

# Pre-peak Season Compliance Guide: Preparing for Federal and Multi-State Requirements



## Why Comprehensive Compliance Preparation in Pre-Peak Season Prevents Delays and Audits

Pre-peak season compliance determines whether filing season runs smoothly or reveals gaps at the worst possible time. Federal requirements are straightforward: EFIN verification, PTIN renewals, and due diligence. **State compliance** compounds complexity because each jurisdiction maintains unique licensing, e-file mandates, and data standards. Strategic firms validate systematically. This guide shows how.

**Multi-state compliance** is where complexity compounds. Each jurisdiction adds its own licensing rules, e-file mandates, and compliance standards. What's compliant in one state violates the rules in another.

**Pre-peak season provides** the only window with enough bandwidth to validate systematically. PTIN renewals open during this period, giving you time to resolve issues before the rush. State requirements follow different schedules. E-file testing needs IRS and state system availability.

This **Pre-peak season tax prep guide** covers federal foundation requirements, multi-state complexity, and the practical validation timeline. Strategic firms complete validation before year-end planning consumes capacity.

Here's what needs validation before filing season.



## Why Pre-Peak Season Timing Actually Matters



Pre-peak season provides an 8-12 week window when you have bandwidth to address compliance systematically. That window matters because federal and state requirements operate on different timelines that don't align neatly.

PTIN renewals open during pre-peak season and process fastest when completed early. State licenses expire on varying schedules by jurisdiction. E-file testing environments become available at different times for federal versus state systems. You can't validate everything in one week. The requirements cascade across multiple systems that need sequential testing.

Multi-state firms face compounded timing pressure. Each jurisdiction adds licensing verification, e-file authorization applications, and unique compliance standards that require separate validation. Test federal compliance, then discover your state authorizations need renewal. Fix state licenses, then find out your multi-state software configuration has gaps.



Modern platforms support multi-state filing and integrated e-file routing, but configuration determines whether those capabilities actually work when you need them. Features exist, and validation proves they function.

#### HERE'S THE PATTERN THAT SEPARATES STRATEGIC FIRMS FROM REACTIVE ONES:

**Strategic firms** complete compliance validation by Thanksgiving while vendor support is fully staffed and systems are stable.

**Reactive firms** rush setup at the end of the year during holiday schedules when vendor support is limited, and IRS processing slows to a crawl. It's like trying to service your car during a road trip instead of before you leave.

The work is the same either way. The outcome isn't.





# Federal Compliance Requirements

Federal compliance applies to every firm regardless of where you practice. These requirements form your foundation. When federal compliance breaks down, state compliance becomes irrelevant because you can't file anywhere.

Here's what to validate during pre-peak season while you still have time to fix gaps.

## 01 EFIN and PTIN Status

Your firm's Electronic Filing Identification Number and every preparer's PTIN determine whether you can submit returns. The IRS doesn't send renewal reminders.

### What to verify now



**Check your EFIN status through the IRS e-Services portal.** The IRS suspends EFINs for address changes, compliance issues, or administrative reasons without notice. One firm discovered during pre-peak validation that their EFIN had been suspended earlier in the year due to an undelivered notice about a required address update. They had months to fix it. Firms that discover this at the start of peak season have days.



PTINs renew annually on a fixed year-end cycle. **Schedule renewals early to avoid the year-end rush.** Processing is fastest early in the cycle before thousands of preparers begin submitting renewal requests. Early renewals often process in days, while last-minute renewals can take weeks.



**Verify continuing education credits are current for credentialed preparers.** A valid PTIN doesn't mean a preparer can sign returns if their CPA or EA credential isn't active due to missing CE requirements.



**Test that renewed PTINs are configured correctly in your software.** Returns filed with expired PTINs get rejected even if the preparer renewed properly.

## 02 E-file Requirements and Testing

The 11-return threshold requires electronic filing for any preparer completing 11 or more individual returns annually. This counts all returns prepared, not just paid ones. The threshold applies per preparer, not per firm.

- ✓ **If you're approaching that threshold without an EFIN**, start the application now. Applications require IRS suitability checks, including fingerprinting and background verification. Processing takes weeks, sometimes months.
- ✓ **Update your e-file application through e-Services** if the firm information has changed since last year. Address changes, ownership modifications, or changes in responsible officials all require updates. The IRS rejects transmissions from firms with outdated information.
- ✓ **Test e-Services portal access with current credentials.** The IRS implemented Secure Access authentication, requiring identity verification beyond username and password. Many firms discover their credentials no longer work because requirements have changed.



### TEST E-FILE CONNECTIVITY DURING THE FALL.

- 1 Submit test returns through the IRS acceptance testing environments and verify that acknowledgments are returned correctly.
- 2 One firm tested early and discovered that their acknowledgment retrieval was not working. Returns transmitted successfully, but they could not confirm which ones the IRS accepted. They fixed it with time to spare.





