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How to Know if Your Tax Preparer is Legal or a Fraud

What California law requires of tax preparers and how to verify your tax preparer is legal

Sacramento, CA (February 10, 2015)— Need help filing your tax return? Caution. Not all tax preparers are legally qualified.

“I think a lot of people just go with whoever claims to get the biggest refund. That’s definitely not the best way to go,” said Aaron Gray, board member with the [California Tax Education Council \(CTEC\)](#), a nonprofit organization that manages the registration of unlicensed tax preparers in California.

So what is the best way to choose a tax preparer?

First, you should know that California is one of the few states to have set requirements for professional tax preparers. Unless the tax preparer is an [attorney](#), [certified public accountant \(CPA\)](#) or [enrolled agent \(EA\)](#), that person is required by law to register as a tax preparer with CTEC. Each [CTEC-registered tax preparer \(CRTP\)](#) must be bonded to protect clients against fraud, plus complete tax education courses each year.

Second, be leery of tax refund gimmicks. You should avoid tax preparers who advertise “guaranteed” refunds before they review your information or those who claim they can get “bigger” refunds than their competitors.

“A tax preparer’s job is to do one thing. Follow the latest tax laws. You either owe or you don’t. But we can’t know that until we’ve looked over your information,” said John Bishop, CTEC board member.

Also, never trust tax preparers who base their fee on a percentage of your refund.

“New clients will come to my office and, first thing, they want to know what kind of percentage I deduct from refunds. I tell them that’s against the law. They look at me in astonishment because that’s not what they’ve been told,” said Bishop.

And finally, verify the tax preparer has a [Preparer Tax Identification Number \(PTIN\)](#) from the [Internal Revenue Service](#). Tax preparers are required by law to sign your tax return and include their PTIN. The goal is to help the IRS can keep track of tax preparers and their work.

“If they don’t have a PTIN, you should report them to the IRS,” said Gray.

CTEC is a nonprofit organization that was established in 1997 by the California State Legislature to protect taxpayers against fraud and incompetent tax preparers. To report illegal tax preparers, visit www.ctec.org or call (877) 850-CTEC.

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