workflow
Learn and grow inside a tax organization	Affiliate / tax-preparation track	Tax law, client intake, due diligence, quality review, ethical conduct
Operate or build an e-file practice	ERO / practice-owner track	PTIN for preparers + e-file application/EFIN + security + e-file procedures
Add professional differentiation	AFSP or credential path	Continuing education, ethics, representation rules, deeper tax-law study

DO NOT SKIP THE FOUNDATION

An EFIN does not teach filing status, dependence, income classification, or Form 1040 analysis. Those are core tax-preparation skills, which is why the next section goes deep into Module 1.



PART IV - MODULE 1

Filing Requirements & Taxpayer Basics

This section translates the supplied curriculum objectives into a practical, client-interview workflow.

Module 1 is the foundation of individual federal income tax return preparation. Before deductions, credits, or sophisticated planning, a preparer must determine who the taxpayer is, whether a return is required, which filing status applies, what income counts, and whether anyone qualifies as a dependent.

ASK	TEST	DOCUMENT
What happened during the tax year?	Apply the applicable federal rules and annual thresholds.	Record the facts, due-diligence questions, and conclusion.

MODULE 1 OBJECTIVES

Determine filing requirement; apply the five filing statuses; understand status impact; define gross income; apply dependency tests; distinguish qualifying child vs qualifying relative; identify common errors; apply eligibility rules on Form 1040; analyze taxpayer scenarios.

This guide uses 2025 tax-year filing thresholds from IRS Publication 501 because those are the thresholds generally relevant to 2026 filing-season individual returns. Always confirm the tax year you are preparing.



MODULE 1

Filing requirement: a repeatable decision process

Do not jump straight to "income over the standard deduction." Filing requirements can also arise from special taxes and other rules.

- 1 Confirm tax year, taxpayer age, marital status at year-end, and whether the taxpayer can be claimed as a dependent.
- 2 Determine the taxpayer's potential filing status.
- 3 Identify all sources of gross income, including wage, self-employment, interest, dividends, retirement, rental, unemployment, and other taxable income.
- 4 Compare gross income with the applicable filing threshold for status and age.
- 5 Check special filing triggers, including self-employment and other taxes, advance premium tax credit reconciliation, and other IRS-specific situations.
- 6 Even when filing is not required, determine whether filing would allow a refund of withholding, refundable credits, or recovery of estimated payments.
- 7 Document the conclusion and the facts used to reach it.

PREPARER MINDSET

"Not required to file" is not always the same as "should not file." A taxpayer may still benefit from filing to claim money already withheld or refundable tax benefits.



MODULE 1

2025 federal filing thresholds for most taxpayers

From IRS Publication 501 (2025). These amounts apply to 2025 tax-year returns and can change each year.

Filing status	Age condition	Gross-income threshold
Single	Under 65	\$15,750
Single	65 or older	\$17,750
Head of Household	Under 65	\$23,625
Head of Household	65 or older	\$25,625
Married Filing Jointly	Both under 65	\$31,500
Married Filing Jointly	One spouse 65+	\$33,100
Married Filing Jointly	Both spouses 65+	\$34,700
Married Filing Separately	Any age	\$5
Qualifying Surviving Spouse	Under 65	\$31,500
Qualifying Surviving Spouse	65 or older	\$33,100

CRITICAL NUANCE

These are general filing thresholds for most taxpayers. Dependents have separate filing rules, and special situations can require a return even when gross income is below the table.

Gross income for filing-requirement purposes generally includes income received in money, goods, property, and services that is not exempt from tax. Do not assume that only Form W-2 wages count.



MODULE 1

The five federal filing statuses

Filing status affects tax rates, the standard deduction, and eligibility or phaseouts for multiple tax benefits.

