



For Immediate Release

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Five Ways to Identify if Your Tax Preparer is a Fraud

How to know if your tax preparer is trustworthy or setting you up for fraud

Sacramento, CA (March 26, 2019) — 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 can estimate.

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 business label. At least it's not blank, right? Wrong. Below are the most common signs your tax preparer is a fraud.

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. Some 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 an individual [Preparer Tax Identification Number \(PTIN\)](#) and include it on client federal tax returns.

Signs your tax return under a business name or as "self prepared" — Paid tax preparers are required to sign your state and federal tax returns and include their PTIN on all federal tax returns. Beware of tax preparers who sign it "self prepared," with a business label or under a business name *instead of their individual name*.

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.

CTEC is a nonprofit organization that was established in 1997 by the California State Legislature to protect taxpayers against fraud. Taxpayers can report questionable tax preparers at ctec.org.

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