

Consumer Bill of Rights Regarding Tax Preparers

By law, tax preparers must give you a copy of this document before beginning any discussions about tax preparation services. The tax preparer must let you review this document and must answer any questions you have.

You have the right to know:

- **Identification and qualifications of the tax preparer.** Tax preparers must tell you if they are NOT an attorney or Certified Public Accountant (CPA). Tax preparers that are not attorneys or CPAs must have a sign stating their name, address, phone number, and relevant qualifications.
- **Fees and additional charges.** Tax preparers must have a sign listing the tax preparation services they offer, the price of each service, and any additional fees they charge.
- **Options for paying for service and receiving your refund.** Tax preparers cannot require you to use a Refund Anticipation Loan/Refund Advance Loan (RAL), Refund Anticipation Check (RAC), Refund Transfer, or other similar products. RACs and Refund Transfers are deferred payment options, which mean you do not pay for service now but money will be taken from your refund. Be aware that all of these options may have additional fees, increase the tax preparation fee, and/or delay the receipt of your refund.
- **Whether or not the tax preparer will represent you at a government audit.** Tax preparers must represent you or provide you with representation at an audit unless they post a sign stating they will not represent you.

BEFORE YOU PAY for tax preparation services, you have the right to receive:

- **A written list of the refund options and tax services** offered by the tax preparer.
- **A written estimate of the total cost of each service** offered by the tax preparer, including basic filing fees, interest rates, RAL, RAC, and Refund Transfer processing fees, and any other related fees or charges.
- **A written estimate of how long you can expect to wait for your refund** based on the selected methods of payment and/or refund delivery.
- **A written estimated interest rate** for a RAL, or any other loan service, offered by the tax preparer.

Deferred Payment Options

The tax preparer may offer you products that let you delay payment for service; however, money will be taken out of your refund to pay the fees you owe. These deferred payment products may include a **Refund Advance Check (RAC)** or a **Refund Transfer**. Be aware that these products can have unexpected *additional* fees.

If you use the RAC or Refund Transfer payment option, typically the tax preparer will set up a temporary bank account in your name into which your refund will be directly deposited. The tax preparer deducts tax preparation fees and any extra fees for using a RAC or Refund Transfer from your refund, then gives the remaining money to you. If your refund does not cover all of the tax preparation fees, some preparers may use a third-party debt collection business to collect any remaining balance.

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Common Terms

IRS Form 1040: You use this form to file your taxes with the Internal Revenue Service (IRS). Form 1040 reports your personal information, such as name, Social Security number (SSN) or Individual Taxpayer Identification Number (ITIN), as well as salary, wages, and other income. Your entries on Form 1040 determine if you owe money to the government or if you will receive a tax refund. Depending on your situation, you may need to submit additional IRS Forms or Schedules. Some tax preparers may charge fees based on the number of forms they need to use to file your taxes. You can file taxes by mail or online (e-file).

Tax Refund: You will get money (refund) from the IRS, New York State Department of Taxation and Finance, or other state tax agencies if you paid more taxes than you owed. The fastest way to receive your refund is to choose direct deposit into your bank account.

You have the right to receive:

- **A copy of your tax return** prepared at the time the original is filed or given to you to file.
(Note: Tax preparers must sign every tax return they prepare.)
- **An itemized receipt** listing the individual cost of each service provided and each form prepared for you. The receipt must list the address and phone number where you can contact the tax preparer throughout the year.
- **Your personal papers returned to you upon request** at the time your tax return is filed or given to you to file (unless the tax preparer is specifically permitted to keep such papers under New York State law).

It is illegal for a tax preparer to:

- Ask you to sign a blank or incomplete tax return or alter a tax return after you have signed it unless you give written consent.
- Charge a fee based upon the amount of tax you owe or the refund you will receive.
- Guarantee a specific refund amount or guarantee that you will not be audited by any government tax agency.
- Request that you assign to the preparer any portion of your refund (if you receive one).
- Reveal any personal information to any person or business other than you or your authorized designee or anyone authorized to receive such information by court order or by law.
- Have your tax refund mailed to the tax preparer, unless you have signed a power of attorney containing such authorization.
- Ask you to violate any law, rule, or regulation.

Beware of Refund Anticipation Loans/Refund Advance Loans (RALs)

- A RAL is a short-term loan. The loan amount is a portion of your estimated tax refund. The loan term is usually less than one month — the anticipated time for the tax preparer to receive your full refund. The tax preparer will deduct the loan amount (your loan payment) and any interest or fees from your full refund, then give you any remaining money.
- A RAL may be based on documents that are not considered final, such as a pay stub, and not a W-2. Your final tax return must include your final financial statements (e.g., W-2) since this information is shared with the IRS and New York State Department of Taxation and Finance. If your refund is less than expected, it might not be enough to pay off the RAL. You still must repay all of the loan, including any interest and fees.
- Some RALs have high interest rates. Even RALs marketed as “free” and other refund advance products can have fees.
- A RAL is not an “instant refund,” and tax preparers cannot use this or similar terms (“rapid refund,” “express refund,” or “fast cash”) that hide the fact that a RAL is a loan. *No one* can give you immediate access to your tax refund — either the full amount or an “advance” — before the IRS or New York State issues it.
- Taking out a RAL is optional. Tax preparers cannot require you to take out a RAL.

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- **BEFORE YOU TAKE OUT A RAL**, the tax preparer must give you a one-page document that tells you in both English and Spanish:
 - you are not required to enter into the RAL;
 - the RAL is a loan you must repay regardless of the amount of your tax refund;
 - the amount of your expected tax refund;
 - the fees for the RAL and approximate amount you will receive as your loan;
 - the interest rate expressed as the estimated annual percentage rate (APR) based on the amount of time the loan will be outstanding, if applicable;
 - the approximate date you would get your loan money if you take out a RAL; and
 - the approximate date you would get your refund without the RAL.
- If you cannot read English or Spanish, the tax preparer must explain this information to you in a language that you understand.

Things to Review on Your Tax Paperwork:

- Make sure that all information is accurate, including your name and mailing address.
- Make sure that the way you want to receive your refund, especially bank account information, is accurate.
 - *If you requested direct deposit of your refund to a personal bank account*, make sure the account number is correct. The fastest way to receive your refund is through direct deposit to a personal bank account.
 - *If you selected a RAL, RAC, or Refund Transfer payment option*, the number of the temporary bank account set up by the tax preparer in your name will be in your return.

Note: The IRS or New York State Department of Taxation and Finance may use the bank account information in your return to deposit additional payments, such as stimulus payments or advance Child Tax Credit payments. If your return has information for a temporary bank account (for a RAL, RAC, or Refund Transfer), you may receive any additional payments by mail instead of direct deposit. Payment may be in the form of a check or prepaid debit card.

Remember, you have a right to receive a written estimate of the total cost of each service offered by the tax preparer, including refund advance or deferred payment products, and the time it will take for you to receive your refund with or without a RAL, RAC, or Refund Transfer, so be sure to ask.

For more information or to file a complaint against a tax preparer, contact 311 or visit nyc.gov/dcwp



You may qualify for **NYC Free Tax Prep** services, which could help you claim important tax credits like the Earned Income Tax Credit (EITC) and the New York City Child Care Tax Credit (CCTC). For more information, call **311** or visit nyc.gov/taxprep