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## What to Know Before Choosing a Tax Preparer

*California is one of the few states that require tax preparers to be licensed or registered*

**Sacramento, CA (January 25, 2017)**— Verifying the legal status of a tax preparer may seem obvious, yet each year too many taxpayers will make their choice on a whim.

“A lot of people get hooked on promises that sound good, but really have no validity. More times than not, they end up in trouble because of it,” said Lester Crawford, chair of the [California Tax Education Council \(CTEC\)](#), a state-mandated nonprofit organization that manages the registration of more than 40,000 unlicensed tax preparers.

Unlike most states, California has set standards for paid tax preparers. California law requires anyone who prepares tax returns for a fee to be either an [attorney](#), [certified public accountant \(CPA\)](#), [CTEC-registered tax preparer \(CRTP\)](#) or [enrolled agent \(EA\)](#). Each professional tax preparer must pass an initial test and follow educational requirements.

Anyone caught preparing tax returns without a legal designation is breaking state law and may face penalties up to \$5,000 from the California [Franchise Tax Board](#).

“The state can go after questionable tax preparers, but there is no law that exempts the victim from any damage caused by them,” Crawford said. “That’s why it’s so important to know who you’re dealing with.”

Although professional tax preparers are required to sign your tax return to show proof of work, it is still you, the taxpayer, who is ultimately responsible for all information listed on the tax return—no matter if it is right, wrong or even fraudulent.

“Tax preparers who don’t sign tax returns are one of the biggest threats right now. They’ve been dubbed as ‘ghost tax preparers’ because they leave the taxpayer hanging without proof they even exist,” said Celeste Heritage, CTEC administrator.

In addition to state rules, the [Internal Revenue Service](#) also requires paid tax preparers to register for a [Preparer Tax Identification Number \(PTIN\)](#). Tax preparers must include their PTIN on every federal tax return they prepare for clients.

“Your tax return is one of the most important financial transactions you’ll make this year. Why risk it with someone who isn’t legal?” Heritage said.

For more tips on how to find a California approved tax preparer or to report ghost tax preparers, visit [reporttaxpreparerfraud.org](http://reporttaxpreparerfraud.org).

CTEC is a nonprofit organization that was established in 1997 by the California State Legislature to protect taxpayers against fraud and incompetent tax preparers. Taxpayers can report noncompliant tax preparers at [ctec.org](http://ctec.org).

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