Status	General starting point	Key question
Single	Unmarried at year-end and not eligible for another status	Are you legally unmarried/divorced by the last day of the year?
Married Filing Jointly (MFJ)	Married couple combines income, deductions, and credits	Are both spouses choosing a joint return?
Married Filing Separately (MFS)	Married spouses file separate returns	Do separate-liability or legal/financial circumstances make separate filing appropriate?
Head of Household (HOH)	Generally unmarried/considered unmarried, pays > half home cost, qualifying person rules met	Who maintained the home and who lived there?
Qualifying Surviving Spouse (QSS)	Certain widowed taxpayers with a qualifying child for the two years after the year of death	When did the spouse die, has taxpayer remarried, and is the home/child test met?

YEAR-END RULE

Marital status is generally determined on the last day of the tax year. A final divorce by year-end usually means the taxpayer is unmarried for federal filing-status purposes.



FILING STATUS

Single and Married Filing Jointly (MFJ)

Start with legal marital status, then test whether a more favorable or specialized status applies.

SINGLE

- Generally applies when the taxpayer is unmarried on the last day of the tax year, legally separated under a qualifying decree, or divorced by year-end.
- May not be the best/allowed status when the taxpayer qualifies for Head of Household or Qualifying Surviving Spouse.
- Always confirm the legal status, not merely whether spouses are living apart.

EXAMPLE

Jordan is legally divorced on December 20, 2025, has no qualifying person, and does not qualify for another status. Single is the starting filing status.

MARRIED FILING JOINTLY

- Married taxpayers may choose to file one joint return reporting both spouses' income and deductions.
- MFJ often provides broader tax benefits than MFS, but both spouses generally become jointly and severally liable for the tax, interest, and penalties on the joint return.
- Both spouses generally must sign the joint return unless an exception or authorized procedure applies.

INTERVIEW QUESTION

"Were you legally married on December 31, and do both spouses agree to file jointly?" Follow with questions about prior filings, missing income, tax debts, and any concerns about joint liability.



FILING STATUS

Married Filing Separately (MFS) and Head of Household (HOH)

These statuses require careful fact gathering; HOH errors are a frequent compliance concern.

MARRIED FILING SEPARATELY

- Available to married taxpayers who choose separate returns.
- Can reduce access to certain deductions or credits and may produce higher combined tax than MFJ.
- Can be appropriate when spouses need separate tax responsibility or specific legal/financial circumstances apply.

HEAD OF HOUSEHOLD

- Taxpayer must generally be unmarried or considered unmarried.
- Taxpayer must generally pay more than half the cost of keeping up the home for the year.
- A qualifying person must generally live in the home for more than half the year, with special rules for a qualifying parent and other exceptions.

DUE DILIGENCE FLAG

The curriculum lists Head of Household among statuses requiring enhanced paid-preparer due diligence. Form 8867 can be required when HOH is claimed. Do not accept "I support my child" as enough; ask about residency, household costs, relationship, and competing claims.



FILING STATUS

Qualifying Surviving Spouse and common filing-status errors

QSS can preserve joint-return tax rates for a limited period when statutory tests are met.

Qualifying Surviving Spouse generally applies for the two tax years following the year a spouse died when the surviving taxpayer has not remarried and meets the qualifying-child and home-maintenance rules. The year of death has different joint-return rules, so confirm the exact year before selecting QSS.

EXAMPLE

A spouse dies in 2024. The survivor did not remarry and maintains a home for a qualifying child throughout 2025. If all requirements are met, QSS may be available for 2025 and potentially 2026.

Common status errors to prevent

- Using Single because spouses live apart even though they are still legally married and HOH "considered unmarried" rules were not established.
- Claiming HOH without proving more-than-half household costs.
- Claiming HOH when the qualifying person did not satisfy residency or relationship rules.
- Using MFJ without both spouses' informed participation or without addressing joint-liability concerns.
- Using QSS outside the allowable period or without a qualifying child/home test.
- Failing to revisit filing status after divorce, marriage, death, separation, or custody changes.



MODULE 1

Gross income: what counts for the filing decision?

Gross income is broader than wages and broader than what appears on one tax document.

IRS Publication 501 defines gross income generally as income in the form of money, goods, property, and services that is not exempt from tax. For filing requirements, a preparer should inventory every income source before comparing the taxpayer with a threshold.

