



For Immediate Release

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How to Know If Your Tax Preparer is Legitimate or a Fraud

Promising big refunds or not signing client tax returns are some of the most common red flags.

Sacramento, CA (January 24, 2022)— Verifying the legal status of a tax preparer may seem obvious, yet each year too many taxpayers make their choice on a whim.

“So many people get hooked on promises that sound good, but are actually scams,” said Brandon Chanley, chair of the [California Tax Education Council \(CTEC\)](#), a state-mandated nonprofit organization that manages the registration of more than 40,000 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,” Chanley said. “That’s why it’s so important to know who you’re dealing with.”

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

“You may not know taxes, but you know your life. Deductions that seem out of line is where most fraud happens. It’s right there in plain sight,” said Fernando Angell, CTEC board member.

Angell warns legitimate tax preparers will never guarantee a refund before reviewing the client's tax information. They will always sign the tax return and include their IRS [Preparer Tax Identification Number \(PTIN\)](#).

The fee should also be based on the complexity of the tax return, not the refund amount. Anyone who does not follow these rules should be considered as a big red flag.

“A simple rule of thumb is if they want any piece of your refund, walk away,” Chanley said.

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 learn more visit [ctec.org](#) or download the CTEC podcast at [taxpayerbeware.org](#).

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