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New State Law Targets Fraudulent Tax Preparers

California zeros in on registered tax preparers accused of professional misconduct

Sacramento, CA (December 30, 2013)— As part of a new consumer-protection law, the [California Tax Education Council \(CTEC\)](#) now has *legislative authority* to take disciplinary action against its registered tax preparers.

“CTEC had a policy to deregister, but it could only take action through a government or court order. Now CTEC has the legislative right to do it on its own,” said Mary Beth LaMunyon-Jones, chair of CTEC, a state-mandated nonprofit organization that manages the registration of unlicensed tax preparers.

California Senate Bill 484 gives CTEC the authority to deny, revoke or suspend registrations from tax preparers that are guilty or accused of professional misconduct. The law takes effect January 1, 2014.

“The whole point of CTEC is to protect consumers. CTEC really needed sharper teeth,” said Celeste Heritage, CTEC administrator.

[CTEC-registered tax preparers \(CRTPs\)](#) are the only tax preparers required by law to complete tax education courses each year, plus obtain a bond to protect clients against fraud. Approximately 80,000 tax preparers are doing business statewide. Of those, 38,000 are CRTPs.

“The bond lets consumers file a claim for fraud, but then what?” said La Munyon-Jones. “If a CRTP is accused of something, then more needs to be done.”

California is one of the few states to enforce requirements for unlicensed tax preparers. Only [attorneys](#), [certified public accountants \(CPAs\)](#) and [enrolled agents \(EAs\)](#) are exempt from CTEC registration.

Anyone caught preparing tax returns without a legal designation (attorney, CPA, CRTP or EA) may face penalties up to \$5,000 from the [Franchise Tax Board \(FTB\)](#).

To report questionable...

- **Attorneys**, [California State Bar](#)
- **CPAs**, [California Board of Accountancy](#)
- **CRTPs**, [California Tax Education Council](#)
- **EAs**, [Internal Revenue Service](#)

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 questionable tax preparers, visit www.ctec.org or call (877) 850-CTEC.

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