Commonly included	Commonly excluded or special treatment
Wages and salaries	Certain gifts received
Tips	Inheritances themselves
Self-employment/business income	Certain life insurance death proceeds
Taxable interest and dividends	Qualified municipal-bond interest may be tax-exempt
Rental income	Some benefits or distributions may be partly/non-taxable depending on rules
Taxable retirement distributions	Tax-exempt income can still matter for some tests and calculations
Unemployment compensation	Refundable credits are not "gross income" simply because they create refunds

DOCUMENT MISMATCH WARNING

Taxable income may exist even when no Form 1099 was issued. The preparer must ask about side work, cash payments, platform income, digital assets, rental activity, and other sources.



DEPENDENTS

Dependency starts with three general gatekeeper tests

Before deciding qualifying child or qualifying relative, apply the general dependent rules.

- 1** Dependent taxpayer test: a taxpayer who can be claimed as another person's dependent generally cannot claim dependents, subject to limited refund-only return exceptions.
- 2** Joint return test: a married person who files a joint return generally cannot be claimed as a dependent, except when the joint return is filed only to claim a refund of withheld or estimated tax.
- 3** Citizen or resident test: the dependent generally must satisfy the applicable U.S. citizen, resident alien, U.S. national, Canada/Mexico resident rule or qualifying adoption exception.

After the general tests, determine whether the person is a Qualifying Child or a Qualifying Relative. The two categories use different tests, and a person cannot simply be labeled a dependent because the taxpayer provides some support.

QUALIFYING CHILD	QUALIFYING RELATIVE	TIE-BREAKER
5 tests: relationship, age, residency, support, joint return.	4 tests: not a qualifying child, relationship/household, gross income, support.	When more than one taxpayer can claim the same qualifying child, specific priority rules apply.



DEPENDENTS

Qualifying Child: the five-test framework

For 2025, use the complete test rather than relying only on age or relationship.

Test	Core rule
1. Relationship	Son, daughter, stepchild, eligible foster child, sibling/step-sibling/half-sibling, or a descendant of those relationships.
2. Age	Under 19 and younger than taxpayer/spouse; OR under 24, a qualifying student, and younger; OR any age if permanently and totally disabled.
3. Residency	Must generally live with the taxpayer for more than half the year, subject to exceptions for temporary absences and other special rules.
4. Support	The child must not provide more than half of the child's own support for the year.
5. Joint return	The child generally must not file a joint return, except a refund-only joint return for withheld/estimated tax.

STUDENT NUANCE

For the under-24 student age test, the IRS requires qualifying full-time student status during some part of at least 5 calendar months of the year.

EXAMPLE

Maya, age 22, is a full-time college student, lives with her parents when not away temporarily at school, and does not provide more than half of her own support. She may be a qualifying child if the remaining tests are met.



DEPENDENTS

Qualifying Relative: the four-test framework

A qualifying relative does not have to be a child and there is no age test, but the gross-income and support rules are critical.

Test	2025 rule
1. Not a qualifying child	The person cannot be the qualifying child of the taxpayer or another taxpayer.
2. Relationship / household	The person must be a listed relative who does not need to live with the taxpayer, OR live with the taxpayer all year as a member of the household, subject to legal/temporary-absence rules.
3. Gross income	For 2025, the person's gross income must be less than \$5,200, subject to limited exceptions.
4. Support	The taxpayer must generally provide more than half of the person's total support for the calendar year, subject to special rules such as multiple-support agreements.

EXAMPLE

A taxpayer provides more than half of an elderly parent's support. The parent may qualify even without living in the taxpayer's home if the relationship, gross-income, support, and other general dependent rules are satisfied.

DO NOT CONFUSE INCOME WITH SUPPORT

The gross-income test and support test answer different questions. A person may receive money but not spend all of it on support; support calculations focus on the total support actually provided from all sources.



DEPENDENTS

Tie-breakers, custody, and competing claims

When multiple people could treat the same child as a qualifying child, only one generally receives the related tax benefits.

The IRS tie-breaker framework generally gives priority to a parent over a non-parent. When both parents claim the child, residency and then adjusted gross income can become decisive. Special rules also apply to children of divorced or separated parents or parents who live apart.