## 03

### Due Diligence and Quality Control

Paid preparers must complete due diligence for returns claiming

- Earned Income Tax Credit,
- Child Tax Credit,
- Additional Child Tax Credit,
- American Opportunity Tax Credit, or Head of Household filing status.

Penalties for non-compliance are significant.

Due diligence means substantive verification, not checking boxes. You need a **reasonable basis** for information claimed on returns. That requires asking questions, reviewing documentation, and documenting what you verified.

- ✓ Configure IRS Form 8867 as a mandatory workflow step that prevents e-filing until completed. Most software can block transmission if 8867 isn't attached, but only if you configure that setting.
- ✓ Establish quality review triggers for returns claiming multiple credits where eligibility rules interact. EITC combined with dependency claims, education credits with relationship requirements, Head of Household with qualifying person rules, all create complexity where one determination affects another.
- ✓ Document due diligence procedures in writing. "Verify income" isn't specific enough. "Reviewed W-2s and 1099s, confirmed amounts match provided documents, documented discrepancies" shows substantive verification.
- ✓ Train preparers on current requirements during pre-peak season. Credit eligibility rules change annually.

# Multi-State Compliance Considerations

Multi-state practices face layered complexity where each jurisdiction adds its own licensing rules, e-file mandates, and compliance standards. What's compliant in one state violates requirements in another. This compounding is where most state compliance for tax firms breaks down.

**Here's what to validate across jurisdictions during the validation window.**

## 01 State Licensing and Registration

States maintain different requirements for who can prepare returns and under what authority. Some require individual preparer licensing beyond federal PTIN. Others require firm registration as a business entity. Most have state-specific continuing education mandates that differ from federal requirements in both hours and subject matter.

### What to audit now:



Verify preparer licenses in all practice states with current expiration dates documented.



Check firm registrations in states requiring business entity authorization.



Review state-specific CE requirements for both hours and mandated topics like ethics or state tax law.

Firms that audit credentials during pre-busy season sometimes discover key preparers have licenses that expired in neighboring states where they handle significant volume. Preparers often assume their home state license covers nearby states through reciprocity, but it doesn't. Discovering this during the validation window allows time to renew properly before filing season. Finding this during peak season means returns sit incomplete while licensing processes.



## Reciprocity agreements aren't automatic.

Some border states allow limited practice without full licensing, but the rules vary. Verify actual authority rather than assuming coverage extends across state lines.



Update all state license numbers in your software to ensure correct preparer identification on filed returns. State systems reject returns with invalid or expired license credentials even when the preparer is otherwise qualified.



Document out-of-state practice authority for preparers working across state lines. During audits or inquiries, you'll need proof that preparers were properly authorized in each jurisdiction where they prepared returns.

## 02

### State E-file Requirements

State e-file mandates use different thresholds than the federal 11-return rule. Some states require electronic filing at lower volumes. Others mandate e-filing for all returns regardless of preparer volume. Each state operates separate authorization processes from federal EFIN.



## Pre-Peak Season Preparation Approach

You don't need 20 hours in one week to validate compliance.

**You need 15-20 hours spread strategically over 10 weeks.**



This pre-season checklist for accountants breaks validation into manageable phases that don't disrupt current operations.

### ✓ Foundation phase happens early in the validation window.

- 1 Verify your firm's EFIN status and test e-Services portal access.
- 2 Audit all preparer PTINs and schedule renewals before the year-end rush.
- 3 Review state licenses across all practice jurisdictions.
- 4 Enable multi-factor authentication for all users.
- 5 Verify encryption standards meet requirements.

Most firms discover access gaps during this phase. Former employees still have active accounts. Contractors have broader permissions than their current role requires. One firm found seven inactive accounts that had been sitting dormant for months, any of which could have been compromised without detection.



## ✓ Testing phase happens mid-validation window.

- 1 Test federal e-file connectivity through IRS acceptance environments.
- 2 Test state e-file separately for each jurisdiction you practice in.
- 3 Validate client portal security and e-signature workflows.
- 4 Confirm data flows properly from accounting software integrations.

This is when configuration problems surface. Returns transmit, but acknowledgments don't return. State forms are missing from your software. Integration connections that worked last year fail under the current system versions. Finding these issues now means time to fix them properly. Finding them during filing season means scrambling for workarounds.

## ✓ Training phase happens late validation window.

- 1 Complete staff training on federal compliance changes and state-specific requirements.
- 2 Review due diligence procedures for covered credits.
- 3 Update internal documentation.
- 4 Finish all PTIN renewals before the year-end processing slowdown.

