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For Immediate Release

Five Signs Your Tax Preparer Will Disappear After Tax Season

How to identify the difference between if a tax preparer is legitimate or a scammer

Sacramento, CA (April 2, 2018)— It is a typical scenario. Your neighbor refers you to a tax preparer who helped him get a big tax refund. You go to the tax preparer. He asks you questions. You tell him things like you made donations to a charity, but you're not sure how much. You also have some business expenses, but you're not great at keeping records. The tax preparer says not to worry, he'll estimate it for you. You look at the tax return and notice the deductions are exaggerated. You question it, but the tax preparer says not to worry. Everyone "does it."

You get a big refund. You're thrilled. The tax preparer says because he helped you get such a big refund, he'll take 15 percent of your refund as a fee. You sign the return. You look at the signature lines. On that line he included a return address label instead of listing his name. At least it's not blank, right?

Wrong. Below are the most common signs your tax preparer will go rogue after tax season.

Claims they are endorsed by the IRS – The [Internal Revenue Service](#) does not endorse any type of tax preparer. It only recognizes certain tax preparer credentials – such as [certified public accountant \(CPA\)](#), [enrolled agent](#) or [attorney](#). Those professionals are allowed to represent clients before the IRS

Only a few states have set requirements for paid tax preparers who are not a CPA, enrolled agent or attorney. For example, California requires unlicensed tax preparers to register with [California Tax Education Council \(CTEC\)](#). Each CTEC registered tax preparer (CRTP) is required to complete tax education courses each year and obtain a bond to protect clients against fraud.

Doesn't have a PTIN — Anyone who prepares federal tax returns for a fee is required by the IRS to have a [Preparer Tax Identification Number \(PTIN\)](#). The number must be registered to the individual tax preparer. It cannot be shared or registered for an entire tax preparation office.

Signs your tax return under a business name or signs it "self prepared" — Paid tax preparers are required to sign your state and federal tax returns and include their PTIN on all federal tax returns. Watch out for tax preparers who sign it "self prepared," sign it under a business name and address *instead of their individual name* or claim to sign it "later."

Takes a percentage of your refund as payment — Beware of tax preparers who base the fee on a percentage of your refund or claim they can obtain larger refunds than their competitors. The fee should be based on the complexity of your tax return, not on the amount of your refund.

Suggests you direct deposit your refund to an outside account — Questionable tax preparers may tell you it is more convenient to deposit your refund to their account; however, it is one of the most common ways scammers steal refunds. It is also against IRS regulations.

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 unregistered tax preparers at ctec.org or visit reporttaxpreparerfraud.org for more tips

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