- 1 Identify every taxpayer who could potentially meet the qualifying-child tests.
- 2 Determine whether a parent is among the eligible claimants.
- 3 Document where the child actually lived and for how many nights/days under applicable IRS rules.
- 4 Compare AGI when the tie-breaker rules require it.
- 5 Check whether special divorced/separated-parent rules or release-of-claim documentation applies.
- 6 Do not promise that two taxpayers can "split" the same child-related benefits unless a specific rule allows separate treatment.

COMMON ERROR

Two adults each enter the same child in different software files without discussing the competing claim. One e-file may reject, and the dispute can lead to notices, delayed refunds, or disallowed benefits.



FORM 1040

From interview to filed return: a preparer workflow

Form 1040 is the primary individual federal income tax return. Schedules and supporting forms depend on the taxpayer's facts.

- 1** Intake: verify taxpayer/dependent names, TINs, dates of birth, addresses, marital events, and prior-year information.
- 2** Filing requirement and status: decide whether filing is required/beneficial and select the defensible filing status.
- 3** Income inventory: reconcile W-2s, 1099s, business/rental records, retirement forms, digital assets, and other income.
- 4** Adjustments, deductions, and credits: apply only after eligibility and documentation are established.
- 5** Due diligence: ask follow-up questions when facts are incomplete, inconsistent, or appear incorrect. Complete Form 8867 when required.
- 6** Review: check names/TINs, filing status, dependents, bank information, signatures, schedules, and diagnostics.
- 7** Authorization and e-file: obtain taxpayer authorization (commonly Form 8879 for e-file), transmit through authorized systems, and resolve reject codes promptly.
- 8** Records: provide the taxpayer copy and retain required records securely.

QUALITY-CONTROL PRINCIPLE

Software calculates; the preparer decides whether the facts entered are legally and factually correct. A clean diagnostic screen is not a substitute for due diligence.



PRACTICAL TOOL

Module 1 taxpayer interview checklist

Use this checklist before deciding filing status or dependents.

Interview area	Questions to document
Identity	Legal name? SSN/ITIN? DOB? Any IRS identity-protection PIN? Prior-year name change?
Marital status	Married, divorced, legally separated, widowed? Exact effective date? Living apart?
Household	Who lived in the home? For how long? Who paid rent/mortgage, utilities, food, taxes, repairs?
Children/dependents	Relationship? Age? Student status? Nights lived with taxpayer? Who provided support? Any joint return? Other claimant?
Income	All W-2/1099 income? Cash/side work? Self-employment? Interest/dividends? Retirement? Unemployment? Rental? Digital assets?
Filing triggers	Self-employment? Special taxes? Marketplace coverage/advance PTC? Estimated payments? Withholding refund?
Documentation	Custody agreements? School/medical records? Support records? Forms? Prior return? IRS notices?
Conclusion	Why is this status/dependent position correct? What fact would change the answer?

BEST PRACTICE

Record the taxpayer's answers and the follow-up questions you asked. Due diligence is not only reaching the right answer - it is being able to show how you reached it.



PRACTICE

Scenario lab: filing status and filing requirement

Work the facts before reading the suggested analysis.

1. Divorced parent

Karen is legally divorced on December 31. Her 9-year-old son lived with her all year. Karen paid about 70% of household costs and the child did not provide own support.

SUGGESTED ANALYSIS

Likely starting conclusion: HOH may be available if all qualifying-person and home-cost tests are met. The child likely satisfies the core qualifying-child tests, subject to general dependent rules and competing-claim review.

2. Married but living apart

Michael and Lisa are still legally married at year-end but have lived apart for several months. Michael wants to file Single.

SUGGESTED ANALYSIS

Single is not automatically available just because spouses live apart. Evaluate MFJ/MFS and whether Michael meets the strict "considered unmarried" requirements for HOH.

3. Low-income single taxpayer

A 30-year-old Single taxpayer has \$13,000 of W-2 wages and \$650 of federal withholding, no other income, and is not a dependent.