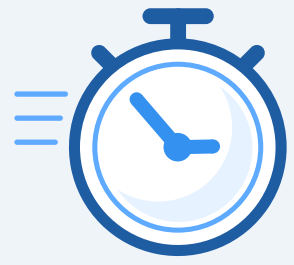
## ✓ Final verification happens early winter before filing begins.

- 1 Run complete end-to-end tests with sample returns.
- 2 Verify all federal and state systems are operational.
- 3 Confirm staff training is complete.
- 4 Review checklist completion with firm leadership.

Strategic firms finish by year-end. Reactive firms are still testing after the busy season begins, when vendor support is limited, and correction options are limited.



## Common Mistakes to Avoid



**Timing mistakes compound fast.** Waiting until late in the validation window when vendor support shrinks, and IRS processing slows, turns straightforward renewals into urgent problems. PTIN renewals that take days early in pre-peak season take weeks later.



**Testing assumptions are expensive.** Assuming last year's configuration still works without validation means discovering transmission failures, form gaps, or authorization problems when clients are waiting. One test run during pre-peak season prevents dozens of real-world failures once peak season begins.



**Documentation gaps create audit exposure.** Missing written procedures for due diligence, incomplete security protocol documentation, or undocumented multi-state authority all surface during regulatory inquiries when you can't afford the distraction.



**Prevention is simpler than remediation.**  
Use this pre-peak season tax prep guide systematically.





## What This Means for Your Firm

Pre-peak season compliance preparation **eliminates the gaps** that create January crises. Federal requirements including EFIN verification, PTIN renewals, and due diligence procedures form your foundation. State compliance for tax firms **adds licensing, e-file authorization, and jurisdictional variations** that compound complexity.

The pre-season checklist for accountants provides a practical timeline across 10 weeks: foundation work early in the validation window, testing mid-period, training late in the setup period, final verification before filing begins.



### TIME INVESTMENT

**15-20 hours** spread over this period.



### RETURN

Validated compliance infrastructure that prevents filing delays and audit exposure.

Configuration determines whether compliance features actually protect your firm or just exist on paper. Modern platforms support multi-jurisdictional filing and automated routing, but strategic preparation proves everything functions before filing season removes flexibility to adjust.

Strategic firms finish validation by Thanksgiving and enter filing season confident their infrastructure works. Reactive firms discover compliance gaps when correction options have narrowed and vendor support is limited.

Your choice is which approach makes more sense for your firm.



# How ProConnect Tax Enables the Validation Window Compliance Preparation Timeline

The Foundation, Testing, Training, and Verification phases in this guide require a platform that supports systematic compliance management. ProConnect Tax provides the infrastructure.



**Foundation phase relies on access control visibility.** ProConnect's user management dashboard lets you audit all user roles and permissions in one view before busy season. You're not digging through system menus. You're systematically reviewing firm access. EFIN status verification connects directly to IRS e-Services through integrated portal access. PTIN configuration happens at the preparer level, ensuring every return automatically includes the correct identification.



**Testing phase requires reliable workflow validation and configuration.** Walk through your actual return prep process in ProConnect to confirm data flows correctly through each stage. Test that multi-state returns route to the correct state form sets based on the client location.

Verify that due diligence requirements trigger automatically when applicable credits appear on returns. Test your approval workflows and reviewer hand-off procedures to ensure quality control gates work as configured. Confirm that return locking functions properly once returns are marked as filed.



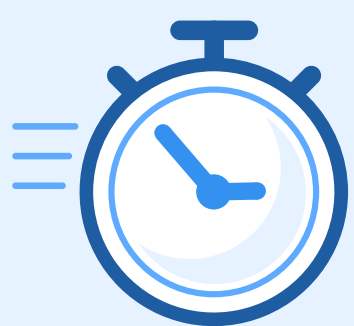
**Training phase needs staff reference materials that match actual platform capabilities.** ProConnect's built-in compliance features have documentation and help resources accessible within the workflow. Training teams on due diligence requirements, multi-state filing protocols, and quality control triggers happens using the same interface that preparers will use during filing season. Staff learn on the actual system, not theoretical examples.



**Verification phase depends on end-to-end workflow validation with complete returns.** Process actual client returns through your entire workflow from preparation through the approval gates that precede filing. Confirm that multi-state returns route correctly based on jurisdiction and form requirements. Verify that Form 8867 due diligence requirements trigger automatically when applicable credits appear. Test your firm's complete approval process before transmission to confirm that all quality review workflows enforce your firm's requirements.



**Configuration determines whether compliance features actually protect your firm or just exist on paper.** ProConnect is designed with this validation approach in mind, so the features mentioned throughout this guide map directly to platform capabilities you can test and document during pre-peak season.



Strategic firms complete this **15-20 hour validation timeline** before the holidays and enter filing season confident that their infrastructure works. The focus is on configuration validation and workflow verification, not implementation of new systems.