

# **TAX PREPARATION SERVICES**

A consumer guide

The New York City Department of Consumer Affairs

*Follow these guidelines*

**PROTECT YOURSELF when hiring a tax preparation service:**

- **BACKGROUND CHECK:** Find out about the tax preparer's qualifications, education and experience. Ask your friends and neighbors for recommendations.
- **DON'T SIGN: Never sign an incomplete tax return** or one that is filled out in pencil. It could be changed later.
- **DON'T PAY CASH:** Never send cash to the government for payment of your taxes. Use a check or money order.
- **NEVER ALLOW YOUR REFUND TO BE MAILED TO THE TAX PREPARER.**
- **KNOW YOUR TAX PREPARER'S WHEREABOUTS:** Keep a record of your tax preparer's year-round address and telephone number. Make sure it's up to date.
- **REVIEW your complete tax return for MISTAKES** before it is mailed and **KEEP A COPY** in your files.
- **MAKE A LIST of the originals you have given your accountant** and have the accountant sign it.

*Consumer Bill of Rights Regarding Tax Preparers*

The tax preparer is required by law to give each customer a free, current, and legible copy of the Consumer Bill of Rights Regarding Tax Preparers before any discussions with a consumer.

**YOU HAVE A RIGHT TO KNOW ABOUT...**

**Qualifications** - A notice of a tax preparer's qualifications must be posted in the office, and a preparer must maintain records showing that the qualifications are real, including whether the preparer is an accountant or an attorney.

**Fees** - You need to know how fees are calculated, including minimum charges and any additional charges. You must be given a receipt that states the charges for each tax return. The receipt must list the address and phone number where the tax preparer may be contacted during the year.

**Government audits** – You need to know whether or not the tax preparer will represent the taxpayer at a government audit. Failure to make this disclosure means that the tax preparer agrees to represent the taxpayer or to provide representation.

**Refund Anticipation Loans (RALs)** - NOT A TAX REFUND, a Refund Anticipation Loan (RAL) is a high-interest loan against an anticipated tax refund. Any advertisement for an RAL must state conspicuously that the lender will charge a fee or interest, and it must identify the lender. Ask tax preparers about e-filing and other filing options that will speed up payment of refunds without the high cost of using RALs.

*Before you finish business, remember...*

Tax preparers are required by law to return all **personal papers** upon request when the original tax return is given to the taxpayer for filing. (In some cases, the tax preparer is specifically permitted to retain such papers under state law).

You should receive **a copy of every tax return** prepared, at the time the original is given to the taxpayer for filing.

Have the tax preparer **sign every tax return**.

*Prohibited  
by law*

**The tax preparer IS NOT PERMITTED TO:**

- ask a taxpayer to sign a blank or incomplete tax return.
- misrepresent his or her qualifications.
- reveal any information appearing on, or related to, a tax return to any person or business other than the taxpayer, or his or her authorized designee.
- induce or attempt to induce a taxpayer to violate any governmental law, rule or regulation.
- use the word “accountant” in any advertisement unless at least one Certified Public Accountant or Public Accountant is present at each tax preparation location during all business hours, and controls all tax returns prepared at the location.
- use any term describing a specialty or expertise in an advertisement, unless the tax preparer’s relevant education or experience is also disclosed in the advertisement.
- alter a tax return after it has been signed by the taxpayer, without the taxpayer’s written consent.
- charge a fee based upon the amount of tax owed or refund due.
- guarantee a tax refund, or guarantee that the taxpayer will not be audited by any government tax agency.
- request a taxpayer to assign to the preparer any portion of the refund due.
- use the tax preparer’s address on a tax return as the place to which a refund should be mailed, unless the taxpayer has signed a power of attorney containing such authorization.
- claim to give taxpayers an “instant tax refund” that is actually an interest-bearing loan unless that fact is disclosed to the taxpayer in accordance with federal and state law.



The New York City Department of Consumer Affairs fosters a marketplace that consumers can trust and in which honest businesses can thrive.

If you would like more information about the work of the agency or our new strategic initiatives, please call **3-1-1** or contact:

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