SUGGESTED ANALYSIS

Income is below the 2025 general Single-under-65 threshold of \$15,750, so a return may not be required under that threshold alone. Filing may still be beneficial to recover withholding and should be tested for other filing triggers/credits.



PRACTICE

Scenario lab: dependents and e-file readiness

These scenarios connect tax-law analysis with preparer compliance.

4. College student

Anthony is 22, a full-time college student, lives with his parents when not temporarily away at school, and does not provide more than half of his own support.

SUGGESTED ANALYSIS

He may be a qualifying child under the under-24 student rule if relationship, residency, support, joint-return, and general dependent tests are all met.

5. Elderly parent

Dana pays 65% of her mother's total support. Her mother has \$3,900 of gross income for 2025 and is not another taxpayer's qualifying child.

SUGGESTED ANALYSIS

The mother may qualify as a qualifying relative if the relationship and general dependent tests are met. \$3,900 is below the 2025 qualifying-relative gross-income threshold of \$5,200.

6. New tax business

A preparer has an active PTIN and tax software, but the business has never completed the IRS e-file application. The preparer plans to e-file client returns using a friend's EFIN.

SUGGESTED ANALYSIS

Do not do this. PTIN does not replace firm e-file authorization, and EFINs are not transferable. The business should follow the IRS e-file provider application process and obtain its own authorization before operating as an ERO.



KNOWLEDGE CHECK

15-question Module 1 + PTIN/EFIN quiz

Choose the best answer. Answer key is on the next page.

1. A PTIN primarily identifies:

- A. The e-file firm B. The paid preparer C. The taxpayer D. The tax software

2. An EFIN primarily identifies:

- A. An approved e-file firm B. A dependent C. A W-2 employer D. A state license

3. Which provider option generally fits a tax practice originating client e-file returns?

- A. ERO B. Dependent C. AFTR D. ITIN

4. Which is NOT one of the five federal filing statuses?

- A. Single B. Head of Household C. Domestic Partner D. Married Filing Jointly

5. For 2025, the general filing threshold for Single under 65 is:

- A. \$5 B. \$15,750 C. \$23,625 D. \$31,500

6. HOH generally requires the taxpayer to pay:

- A. Any portion of home costs B. More than half C. Exactly half D. No home costs

7. A qualifying child generally must live with the taxpayer for:

- A. More than half the year B. 30 days C. 3 months D. No residency period



KNOWLEDGE CHECK

Quiz - questions 8-15 + answer key

8. A qualifying relative has which age test?

A. Under 19 B. Under 24 C. 65+ D. No age test

9. 2025 qualifying-relative gross income must generally be:

A. Less than \$5,200 B. Less than \$15,750 C. Zero D. Less than \$31,500

10. A qualifying child has how many core category tests?

A. 3 B. 4 C. 5 D. 7

11. Holding a PTIN alone gives the firm an EFIN.

A. True B. False

12. IRS guidance says e-file application approval can take up to:

A. 15 minutes B. 3 days C. 45 days D. 1 year

13. IRS says an EFIN is transferable between unrelated firms.

A. True B. False

14. A return may be worth filing even when not required because:

A. Withholding may be refundable B. Refundable credits may apply C. Estimated tax may be recovered D. All of the above

15. Form 8867 is associated with paid-preparer due diligence for specified credits/statuses.

A. True B. False

ANSWER KEY

1-B | 2-A | 3-A | 4-C | 5-B | 6-B | 7-A | 8-D | 9-A | 10-C | 11-B | 12-C | 13-B | 14-D | 15-A



ACTION PLAN

A 30-day implementation roadmap

This is a learning and setup sequence - not a promise of IRS approval within 30 days.

Week	Primary objective	Deliverables
Week 1	Role + PTIN readiness	Choose preparer/business goal; apply/renew PTIN; organize identity and compliance records.
Week 2	Module 1 mastery	Study filing requirements, 5 statuses, gross income, dependents; complete scenarios and quiz.
Week 3	E-file business readiness	If owning an e-file practice: define entity/people, provider option, credential/fingerprint needs, security plan, e-file application prep.
Week 4	Operational quality control	Build intake checklist, due-diligence notes, secure document workflow, review checklist, authorization and reject-handling procedures.

