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Tax Preparers Must Pass Background Check Before Tax Season

??? registered tax preparers cannot legally prepare tax returns until they pass new requirements

Sacramento, CA (January 26?, 2021)— Out of 40,000 tax preparers registered with the [California Tax Education Council \(CTEC\)](#), ? did not to renew their registration on time and cannot prepare tax returns for clients until they pass a criminal background check and submit fingerprint images for the [Department of Justice](#) to process, among other requirements.

“You should always verify the legal status of your tax preparer. Even if you’ve been going to them for years,” said ???, chair of CTEC, a state mandated nonprofit organization that manages tax preparer registrations.

The new requirement is phase two of California Assembly Bill 3143, also known as “The Tax Preparation Act,” which aims to increase the protection of taxpayers by adding new provisions and responsibilities for the council, as well as tax preparers registered with CTEC.

Passing a background check is an addition to current requirements. To obtain a CTEC registration, applicants must also pass a 60-hour qualifying tax education course, purchase a \$5,000 surety bond, plus obtain a [Preparer Tax Identification Number \(PTIN\)](#) from the [Internal Revenue Service](#). After their initial registration, [CTEC-registered tax preparers \(CRTPs\)](#) are required to complete 20 hours of continuing education each year.

“The final late renewal deadline is January 15th. If they miss it, they have to start the process all over again. It’s doubtful they’ll get approved again in time to do taxes,” ??? said.

California law also requires CTEC publicly list any disciplinary actions taken against a CRTP by the council, including misconduct that results in suspending or revoking a registration. All actions taken against a CRTP, including bond claims, are posted on the CTEC website.

Tax preparers who fail to meet state requirements and continue to do business could face penalties up to \$5,000 from the [California Franchise Tax Board](#).

CTEC is a nonprofit organization established in 1997 by the California State Legislature to protect taxpayers. Only [attorneys](#), [certified public accountants \(CPAs\)](#) and [enrolled agents \(EAs\)](#) are exempt from CTEC registration. Visit ctec.org for more information.

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