PARALLEL TRACK

If your goal is AFSP or another professional credential, schedule the required continuing education and keep your PTIN active while completing the learning path.

At the end of 30 days, you should have a clearer role definition, registration status, study baseline, and business-compliance checklist. IRS approval timelines and credential requirements remain controlled by the applicable IRS process.



REFERENCE

Essential tax-preparer glossary

Keep this page beside you during onboarding and study.

Term	Definition
AFSP	Annual Filing Season Program - voluntary IRS program for eligible unenrolled preparers who complete specified CE and other requirements.
AFTR	Annual Federal Tax Refresher - the refresher component of the AFSP general path.
AGI	Adjusted Gross Income - gross income reduced by allowable adjustments; important for many deductions and credits.
Circular 230	Treasury regulations governing practice before the IRS and professional conduct for covered practitioners.
EFIN	Electronic Filing Identification Number - issued to an approved IRS e-file firm.
ERO	Electronic Return Originator - provider that originates electronic submissions of returns received from taxpayers.
Form 1040	U.S. Individual Income Tax Return.
Form 8867	Paid Preparer's Due Diligence Checklist for specified credits and HOH filing status.
Form 8879	IRS e-file Signature Authorization commonly used for individual e-file returns.
ITIN	Individual Taxpayer Identification Number - taxpayer identifier for certain individuals not eligible for an SSN.
PTIN	Preparer Tax Identification Number - required identification number for paid federal tax return preparers.
Qualifying Child	Dependent category requiring relationship, age, residency, support, and joint-return tests.
Qualifying Relative	Dependent category requiring not-a-qualifying-child, relationship/household, gross-income, and support tests.



SOURCES

Primary references used for this guide

Always verify the current version for the tax year you are preparing.

IRS - PTIN requirements for tax return preparers

<https://www.irs.gov/tax-professionals/ptin-requirements-for-tax-return-preparers>

2026 PTIN requirement, application/renewal, fee and processing notes.

IRS - Become an authorized e-file provider

<https://www.irs.gov/e-file-providers/become-an-authorized-e-file-provider>

E-file application steps, roles, fingerprinting, suitability, approval timing.

IRS Publication 3112 - IRS e-file Application and Participation

<https://www.irs.gov/pub/irs-pdf/p3112.pdf>

Provider options, ERO responsibilities, principals/responsible officials, new-application and location rules.

IRS - EFIN Frequently Asked Questions

<https://www.irs.gov/e-file-providers/electronic-filing-identification-number-efin-frequently-asked-questions>

EFIN ownership, nontransferability, fee status, application/suitability.

IRS Publication 501 (2025)

<https://www.irs.gov/pub/irs-pdf/p501.pdf>

2025 filing thresholds, filing statuses, dependency tests, qualifying child/relative rules.

IRS - Annual Filing Season Program

<https://www.irs.gov/tax-professionals/annual-filing-season-program>

AFSP CE requirements, Record of Completion, participation framework.

IRS - Understanding tax return preparer credentials and qualifications

<https://www.irs.gov/tax-professionals/understanding-tax-return-preparer-credentials-and-qualifications>

Credential and representation-right distinctions.

Blue's Business Solutions 1st

<https://bluesbusinesssolutions1stllc.com/>

Brand and service context.

Client-provided AFTR 2026 curriculum

[Project 31 - Tax Preparer Curriculum Development - final June 13](#)

Module 1 learning objectives, ethics, filing procedures, compliance, and course structure.

VERSION NOTE

Current IRS references were reviewed on August 16, 2026. Annual dollar amounts, procedures, fees, forms, and program rules may change.



NEXT STEP

Build your tax-preparation foundation with Blue's Business Solutions 1st

Use this guide as your starting point, then choose the training and business pathway that fits your objective.

YOUR NEXT THREE DECISIONS

1. Am I preparing returns, building an e-file practice, or both?
2. Which program/credential path matches the level of responsibility I want?
3. Which Module 1 topics do I need to master before working with real taxpayer files?

Blue's Business Solutions 1st

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